



## BANKRUPTCY...some things to consider

There are some things to consider before declaring bankruptcy. Bankruptcy is an extreme measure to be taken only in extreme cases...a sudden loss of income, a severe illness or a staggering financial setback...and even then, only as a last resort. Bankruptcy can ruin your chances for a future loan...to buy a house, to send your child to college or to take advantage of a business opportunity. Although some people may tell you that bankruptcy is an easy way out, it should be avoided unless it is absolutely necessary. Before you file a bankruptcy petition, consider the possible long-lasting results.

Credit is vital in today's economy. In fact, it is one of our most cherished assets. But you can lose that asset, for if you declare bankruptcy, the credit which you now have will most likely be taken away. Further, a bankruptcy notation can remain on your credit file at the credit bureaus for up to ten years. If you apply for credit during that time, your application will probably be denied. Bankruptcy may seem to be a good idea now, but it could be very costly if you need credit in the future.

While it is true that the consumer bankruptcy law has been changed and is now more lenient for the debtor, bankruptcy is still not a "quick fix" or a "cure all" for your financial problems. Some would have you believe otherwise. For instance, in many communities, the newspapers carry advertisements promoting bankruptcy as a means "to be free from debt" and to "obtain a better credit rating." Beware of such advertisements. They are deceptive and those that promise better credit ratings are false. Most of these advertisements are designed so that consumers may decide to rush into bankruptcy as the only solution to their financial problems. No matter what anyone tells you, even if he is an attorney, bankruptcy will not improve your credit rating or make credit easier to obtain.

Even if you are heavily indebted, there may be other alternatives to bankruptcy. When overextended, the first thing to do is to consult your creditors. They can help you in many ways and will suggest different methods of repaying your debts. If you are able to work out a payment plan without declaring bankruptcy, then your ability to obtain future credit will be greatly enhanced.

Another alternative is credit counseling. Many credit grantors will recommend credit counseling as it will school you in the best ways to readjust your spending habits to avoid bankruptcy. Often, credit counseling services are non-profit organizations and many are run by community service groups.

**There are benefits to choosing an alternative to bankruptcy. Consider the choices before consulting an attorney. It's your future.**