

## Understanding the bankruptcy rules for individuals who need to file again

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September 27, 2013 /**24-7PressRelease**/ -- For individuals that find themselves in too much debt, bankruptcy can be a lifesaver. Those who qualify for Chapter 7 bankruptcy, for instance, can erase their debt, walk away with a clean financial slate and start over. Post bankruptcy, many consumers change their spending habits and become much more diligent with their budgets.

However, life throws us constant curveballs that result in many unforeseen circumstances. A job layoff or an unexpected medical injury or illness are just a couple of instances that can set people over the financial edge, despite their diligent budgeting practices learned from a previous filing. As a result, some find themselves in need of [bankruptcy protection](#) again.

But can individuals file for bankruptcy and receive a discharge after they have already previously received one? Yes, but it depends on the circumstance.

### The rules surrounding multiple bankruptcy filings

The U.S. Bankruptcy Code does in fact allow individuals to receive subsequent bankruptcy discharges. However, there is a certain timeframe that must pass between each filing.

#### Chapter 7 rules

Individuals who have previously filed and received a successful discharge for a Chapter 7 bankruptcy must wait at least 8 years from the date their first petition was filed before they are eligible to receive another Chapter 7 bankruptcy discharge.

#### Chapter 13 rules

Individuals who have previously filed and received a successful discharge for a Chapter 13 bankruptcy must wait at least 2 years from the date their first case was filed before they are eligible to receive another Chapter 13 bankruptcy discharge.

### Alternatives for those who still cannot file

Individuals who filed a Chapter 7 previously, but have not yet exceeded the 8 year timeframe, may want to file a Chapter 13 bankruptcy instead--particularly if they are facing credit harassment or at risk of losing their home.

In a Chapter 13 bankruptcy, debtors enter into a monthly affordable repayment plan to pay off all or part of qualified debt over a 3-5 year period. Just like in a Chapter 7, all credit harassment stops once the petition is filed. Interest rates on credit cards also cease accruing during the payment period.

In many cases, individuals facing foreclosure can also stay in their home. Those who are up-to-date on their mortgages can continue to make monthly payments during the plan. Those who are behind on payments can likely make up the arrearages during the repayment period. Depending on the mortgage lender, borrowers underwater on their mortgages may even be able to negotiate a refinance or restructure.

### Consulting with a bankruptcy lawyer

Filing for bankruptcy involves complex laws and procedures and many different circumstances can easily affect the course of action or outcome of a filing. Speaking with a knowledgeable bankruptcy attorney is advised.

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