

## The Rules Of Chapter 7 Bankruptcy

While there are many different types of bankruptcy, the most common type is Chapter 7 Bankruptcy, which is the kind of that most people think of when they consider filing bankruptcy. Each type or chapter has its own unique set of rules, regulations, requirements, as well as restrictions.

If your personal debt is just too overwhelming to get out from under, or your current set of circumstances would prevent you from this overload of debt in a reasonable amount of time, this may be an option for you to consider.

Despite what your friends may have told you, this process is not going to be easy. In past years, filing bankruptcy was almost as easy as it is in the game of Monopoly, and required little more effort. But today there are massive numbers of forms to be completed with very detailed information about your debts that goes into the filing.

This mountain of forms and applications needs to be completed, correctly, in detail, but even that does not guarantee you can file bankruptcy. The bankruptcy courts will look at your documentation and finances in great detail before they will approve it. Yes, it needs to be approved, and there is a chance that you will not be able to file bankruptcy if the court does not approve it.

Be very aware of the nature and source of your financial obligations. As an example, there are some kinds of indebtedness such as federal student loans and IRS liens that will not be discharged via bankruptcy. In looking at your finances, if you find that a good percentage of your debt is due to these types of things, be aware that filing bankruptcy is not going to help you at all since those debts will remain.

Another disadvantage that you may have already thought of is the fact that a bankruptcy filing is going to stick out like a sore thumb on your credit report for the next 7 to 10 years. That does not mean you will not be able to get credit at all after your filing, but you will definitely find it more difficult and challenging to get credit, and the interest rate you will be charged will be higher, reflecting the fact that the lender knows about your filing and is considering you a higher risk.

With Chapter 7 bankruptcy, you also need to understand that many of your assets will be auctioned off and sold to satisfy your debt. You can keep some assets but the majority will be liquidated. Other chapters do not require this, but then again other chapter simply reorganizes your debt, they do not eliminate it, so you need to understand the type that is best for your situation.

Filing Chapter 7 bankruptcy is not an easy task, and especially with the new laws, it is highly recommended that you use a reputable bankruptcy lawyer to handle the paperwork for you, as well as making intelligent suggestions and even looking at alternatives. The money you spend for the attorney will likely more than pay for itself in terms of the time you invest as well as the assets you are able to retain after all is said and done.

## About the Author

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