



ARIZONA
CONSUMER LAW GROUP

Chapter 7 Bankruptcy in Arizona



Prepared by Arizona Consumer Law Group, PLC
2350 E. Germann Rd #38, Chandler, AZ 85286
consumerwarrior.com

Contents

What Chapter 7 does	3
The whole process at a glance	3
Step 1: Meet with a bankruptcy attorney	4
Step 2: Gather your documents	5
Step 3: Take the first course: credit counseling	6
Step 4: Review and sign your paperwork	7
Step 5: Filing day: the calls stop	8
Step 6: The 341 meeting	9
Step 7: After the meeting: course 2 and your car or house	10
Step 8: Your discharge	11
Step 9: Case closed and your fresh start	12
Common questions	13
How a case gets off track	14

What Chapter 7 does

Chapter 7 bankruptcy wipes out most of your debt in about four to five months, and most people keep everything they own.

It is a federal court process. Once your case is filed, creditors must stop calling, suing, and garnishing you. At the end, the court enters a **discharge**, a permanent order that you no longer owe the debts covered by the case.

WHAT IT USUALLY WIPES OUT

- Credit cards
- Medical bills
- Personal loans and payday loans
- Old utility and phone bills
- Repossession and deficiency balances
- Collection accounts and most judgments

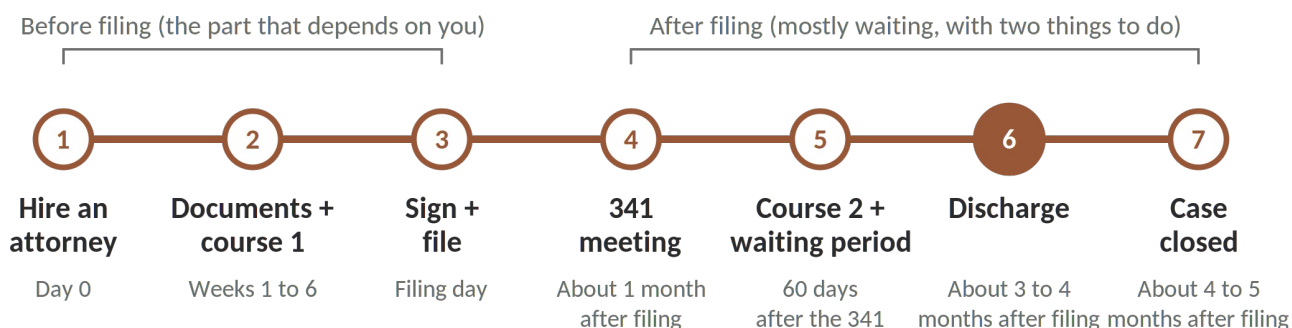
WHAT IT USUALLY DOES NOT

- Child support and alimony
- Most student loans
- Recent income taxes
- Criminal fines and restitution
- Debts from a DUI accident
- Car and house loans, if you want to keep the car or house (see Step 7)

WHAT YOU HAVE TO DO

Gather your documents, take two short online courses, sign your paperwork, and attend one short video meeting. That is the whole job. Your attorney handles everything else.

The whole process at a glance



Most of the time in a Chapter 7 is spent before filing, waiting on documents. The faster you get your attorney your paperwork, the faster you get your fresh start.



STEP 1

Meet with a bankruptcy attorney

WHAT HAPPENS

The process starts with a consultation. Most Arizona bankruptcy attorneys offer the first meeting for free. The attorney looks at your debts, your income, and what you own, and tells you whether Chapter 7 is the right fit or whether another option would serve you better.

If you decide to move forward, you sign a representation agreement and pay the attorney's fee, often through a down payment and a short payment plan. Once that is in place, the attorney's office opens your file and gives you a list of everything they need from you.

WHAT YOU NEED TO DO

- Bring a rough list of your debts, your income, and your major assets to the consultation.
- Ask what the total cost will be and what it covers.
- Sign the agreement and set up your payments.
- Read everything the office sends you. It is your to-do list for the next few weeks.

GOOD TO KNOW

In Arizona, many attorneys will ask you to sign a second, shorter agreement after your case is filed. It covers the work that happens after filing. This is a normal part of the process, not an extra fee.

