

Save Yourself With Some Bankruptcy Alternatives

How good is a bankruptcy alternative form bankruptcy? Bankruptcy is a legally-declared inability of an individual or organization to pay their creditors. It is legal process by which people and businesses can eliminate all, or a portion, of their debts by extending the time to pay-off their debts under the protection and supervision of a court and trustee.

Once an individual receives a bankruptcy-discharge, hes no longer obligated on those discharged/erased debts, and giving the debtor a fresh start financially. Yet as already mentioned, bankruptcy cannot always protect one from creditors efforts to collect secured-debts. It cannot wipe-out all debts, plus, the new bankruptcy law has made it harder for some to file bankruptcy. The new bankruptcy law was intended, to eliminate the bankruptcy of convenience. It makes sense then that indebted consumers/businesses want to seek a bankruptcy alternative. Debtors still need to find some other way to manage their increasing debt, but there are a lot of things that bankruptcy can and cannot do, and also the ensuing financial disadvantages in the future. To avoid the negative impacts of personal bankruptcy, individuals-in-debt should recourse to a number of bankruptcy alternative(s).

Bankruptcy Alternative(s):

No Action. Judgment from creditors could do nothing to the indebted judgment proof of really not having anything for payment. It couldnt do anything more on the financial situation. It is unlikely that creditors could collect anything against the judgment, particularly if the debtor doesnt expect to have regular income or property a creditor could attempt to seize.

Self Money Management. Debt comes from spending more than one's income. The most obvious solution is reducing monthly spending to allow room for unwanted debts that could be easily remedied by creating a personal budget and analyzing expenses to find areas to reduce expenses reducing food costs, taking public transportation, and eliminating unnecessary telephone and cable-television services.

Negotiation With Creditors. While negotiation may also buy the debtor some time to rebuild their finances, most creditors are also familiar that bankruptcy is an ordinary option for the indebted so they are willing to negotiate a settlement so that they receive a portion of their money, instead of also risking loses in a bankruptcy.

Debts-Consolidation. Borrowing from one lender at a low interest rate, replacing many payments to many different creditors with one monthly payment, plus taking care of guarantee-property could provide sufficient funds to repay a number of higher interest rate debts (such as Credit Cards) thereby simplifying the debtors monthly budget.

Formal Proposal to Creditors and Individual Voluntary Arrangements Plan. A formal proposal or deal with the creditors instead of against the creditors may be a wiser bankruptcy alternative allowing a debtor to reach a formal repayment arrangement with their creditors usually over a 5-year-period.

Bankruptcy would not be just a financial and emotional and mental burden; hence taking one bankruptcy alternative might just save you. Avoid the debt-trap as much as possible - save, and be saved.

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