

## BASIC INFORMATION ABOUT CHAPTER 7

### *U.S. Bankruptcy Court Central District of Illinois*

#### **Chapter 7**

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Chapter 7 is designed for individuals and businesses who wish to make a fresh start, but cannot pay their debts from their income. Under this chapter, the individual debtor is permitted to exempt, or keep, certain property. The remaining property is liquidated, that is, sold by an impartial trustee, and the money from the sale is paid to creditors.

A Chapter 7 case begins with the filing of a petition, schedule of assets and liabilities, and a statement of financial affairs, with the bankruptcy court. Official Bankruptcy Forms can be purchased at a legal stationery store. They are NOT available from the court.

Upon the filing of the petition, an impartial trustee is appointed by the United States Trustee to administer the case and liquidate the debtor's non-exempt assets.

A husband and wife may file one joint petition. When this is done, they need to be sure to give the required data for both spouses.

One of the official forms is a schedule of "Exempt" property. Federal bankruptcy law establishes exemptions for some types of property. However, many states, including Illinois, have adopted their own exemption laws, in place of the federal exemptions.

After the petition is filed, creditors will receive notice of the filing. Once the petition has been filed, most actions by creditors to collect money owed to them must stop.

Next, a "meeting of creditors" is held. The debtor must attend this meeting (if husband and wife file jointly, BOTH must attend). Creditors may appear and ask questions regarding the debtor's financial affairs and property. The trustee will conduct this meeting and question the debtor on the same matters. The debtor must provide any financial records or documents that the trustee requests.

If the debtor has assets that cannot be exempted, the trustee will take those assets and sell them. The money received at the sale will then be used to pay creditors and/or administrative expenses.

Some time after the meeting of creditors, the debtor will receive a "discharge", which extinguishes the debtor's obligations to pay many debts. There are some debts which cannot be discharged. In addition, secured creditors retain some rights which may permit them to seize pledged property, even after a discharge is granted.

This is very basic information. There are numerous other actions and proceedings which could take place in a Chapter 7 case. The bankruptcy law regarding the scope of a Chapter 7 discharge is complex, and debtors should consult competent legal counsel in this regard prior to filing.

This booklet contains general information about Chapter 7 of the U.S. Bankruptcy Code.

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 for advice of competent legal counsel. (10/91)

## FILING REQUIREMENTS

## Chapter 7

. FILING FEE \$209.00\*

\*Filing fee increase effective 11/01/03

. Creditor Matrix

. Voluntary Petition

Original signature(s) required.

*Please provide a phone number on your petition where you can be reached or where a message can be left.*

File original. Always retain a copy for your records.

. Debtor's Statement of Intention re consumer debts secured by personal property. Original must be filed at or before the first meeting of creditors.

*Original of the following must be filed within 15 days from the date petition is filed if only to state NONE:*

. Statement of Financial Affairs.  
Official form 7 required.

. Schedules A through J, plus Declaration  
Official Form 6 required.

\*The Filing Fee Must Be In The Form Of Cash, Money Order, Or Certified Bank Check. The Clerk's Office Cannot Accept Personal Checks.

### GUIDELINES FOR PREPARING THE CREDITOR MATRIX

The list of creditors (matrix) is "read" by an Optical Character Reader (OCR). This list is then stored in the computer database where it can be used to generate bankruptcy notices.

To insure that your matrix can be read by the optical scanner, we ask that you observe the following guidelines:

1. Lists MUST BE TYPED and in one of the following standard typefaces or print styles: **Courier 10 pitch - Prestige Elite - Letter Gothic**
2. Lists should be typed in a single column on 1 side of the paper only.
3. There must be a least a 1/2 inch margin from the edge of the paper on all sides (bottom, top, and sides).
4. Each name/address entry must consist of no more than five (5) lines, and each entry should have at least 1 blank line between it and the next entry.
5. Each line should be no more than 40 characters in length.
6. Put only the names and addresses of your creditors on this list. Do not put your name or any other information or marks on the front. (If you wish, you may write your name on the back of the sheets.)
7. Do not use all capital letters (even on 1 line). Use capital and small case.

If these guidelines are not followed, your matrix will be returned to you and you will have to prepare another one. This will slow the processing of your case and will cause needless delays.

Your matrix should be filed with the petition, If this is not possible, it MUST be filed within 5 days from the date petition is filed or your case WILL BE DISMISSED.

### A SAMPLE MATRIX

Credit Union  
3 College Street  
Peoria, IL 61614

Karle and Mary Smith  
P.O. Box 2  
Blue Springs, MO 64015

City State Bank  
Box 116  
Any City, Illinois

Gas Company  
300 Liberty St.  
Somewhere, IL 61602

Medical Center  
10 Oak Ave.  
Peoria, IL 61636

James P. Organ, M.D.  
222 N. Knoxville Ave.  
Peoria, IL 61614

Quality Systems  
90 Henderson St.  
Yourtown, IL 61401

Bankruptcy fraud is a felony under federal criminal law, and may result in arrest, fine, or imprisonment. In the event of fraud during any bankruptcy proceeding, such as the hiding of assets, or the failure of the debtor to obey a lawful order of the court, the discharge can be denied or revoked.