

LAW PRACTICE |

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Bankruptcy

For some clients of USLS Group who are experiencing severe hardship, the only option that makes sense is some form of bankruptcy. Of course, the law firm cannot force or intimidate someone into filing bankruptcy; one of the firm's attorneys can only give the best advice he/she feels will serve the client's best interests. In some cases, that advice will be to file bankruptcy. Depending on the client's state and which USLS Group program the client is enrolled in, the attorney's fees for the bankruptcy may be paid for by the law firm if the client is forced into filing a bankruptcy petition.

The two most common forms of bankruptcy for consumers are Chapter 7 and Chapter 13. Chapter 7 is called straight or liquidation bankruptcy. The court appoints a Trustee who may liquidate or sell some things that the debtor owns to pay creditors. Most debt will be cancelled in this type of bankruptcy, but a debtor may choose to pay some creditors, usually to keep a car or home in which the creditor has a lien. If the debtor has any assets that they want to retain, Chapter 7 can have complications. There have been recent changes to the qualification process which have made it much more difficult to qualify for a Chapter 7.

Chapter 13 works much like credit counseling and debt management plans. In a Chapter 13 bankruptcy, most of the debtor's debts are reorganized into a single monthly payment. The payment will continue for 36 to 60 months. The court may determine that the debtor may not have to repay all of the outstanding debts. The minimum payment may be affected by property the debtor wants to keep. When the payments are completed, debt not paid is discharged.

USLS Group always makes its clients aware that it is much more difficult to declare bankruptcy than it used to be. In addition, bankruptcy is highly regulated with requirements that could be an imposition on the debtor. Some lawyers who handle bankruptcy will not accept cases unless the amount of debt is at least \$45,000. Bankruptcy, whether Chapter 7 or 13, will stay on the debtors credit report for 10 years from the date discharged, and becomes a public record for life.

Bankruptcy Disclosures

