

## **Bankruptcy is for the Honest but Unfortunate: Filing Can Improve Your Future**

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I listen to [Dave Ramsey](#) on a regular basis. I like that he preaches working to become debt free. I agree that it is important to sacrifice luxuries and wait to purchase things until you can afford them. In fact, I use many of his principals while discussing strategies with my clients or potential clients. As much as I enjoy listening to him and while I agree with many of his financial principals, I don't think he and I could exist in the same room together.

### **The Importance of Speaking with an Attorney**

Last night there was a 50-year-old woman who had a mortgage she admittedly could not afford, and had additional debt that she was working to pay off. She lived in a state, unlike Arizona, where she would be liable on the house debt if she defaulted. She explained to Mr. Ramsey that she had tried finding a new job but had been unsuccessful. She had tried debt consolidation but it failed (Dave and I are in complete agreement that consolidations are largely shams). She had considered bankruptcy, but wasn't sure if she should pursue it.

Dave Ramsey immediately shot her down and said bankruptcy would not help her because she "still won't be able to afford [her] mortgage after the bankruptcy." He advised her to continue looking for a second job and assured her she would be better off once she found one. I began pleading with the woman to talk to an attorney, even though I know she could not hear me (come on you know you do it too).

Mr. Ramsey never addressed what she should do if she went 6 more months without finding a new job. Assuming she already worked full time, she would likely need another full time job to earn enough money to afford her house. At fifty years old she would have maybe 15 years (at best) able to work 80 hours a week. So what happens if all of that fails? She will most likely have to let the house go into foreclosure and let the bank sue her for the difference (remember this is not Arizona). At that point she will have no choice, but to file bankruptcy.

### **Breaking the Negative Stereotype**

I understand the moral obligations to fulfill a promise and I agree that bankruptcy should not be the first option. But here are a few little secrets about bankruptcy from an expert. Bankruptcy is not for dishonest people. A wise bankruptcy judge once wrote, "Bankruptcy is for the honest, but unfortunate debtor." Creditors wrote the bankruptcy laws. They are well aware of the laws (and agree with them) and they charge interest with the potential thought and risk of the borrower filing bankruptcy in the future.

Benjamin Skinner is a bankruptcy and real estate attorney and senior associate at JacksonWhite. He focuses his practice on bankruptcy law, assisting individuals in financial distress. Benjamin also practices in the areas of residential and commercial real estate law. He has been practicing for over ten years and has handled thousands of bankruptcy and real estate cases. He is a member of the State Bar of Arizona and the Maricopa County Bar Association. Benjamin is a member of the American Bankruptcy Institute (ABI) and the National Association of Consumer Bankruptcy Attorneys (NACBA). To read more about

what former clients are saying about hiring Mr. Skinner or to set up a free consultation, please visit <http://www.jacksonwhitelaw.com/arizona-bankruptcy/>.

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