

### November 12, 2013 /24-7PressRelease/ -- Chapters 7, 13 and 11--understanding the difference

Many Georgia residents, as with citizens throughout the country, have struggled in recent years to keep current on their financial obligations. According to statistics recorded by Epiq Systems, the state of Georgia had the second highest number of bankruptcy filings per capita in 2011 with a rate of 7.35 bankruptcy filings per 1,000 people. The only state with a higher ratio was Nevada.

With a total of 72,198 filings for the year, Georgia is only one of two states to have more than 70,000 annual filings in 2011. California had the highest number of filings overall. While Chapter 7 bankruptcies tend to be the most common form, Georgia's 2011 experience saw a virtual even split between Chapter 7 and Chapter 13 filings.

If you are considering a bankruptcy to help your financial situation, it is important to understand the basics of the different types before you begin your process. Each one has different features that are suited to very different situations.

### Chapter 7--the liquidation bankruptcy

The heart of [Chapter 7 bankruptcy](#) is the ability to offer creditors a repayment option for any secured debt via liquidating the appropriate collateral or your allowed assets. As such, you are no longer responsible to literally repay the debts but may lose certain possessions as part of the liquidation process.

It is important to note that only secured debts are to be repaid during a Chapter 7 proceeding. Unsecured debts, such as credit card debts, are typically discharged altogether in the process.

Many people assume that all assets are lost in a Chapter 7 bankruptcy, including a home. This is not true in all cases. Georgia laws offer both state and county homestead exemptions which may offer the protection needed to prevent the loss of a home even with a Chapter 7 filing.

### Chapter 13--the wage earner's plan

In order to qualify for a [Chapter 13](#) , a person must have sufficient income to support a structured repayment of his or her debts. All assets are protected from repossession as the debtor makes monthly payments to the trustee during a three- to five-year period. The trustee makes payments to creditors from the monies received from the debtor.

### Chapter 11--the reorganization

In the past, Chapter 11 bankruptcies were associated with business only. However, in recent years, some consumers have been able to utilize this form of bankruptcy. Similar to a Chapter 13, a Chapter 11 bankruptcy offers a repayment structure for debts. A Chapter 13, however, has a maximum allowable amount of debt. People who have debt beyond that limit can look to a Chapter 11 for relief.

### Do your homework

Understanding the basics of the different bankruptcy plans and your relative situation is important before you make any decisions. The next important step you should take is to consult with an experienced bankruptcy attorney to help you through the process.

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