



Bankruptcy Lawyer Says Not To File For Bankruptcy

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[Bankruptcy](#) may be the right move for you, or maybe not. Bankruptcy lawyers will call what I'm about to say heresy, and I'm pretty sure I'm going to get flamed by my colleagues and friends for saying it. I'm willing to take the risk, and **I invite everyone to submit their comments to this post** to let me know what they think.

If you're thinking of [filing for bankruptcy](#) I have a piece of advice for you - don't.

That is, don't [file for bankruptcy](#) unless you've taken the time to thoroughly assess your situation and whether bankruptcy is right for you. After all, it's a last resort. But more to the point, it's a road you don't want to travel until you've had the chance to know all of your options. That includes:

- working directly with your creditors to reduce payments or interest rates
- credit counseling through a reputable credit counselor such as CCCS or GreenPath

Many people fall behind on their credit card payments and immediately run scared to a bankruptcy lawyer to file a case. When that happens, you're operating out of pure fear rather than making an educated decision. And though a good bankruptcy lawyer will talk with you about all of your options, it's best to take the time to act in a clear-headed manner.

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IMPORTANT NOTE: Read what I wrote above. I said, "**reputable** credit counselor." Emphasis on "reputable." Don't call the people who advertise on late-night television and make bold promises of a happy life tomorrow. Most of them have been in business just slightly longer than my toddler has been potty trained (in other words, not so long). Many of these outfits are sheep in wolves clothing, preying on unsuspecting consumers and taking their money.

A reputable credit counselor will tell you point-blank that they can't help you if it's a hopeless cause. They won't try to suck your last dime out of your wallet to line their own, and they'll be straight shooters on the whole.

For example, let's say you're \$10,000 in debt to credit card companies. You fall behind a month or two because of a temporary reduction in your income, but are soon able to catch up and make payments again. Your credit card companies may be willing to work with you to get back on track. But if you leap into the arms of the bankruptcy court you'll never know. Advice? Pick up the phone and find out what the company is willing to do.

Even if you've fallen behind a number of months on more than one card, maybe you could pay it all off in the next 2-3 years if only the interest rates were reduced. A credit counselor may be able to work out a consolidated repayment plan to help you accomplish your goal rather than going into bankruptcy.

One benefit of full investigation is that you will be more comfortable with your decision - whatever it may be. If you ultimately [file for bankruptcy](#) you won't wake up in 6 months and wonder whether it was right for you. You'll just know.

For some, [filing for bankruptcy](#) is the best option. Catching up on a past due car loan or mortgage, avoiding an income execution, stopping a lawsuit - these are all situations that call for immediate action that may involve [filing for bankruptcy](#). **And if the credit counseling agency can't put you into a payment plan that includes all of your debts (not just some of them) and will be finished in 2-3 years then bankruptcy might be a better way to solve your problem.**

Oh, and those [debt settlement](#) places? Not really a great idea for many people. There are serious tax consequences when you settle your debts, and you need to make sure that any debt settlement company can answer [all of the important questions before you sign on](#). In my experience, a good lawyer with experience in bankruptcy can help guide you about the impact of debt settlement far better than anyone

else.

The only way to know for sure is to find a lawyer who understands the bankruptcy laws but is also familiar with your other options. There's a ton of great information online, but let's face it - you can't rely on everything you read. Don't be afraid to talk to people who really "get" the system and can help you find your place within it.

Jay S. Fleischman is a [New York bankruptcy attorney](#) and Managing Partner of Shaev & Fleischman, LLP. Jay is also the author of [The Consumer's Guide To Bankruptcy: The Truth About Ending Your Bill Problems And Getting Back The Good Credit You Deserve](#).

