

CHAPTER 7 BASICS

PROCESS OF A CHAPTER 7:

- 1) **We file your case** – The court assigns your case a case number to identify your bankruptcy case and sets a day and time for your Creditor Meeting and for any Objections to Discharge. The day we file we will mail you a letter with which Trustee has been assigned to your case and the date and time of your meeting.
- 2) **You receive the letter** - Call creditors that you would like to reaffirm with and inform them of the situation.
- 3) **Attend the Creditor Meeting** – This will occur about 30 days after you file and attendance is mandatory.
- 4) **Objection to Discharge Date** – This is the last date for anyone to object to your case. This is about 90 days after your case is filed.
- 5) **Discharge Order** – You will receive a Discharge Order from the Court one to two weeks from the Objection to Discharge date. Keep this paper for your records. Once the Discharge Order is sent, your case will be closed as long as there are no other pending matters in your case.

TERMS

Creditor Meeting – Also called a “341 Meeting” occurs about one month from when your case was filed. You and your attorney meet with your Chapter 7 Trustee. At the meeting your Trustee will ask questions about your case. Your creditors may also attend in order to ask questions. However, the only creditors that are likely to attend are secured creditors.

Secured Creditor – A secured creditor is a creditor that has a lien on your property. These creditors include the Mortgage Company that has a lien against your house, the auto finance company that has a lien against your car, or companies with whom you financed furniture or electronic equipment. These creditors can take the merchandise that you purchased from them if you do not pay according to your agreements with them. The Bankruptcy does not get rid of the lien that secured creditors have.

Unsecured Creditors- An unsecured creditor is a creditor that does not have a lien on any property. Unsecured debts include credit card debts and medical bills. These debts are discharged in bankruptcy. This does not include student loans and other non-dischargeable debts.

Reaffirmation Agreement – An Agreement between you and your creditor that legally binds you to repay a debt that would otherwise be discharged. In order to reaffirm a debt, a reaffirmation agreement signed by you, your attorney and the creditor must be filed with the court by 60 days from the date your creditors meeting.

Discharge Order – A discharge is a court order which states that you do not have to pay most of your debts. Some debts cannot be discharged such as most taxes, Child support, Alimony, most student loans, court fines and criminal restitution, and personal injury caused by driving drunk or under the influence of drugs. *The discharge only applies to debts that arose before the date your bankruptcy was filed.*

Priority Creditor – A debt to a priority creditor is a debt that cannot be discharged in a bankruptcy. Priority debts include most IRS debts, past due child support, and wages that are owed to an employee of the Debtor.

Trustee- The Trustee is the official that is appointed by the court to review your case. There are four Trustees in the Austin Division, and you will be assigned one when your case is filed.