



Types of Bankruptcy – and Frequently Asked Questions

What is bankruptcy? Bankruptcy is legal protection from your creditors. Our founding fathers thought giving businesses and citizens a fresh start was so important that they wrote it into the United States Constitution in Article 1, Section 8.

Chapter 7 Bankruptcy: Also called Straight or Liquidation Bankruptcy. The court appoints a Trustee who may liquidate or sell some of your assets to pay your creditors. Most of your debt will be erased, but you may choose to pay some creditors, usually to keep a car or home in which the creditor has a lien.

Chapter 13 Bankruptcy: Also called Debt Adjustment. Under this form of bankruptcy, most of your debts are reorganized into a single monthly payment. The payment will continue for 36 to 60 months. You do not have to repay all of your debt. You pay only as much as you can afford, but the minimum payment may be affected by property you want to keep. When you complete the payments, debt not paid is discharged.

Chapter 11 Bankruptcy: Under federal bankruptcy laws, Chapter 11 governs how companies go out of business or recover from crippling debt. A bankrupt company must use Chapter 11 of the Bankruptcy Code to "reorganize" its business and try to become profitable again. Management continues to run the day-to-day business operations but all significant business decisions must be approved by a bankruptcy court.

You're Invited to Call or E-mail.

"If you have questions about bankruptcy, foreclosure, credit card debt, loan modifications,
tax liens or other financial problems, please send your e-mail today to

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RICHARD FONFRIAS, J.D.

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Money problems solved. Peace of mind protected.

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Which chapter of bankruptcy should I file? This depends on the amount you owe, the type of debt you have, and the amount of your assets and income. Your bankruptcy lawyer will explain which type of bankruptcy is best for your situation.

What do I need to begin the bankruptcy process? The law requires credit counseling, a list of your past and present debts, completing the necessary forms and the filing fee.

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