

Bankruptcy Trends For 2010

The last big spike in bankruptcy filings was back in 2005, just before the passage of the Bankruptcy Abuse Prevention Consumer Protection Act ["[BAPCPA](#)"] with a record setting 2.04 million filings. The [BAPCPA](#) created more obstacles to obtaining debt relief in 2005 and immediately following its passage, bankruptcy filings dried up.

When the mortgage meltdown of 2008 nearly crumbled the financial sector, the ripple effect on the economy continued to reverberate throughout 2009 and again, we saw a spike in bankruptcy filings throughout the country. In 2008, bankruptcy filings totaled 1.1 million.

Here in the Central District, filings in November totaled 9,452. This figure is more than double that of the entire state of New York with 4,368; and roughly doubles the entire state of Texas with 4,804 filings. The U.S. Bankruptcy Court reports the fiscal year ending in September, 2009 total **bankruptcy filings at 1.4 million**. So, what can we expect for 2010?

As I gaze into my crystal ball into 2010, I see that the unemployment numbers will continue to drag on as those people regroup, train and educate themselves for new emergent jobs. Foreclosures will continue on their course until the banks and the government permanently modify the remainder of the 9 million homes in trouble. I see that consumer spending is nonsensical because we Americans already have too much of everything on the backs of third world countries whose workers live in poverty. All of this spells more bankruptcies for 2010.

We will see continued high numbers of bankruptcy filings throughout 2010 as consumers unfortunately spend down savings first, which is unnecessary, before deciding that they should file for bankruptcy. Bankruptcy filings will be a result of more foreclosures rippling through the housing sector and the stagnant **unemployment rate of 12.3% here in California**. We will also see more small business bankruptcies as businesses continue to tailspin from the economic recession.

Corporate bankruptcies will rise in 2010 as commercial property foreclosures commence on securitized commercial real estate. We will not know the legal consequences in the commercial arena for several years to come. In 2010, **bankruptcy will be the new "black"** for many Americans seeking financial freedom from debt.