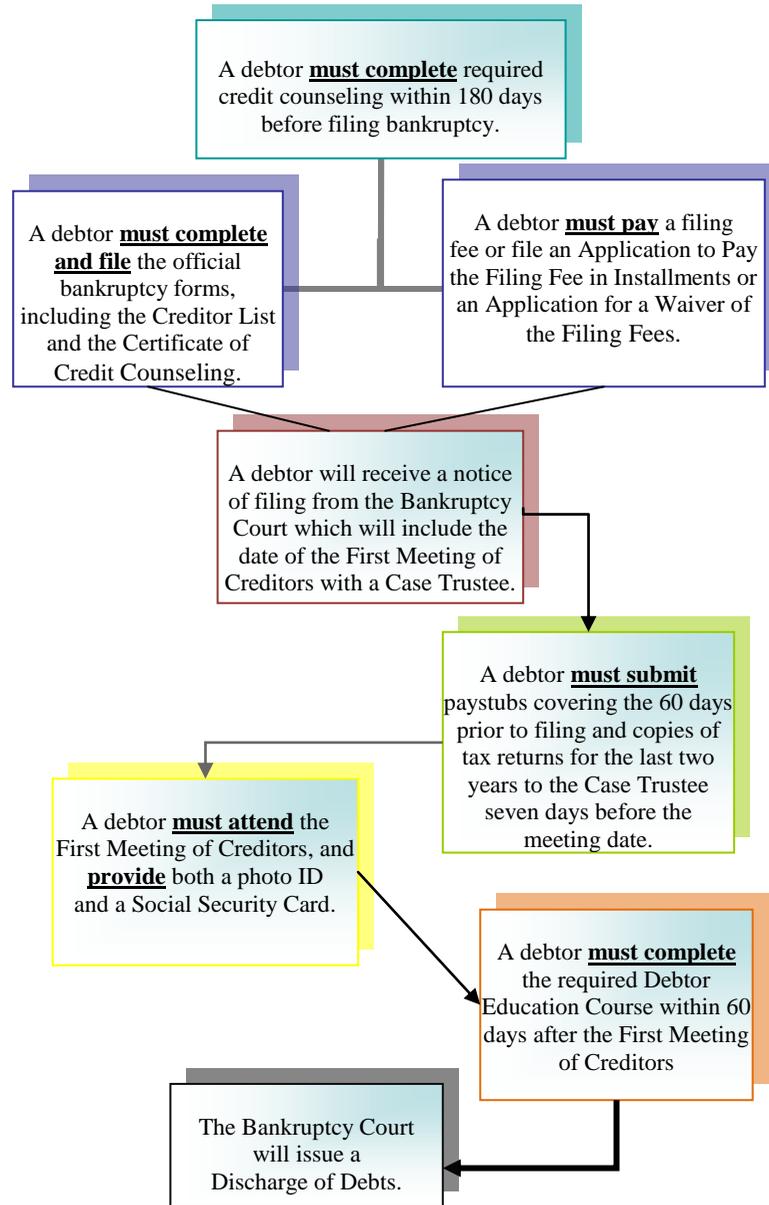


REQUIRED STEPS TO FILING BANKRUPTCY



*The purpose of this chart is to illustrate the required steps in a no-asset Chapter 7 Bankruptcy. Depending on the debtor's particular situation, other steps may be required in order to get a discharge in bankruptcy. It is advisable to consult with a bankruptcy attorney.

RESOURCES

For legal assistance, contact:
 City Bar Justice Center
 Consumer Bankruptcy Project
www.citybarjusticecenter.org
 Or call the Legal Hotline at 212-626-7383

or
 Legal Referral Service of the NYC Bar
www.citybarlegalreferral.org or call 212-626-7373

To read more about bankruptcy, see:
 "Personal Bankruptcy: Is It Right For You?"
<http://www2.nycbar.org/citybarjusticecenter/images/stories/publications/individual-bankruptcy-pamphlet-2013-update.pdf>

To obtain the official bankruptcy forms:
www.uscourts.gov/bankruptcycourts/bankruptcybasics

To obtain a list of approved credit counseling and debtor education agencies:
www.usdoj.gov/ust

To obtain more information, contact the
 U.S. Bankruptcy Courts:
 U.S. Bankruptcy Court of the Southern District of New York
 (for Manhattan & Bronx Residents)
 1 Bowling Green, New York, NY 10004
www.nysb.uscourts.gov

U.S. Bankruptcy Court of the Eastern District of New York
 (for Brooklyn, Queens, & Staten Island Residents)
 371 Cadman Plaza East, Brooklyn, NY 11201
www.nyeb.uscourts.gov

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FILING BANKRUPTCY: KNOW THE BASICS

Bankruptcy, a legal process established under the United States Constitution and Federal Law, allows people who cannot pay their debts to eliminate, or discharge, their legal obligation to repay many types of consumer and business debts, and to obtain a financial "fresh start." The most common types of bankruptcies available to individual consumer debtors are Chapter 7 or Chapter 13. In a Chapter 7 bankruptcy, debtors ask the Court to discharge their obligation to repay many of their debts, but this may result in a loss of some of their property. A Chapter 13 bankruptcy allows debtors to enter into a repayment plan to repay some or all of their debts over a period of time allowing them to keep most of their property.

