

CHAPTER 11 BANKRUPTCY

Chapter 11 of the Bankruptcy Code is known as “reorganization”. Typical Chapter 11 filers are corporations, businesses, and people with many assets and burdens.

Many people visit their attorney intending to file Chapter 13 to save their house or strip a mortgage (have it treated like a credit card) but learn that they owe too much money to qualify for Chapter 13. For those people, Chapter 11 might be best if it isn't cost-prohibitive.

Chapter 11 is a lot of work and it costs a lot of money but the rewards can be great.

Like Chapter 13, your Chapter 11 case is driven by your Plan. If the Court approves your Plan and you make your payments under the Plan you will be allowed to keep all of your possessions.

But unlike Chapter 13 and Chapter 7, there is no trustee in Chapter 11. You retain all of your assets and may propose a repayment Plan to the Court. Then your attorney negotiates with your creditors to solicit acceptance of the Plan. While the details and methods are too lengthy to explain here, the important part is that following a negotiation process the Court can approve a well-conceived Plan.

What sets Chapter 11 apart is its flexibility. This flexibility is most important in the field of mortgages where we can propose new mortgage terms on your lenders. For people underwater in their homes or rental properties this can mean the difference between keeping and losing your property.

Chapter 11 is not for everyone. The record requirements are exhausting and the commitment is burdensome. However, for the right person Chapter 11 is totally worthwhile.

Chapter 11 cases are rare, but are the most intellectually stimulating for the attorney and the most interesting. This office accepts Chapter 11 cases throughout the Central District of California and the attorney will not hesitate to come to meet you if your circumstances suggest that Chapter 11 is right for you.