


# BANKRUPTCY

YOUR FEDERAL RIGHT  
TO FIND DEBT RELIEF



Bankruptcy filings and other forms of debt resolution are often complex legal proceedings. Consult with an experienced attorney to understand your options, rights, and responsibilities under Federal law.

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*“Bankruptcy gives to the honest but unfortunate debtor...a new opportunity in life and a clear field for future effort, unhampered by the pressure and discouragement of preexisting debt.”*

— U.S. Supreme Court, 1934

## BANKRUPTCY: YOUR CONSTITUTIONAL RIGHT TO A FRESH START

Bankruptcy is a legal proceeding authorized by the United States Constitution to help people recover from debt. In accordance with the Constitution, the U.S. Congress enacted the “Bankruptcy Code” in 1978. Although the code has been amended many times, it remains the uniform law that allows people who can no longer pay their creditors to get a fresh start. Americans have a legal right to file for bankruptcy as a legitimate way to protect their families, homes, or businesses.

As created by Congress, Federal bankruptcy laws recognize that debt problems can happen to anyone. Bankruptcy is often misunderstood or stigmatized, when in fact it is an accepted legal solution to an unfortunate financial situation. More than a million Americans seek bankruptcy relief each year. Many bankruptcies result from overwhelming medical expenses, job loss, divorce, or disability. Filing for bankruptcy helps good people with bad circumstances restore their financial stability.

While different “Chapters” of the Bankruptcy Code provide for specific types of bankruptcy filings, all bankruptcy cases are under the jurisdiction of Federal courts. Bankruptcy cases cannot be filed in state courts, although exemptions to bankruptcy liquidations may vary by state. In some cases, liquidation may be the best way to satisfy debt obligations; in others, a debt restructuring and payment plan may be a better option. A competent attorney can help you determine which type of bankruptcy proceeding is right for your personal situation.

# UNDERSTANDING YOUR OPTIONS

The majority of U.S. bankruptcy cases are typically filed under one of the three main Chapters of the Bankruptcy Code.

## **Chapter 7** Liquidation

The most common form of bankruptcy filing for both consumers and businesses, Chapter 7 can provide individuals relief from credit card debt, medical bills, personal injury claims, pending foreclosure, or other unsecured loans. When properly filed, Chapter 7 may help people retain homes and other real estate, automobiles, certain personal property, and qualified retirement savings. Individuals engaged in business can get relief from business loans, vendor claims, and personal guarantees. A “means test” will determine whether your income falls below the threshold established for Chapter 7 filers; consumers with incomes above the threshold must file under Chapter 11 or 13.

## **Chapter 11** Reorganization

Businesses and individuals with very high debts may use Chapter 11 to create a court-approved repayment plan that allows them to continue operating while paying their obligations to creditors. Many businesses use Chapter 11 to terminate or renegotiate leases, recover assets, and reduce their debt load, allowing them to emerge in a financially stronger position.

## **Chapter 13** Restructuring

Individuals and families may file Chapter 13 when they have fallen too far behind on loans or are unable to fulfill their financial obligations. By renegotiating various debts and restructuring payments over a three to five-year plan, a Chapter 13 filing enables people to recover their financial standing without losing their homes, retirement plans, household possessions, cars and certain other assets.

When considering bankruptcy, it is important to understand the obligations of spouses and co-signers, as well as the differences between laws governing state and federal exemptions. Seek professional guidance to ensure that you use the legal process effectively.

If your assets are worth less than your liabilities, bankruptcy may be one option, but it may not be your only option. Discuss your situation with an experienced attorney to determine the best strategy for you. By legally reducing or eliminating your debt and establishing good payment practices over time, you can preserve your home and other assets, restore your credit, and build a brighter financial future.

# ALFRED ABEL LAW OFFICES

**Alfred M. Abel, Esq.**, has concentrated on bankruptcy, workouts, and debt resolution since 1982. Representing individuals, families, and businesses with superior personal service, his goal is to help clients resolve difficult debt situations and move forward in their lives.



Alfred Abel Law Offices is highly experienced in all types of bankruptcy filings, including Chapter 7, Chapter, 11, and Chapter 13. Working with debtors and creditors for more than 30 years, Alfred Abel brings a unique perspective to each case. His practice is dedicated to effective legal strategies that offer the best solution for each situation, from liquidations to customized debt restructurings based on individual needs. As your advocate, Alfred Abel offers understanding, expertise, and guidance from the first consultation to a successful conclusion.

When debt seems overwhelming, there is a way out. Alfred Abel has helped hundreds of people find debt relief and get a fresh financial start. Find out what Alfred Abel Law Offices can do for you.



## CONTACT

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