



TAMPA BAY BANKRUPTCY CENTER, P.A.

PHONE: (813) 200-4133

TOLL FREE: (800) 965-5074

August 2, 2010

Chapter 7 Filings Dominate Bankruptcy Cases in FL

75% of all bankruptcy filings in the US Middle District of Florida are Chapter 7 bankruptcies made by individuals. This district covers major metro areas like Jacksonville, Orlando and Tampa and is where 10 million of Florida's 18 million residents live. As for Chapter 13 bankruptcies, the situation is no different with individuals rather than companies forming the majority of those filing.

Chapter 7 bankruptcy is where the applicant liquidates his assets (other than those exempted by law) in order to pay whatever debts that can be covered by the sale of the assets. Thereafter, the rest of the debts are forgiven. On the other hand Chapter 13 bankruptcy is where the debtor is allowed by the court to reschedule the payments of his debts over a period of up to 5 years in order to fully pay them off.

The unemployment rate in Northeast Florida is about 12%. The state is beset with economic problems where people have lost jobs or experienced pay cuts and no longer have the option of raising money through refinancing their homes and neither do they have equity in their house.

On the other hand, businesses that file for bankruptcy do so under Chapter 11 of the bankruptcy code. Chapter 11 allows companies to reorganize their finances and operations to settle their debts with creditors. But businesses also have the option of liquidation under Chapter 7. Businesses that choose the option of liquidation do so to cut their losses, absolve their debts and relieve themselves of financial burdens as quickly as possible in light of the shaky economy since they cannot be sure of what the future holds for their businesses. Many of these companies have also run out of ways to obtain credit and the amount of their debts has risen to unmanageable levels while income has not increased.

Bankruptcy experts predict another 6 months of hard economic times which would continue to see a rise in the number of bankruptcy filings both individual and corporate.

Here are the statistics for the Middle District of Florida:

- Total bankruptcy filings rose by 18% during the first four months year on year and were 5 times the pace of 2006.
- Chapter 7 liquidation filings rose 21% over the year to 16,659. This was 7 times the rate of 2006.
- Chapter 13 individual repayment plans rose 7% to 5,293, 3 times the rate of 2006.
- Chapter 11 corporate reorganizations almost doubled over the year to 316 and were 9 times the rate of 2006.
- In the district's Jacksonville division, overall bankruptcy filings rose almost 8% over last year on top of a first-quarter rise of 10%.
- Filings in the Jacksonville division rose to 3,822 in the first four months, the highest since 2005.