

Title:

Alternatives To Filing Bankruptcy?

Word Count:

387

Summary:

There is just no easy way to get out of debt, you have to face up to the consequences. A bankruptcy is not always the answer, as the effects are long lasting. There are four ways to handle debts that are out of control, listed in best to worst in regards to the effect it will have on your credit:

If your credit isn't in terrible shape, can you reduce your other expenses, even if it means making hard choices or just change your lifestyle to fit your income? Some ways to do ...

Keywords:

bankruptcy,bankrupt,debt,forclosure,liability,broke,lawyer,no money,sue,sues,liable,cash,money,credi

Article Body:

There is just no easy way to get out of debt, you have to face up to the consequences. A bankruptcy is not always the answer, as the effects are long lasting. There are four ways to handle debts that are out of control, listed in best to worst in regards to the effect it will have on your credit:

If your credit isn't in terrible shape, can you reduce your other expenses, even if it means making hard choices or just change your lifestyle to fit your income? Some ways to do this:

Alternatives:

Selling the second car

Pulling equity out of your home

Applying for a non secured signature loan

Obtaining a loan from a relative

Selling your home and paying off your debts with the proceeds and then renting

Cashing out your 401K/retirement benefits

Selling family heirlooms, jewelry, etc...

Filing Bankruptcy - Final Solution

If your credit is already gone or one of the above isn't an option, go through Consumer Credit Counseling Services. Check your yellow pages for the local number. In this way you're paying off your debts as if you were in a Chapter 13 bankruptcy, but you don't file a bankruptcy.

If CCCS won't take you, you may want to consider bankruptcy. Filing a Chapter 13 takes longer, but your credit is in a little better standing than if you file a Chapter 7. In Chapter 13 you are given up to 5 years to pay off your debts. The disadvantage is that you're in bankruptcy for up to 5 years plus your credit report shows your bankruptcy for 7 more years after you have finished paying off your debts.

If you are so far in debt that you can never repay it, then the best solution may be a Chapter 7 bankruptcy. Chapter 7 is the least desirable credit wise, but you are typically out of bankruptcy in 6 months and you don't have to repay any debt.

#### Disadvantages of Filing Bankruptcy

The disadvantage is that this shows on your credit report for 10 years from the date of filing your bankruptcy, and creditors are starting to tighten their credit requirements, and you may have a tough time getting future financing. Depending upon how complicated your financial situation is, you may want to consult a lawyer before proceeding.

There is no magic solution. Don't believe anyone who tells you otherwise.