STEP 2

Gather your documents

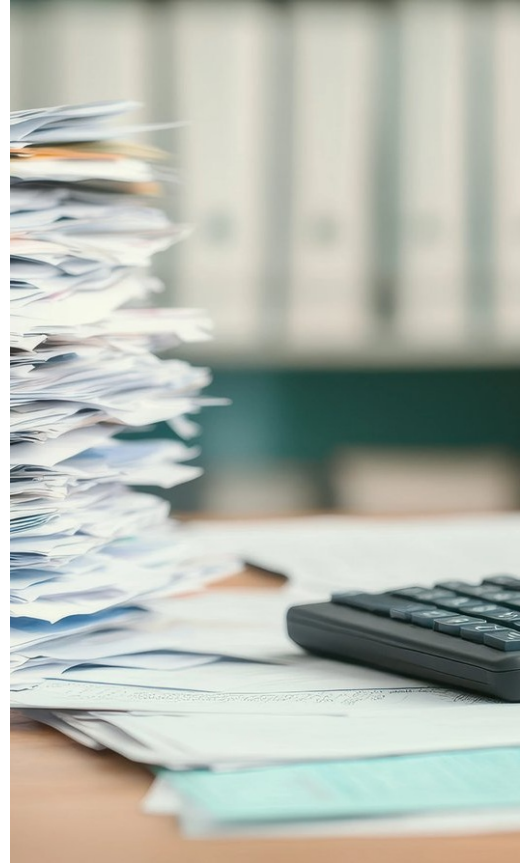
WHAT HAPPENS

This step usually takes two to six weeks, and it sets the pace for the whole case. Your attorney's office will give you a checklist and work with you until every item is in. Everything in your bankruptcy paperwork is sworn under penalty of perjury, so it has to be built from real records, not estimates.

Missing documents are the number one reason a case is not filed yet. People who send everything in the first week are usually filed within a few weeks. People who send things one at a time can take months.

WHAT YOU NEED TO DO

- Six months of pay stubs or other proof of income
- Two years of federal tax returns
- Several months of statements for every bank and credit union account
- Retirement and investment account statements
- Vehicle titles, registrations, and loan statements
- Mortgage statement and deed, if you own a home
- A list of every creditor with address and balance, plus any collection letters, lawsuits, or garnishment papers
- Your photo ID and Social Security card



GOOD TO KNOW

Do not leave anything out, even a small account or a debt to a family member. An honest, complete list is what protects your discharge.

STEP 3

Take the first course: credit counseling

WHAT HAPPENS

Federal law requires everyone who files bankruptcy to complete a short credit counseling session from an approved provider before the case is filed. It takes about 60 to 90 minutes, online or by phone, and usually costs under \$50. It is not a test. You answer some questions about your income and expenses and receive a certificate.

The certificate is only good for 180 days. Your attorney will tell you which provider to use and when to take it so it is still valid on filing day.

WHAT YOU NEED TO DO

- Complete the course when your attorney tells you to.
- Send the certificate to your attorney as soon as you finish.
- Remember there is a second, different course after filing (Step 7).

GOOD TO KNOW

A case cannot be filed without this certificate. If it is more than 180 days old on filing day, the course has to be taken again.



STEP 4

Review and sign your paperwork



WHAT HAPPENS

Once your documents are in, your attorney's office prepares the petition, schedules, and statements. This is the full picture of your finances: what you own, what you owe, your income, your monthly expenses, and your recent financial history. The attorney reviews everything before it comes to you.

You then review and sign it. You are swearing that it is true and complete, so take your time.

WHAT YOU NEED TO DO

- Check five things carefully: your assets, your monthly expenses, your creditor list, your recent financial transactions, and anything your attorney flagged as not fully protected.
- Tell your attorney right away if anything has changed since you sent documents: a new job, a car, a lawsuit, an inheritance, or a large purchase.
- Ask questions. If something looks wrong, say so before you sign.

GOOD TO KNOW

Do not skim and sign. If a creditor is left off, that debt may not be wiped out. If an asset is left off, the trustee can take it, and in serious cases the court can deny the whole discharge.



STEP 5

Filing day: the calls stop

WHAT HAPPENS

Your attorney files the case electronically with the United States Bankruptcy Court for the District of Arizona. The moment it is filed, the **automatic stay** goes into effect. Creditors must stop calling, stop lawsuits, stop wage garnishments, and stop repossessions and foreclosure sales. No court hearing is needed. It is automatic.

The court assigns a trustee to your case and sets the date for your 341 meeting, usually 21 to 40 days out. Your attorney will tell you the date and time as soon as the notice arrives.

WHAT YOU NEED TO DO

- If a creditor contacts you after filing, do not argue. Give them your case number and your attorney's phone number, then let your attorney know.
- Keep paying your mortgage and car loan if you plan to keep the house or car.
- Keep your bank statements and pay stubs. The trustee will ask for some of them.

GOOD TO KNOW

The filing date is chosen on purpose. Before you file, do not make large purchases on credit, take cash advances, sell or give away property, or pay back family members without asking your attorney first. Those things can create problems in the case.

