

United States Bankruptcy Court Eastern District of Missouri

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Clerk of the Court

Chapter 7

- Basic Information
- What Steps to Take
- Filing Requirements
- Creditor Matrix
- Terms to Know
- Contact Information

This booklet contains general information about Chapter 7 of the U.S. Bankruptcy Code. A Chapter 7 case can involve many other issues.

While this information is accurate as of the date of publication, it should not be cited or relied upon as legal authority. This information should supplement, not substitute, advice of competent legal counsel. The Bankruptcy Court, Chapter 7 Trustee and United States Trustee cannot give legal advice. Use of competent legal counsel is advised.

This pamphlet is available on the Court's website at <https://www.moeb.uscourts.gov/filing-without-attorney> and provides hyperlinks to additional resources referenced herein. (8/2020)

WHAT IS CHAPTER 7 BANKRUPTCY?

- Commonly known as “straight bankruptcy” or “liquidation”
- Designed to provide a fresh start for individuals who are unable to pay their debts due to insufficient income
- Debtor is allowed keep certain property
- An impartial trustee will sell (liquidate) non-exempt property
- Proceeds will be used to pay creditors
- In exchange for surrendering non-exempt assets, the debtor will receive a discharge from most debts

STEPS TO TAKE

See [Filing Information and Information for Parties without Attorneys](#)

FILING A PETITION AND FEE

The petition is generally filed with the bankruptcy court located in the federal district where the debtor lives. A petition includes:

- Bankruptcy Schedules
- Bankruptcy Statements
- Other documents

There are **2 options** to pay the filing fee:

Attorney	Debtor
<ul style="list-style-type: none"> ▪ Pays electronically 	<ul style="list-style-type: none"> ▪ Pays by cash ▪ Pays by money order ▪ Pays by certified check

*With court permission, fee may be paid in installments OR may be waived for individuals whose income is below certain poverty levels.

Failure to timely file these documents may result in dismissal of the case.

AUTOMATIC STAY AND ELIGIBILITY

Not Eligible	Eligible
If debtor has 2 prior bankruptcy cases within past year	If debtor has 1 prior case, the Stay will terminate in 30 days

- Goes into effect when the petition is filed.
- Notice of automatic stay is sent to all creditors, and creditors are also advised of important deadline and meeting dates in the case.
- All collections/foreclosures/lawsuits/payment demands are stopped **ONLY as long as the Automatic Stay is in effect.**

MEETING OF CREDITORS

- Mandatory meeting all debtors must attend.
 - Includes both spouses in a joint case.
- Usually takes place within 21-40 days after petition is filed.
- Allows trustee and creditor to ask about debtor's financial affairs.
- An impartial trustee is appointed to administer case and conduct the meeting, review debtor's documents and schedules, and determine if debtor's assets are sufficient to pay creditors.

WHAT DEBTORS MUST DO TO PREPARE

1. Send all required and requested document copies to trustee: See [Panel Trustee Filing Requirements](#)
2. Debtor must attend the meeting and answer all questions under oath

Failure to attend the meeting of creditors may result in dismissal of the case.

DISCHARGE OR DISMISSAL

- Discharge is NOT dismissal. **Dismissal** terminates the case, but does not get rid of any debts.
- **Discharge** extinguishes a debtor's obligation to pay most debts, as well as prohibits collection of those debts after bankruptcy
- Certain obligations are **NOT** dischargeable:
 - Most taxes
 - Most student loans
 - Child support/alimony
 - Additional debts may be deemed non-dischargeable (i.e., fraud, intentional injuries)

AM I ELIGIBLE FOR A DISCHARGE?

Not Eligible	Eligible
<ul style="list-style-type: none"> ▪ If debtor received a prior CH 7 discharge in a case filed <u>within 8 years</u> of the current case ▪ If the debtor does not attend a post-petition financial management course within 60 days of the 1st set date for the Meeting of Creditors 	<ul style="list-style-type: none"> ▪ Unless a creditor/party files a complaint objecting to discharge (i.e., debtor is not eligible, did not disclose assets, committed fraud in case), debtor will usually receive discharge order within 60-90 days after Meeting of Creditors

SECURED DEBTS & REAFFIRMATION AGREEMENT

- Discharge prevents creditors from taking action against debtor personally, but most liens remain intact after bankruptcy.
- Creditors can still foreclose or repossess collateral (usually a house or vehicle) even after bankruptcy case has closed.

