

Thriving After a Farm Bankruptcy

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In the midst of bankruptcy, it is easy to focus your energy on getting through the process. But what happens after the bankruptcy is critical in determining the long-term success and viability of the farm business. With a plan in place, you can thrive after bankruptcy.



Rely on an Accountability Team

Consider getting help from your accountant, tax professional, Extension educator, attorney, counselor, or others who can help you monitor your progress and benchmark your farm's financial performance.

Consider Financial Training

Continued education in financial management can help you better manage your finances and debt. Seek programs from educational and financial institutions.



Implement Business Spending Protocols to Stay on Track

- Hold weekly or monthly meetings to review your budget and analyze cash flow.
- Organize and schedule your bills so you pay them on time.
- Implement a double signature policy on expenses over a set amount. Utilize your accountability team to approve expenditures outside of your budget.
- Be careful about taking out new loans, but if you must do so, shop for lower interest loan sources, such as government programs.
- Try to conduct most of your business through one financial institution and develop a personal relationship with that lender. Being a member in good standing can lead to better account perks later.

Focus on your Business Goals and Maintain your Bankruptcy Records

Now is the time to examine your new financial situation and set goals for the future. Review your business situation and goals regularly. Keep the paperwork from your bankruptcy organized and in a safe place so that you can refer to it if necessary.

Review and Build your Credit

Rebuilding your credit score is a process. Generally, factors that determine your credit scores are:

- Your history of making payments.
- The amount of credit you're using versus how much credit is available to you.
- The length of your credit history.
- Number and forms of credit accounts you have.
- Whether you've recently obtained new credit.



Reestablish Community Relationships

Some community relationships may have been damaged and it can take time to rebuild them. Your accountability team can be an important resource as you restore relationships.



Address Family Relationships

Monitor how the bankruptcy process impacts each family member and the dynamics within the family unit. Counseling may be helpful to address family tensions, especially when family members continue working together.

For more information on farm bankruptcy see our series, *Facing Farm Financial Stress: An Overview of the Bankruptcy Option* on nationalaglawcenter.org.