

Ch. 7 bankruptcies jump 58 percent

By Thomas Grillo

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Chapter 7 bankruptcy filings in Massachusetts surged 58 percent in the second quarter from the same months last year, according a new report from The Warren Group.

"The dramatic jump in bankruptcy filings shows just how hard it has been for consumers to keep up with their bills in this tough economy," said Timothy M. Warren Jr., CEO of The Warren Group, in a statement.

A total of 4,489 filers sought protection under Chapter 7 of the U.S. bankruptcy code from April through June, up from 2,839 during the same months in 2008. The number of filings was also 36.6 percent higher than the first quarter of 2009, when 3,285 consumers sought Chapter 7 protection.

The number of second quarter filings was higher than each of the previous five quarters. There were 7,774 filings under Chapter 7 in the first half of 2009, a nearly 36 percent increase from 5,722 last year.

A Chapter 7 bankruptcy filing is the most common option for individuals who are seeking relief from their debts and accounted for 82 percent of bankruptcy filings tracked by The Warren Group in Massachusetts during the second quarter of 2009.

People filing under Chapter 7 bankruptcy can eliminate most debt after non-exempt assets are used to pay off creditors. In contrast, Chapter 13 requires debtors to arrange for a three- or five-year debt-repayment plan.

Filings under Chapter 13 of the U.S. bankruptcy code slid in the second quarter compared to a year ago but increased from first quarter 2009. There were 919 Chapter 13 filings in the second quarter, a 14.7 percent decline from 1,078 during the second quarter in 2008. But Chapter 13 filings climbed 36.1 percent from 675 in the previous quarter. A total of 1,594 debtors filed for bankruptcy under Chapter 13 in the first six months of 2009, down 30.1 percent from 2,280 during the same period in 2008.

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