



CHAPTER 7

One of the primary purposes of bankruptcy is to discharge certain debts and to give you a “fresh start”.

To qualify for chapter 7 bankruptcy relief, you may be an individual, a partnership, a corporation or another business entity. Subject to the means test for individual debtors, chapter 7 relief is available irrespective of the amount of your debts or whether you are solvent or insolvent.

In chapter 7 cases, discharge is only available to individual debtors, not to partnerships or corporations. For partnerships and corporations, a chapter 7 bankruptcy serves as a means for an orderly liquidation of assets.

A husband and wife may file a joint petition or individual petitions. Even if filing jointly, a husband and wife are subject to all the document filing requirements of individual debtors. If you are married, you must gather this information for your spouse regardless of whether you are filing a joint petition, separate individual petitions, or even if only you are filing. In a situation where only one spouse files, the income and expenses of the non-filing spouse are required so the court, the trustee and creditors can evaluate the household's financial condition.

Although an individual chapter 7 case usually results in a discharge of debts, the right to a discharge is not absolute, and some types of debts, such as most taxes and student loans, are not discharged. Moreover, although a bankruptcy discharges the debt, it does not extinguish a lien on property. Upon discharge, as an individual debtor, you have no liability for discharged debts.

A chapter 7 begins with you filing a petition with the bankruptcy court in the area where you live or where a business debtor is organized or has its principal place of business or principal assets. In addition to the petition, you must file: (1) schedules of assets and liabilities; (2) a schedule of current income and expenditures; (3) a statement of financial affairs; (4) a schedule of executory contracts and unexpired leases; and (5) your means test.

The bankruptcy clerk gives notice of the bankruptcy case to all your creditors whose names and addresses are provided. Approximately 30 days after filing your petition and schedules, you will attend the first meeting of creditors or 341(a) hearing. Your attorney will attend with and explain the procedure to you beforehand.

Usually, within 60-90 days after the 341(a) hearing, you will receive your order of discharge and congratulations from us for getting your “fresh start”.

We serve Clackamas, Washington Multnomah, Yamhill and Marion Counties.