HOW TO RETAIN COLLATERAL AFTER CASE CLOSES

- Debtor and creditor **MUST** agree to Reaffirmation Agreement (agreement for repayment) to retain collateral.
- Reaffirmation Agreements are enforceable **ONLY** if made voluntarily before the discharge is entered and must be filed with court.
- The court must hold a hearing to approve the agreement unless an attorney for the debtor signs the agreement

If the debtor fails to pay a reaffirmed debt, the creditor may recover collateral/collect debt directly from the debtor as if the bankruptcy was never filed.

RECORDS & CREDIT REPORTS

How Will Bankruptcy Affect My Credit Report?

A bankruptcy filing will typically remain on a credit report for 7-10 years.

The court does not control what information is reported to credit reporting agencies & cannot assist in resolving problems with credit reports.

The debtor should keep a copy of ALL documents in the case (particularly the schedules and Discharge order) to assist in resolving future questions about the bankruptcy.

PROPERTY OF THE ESTATE & EXEMPTIONS

What is Property of the Estate?

All personal property and real estate in which the debtor has an interest when the case is filed is part of the bankruptcy estate.

- This includes:
 - Debtor's rights to tax refund(s)
 - Certain inheritances
 - Lawsuit proceeds the debtor might receive after the case is filed

WHAT ARE EXEMPTIONS?

- Bankruptcy exemptions are specific laws, either based on state law or the Bankruptcy Code that determine what property cannot be touched. Exempt property cannot be sold for the benefit of unsecured creditors
- You will file a document titled Schedule C where you "claim" your bankruptcy exemptions by listing the state law or Bankruptcy Code provision and specify the exemption amount.

CHAPTER 7 FILING REQUIREMENTS

See [website](#) for a complete list and detailed instructions.

***Items 1, 2 & 8 MUST be filed or the case will be dismissed**

1. **Filing Fee** or installment or fee waiver application
2. Voluntary Petition
3. Schedule A-J, Summary of Schedules & Statistical Summary of Schedules with signed Declaration
4. Statement of Financial Affairs with signed Declaration
5. Chapter 7 Debtor's Statement of Intention
6. Social Security Number Verification Form (B121 Form)
7. Attorney Compensation Disclosure
 - a. Only if debtor has counsel
8. Matrix & Verification of Creditor Matrix
9. Credit Counseling Certificate
10. Statement of Current Monthly Income OR Statement of Exemption from Presumption of Abuse, AND/OR the Means Test Form (B122A-1, A-1 Supp, and/or A-2 Form)

GUIDELINES FOR CREDITOR MATRIX

See [website](#) for detailed instructions.

The matrix (list of creditors) must be prepared as follows:

1. Type using standard typefaces (Courier) in 10-point font, justified left, single-spaced, in a single column
 - a. Type only on 1 side of the page
 - b. Do not use all capital letters
2. Leave at least a 1-inch margin at the top, bottom, and sides of the page
3. Creditor names must have no more than 50 characters per line
 - a. All other address lines must have no more than 40 characters
 - b. Creditors must have at least 1 blank line between each entry
4. Account numbers should not appear

TERMS TO KNOW

Automatic Stay: Stops all collection of debts against debtor or debtor's property

Asset: Property owned by the debtor. A "no asset case" is one in which there is not enough money or equity to make distribution to creditors.

Discharge: Debtor is released from all debts and does not need to pay them back

Exempt property: The amount of property the debtor is allowed to keep from payment to unsecured creditors. The debtor must elect to claim exemptions under applicable law. Exemptions are not automatic and if not selected, otherwise exempt property may be sold to pay creditors.

- **Non-exempt property** can be taken by creditors

Secured creditor: A creditor who holds a lien on property (collateral) to secure payment of a debt. Secured creditors have a lien or right to foreclose on collateral for payment of a secured debt.

COURT LOCATION & CONTACT INFORMATION

Eastern Division (St. Louis)	111 South Tenth Street Fourth Floor St. Louis, MO 63102
Southeastern (Cape Girardeau)	555 Independence Street Cape Girardeau, MO 63701
Northern (Hannibal)	801 Broadway, Room 312 Hannibal, MO 63401

Bankruptcy court staff is located only in St. Louis.
All documents must be filed in St. Louis.

Hours (St. Louis) Monday - Friday 8:30 a.m. to 4:30 p.m.
Main Telephone. (314) 244-4500
MCVCIS (voice case info) (866) 222-8029 #87
CM/ECF Help Desk (Toll Free). (866) 803-9517
PACER (internet case info) (800) 676-6856

The court does not provide basic bankruptcy forms. Forms may be available at an office supply store or on the Court's web site, www.moeb.uscourts.gov.

Debtors should retain copies of all bankruptcy documents they file.