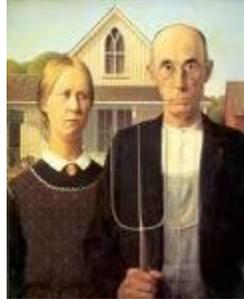


Filing Bankruptcy Without Losing the Farm: Arizona Bankruptcy Attorney

By Arizona Bankruptcy Attorney John Skiba

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After meeting with me in a bankruptcy consultation I hand out a questionnaire that I require everyone to complete that provides me with information like assets, debts, income, and expenses. I have various categories when it comes to personal property but one that gets a lot of questions is “animals.” The first thing people think of is the bankruptcy court coming to their house to take their beloved dog or cat. First, the bankruptcy court really has no interest or want of your pets. However, being that we live in the Wild Wild West many people have horses, cows, pigs, chickens, etc. Luckily, the exemption laws for the State of Arizona provide that each person filing for bankruptcy can claim an exemption in pets, horses, cows or poultry up to a value of \$500. This means that a couple filing for bankruptcy in Arizona would be able to keep \$1,000 worth of livestock. While to the big time farmer/rancher this amount would not be sufficient, for most – especially in light of the down horse market – \$1,000 is sufficient to protect their animals through the bankruptcy process.

For those who are little more serious about farming/ranching than the family with a backyard barnyard, the bankruptcy code actually has an entire chapter dedicated to the family farmer. While most people file for chapter 7 bankruptcy or chapter 13 bankruptcy, if you are a farmer and more than 50% of your debt stems from your farming operation, you can qualify to file bankruptcy under chapter 12 of the bankruptcy code. The benefit to filing under chapter 12 rather than chapter 13 of the bankruptcy code is due to the limits placed on the amount of debt you have in a chapter 13 case.

In a chapter 13 bankruptcy you can have no more than \$1,081,400 of secured debts and no more than \$360,475 of unsecured debts. With the housing market being the way it is, and some unfavorable case law in the 9th Circuit, this is becoming more and more of an issue. In a chapter 12 bankruptcy, the bankruptcy code recognizes that due to the needs of a farmer that there is likely to be significantly more debt. Thus, a farmer filing for bankruptcy under chapter 12 of the bankruptcy code can have up to \$3,792,650 in debt and still file for bankruptcy.

So whether you are a hobby farmer with a cow or two or a full on rancher, the bankruptcy code has you covered. Arizona bankruptcy attorney John Skiba offers a free bankruptcy consultation. He can be reached at (480) 464-1111.