

New [median income figures](#) take effect November 1, 2009. The change in median income levels will have a direct impact on those seeking debt relief through **chapter 7 bankruptcy** because of the means test. Individuals seeking to file chapter 7 bankruptcy must pass the [means test](#) in order to qualify; otherwise they will be required to file under chapter 13 and make some payments toward their debt. Not since the inception of Bankruptcy Abuse Prevention and Consumer Protection Act ("[BAPCPA](#)") in 2005 have we seen the income figures drop. What this means is that those seeking debt relief under **Chapter 7 bankruptcy**, may soon be disqualified and forced to file under **Chapter 13** instead.

Here in California, our current [unemployment rate](#) is 12.2%, according to the Bureau of Labor Statistics. Our real estate market still has not bottomed out as those in the industry project a [Gloomy Outlook](#). Lenders have been stalling out or flat out refusing to modify mortgages that would otherwise qualify under the [Obama Plan](#) and more foreclosures are coming soon. Also, our state workers have taken approximately 3 furlough workdays without pay, which equals an approximate 14% pay cut. No wonder the median income figures are dropping.



It's time to review those borderline **Chapter 7** cases pending and get them filed before the client potentially becomes disqualified under the new changes taking effect November 1st. I don't think it's [Bankruptcy Means Test Irony](#) as the folks over at Bankruptcy Law Network do; it's the factual truth.