The information in this pamphlet will provide New Yorkers with a general overview on who should consider filing bankruptcy, the advantages and disadvantages of filing bankruptcy, and the requirements for filing for bankruptcy relief.

**This pamphlet provides general bankruptcy information.*
 This information is not complete and debtors may need to seek further legal advice. Filing for bankruptcy is a complex process and is best done if a debtor speaks with and retains an attorney familiar with the bankruptcy law who will be able to provide guidance through the process. There are a number of requirements that must be met in order to file a successful bankruptcy and to obtain a discharge of debts.

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WHO SHOULD CONSIDER FILING FOR BANKRUPTCY?

- Debtors who are unable to pay their various creditors after meeting their monthly household expenses, such as rent, food and utilities.
- Debtors being sued by a consumer creditor on a defaulted credit card, installment or personal loan.
- Debtors threatened with the loss of income or property, such as a wage garnishment or automobile repossession.
- Debtors faced with property foreclosure or whose home has been foreclosed but still owe a deficiency on the mortgage.
- Debtors who have significant medical debt, have suffered income loss or property damages, and have incurred debt due to some form of disaster, such as a hurricane.

ADVANTAGES TO FILING BANKRUPTCY

- Filing for bankruptcy triggers an immediate **“automatic stay,”** which stops all collection activities, including wage garnishment, property foreclosure, auto repossession, and utility shut-off.
- A bankruptcy will discharge most unsecured consumer debts, such as credit and retail card debt, personal loans and medical bills.
- Debtors may be able to exempt (protect and keep) their personal property such as basic household goods and furnishings, and 401(k) and retirement plans. Depending on their financial circumstances, debtors may be able to keep the homes in which they live.
- The discharge of most unsecured debt will result in an economic fresh start which will enable debtors to start rebuilding their financial lives.
- A Chapter 13 bankruptcy may allow debtors to keep all of their property while protecting co-borrowers from being pursued by creditors, provided the debtors pay all of the debts in the plan.

CONSEQUENCES OF FILING BANKRUPTCY

- Filing for bankruptcy may affect a debtor’s credit score and will remain on a debtor’s credit report for up to 10 years. It can impact a debtor’s ability to obtain credit, a job, insurance or even rent an apartment.
- In a Chapter 7 bankruptcy, assets (property) that are not exempt (protected) may be sold in order to pay a debtor’s creditors. For example, if a debtor owns a car that has a market value more than \$4,000, the car may be sold in order to pay all or some of the creditors.
- Not all debts may be discharged in bankruptcy. Debts such as child support, alimony, fines, parking violations, student loans, and some tax obligations are considered “non-dischargeable.”
- In a Chapter 7 bankruptcy, while a debtor’s obligation to pay his or her consumer debts may be eliminated, co-debtors will still be responsible for the debt and creditors may pursue them for payment on any debt they co-signed.
- A Chapter 13 proceeding requires a payment over a three to five year period of all or part of the debt. This will be an added expense to the debtor’s monthly budget. Chapter 13 bankruptcies are complex and usually need representation by an attorney in order to be successful.

REQUIREMENTS FOR FILING BANKRUPTCY

- A debtor cannot file a Chapter 7 bankruptcy if he or she previously filed one within the last eight years. Similarly, a debtor must wait at least two years from when he or she last filed a Chapter 13 bankruptcy before filing another bankruptcy.
- A debtor must pay a required bankruptcy filing fee. A debtor may request permission to pay the fee in installments for periods of up to four months. However, in a Chapter 7 bankruptcy, if a debtor’s income is below 150% of the Federal Poverty Guidelines, he or she can apply for a waiver of the fee.

- Debtors must complete required pre-bankruptcy and post-filing credit counseling and debtor education courses.
- Once the debtor has completed and filed all the required bankruptcy papers and paid the filing fee, the debtor must attend a meeting, known as the First Meeting of Creditors, with a Case Trustee.
- Prior to the meeting with the Case Trustee, the debtor must submit copies of “pay advices” or income information for the last 60 days and copies of filed Federal and NYS Income Tax Returns or a Transcript for the two years prior to the filing of the bankruptcy.

DISCHARGE OF DEBTS

- If all the required steps are properly completed, the Bankruptcy Court will issue a Final Order of Discharge of those debts which are dischargeable under the law. Non-dischargeable debts will survive.
- If the debtor fails to pay the filing fee, does not complete the required pre and post filing bankruptcy courses, fails to attend the meeting with the Case Trustee, or attempts to commit fraud by concealing information, the bankruptcy case may be dismissed and the debtor will not obtain a discharge of his or her consumer debts.
- A successful debtor will be free of the obligation to repay any discharged debts and can have an economic fresh start. Future income will be available for use to pay necessary living expenses.