

## Chapter 7 or 13 Bankruptcy



**For a Free Consultation  
with one of our  
experienced attorneys,  
call (303) 300-6684.**

## Morse & Associates, LLC

910 Sixteenth Street, Suite 1100  
Denver, CO 80202  
Phone: (303) 300-6684  
Fax: (720) 941-2755  
Web Page: [morsebankruptcy.com](http://morsebankruptcy.com)  
E-Mail:  
[morse\\_associates@morsebankruptcy.com](mailto:morse_associates@morsebankruptcy.com)

## Morse & Associates, LLC

### Chapter 7 or 13 Bankruptcy

The information enclosed is only intended to give individuals considering bankruptcy an overview of the process. It should not be used as a legal authority and does not speak to any particular case. You should always speak to an experienced attorney prior to making any decision regarding your bankruptcy.



**We Are Colorado  
Bankruptcy**

Phone: (303) 300-6684

## Chapter 7 or 13 Bankruptcy



### Chapter 7 or 13 Bankruptcy

Chapter 7 and Chapter 13 Bankruptcies differ in many substantial respects. While both bankruptcies are designed as a mechanism to allow debtors to pay what they can to their creditors and to provide debt relief, they differ greatly in the way that they approach this task.

Chapter 7 bankruptcies approach this task by completely discharging most of the debts owed by the debtor. The exceptions to this rule are debts, which for public policy reasons, cannot be discharged. Most commonly these debts are: taxes, debts owed to government, student loans and child support.

Chapter 13 bankruptcies provide debt relief by structuring the debts that the debtor has into a 3-5 year re-payment program. This repayment program is not based on the amount of debt that the debtor has rather the Chapter 13 repayment program is based on the debtor's ability to pay. Some debts will be required to be paid in full such as: taxes, governmental debts and child support arrears have to be paid in full on a Chapter 13 plan. Other types of debt will receive a portion of payment with the discharge at the end.

### Chapter 7 or 13 Continued...

Whether you file a Chapter 7 or Chapter 13 bankruptcy depends on a number of factors.

1. **Income:** The threshold issue is the household income. Based on the size of your household, there is a limit to how much the total household can make and still file a Chapter 7. If the household income is in an excess of the allowable amount for a Chapter 7 filing, then a Chapter 13 filing is required.

2. **Keeping Assets:** While a Chapter 13 filing does require the debtor to pay money over time, it can provide a debtor more opportunities to keep certain assets. In a Chapter 7 bankruptcy, in order to keep your home or car generally you must be current on the vehicle or home when you enter in the bankruptcy. Further, you must stay current on these items throughout the course of the bankruptcy. In a Chapter 13, if you are behind on payments on your home and/or car, you can make up those missed payments through your Chapter 13 plan and retain the property.

3. **Types of Debts and Intentions:** In a Chapter 7 there is no debt relief for priority taxes (generally, more recent taxes) or debts owed to governmental units. In a Chapter 13

bankruptcy you can structure these debts over a 5 year repayment plan. Some tax debts are capable of being discharged while others are not.

Whether you file a Chapter 13 bankruptcy or a Chapter 7 bankruptcy is a decision you will have to reach with a competent legal professional. Issues to be considered include your household income, the mixture between your exempt and non-exempt assets and whether or not you are trying to save property that is at risk of being lost to debt collection.

If you find yourself in a position where you are unable to pay your bills or your bills have amassed to the point where you risk losing your personal or real property due to the collection of said debts, then I strongly encourage you to call our office at (303) 300-6684, and to set up a free consultation with one of our attorneys so they can advise you as to which chapter of bankruptcy relief will best help you accomplish your goals.

*If you would like more information regarding Chapter 7 or 13 Bankruptcies, please call 303-300-6684 for a FREE CONSULTATION with one of experienced attorneys.*