

Chapter 7 Bankruptcy

A Chapter 7 bankruptcy is commonly referred to as a “liquidation” because the federal bankruptcy court discharges most unsecured consumer debts such as medical bills and credit cards balances. Not all unsecured debts are dischargeable, including recently incurred income taxes, child support obligations, and student loans. Secured debts, such as auto loans and mortgage loans, have to be reaffirmed by the bankruptcy petitioner who then must continue making the loan payments or else the petitioner must surrender the property to the lender. Usually a bankruptcy petitioner keeps all of his or her property unless the court trustee finds that the property has substantial equity in the property that exceeds Utah law. For instance, Utah law allows the petitioner to have \$2,500 in equity in an automobile and \$40,000 in a primary residence if married.

Not everyone can file a Chapter 7 bankruptcy. The petitioner’s household income must fall below the median income for Utah (if the petitioner is filing and resides in Utah). But if the petitioner’s household income exceeds Utah’s prescribed median income, then the petitioner must calculate the income and expenses using a “Means Test” in order to assess eligibility for a [Chapter 7](#). If the petitioner does not qualify for a Chapter 7 filing, the petition may be eligible for a [Chapter 13](#) filing.

Immediately following a Chapter 7 filing, federal Bankruptcy Code implements an automatic stay, which prohibits all creditor collection activities, including garnishments and telephone collection calls. Approximately 30 days following the bankruptcy filing, a creditors 341A hearing is held, as required by Section 341 of the United States Bankruptcy Code. Creditors typically do not show up. At this creditors hearing, the Chapter 7 bankruptcy trustee asks the bankruptcy petitioners to confirm the truth of his or her statements and may ask additional questions about the petitioner’s income and assets. The trustee has the responsibility of liquidating assets in an attempt to pay back the creditors. Around 90 days following the creditors 341A hearing, the petitioner will receive the official order of discharge.

There are two costs involved with filing a Chapter 7 bankruptcy, the Utah federal court costs of \$299 and the attorney fees. The [bankruptcy attorney](#) fees are negotiable, and are based in part on the complexity of the Chapter 7. Typical attorney fees range from \$750 to \$1,500. [PEARSON & BUTLER, PLLC](#) offers competitive pricing. Our firm is equipped to help answer questions about bankruptcy.

At the law office of PEARSON & BUTLER, our legal team works in your best interests. During your initial consultation, our team assesses gathers as much information as possible and provides you the options they need. Choosing a qualified Utah bankruptcy attorney is an integral part in your bankruptcy case. Filing for Chapter 7 liquidation can be complicated, but with a Utah bankruptcy attorney at your side, you can successfully go through the bankruptcy process and get your debt problems under control. See our bankruptcy client [checklist](#).