

## Bankruptcy Basics: Chapter 7

1. Purpose of Chapter 7
  - a. The honest but unfortunate debtor
  - b. Fresh start
  - c. No debtors' prisons
2. 2005 Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA)
  - a. Latest overhaul to the bankruptcy code
  - b. Developed a means test to qualify for Chapter 7
  - c. Required credit counseling before filing
  - d. Required debtor education before discharge
3. Identifying a Good Chapter 7 Candidate
  - a. Types of debt
    - i. Credit Cards
    - ii. Online Loans
    - iii. Car Loans
    - iv. Mortgages
    - v. Student Loans
    - vi. Taxes
    - vii. Other Debts
  - b. Assets
    - i. Overview of exemptions in bankruptcy
    - ii. Red flags when evaluating assets and options
  - c. Income
    - i. Means test based on median income for household size
    - ii. Business debt exception (or non-consumer debt exception)
    - iii. Evaluating above-median incomes for qualification
4. Chapter 7 Intake
  - a. Mandatory disclosures required § 342(b), § 527(a), and § 527(b)
  - b. Signed agreement within 5 days § 528
  - c. Explaining the process
  - d. Evaluating for eligibility
  - e. Retainer, fees, and disclosure of fees
5. Gathering Information
  - a. Documents you should ask for from the beginning of the case
    - i. Bank statements for 6 months
    - ii. Paystubs for 6 months
    - iii. Tax returns for 3 years
    - iv. Retirement account statements
    - v. Any other financial account statements
    - vi. Insurance policy declaration pages
  - b. Software options
  - c. Credit counseling certificate requirement
6. Signing and Filing

- a. Review every page with the client
  - b. Know your local rules for signatures and electronic signatures
  - c. Electronic filing required
7. After Filing
- a. Meeting of Creditors pursuant to § 341.
    - i. Often referred to as the trustee meeting or hearing
    - ii. Trustee assignment and compensation
    - iii. § 521 outlines documents required prior to the meeting
    - iv. Prepping the client for the meeting
  - b. Debtor education requirement
  - c. Reaffirmation agreements
8. Discharge
9. Automatic Stay § 362
- a. Overview of the automatic stay
  - b. Proceedings that are not stayed
10. Discharge Violations § 524
- a. Enforcing the discharge order
  - b. Best practices with creditors post-discharge