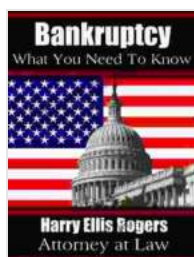


# Bankruptcy: What You Need to Know

Bankruptcy is a legal proceeding initiated when a person or business is unable to repay outstanding debts or obligations. It allows the debtor to discharge these debts and receive a fresh start. Filing for bankruptcy can be a complex and stressful process, but it can also be a necessary step for those who are struggling with overwhelming debt.



## Bankruptcy - What You Need to Know by Noam Chomsky

★★★★☆ 4.6 out of 5

Language : English

File size : 292 KB

Text-to-Speech : Enabled

Enhanced typesetting : Enabled

Word Wise : Enabled

Print length : 20 pages

Lending : Enabled

Screen Reader : Supported



## Types of Bankruptcy

There are two main types of bankruptcy for individuals: Chapter 7 and Chapter 13. Chapter 7 bankruptcy is a liquidation bankruptcy, which means that the debtor's nonexempt property is sold and the proceeds are distributed to creditors. Chapter 13 bankruptcy is a reorganization bankruptcy, which allows the debtor to create a plan to repay their debts over a period of time.

## Who Can File for Bankruptcy?

Individuals, businesses, and other entities can file for bankruptcy. There are no income or asset limits for filing for bankruptcy, but there are some eligibility requirements. For example, individuals must have resided in the United States for at least 180 days prior to filing for bankruptcy.

## **The Bankruptcy Process**

The bankruptcy process begins by filing a petition with the bankruptcy court. The petition must include a list of the debtor's assets, debts, and income. The court will then appoint a trustee to oversee the bankruptcy case. The trustee will be responsible for collecting the debtor's assets and distributing them to creditors.

## **Discharge of Debts**

The goal of bankruptcy is to discharge the debtor's debts. In Chapter 7 bankruptcy, most debts are discharged after the trustee has liquidated the debtor's nonexempt property. In Chapter 13 bankruptcy, debts are discharged after the debtor has completed their repayment plan.

## **Benefits of Bankruptcy**

Bankruptcy can provide a number of benefits to debtors, including:

- Relief from overwhelming debt
- Protection from creditors
- A fresh start

## **Risks of Bankruptcy**

There are also some risks associated with bankruptcy, including:

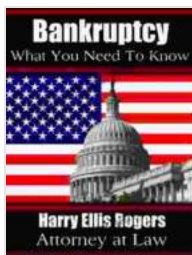
- Damage to credit score
- Loss of assets
- Difficulty obtaining credit in the future

## Alternatives to Bankruptcy

Bankruptcy is not the only option for debtors who are struggling with debt. Other alternatives include:

- Debt consolidation
- Credit counseling
- Negotiating with creditors

Bankruptcy can be a complex and stressful process, but it can also be a necessary step for those who are struggling with overwhelming debt. If you are considering filing for bankruptcy, it is important to speak with an experienced bankruptcy attorney to discuss your options.



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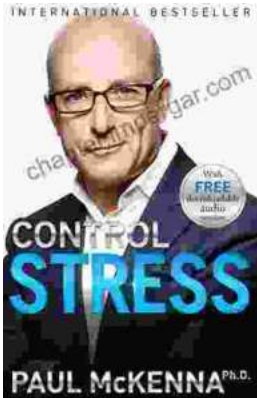
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