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## Utah Bankruptcy Rate Up 7%

Unlike the rest of the country, Utah has seen an increase in bankruptcy filings the first nine months of this year. Overall, the nation has had a 10% decrease in bankruptcy filings but in Utah, the number has increased by 7%. According to Samuel Gerdano, executive director of the American Bankruptcy Institute, “The trend of declining filings [nationally] has been consistent with consumers continuing to rein in their spending, household debt, and an overall pullback in consumer credit.”

On the other hand, the bankruptcy court revealed that in Utah, the state’s 7% increase continues the trend in the state over the last 5 years. Ironically, this may have something to do with the state’s own economic success.

Utah’s unemployment rate is about 7.6%, significantly less than the above 9% nationwide. This may have let to less than frugal ways among the Utahans compared to consumers in other states who have been tightening their belts. According to US Bankruptcy Court in Utah 14,552 Utahans filed for bankruptcy protection during the first nine months of this year, an increase of 981 applicants from the 13,571 who filed for bankruptcy during the same period last year.

In offering an explanation for the disparate bankruptcy trends nationally and that of Utah’s, visiting professor at the American Bankruptcy Institute, John Kilborn said, “What you’ll often see is that more people will file for bankruptcy if they think the economy is

improving. And it could be that some consumers in Utah see the economy a little different than elsewhere.” Kilborn stated that the reason for the bankruptcy increase during a perceived upturn in the economy is that people want to take advantage of the turnaround by eliminating their debts.

Another contributing factor could be the rate of foreclosure in the state. In other states there has been such a huge backlog of foreclosure cases in the courts that the debtors are still allowed to stay in their homes even while their cases are in court. But in Utah, the backlog is minimal, which tends to contribute towards the higher rate of bankruptcy.

33% of the 14,552 bankruptcy filings in Utah through the first nine months of this year were for Chapter 13 bankruptcy which allows debtors to repay their debts following a court-approved payment plan. The remaining 67% of the filings were for Chapter 7 bankruptcy, commonly called liquidation bankruptcy.

If you are going through financial distress, bankruptcy may be the answer to your financial problems. Bankruptcy can mean a fresh start for you and your family financially. If you wish to have a discussion with a licensed bankruptcy attorney, give us a call at (813) 200 4133 for a free consultation.