Which is the Better Option - Chapter 13 Bankruptcy or Chapter 7 Bankruptcy by Changandcarlin

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Even though things may be slowly improving, the world economy has not yet improved completely and businesses are still finding trading conditions tough. Several people have been rendered redundant in the past year, and when this happens there is always a corresponding rise in the number of people who file for bankruptcy. Bankruptcy is filed by both businesses and by private individuals.

There are several types of bankruptcy, called chapters that people can file under. One of these chapters is known as Chapter 13 which is basically used by a business that wants to avoid going into liquidation, but wants to trade its way out of its financial problems. For instance, if someone files under a chapter 7 bankruptcy it will mean that all the assets will be sold off to pay the debtors, and any outstanding debt is then written off (there are some exceptions). Nevertheless, not every person wants to file under chapter 7 and give up everything, including their credit rating. An experienced Chicago chapter 7 lawyer can help you to get the maximum recovery for your loss.

Obviously even chapter 13 bankruptcy affects your credit rating badly but not as badly as a chapter 7, which stays on. Chapter 13 bankruptcy is commonly used by businesses that may be struggling to make its financial commitments, but can perhaps predict that things will improve in the immediate future.

The positive side of filing under chapter 13 is that no assets are sold, and in the case of a business, it can keep trading. It is because the bankruptcy court would have agreed on what is called a "repayment plan. This is generally a schedule of repayment over 3-5 years, depending on the court and agreed with the creditors. The individual or business is then protected from their creditors, as a result of which the individual or the business is able to concentrate on getting the business or financial affairs, back on track. The creditors may not pester the business or individual for payment as long as the repayment plan is adhered to by the individual or business.

Chapter 13 bankruptcy thus allows businesses to continue instead of quitting, and individuals to regain control of their financial affairs, without having to sell of their personal assets. It also ensures that creditors are remunerated as far as possible, which generally means being paid in full unless the individual or business defaults on the repayment plan, which is not the case in chapter 7 bankruptcy, where the creditors merely get a percentage of the amount of money raised from the sale of the assets. Hire a experienced chapter 13 lawyer in chicago who can help you understand better and can file a successful claim for you.

Bankruptcy should always be an absolute last resort. All other possible avenues should be thoroughly explored before taking this type of action. A serious matter like bankruptcy will require skilled and knowledgeable lawyers who can provide the right kind of legal representation that you deserve. A well experienced bankruptcy lawyer in Chicago will make sure that the bankruptcy filing process move smoothly, when you file for either chapter7 or chapter 13 bankruptcies.

To know more about bankruptcy in Chicago, please visit www.changandcarlin.com

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David began his legal career in 2001, where his major focus was in residential real estate transactions. In 2003, David moved on to representing clients in both Chapter 7 and Chapter 13 bankruptcies. David advanced to a senior attorney position at one of the largest consumer bankruptcy law firms in the nation and has counseled thousands of clients about their financial needs.

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