

There are advantages and disadvantages to both **debt consolidation** and **bankruptcy**. With debt consolidation, individuals enter into a contract with a debt consolidation service. The debt consolidation service will negotiate with the individual's creditors in an effort to obtain lower interests rates and lower monthly payments on the individual's existing debt. Individuals will make one payment each month to the debt consolidation service.

Debt consolidation will not cover all of an individual's debts, and it could take years for an individual to satisfy their debts through debt consolidation. Debt consolidation does not protect individuals from legal actions by their creditors, and it can jeopardize an individual's property such as their home. There are two chapters of bankruptcy under which an individual may be eligible to file: Chapter 7 and Chapter 13. With [Chapter 7 bankruptcy](#), an individual's non-exempt property is liquidated, and the proceeds from this sale are used to pay the individual's creditors.

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establishes a repayment plan. With a Chapter 13 bankruptcy repayment plan, individuals will have 3 to 5 years to repay all or a portion of their debt. When an individual files for bankruptcy their creditors may no longer take any legal action against them. A

Chapter 7 bankruptcy attorney

or a

Chapter 13 bankruptcy lawyer

can more fully explain the advantages of filing bankruptcy as opposed to debt consolidation. Debt Consolidation will appear on your credit report and damage your credit score.

Bankruptcy will lower the individual's credit score, and it will remain on their record for 7 years. This information will be available to the public. However, bankruptcy can provide individuals with a fresh financial start or at least give them hope that their financial woes will eventually come to an end. A **Chapter 7 bankruptcy attorney** or a **Chapter 13 bankruptcy lawyer** can help individuals determine the right path for them.

A [California bankruptcy attorney](#) can help individuals assess their financial situation to determine if debt consolidation or bankruptcy is right for them. When individuals want to get out of debt, the assistance of a [California bankruptcy lawyer](#) can be invaluable. A California bankruptcy attorney will provide expert legal counsel and advice.

When

debt consolidation

or

bankruptcy

is in your future, contact a California bankruptcy lawyer for assistance.