

Chapter 7 Bankruptcy in 7 Steps: Credit Counseling & Filing Day

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One might think the real work begins once your bankruptcy is actually filed with the bankruptcy court. However, I take the approach that if we are thorough and complete in the preparation of the bankruptcy petition, schedules and other required documents that once the case is filed it will generally be smooth sailing. Up to this point there has been a lot of gathering documents and filling out forms. There is one more thing that you must do before we can file your case – take a credit counseling course.

The Credit Counseling Requirement

Back in 2005 when Congress amended the Bankruptcy Code they decided that it would be helpful in preventing future bankruptcies if they required all people going through bankruptcy to take a credit counseling class. So, before we can file your case you must take this course. There are a lot of providers out there. The

class is generally taken online. I use an organization known as the [Debtor Education and Certification Foundation \(DECAF\)](#). The price of this course is included in your [fee you pay](#) my office. I tell clients to take the class for what it is worth. It is an informational class that will help you with future budgeting and provide some pointers. The information you enter in this course is not provided to me or the bankruptcy court. The certificates I receive literally say you completed the course, the date it was done, and that is it. It must be completed before your case can be filed. No exceptions.

Filing Day

Now that everything is drafted and signed, your class is complete, we are ready to file your case. Filing day can be a little anti-climactic. You may have this vision of us walking into the courthouse with your bankruptcy documents, handing them to the clerk and she stamps them with a big red FILED. The reality is the bankruptcy court has a pretty snazzy online filing system that allows attorneys to file bankruptcy cases 24 hours a day directly from their computer in the office. So when your case is ready to go, I literally press “send” and your case is filed.

Here in Arizona there is an [exemption for money in a bank](#) account with a limit of \$300. This applies to your filing date. So what does this mean? On the day you file your case you must have less than \$300 (for couples) across all of your bank accounts (\$150 if you are single). Anything more than that will result in your [bankruptcy trustee](#) asking you to write them a check for any amounts over \$300. And one other thing, you can't simply take the money out of your bank account and then redeposit it the day after you file (the bankruptcy trustees are aware of this trick). The money must be out of your account and actually spent. Where you spend it is a different topic for a different day and something your bankruptcy attorney can advise you on.

Now that your case is filed it is time to prepare for your ‘day in court’, the [Meeting of Creditors](#).

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