

What are the steps to BANKRUPTCY?

Step 1 — CRACK OPEN THE INTERNET

The internet is your open library with an abundance of information about bankruptcy. Where do you begin? Start with some simple Google searches. An example would be "bankruptcy California" or ask Google a question. "Where to find a bankruptcy lawyer" I think you will be surprised with the number of hits that these two searches produce. Read down through the lines. Did you notice some key words coming up? Bankruptcy, lawyer, Attorney, etc. Using these terms filter down your next search. This will produce the resources you need to educate yourself about bankruptcy before contacting a lawyer. Bankruptcy is a big decision so you should try to understand the bankruptcy process and the pros and cons of filing.

Step 2 — FIND A GOOD BANKRUPTCY ATTORNEY.

Schedule a free consultation with a local **bankruptcy attorney** in your area. At the consultation, the attorney will gather necessary information regarding your income, household size, and your monthly expenses so they can get a good idea of what your budget looks like. The attorney will also ask you to provide details about any property or assets you own, like your house, cars, boat, stocks, life insurance policies, savings, or other investments. The attorney will also want to know a little of your financial history; whether you're being sued, and whether you have owned any property in the past that you have recently sold or transferred. Your attorney will then advise an appropriate course of action. If your attorney feels bankruptcy is right for you, he will go over the options available under the Bankruptcy Code and help you determine what Chapter is a better fit for you. If you decide to hire the attorney to represent you, you will sign a retainer agreement which will detail the attorney fees and your rights and responsibilities. Many bankruptcy attorneys can be retained for as little as \$100 and offer payment plans for the balance.

Step 3 — RETAIN A BANKRUPTCY ATTORNEY

In a **Chapter 7 bankruptcy**, your attorney's fees typically must be paid prior to the filing of your case; otherwise the attorney's fees would be eliminated in the bankruptcy with all your other dischargeable debts. Many bankruptcy attorneys can be retained for as little as \$100 and offer payment plans for the balance. In a **Chapter 13 bankruptcy**, the majority of the attorney's fees are typically included in your monthly repayment plan and aren't required prior to filing your bankruptcy.

Step 4 — READ EVERYTHING BEFORE YOU SIGN

Your attorney will prepare your bankruptcy petition once your fees have been paid. In addition to using the information he or she gathered at the initial consultation, your attorney may require additional documents to prepare your petition (pay stubs, tax returns, a credit report, an appraisal of your home, etc.).

Once the attorney has completed the bankruptcy petition, you will be given a copy to review with your attorney or own your own. When reviewing your petition, make sure all your personal information is correct - especially your name, address and social security number. You also want to make sure all your debts are listed on the petition. It will cost you extra money to add a bill that wasn't included on the filed bankruptcy petition.

Step 5 — DO YOU NEED COUNSELING? I know I need counseling just to understand what is happening.

Go and ask questions! Before your bankruptcy is filed, you must receive a credit counseling briefing from an approved non-profit credit counseling agency. The counseling briefing is a question and answer session with a counselor who will evaluate your financial situation and verify if filing bankruptcy is right for you. The briefing usually takes from 45-90 minutes and can be via telephone, in person, or online. If the course is not completed within the 180 days prior to filing your bankruptcy, your case will be dismissed.

Step 6 —Your Case is Filed!

Your bankruptcy attorney then files your petition with the Bankruptcy Court officially starting your bankruptcy. The filing of your bankruptcy will also commence the automatic stay which prohibits and protects you from collection actions by your creditors. In addition, the Bankruptcy court will also assign a Trustee to administer your case at the time your case is filed, and your 341 Meeting of the Creditors will be scheduled.

Step 7 — Complete the Debtor Education/Financial Management Briefing

After your case is filed, you must complete your second counseling briefing. The second briefing is called the *Debtor Education or Financial Management Briefing*. This course is of an instructional nature and is tailored around managing your personal finances after bankruptcy. The class takes approximately two hours and can be done over the telephone, in-person, or online. In a Chapter 7, you must complete this course within 60 days after your 341 Meeting. In a Chapter 13, you must complete your course before the end of your repayment plan.

Step 8 — Attend Your "341 Meeting"

You are required to attend a meeting with your assigned bankruptcy Trustee and testify under oath as to the accuracy of your filed petition. The "341 Meeting" is held approximately 30-45 days after the filing of your bankruptcy. "341 Meetings" are usually relatively short and painless, and it is unlikely that any of your creditors will actually attend the meeting, even though it is also referred to as a "Meeting of the Creditors". Your bankruptcy attorney *will* be present at this meeting to represent and assist you. Per the Bankruptcy Code, all required Trustee documents must be tendered to the Trustee by you or your attorney 7 days prior to the 341 Meeting. These documents vary by Trustee and jurisdiction, but will usually include your last two years of tax returns and 60 days of pay stubs.

Step 9 — Receive Your Discharge

In a Chapter 7 bankruptcy, you receive your discharge after your *Debtor Education Briefing* has been completed and as soon as the 60 day time period for your creditors to object to discharge expires. In a Chapter 7 bankruptcy, your discharge papers usually arrive 2-3 months after your "341 Meeting". In a Chapter 13 bankruptcy, you receive your discharge after your *Debtor Education Briefing* has been completed and you have made all required Chapter 13 Repayment Plan payments. Once you have received your discharge, all your creditors are prohibited from EVER collecting on the debt you eliminated in your bankruptcy.

Step 10 — Rebuild your Credit

Once your bankruptcy has been discharged, concentrate on rebuilding your credit.