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Number of Bankruptcies fall in Tampa Bay Area

The number of people and businesses filing for bankruptcy in the Tampa Bay area has fallen over the months. But this may not mean people have overcome their financial woes. The reduction in bankruptcy filings may indicate that banks are slowing down on foreclosures, resulting in less people filing for bankruptcy to bail themselves out.

In the year ended September 30, slightly less than 57,000 individuals and businesses filed for bankruptcy in the Middle District of Florida, a region that stretches from Fort Myers to Jacksonville and includes Tampa. This represents a drop of 14.8% over the year. Business bankruptcies fell by 16.7% in the district while personal bankruptcies saw a drop of 14.7%. If you consider only Tampa alone, the percentages are also about the same, but the numbers are understandably lower compared to the whole Middle District of Florida.

Although no one is able to precisely pinpoint the reason for the significant drop in bankruptcies, the fewer foreclosures by banks is one generally accepted reason. Many banks who faked foreclosure documents got into so much trouble that they ceased foreclosure actions until they could make sure their documents were legitimate. The number of foreclosures for October 2011 fell by a hefty 59% year on year according to RealtyTrac, a foreclosure research firm.

In the meantime, other banks simply do not want to have the headache of foreclosing on too many houses. Some of the many problems that come with foreclosure include actions by delinquent homeowner associations, deliberate non-payment of dues by homeowners etc. Some homeowners are of the thinking that they can drag their feet in paying the banks because their neighbors have not paid for many months without any action taken against them.

Other possibility why bankruptcy filings have decreased is that there is less credit card debt these days as banks become more lenient with businesses. Generally of late, banks have been more willing to deal with delinquent businesses. People do not have as much access to credit as they did before the recession and many people are using their cards more sparingly. A recent report by the Federal Reserve shows that in the past three years, credit card use has fallen nearly 19%.

On the national level, last week, the Administrative Office of the US Courts reported that bankruptcy filings had fallen 8 percent nationwide in the fiscal year ended Sept. 30.