

Title:

Can You Choose the Type Of Bankruptcy Filing?

Word Count:

619

Summary:

You can choose the bankruptcy type to be file against, but you may not eligible for the bankruptcy type of your choice if you do not meet the required criteria. Read this article to get more information on bankruptcy types and the eligibility criteria for each bankruptcy type.

Keywords:

bankruptcy, debt relief, bankrupt attorney, debt free, get out of debt, chapter 7, chapter 13

Article Body:

In general, you can choose the type of bankruptcy for filing, under certain circumstances you may only eligible for certain type of bankruptcy filing. In most cases, debtors will choose chapter 7 for filing because it's fast, effective, easy to file, and doesn't require payments over time. Chapter 7 bankruptcy usually takes the least time to complete. Other common types of bankruptcy filing include chapter 12 and chapter 13.

Yes, you can choose the type of bankrupt filing but you may not eligible for it. Let see the criteria of filing for a few common bankruptcy types.

Bankruptcy - Chapter 12

If you are a farmer or a fisherman, for instance, you may consider chapter 12 filing. Chapter 12 bankruptcy filing is tailored for "family farmers" or "family fishermen" with "regular annual income". It is more streamlined, less complicated, and less expensive than chapter 11 (bankruptcy filing for large corporate reorganization).

Chapter 12 has allowance for situations in which family farmers or fishermen have income that is seasonal in nature. Thus, debtors with seasonal income will find it to be advantageous to file their bankruptcy under chapter 12. In addition, Relief under chapter 12 is voluntary, and only the debtor may file a petition under the chapter.

Bankruptcy - Chapter 7

Beside the farmer and fishermen, most ordinary debtors will choose chapter 7 as their bankruptcy filling type. The key factors of the popularity of this bankruptcy type are it does not need payments over time, easy to file and less expensive. However not every persons who are seeking of getting debt free by filling bankruptcy will be eligible to file under chapter 7. To be eligible for chapter 7 bankruptcy filling, you must meet the below criteria:

- You must pass the median income test:
You calculated average income must not more than the median income for your state (You can find the median income by state information from [www .usdoj.gov/ust](http://www.usdoj.gov/ust); click the Mean Testing Information).

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If you failed the median income test, you second chance for chapter 7 filling is on mean test:
Mean test is calculated based on your disposable income. To get your disposable income, calculate your average monthly income as describe in above paragraph. From that amount, subtract your allowed expenses (stated in IRS) and monthly payments you will have to make on secured and priority debts. If your monthly disposable income after subtracting these amounts is less than \$100, you pass the means test, and will be allowed to file for Chapter 7.

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Bankruptcy - Chapter 13

You will be forced to file your bankruptcy under chapter 13 if you are not eligible for chapter 7. Or if you have file bankruptcy before under chapter 7, then you need to go for chapter 13 for second bankruptcy filling.

Chapter 13, which has also been known as a wage earner's plan, is an interest-free repayment plan where a debtor repays at least some of his or her unsecured debts with regular payments over five years.

In chapter 7 filling, debtors need to liquidate their assets to pay to their creditors (creditors will share the amount from the liquidation); whereas, the debtor generally can continue to live in his or her home so long as the debtor complies with the terms of the Chapter 13 arrangement. This is one of the advantages of chapter 13 over chapter 7 bankruptcy filling.

In Summary

If bankruptcy is your ultimate option to get out of debts, you can choose the

bankruptcy type to be file against, but you may not eligible for the bankruptcy type of your choice if you do not meet the required criteria. The best way to confirm it is check with bankruptcy attorney on which bankruptcy type you are eligible for.