



Bankruptcy Clinic

CENTRAL DISTRICT OF CALIFORNIA: LOS ANGELES DIVISION

❑ What courses must I take to file a Chapter 7 Bankruptcy?❑

For your convenience, key legal terms are **bolded** and defined at the end of this guide under “Glossary of Terms.”

All individuals who file a chapter 7 bankruptcy must take two courses to receive a discharge of their debts: Credit Counseling and Personal Financial Management. This guide will help you understand these requirements.

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This guide is intended as a general overview and does not provide legal advice or create a lawyer-client relationship. Make an appointment at the Bankruptcy Clinic to speak to an attorney for individualized assistance.

What courses must I take and what do they cover?

You need to complete two courses, by an approved provider, to receive a **discharge** of your debts in a chapter 7 bankruptcy. The first is a Credit Counseling course that walks through an individual’s debt and expenses and explores how best to manage their debts. The second required course is the Personal Financial Management course that helps individuals build budgeting and money management skills to rebuild after a bankruptcy. Each course may take two hours of your time but could take less.

When do I take these courses?

You must take the Credit Counseling course from an approved provider within 180 days before filing your chapter 7 bankruptcy. We suggest drafting your chapter 7 petition and being ready to file your bankruptcy before taking this course to ensure your course certificate does not expire before you file your bankruptcy.

You must take the Personal Financial Management course after filing your chapter 7 bankruptcy petition and submit certification within sixty days after the first date set for your meeting of creditors.

What if I don’t take the courses?

If you don’t take the Credit Counseling course before you file bankruptcy, it will most likely lead to a **dismissal** of your case. You will need to file a new bankruptcy case and pay another filing fee to seek relief for your debt. You may not receive the same **automatic stay** protections in your second case.

IMPORTANT DEADLINES

Within 180 days before filing bankruptcy-
Take Credit Counseling course

As soon as possible after filing bankruptcy-
Take Financial Management Course

Within 60 days after the first date set for
your meeting of creditors- File Financial
Management Course Certificate

- If you have questions about this date, please make an appointment with the Bankruptcy Clinic

If you don't take the Personal Financial Management course, the clerk will close your case without **entry of discharge** and you will still be responsible for paying all your debts. The bankruptcy will still appear on your credit report for ten years.

Can I take the courses online or do I need to take them in person?

Approved providers offer the courses online or by telephone. You do not need to take these courses in person.

How much do the courses cost?

Each course will cost between \$10-100.

What if I cannot afford the course fees?

Many providers offer a fee waiver for their courses, so you don't have to pay the course fee, if your household income is less than 150 percent of the poverty guidelines last published by the United States Department of Health and Human Services (DHHS) (review the guidelines here: <https://aspe.hhs.gov/poverty-guidelines>). To qualify for a fee waiver, you may have to provide additional documentation or information.

Where can I access the courses by an approved provider?

You may access a list of approved Credit Counseling course [here](#).

You may access a list of approved Personal Financial Management courses [here](#).

How do I prove I have taken these courses?

Upon completion of the Credit Counseling Course, a certificate of completion will be issued. You should file a copy of the certificate of completion with your bankruptcy petition filing. You can file the certificate at the bankruptcy court filing office or via the electronic dropbox (you can sign up for access [here](#)).

Upon completion of the Debtor Education course, you must file a certification within sixty days after the first date set for the **meeting of creditors**. You can file the certificate at the bankruptcy court filing office or via the electronic dropbox.

***** GENERAL REMINDERS *****

- Remember you not only have to take two required courses to receive a discharge in bankruptcy but also file your course certificates with the bankruptcy court, if your course provider has not done so for you.

Glossary of Terms

Automatic Stay: an **injunction** that automatically stops lawsuits, foreclosures, garnishments, and all debt collection activities against the debtor starting at the moment a bankruptcy petition is filed.

Bankruptcy Trustee: an individual chosen by the court to oversee a bankruptcy and make sure all creditors are treated fairly.

Debtor: person who files a bankruptcy.

Discharge: order or direction from the court forgiving a debtor of certain debts.

Dismissal: the cancelation of a bankruptcy case, often times because the debtor has not filed all necessary forms and documents.

Entry of Discharge: a release of a debtor from **personal liability** for certain dischargeable debts set forth in the Bankruptcy Code.

Injunction: a court order that requires a person or entity to do or stop doing something.

Meeting of Creditors: a meeting with a **bankruptcy trustee** to make sure all documents that the debtor has filed with the court are accurate.

Personal Liability: an individual's responsibility to repay a debt.