

Chasing down your debts

There are many different reasons that may make a person lag behind in the repayment of his debts. Today the world functions on credit and hence everyone has some debts to pay. Some people face a mid life debt crisis when it comes to the repayment of debts.

This usually happens when your lifestyle takes away most of your earnings and you are left unable to pay the monthly installments you owe. Or it may be that you have incurred an unforeseen cost that has caused you a big financial blow. Lastly you may just be the victim of genuine circumstances which are making it difficult for you to keep up.

So what do you do when you are in such a situation? Is there anyway out of this mess? Well fortunately for you there are many things you can do to recover from a tangled up financial situation.

Worst comes to worst you can even declare bankruptcy! The deal is not actually as it may sound to you and you are not thrown out on the streets when you declare bankruptcy. Rather you get to keep your house and car but will have to make some compromises with your way of life.

When can you declare bankruptcy?

Even though bankruptcy is a means of getting out of a debt mess but not everyone should go and can go for this option. If you are in such a bad position that you have been legally rendered as incapable to do repay the debts then only do you become eligible to file for bankruptcy.

So how does one benefit from filing bankruptcy? Well firstly all the legal proceedings that had been going on are stopped at once as you file bankruptcy. All the earnings that you make after declaring bankruptcy will not be going towards the repayment of your pre-bankruptcy creditors.

For those of us that have lost all hope in terms of regaining financial stability declaring bankruptcy seems to be the ideal way to start anew. All your previous debts and liabilities are removed from you provided you have included them in your bankruptcy proceedings. There is no minimum amount there to declare bankruptcy hence you will be able to justify it with any amount that you have.

The downside of declaring bankruptcy

Declaring bankruptcy is not a discreet matter rather all your information will be open for the public to access. Furthermore there are a number of costs that you will have to incur in order to declare bankruptcy in the first place. This includes the legal fees of an attorney if you hire one and of course the court costs and administrative charges will be paid by you.

Declaring bankruptcy also has an adverse effect on your credit ratings. You will find it difficult to get a car loan after filing bankruptcy. Moreover bankruptcy does not rid you of all your obligations as there are certain loans and taxes that you will be obliged to pay.

About the Author

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