

## Bankruptcy Filings Soar in 2010

As debtor's counsel, I get the sense that many Americans who need to file for bankruptcy are avoiding it still because of its stigma and the myths fed to them by their government, creditors, family and friends. In spite of the 'file bankruptcy as a last resort' method to financial reform for American households, filings are soaring in 2010.



Liz Pullium Weston wrote about it in her article, [Bankruptcy filings soaring again](#). I can't tell when that article was written and that bugs me to some extent, but I can move on from that. In May, the [American Bankruptcy Institute](#) issued their first quarter [press release](#), that revealed that bankruptcy filings are up 17% in the first quarter over 2009; and, consumer filings are up 18.2% in the first quarter. **California is 8th** on the list of states with the highest per capita filing rate for the 12-month period ending March 31, 2010, with our Central District experiencing a 57.8% increase. So, what does this mean for the remainder of the year?

I predict that you will see California sink into the ocean of financial despair with the continued housing market depression and the banks attempt to control the housing prices by holding inventory of foreclosed homes. Foreclosures will continue to rise as the asset-backed securitized mortgages continue to reset over the next 7 to 10 years. Remember that these teaser rate, sub-prime, fancy loans were sold straight into the housing crash in 2008.

When California decides to make the tough decisions in closing their [budget gap](#), you will see more municipalities filing [chapter 9](#), like Valejo, CA, when the state pulls funds from the communities and cuts services. You see, states can't file bankruptcy like the local governments can. The problem here is that the federal government can print money when they need it, and municipalities can file bankruptcy under Chapter 9 of the [Bankruptcy Code](#), but the states have no remedial measure other than to cut services and pull funds from the local governments.

The bottom line here is that financial reform starts with every American taking personal responsibility for their own household and taking stock of their options, including the option to choose to file bankruptcy under Chapter 7, 11, or 13, depending upon your own set of circumstances. Most [bankruptcy attorneys](#) offer free consultations by phone and you should take advantage of their advice. We help our clients steer clear of [scams](#) and help you to take stock of your liabilities, depending upon your current situation and your financial goals. Yes, you can keep your stuff and lose your debts. You can save your **American Dream** of home ownership.