

## Top Ten Reasons People File for Bankruptcy

{glossarbot=enable} Maybe you have been thinking about whether or not you should file bankruptcy. Well we have compiled a list of items that might help. Take a look and see if any of these relate to your situation.

1. Eliminate the legal obligation to pay many of your debts.

This process of wiping the slate clean is called a discharge of debts. The goal of a discharge is to reduce debt to give you a fresh start. Whether it is through straight bankruptcy (Chapter 7 Bankruptcy) or through reorganization (Chapter 13 Bankruptcy), most or all of your debts can be cleared.

2. Stop foreclosure on your house and allow you to effectively make payments to catch up on missed payments of your mortgage.

If your home is in foreclosure, Chapter 13 Bankruptcy will stop the foreclosure any time prior to the sale. Bankruptcy does not eliminate mortgages on your property without payment. Rather, bankruptcy will structure a plan in order to repay your mortgage arrears (the amount that you are behind).

3. Prevent your car or other property from being repossessed.

Even if the creditor has repossessed your car, filing bankruptcy can effectively force them to return your car or other personal property (if the bankruptcy is filed quickly enough). The past payments you have missed will be consolidated into your Chapter 13 Bankruptcy plan. After this you will no longer pay the finance company, rather you will make monthly payments to the trustee of your Chapter 13 Bankruptcy who will then pay the finance company.

4. Reduce or even eliminate high medical bills.

Sometimes an unfortunate accident or major recently discovered illness can completely ruin a family. Many families have to make choices on allocation of bills. Often, bills that were once important become insignificant to the large medical bills acquired by a loved one. Filing Chapter 7 Bankruptcy can greatly reduce the amount of medical bills.

5. Recent loss of employment.

Studies show that loss of work is one of the most common reasons people file for bankruptcy. This is very easy to see. A family can get comfortable on two maybe even one salary. They can take on regular amount of debts, join clubs, and pay normal bills with relative ease. All of a sudden one or both spouses lose a job and a family must go from two salaries to one. Losing a job is closely tied to high medical bills. Losing a job means this family may be left without the protection of insurance that was once provided by their employer. Often times these two factors combined create an almost impossible mountain to climb without the help of bankruptcy.

6. Stop harassing behavior from creditors.

Some creditors do not always take the right course of action when attempting to collect a debt. Often, creditors will persistently call the home of a particular debtor with demeaning and abusive behavior. Not only is this unethical it can rise to the level of unlawful. In essence, bankruptcy will put on hold the demands of many creditors and stop the harassing phone calls and other inappropriate behavior all together.

7. Restore or prevent your utilities from being shut off.

As you have probably seen many of these reasons overlap. Some lead to another. If your home is in risk of foreclosure then your utility bill may also be in risk of being terminated. Filing bankruptcy can prevent the utility company from leaving you in the dark.

8. Provide help for large amounts of student loan debt.

While it is true that your student loans will not be eliminated like several other types of unsecured debt, bankruptcy can consolidate your student loan debt. This consolidation will allow a debtor to make monthly payments through Chapter 13 Bankruptcy that are within the financial ability of the debtor.

9. End wage garnishments.

Chapter 7 Bankruptcy will stop wage garnishment. Wage garnishment basically takes away your weekly earnings often times leaving you without necessities. Chapter 7 Bankruptcy allows you to purchase necessities for you and your family. Chapter 13 Bankruptcy will also help in this regard.

10. Challenge certain claims of fraudulent creditors.

Bankruptcy will allow you to challenge these claims from creditors who are trying to collect more money from you than you really owe. An attorney can provide the support and the backing you will need to step up to these creditors. Attorneys often even the playing field between a big creditor and a single debtor. Filing bankruptcy with an attorney can stop fraudulent reporting by a creditor.

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