

# Understanding Bankruptcy: Eligibility & Restrictions

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## Alternatives to Bankruptcy:

- Debt Consolidation: Simplify repayments with a new loan.
- Debt Management Plans: Negotiate lower rates with creditors.
- Credit Counseling: Get personalized budgeting assistance.

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## Types of Bankruptcy:

- Chapter 7 (Liquidation): Discharge most unsecured debts.
- Chapter 13 (Repayment Plan): Create a repayment plan over 3–5 years.

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## Qualifying for Bankruptcy:

- Means Test: Income compared to median in your area.
- Residency Criteria & Income Boundaries: Specific requirements.
- Previous Bankruptcy Filings: Waiting periods apply.

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## Restrictions on Bankruptcy:

- Recent Bankruptcy Filings: Waiting periods prevent misuse.
- Abuse of the System & Luxury Spending: Actions frowned upon.
- Tax Debt & Prior Discharged Debts: Certain debts persist.

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## Conclusion:

- Consider various factors and consult a bankruptcy attorney for guidance.