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HOWARD P.C.

Insight

Guiding businesses and individuals from Main Street to Wall Street... and everything in between.

In an economy that seems to be stagnant many people find their wallets empty and the bill collectors knocking on their door. Bankruptcy may be able to help, but won't that ruin my credit for life?

Bankruptcy Is Not the End

Bankruptcy is not a bad thing. The general view of bankruptcy is usually the opposite of this. Bankruptcy is associated with failure or an inability to manage ones own finances. It is also widely believed that filing bankruptcy will haunt an individual's credit report causing grief for many years to come. These are fallacies that the average consumer needs to overcome.

In order to see bankruptcy in a different light maybe we should put bankruptcy into a different context then pure finances. If we view debts as a leg infection, we are presented with the decision to use antibiotics and bandages that may never be able to totally heal the problem or have a surgery done. Yes the surgery may be more painful

but with a couple of months we are already getting better and within a few years we are completely healed. Filing bankruptcy can achieve the same thing. It is painful to face the situation that we find ourselves in but within a matter of days we are given a fresh start. Within a few years there is nothing but memories of these times.

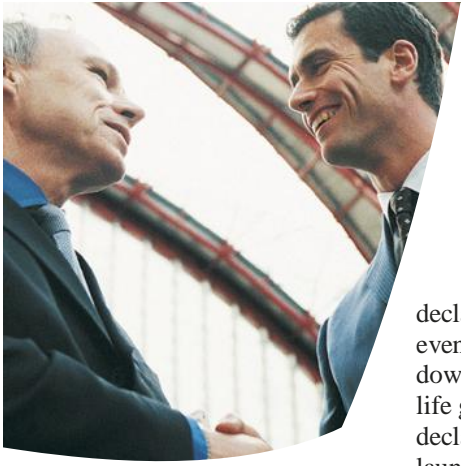
Bankruptcy is also not the end of our life as we know it and it is not going to sneak up to cause trouble in the future. It can appear that we are alone in the world when facing a bankruptcy but it is important to remember that we are not alone. There have been millions of bankruptcies filed before ours and

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Don't Pay Up

Even if an individual is at fault for breaching the contract they should never simply pay the non-breaching party especially if the damages are stipulated in the contract. Often damages can be reduced because of the non-breaching party's actions. Damage clauses that are set out in contracts are often speculative and an inaccurate estimation of the actual damages. Litigation should be pursued in order to determine the appropriate amount of damages to settle the claim.



Continuation of 'Bankruptcy Is Not the End'

there is no indication that we will be the last ones to face financial hardships like these. On average from 1994 to 2008, there are over 12,500 bankruptcy filings a year in West Michigan alone. Nationally bankruptcy filings are reaching record numbers. There are thousands of others in the exact same position as we are.

Additionally there have been many high profiled individuals that have had to

declare bankruptcy and that event did little to slow them down from achieving their life goals. Walt Disney declared bankruptcy prior to launching the Disney Empire. Donald Trump's Trump Enterprises Resort's Inc. has filed for bankruptcy protection three times including this year. Henry Ford declared bankruptcy prior to launching Ford Motor Company. Even Abraham Lincoln and Thomas Jefferson had their own brushes bankruptcy. All of these individuals were placed in the same financial situation and used bankruptcy as a means to achieve a fresh start and live

lives that flourished afterward.

Bankruptcy should not be taken lightly and consumers should make all attempts to manage their finances before they become a burden. With that said it is inevitable that something is going to arise. Jobs get lost. Medical bills need to get paid. Budgets get blown. These things are part of life. We have to recognize that too many things have piled up and become too much for us to overcome on our own. That is the time to contact someone for advice on if bankruptcy protection is a viable option.

WHAT TYPE OF BUSINESS SHOULD I BE

With so many choices and so many opinions on whether to form a corporation, partnership, LLC, LLP or other entity, it can be difficult to settle on which one is the best fit for you.

With the state of our economy many new business owners are attempting to save money by filing all the necessary forms on their own. While this might save some money in the short term it might cost you down the road.

It is generally a better idea to speak with an attorney to at least get his or her opinion on which entity best fits your business.

It might cost a little now but in the end you will be much more confident that you made the right choice.



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