

## **What to Expect in Your Chapter 7 Bankruptcy:**

### **Initial Steps:**

A bankruptcy starts when your petition, a list of your debts, creditors, and assets, is filed with the court. Once filed, this stops creditors and debt collection agencies from contacting and/or continuing most collections proceedings. In order to file a petition with the court, you must provide a good deal of financial information and to have completed your Credit Counseling. After a petition is filed, within 45 days of your 341 meeting, you must complete a Financial Management Course. These classes are required by federal law and your bankruptcy discharge cannot be granted if they are not completed.

### **After Your Petition is Filed:**

Once your petition is filed, your case is assigned a case number, a judge to oversee it and a trustee. The trustee is an attorney who is appointed to administer the case and distribute any property you have that isn't "exempt." Non-exempt property is any property you have which can be given to creditors to pay debts. For most people, all of their property is "exempt," meaning you get to keep it. Please do not plan on selling any property during your bankruptcy.

Once a petition is filed and creditors are given notice from the court, creditors and debt collection agencies must stop contacting you. Although it may take a few weeks for creditors to receive notice from the court, you can tell individual creditors that you have filed bankruptcy and give them the case number.

The bankruptcy court puts a "stay" on all of your property. This means that creditors cannot take any action against your property without asking the permission of the bankruptcy court. Generally speaking, foreclosure, repossession and garnishment actions are stopped. However, bills for services received after the petition was filed or charges for items or services purchased after the petition was filed cannot be included in the current bankruptcy. Remember, as a general rule you can only file a Chapter 7 bankruptcy once every eight years.

### **Keeping Property**

Technically, throughout a bankruptcy, the bankruptcy estate is the owner of all of the filer's assets. Buying or selling anything of value during the course of a bankruptcy can cause problems.

As to property that a creditor has a lien against, such as the mortgage on a house or the security interest the lender has in a car, the person filing bankruptcy can elect to; pay the debt off in full; Reaffirm" the debt, where the person filing for bankruptcy signs an agreement saying that they intend to keep paying on the creditor; or, Give the item back to the creditor.

### **341 Meeting/Meeting of Creditors:**

Most people filing for bankruptcy will not have to go to "court", but they must attend a "341 meeting" or "meeting of creditors." The 10-30 minute meeting is generally held in a large conference room with other people who have filed and is led by the trustee. The trustee will call individual's name and request their driver's license and social security card and will ask basic questions such as if all the information in the petition is accurate, if all creditors, debts and income are listed, if there has been a prior bankruptcy, and if there have been any large deposits, withdrawals or transfers of property. Occasionally, creditors may attend as well and ask questions.

Attorney Jeff Nordholm and Attorney Jennifer Hayden of Storm, Balgeman, Miller & Klippel, S.C. have experience in these matters. To meet with them or discuss a potential Chapter 7 Bankruptcy, please call 414-453-8500.