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What a Bankruptcy Trustee Does in Chapter 7 Bankruptcy

When you file for Chapter 7 bankruptcy, the bankruptcy court will appoint a trustee to oversee your case. The trustee's overall responsibility is to liquidate non-exempt assets to pay off as much of your debts as possible. It would be to your advantage to understand the role of the bankruptcy trustee so that you can cooperate with the trustee and have your bankruptcy discharged as soon as possible.

The first thing the bankruptcy trustee does is review your bankruptcy petition to see that everything is in order. In doing so, the trustee will examine your assets to determine which are exempted from being liquidated and which are not. So it is imperative that you list all your assets and debts in your bankruptcy petition. If the trustee detects any discrepancies or irregularities, he may dismiss your case.

Sometimes, you may miss out listing certain assets either due to a genuine oversight or because you have received the asset only after filing for bankruptcy. For example, if you are involved in a lawsuit prior to filing for bankruptcy and you are awarded assets in judgment post-filing, this asset may not be listed in your list of assets. In such a case, you need to inform your bankruptcy attorney who will in turn inform the trustee of the asset(s) that are not in your list.

Another major thing the bankruptcy trustee does is to convene the meeting of creditors where the trustee once again reviews the bankruptcy petition and confirms it with your bankruptcy attorney. This is where you get another chance to rectify any errors or insert any missing information into your petition. The best thing to do would be to inform your bankruptcy attorney about any changes you need to make to your bankruptcy petition so that your attorney can liaise with the trustee and make the necessary changes promptly. If you are considering filing for bankruptcy and need a bankruptcy attorney, call us at (813) 200 4133 for a free consultation.

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One of the bankruptcy trustee's main tasks is to determine non-exempt assets by reviewing your list of assets. If you state that a certain asset is exempted from liquidation, the bankruptcy trustee (and any of the creditors) can challenge it. On the other hand, the trustee may review a non-exempt asset and determine that it may not be worth liquidating and hand it back to you.

If the bankruptcy trustee finds no non-exempt asset, he or she will file a "Notice of No Assets" and discharge the case. All non-exempt assets will be liquidated to pay off debts after the bankruptcy trustee deducts his or her administrative fees from the proceeds.

It would not be uncommon to overlook valuable bankruptcy exemptions. In such a situation, the bankruptcy trustee will not educate you about overlooked bankruptcy exemption which is why having a bankruptcy attorney to advise you is so important.