

Consumer (Personal) Bankruptcy

Q. Should I file for bankruptcy?

A. Before you file a bankruptcy case, you must decide whether bankruptcy is the best way to deal with your financial problems. In a typical consumer bankruptcy case, most of the attorney's analysis involves looking carefully at your income, expenses, and assets (what you own), then comparing bankruptcy with other possible avenues for handling your financial circumstances.

Before we can undertake such an analysis, we need to know all the relevant facts. Although it may sometimes be possible to rule out bankruptcy knowing only a few facts (for example, that a debtor does not wish to lose certain property that cannot be saved in bankruptcy), it is never possible to decide whether to pursue bankruptcy without a thorough knowledge of all the facts, including what property is pledged (liens, mortgages), what debts may not be discharged (eliminated), what the value of your property currently is, *etc.* Of course, what you tell us will be covered by an attorney-client privilege that prevents us from disclosing it without your explicit permission.

We will also need to do a thorough budget analysis to determine whether you will be able to pay your bills after a bankruptcy proceeding. We need to calculate ongoing expenses and income to determine what chapter you qualify for, whether a bankruptcy proceeding will solve your debt problem, or if the problem will continue. We will also consider the timing of a bankruptcy and alternatives to bankruptcy.

Ultimately, you must make a decision. Do the advantages of bankruptcy outweigh the disadvantages? Will bankruptcy have a positive effect on your life? For many consumers who face real threats that can be dealt with in bankruptcy, the answer is clearly yes. But even if you are not in danger of sustaining a tangible loss, you may value the peace of mind that comes from having an overwhelming burden of debt lifted.