

## Personal bankruptcies up nearly 60% in Mass., real estate publisher reports

Attorneys, Justin H. Dion & Eugene B. Berman weigh in below

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SPRINGFIELD - Debtors are filing for Chapter 7 bankruptcy in order to escape debts they can't otherwise pay.

The number of Chapter 7 bankruptcy filings increased statewide by 58.12 percent from 2,839 in the second quarter of 2008 to 4,489 in the second quarter of this year which ended July 1, according to statistics released Monday by The Warren Group, a Boston-based provider of real-estate information and publisher of Banker & Tradesman newspaper.

Chapter 7 bankruptcy can eliminate most of a filer's debt after most assets are sold. In contrast, Chapter 13 bankruptcy requires debtors to arrange a three- to five-year repayment plan. Chapter 11 bankruptcies protect business from their creditors while those businesses reorganize themselves.

"People are choosing Chapter 7 because of unemployment, sickness or they know they can't keep their house," said Eugene B. Berman, a lawyer of counsel to the firm Bacon Wilson and chairman of the Hampden County Bar Association's Foreclosure Prevention Task Force.

Justin H. Dion, a bankruptcy attorney in active practice with Bacon Wilson, said ongoing unemployment is usually what forces people into bankruptcy.

"What we are seeing is a large number of people who lost their jobs a year to 18 months ago who have been just hanging on with their unemployment compensation and now have nothing," he said.

He said people miss one home or credit-card payment and they find it impossible to catch up.

"It's a quicksand," Dion said.

Low home prices and tightening lending requirements are also making it hard for people who are falling behind, said Ben S. Branch, professor of finance Isenberg School of Management at the University of Massachusetts at Amherst.

"A lot of people bought houses thinking if they run into trouble, they could just refinance," Branch said.

In Hampden County, the number of Chapter 7 filings increased by 36.9 percent from 252 in the second quarter of 2008 to 345 in the last three months. In Hampshire County, the number of Chapter 7 filings increased by 86.27 percent from 51 in the second quarter of 2008 to 95 over the last three months. In Franklin County, the number of Chapter 7 filings increased by 7.14 percent from 42 to 45, according to The Warren Group.

Chapter 13, which is also called wage-earner bankruptcy, did not increase, according to the Warren Group. Across the state, Chapter 13 petitions fell 14.75 percent from 1,078 to 919.

In Hampden County, they fell 28.13 percent from 64 in the second quarter of 2008 to 46 in the same time

period this year. In Hampshire County, Chapter 13 filings fell 57.14 percent from seven to three. In Franklin County, Chapter 13 petitions rose by 33.33 percent but only from three to four cases.

"If they don't have income they can't repay their debts in a 13," Dion said.

There was one Chapter 11 business bankruptcy in Hampden County in second quarter of 2009 and none in the same time period last year. There were none in Hampshire County in either time period. There were three Chapter 11 bankruptcies in Franklin County over the past three months and none in second quarter last year, according to The Warren Group.