

For additional details, contact:

Amy Lewis
Strategy Communications
Phone: 619-713-0622 (office) / 858-752-1085 (mobile)
E-mail: amy@scpublicrelations.com

Linda Rossi
San Diego Metropolitan Credit Union
Phone: 619-278-5715
E-mail: lrossi@sdmcu.org



PRESS RELEASE

BANKRUPTCY FILINGS UP 18%

Avoid Slipping Into Bankruptcy in this Uncertain Economy

SAN DIEGO, April 1, 2008 – According to the New York Times, the rate of bankruptcy filings in February rose 18 percent from January and is up 28 percent from last year. There was an average of 3,960 bankruptcy filings nationwide each day in the month of February alone. These numbers are according to Automated Access to Court Electronic Records, a bankruptcy data and management company.

California had the most significant increase in bankruptcy filings during the first two months of 2008, with a 33 percent increase over last year. Experts believe this trend could continue for the rest of 2008 as the housing market worsens. This rise in bankruptcy filings is not only due to a weakened housing market, but also as a result of rising energy prices and sky-high personal debts. February was the busiest month for filings since Congress overhauled the bankruptcy law back in 2005; which made bankruptcies harder and more expensive to get.

Bankruptcy is a word that makes most people cringe just at the mere thought. For others, it is relief from a situation that has brought them much dismay. But know that if you are in danger of filing for bankruptcy, there are many ways to avoid this from happening. Or, if you have already filed for bankruptcy, there are opportunities to rebuild your damaged credit.

SDMCU offers the following suggestions on how to avoid filing for bankruptcy:

Tips to Avoid Bankruptcy

Debt Consolidation: If you find yourself unable to pay off all of your bills, a bank/credit union representative or reputable credit counselor can sit down with you and formulate a plan to free yourself from debt. This will make managing your bills easier and more comfortable. It is important to find the most appropriate alternatives to paying off your debt to avoid filing for bankruptcy. Consolidation is an excellent first step in leading you to financial freedom.

Pay On Time: Even if you find yourself deep in debt, there is still one way to keep on track - always pay your minimum balance on time. Late charges for tardy payments are an unnecessary and costly expense that should be avoided. However, if you know that your payment is going to be late, call your creditor immediately and pay over the phone. If you do not have the funds to complete a payment, call your creditor and ask about paying half of the amount this month and the rest next month. The most important thing is to work with your creditor. If you show that you are making an effort, they will be more willing to work with your financial situation. Having your account sent to a collections agency is a scenario that should be avoided.

Ditch Unnecessary Credit: In hopes of setting your credit card to a zero balance, eliminate the use of multiple, high-limit credit cards from your life. Cut up your credit cards and make purchases only with your debit card or cash. This will help reduce credit card debt and help you realize how much money you actually have in your bank account. You should only keep one card with a low balance for emergencies. If you are forced to use your credit card, it is important to make an effort to pay off the balance of the card each month.

Live Within Your Means: In order to avoid bankruptcy, you should also adjust your lifestyle to accommodate your own financial situation. This may involve eating out less, going to fewer movies, and not driving your car as much as usual. The upside to this is that you will develop a better appreciation for cooking at home, checking out DVDs from your local library for free and even getting to know how to use the bus and trolley.

Avoid Temptation: First off, do not get a cart when shopping. If you have no room to toss an item into, you probably will not have the urge to purchase it. Next, do not be fooled by eye level items. These items are usually the most expensive. Don't be afraid to search the aisles for the product that gives you the most for the least amount of money. Lastly, resist impulse buys that are next to the cashier. You have made it this far and there is no need to set yourself back with such a frivolous purchase.

Rebuilding Your Credit After Bankruptcy

The troubling ups and downs of our nation's economy can be stressful. If you have already had to go through the harsh reality of filing for bankruptcy, don't worry; there are still options for cleaning up your credit.

Along with the pre-bankruptcy tips, a major solution to rebuilding your credit is time. Although not permanent, depending on the type of chapter of bankruptcy you have filed, several years will have to pass before bankruptcy is removed from your credit report. You have to be patient and allow creditors to see that you are taking the initiative to build a better credit history for yourself. The following is important to keep in mind in order to rebuild your credit after filing for bankruptcy:

- Pay all bills on time
- Check your credit report once a year for errors
- Avoid excessive credit report inquiries
- Limit the balances on open lines of credit
- Have a "mix" of credit over time (credit and retail cards, mortgage, installment loans)
- Credit longevity is very important – don't open and close accounts, keep the same ones for a period of time (but remember not to have too many open credit cards!)
- Reduce unwanted credit card solicitations to reduce temptation (www.optoutprescreen.com or call 888-5-opt-out)

When rebuilding credit, you must learn from the mistakes that got you into bankruptcy in the first place. The greater financial responsibility displayed now, the more beneficial the financial outlook will be for the future.

WHO: San Diego Metropolitan Credit Union
WHAT: Avoiding Bankruptcy
WHEN: Interviews are available immediately and ongoing
WHERE: In-studio or phone interviews with San Diego Metropolitan Credit Union

San Diego Metropolitan Credit Union (SDMCU) is committed to its community and members and provides services to families and individuals to manage their personal finances. SDMCU has been in business since 1934 and serves over 20,000 members. SDMCU's corporate headquarters are located in San Diego and information about SDMCU is available on the worldwide web at www.sdmcu.org.

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