STEP 6

The 341 meeting

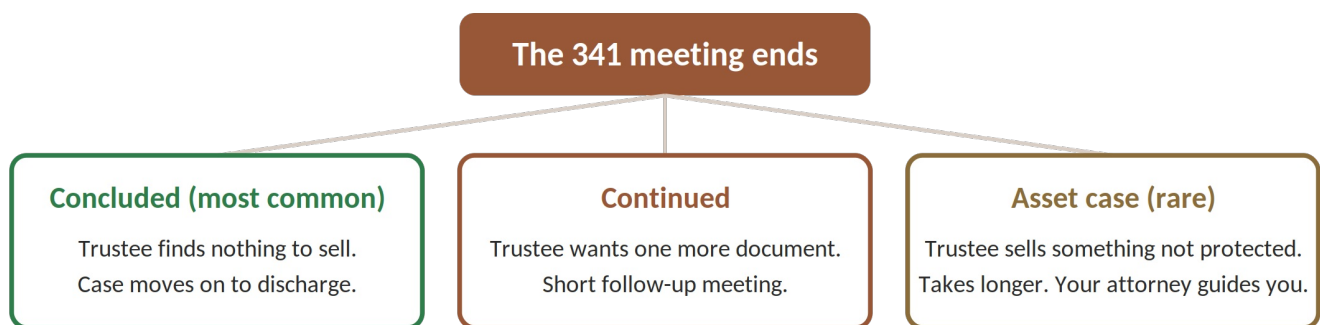
WHAT HAPPENS

This is the one appearance you have to make, usually three to six weeks after filing. It is not a court hearing and there is no judge. In Arizona these meetings are currently held by video. The trustee swears you in, checks your ID, and asks a short list of questions: did you read your paperwork before signing, is it true and complete, have you listed everything you own and everyone you owe, and has anything changed. Creditors are allowed to attend but almost never do.

Most meetings last five to ten minutes. Your attorney attends with you and will usually call you a day or two before to walk you through it.

WHAT YOU NEED TO DO

- Before the meeting, send your attorney anything the trustee asks for. Your most recent tax return is always required at least 7 days before.
- Have your photo ID and Social Security card ready to show on camera.
- Join early, from a quiet place, with a working camera and microphone.
- Two rules: answer only the question asked, and if you do not know, say you do not know.



GOOD TO KNOW

Missing this meeting can get your case dismissed. If you have a true conflict, tell your attorney as soon as you know.

STEP 7

After the meeting: course 2 and your car or house



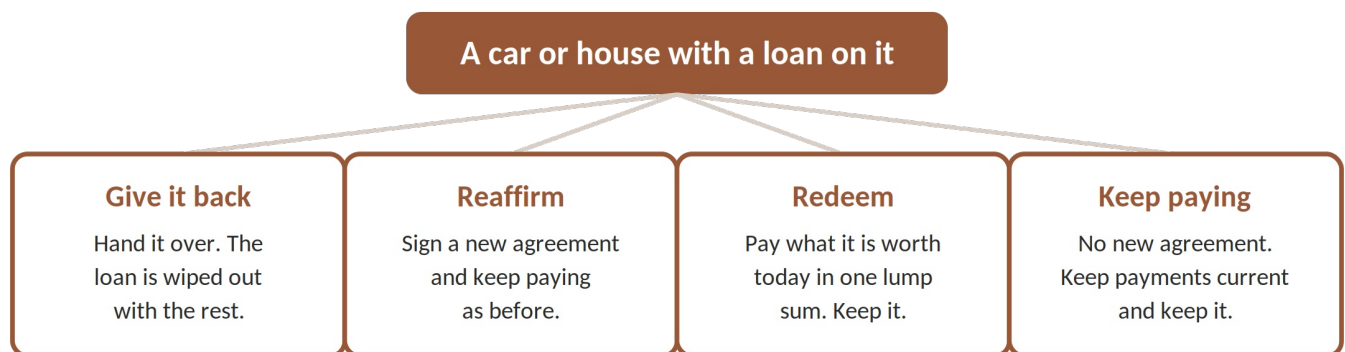
WHAT HAPPENS

Two things happen in the 60 days after your 341 meeting. First, you take the second course, called debtor education or financial management. It is different from the first course and takes about two hours. Federal law says no certificate, no discharge.

Second, if you have a car or house loan, you decide what to do with it. A Chapter 7 wipes out your personal responsibility for a loan, but it does not remove the lender's lien. So for each loan you choose one of the four options below. Your attorney will go over which one makes sense for you.

WHAT YOU NEED TO DO

- Take the debtor education course and send the certificate to your attorney within 60 days of your 341 meeting. Sooner is better.
- Decide what to do with each car or house loan and let your attorney know.
- If you are keeping a car or house, stay current on the payments.



GOOD TO KNOW

Forgetting the second course is the most preventable way a case fails. Please do not put it off.

STEP 8

Your discharge

WHAT HAPPENS

After the 341 meeting, there is a 60 day waiting period in which creditors or the trustee could object. In a normal case nobody does. Once that window closes and your course 2 certificate is on file, the judge signs your **discharge order**. This usually happens about three to four months after filing.

The discharge is a permanent federal court order. Every debt covered by your case is wiped out. No one can ever sue you, garnish you, or collect from you on those debts again.

WHAT YOU NEED TO DO

- Save the discharge order somewhere safe. It is your proof for the rest of your life.
- If a creditor ever contacts you about a discharged debt, do not pay. Send them a copy of the order and tell your attorney.

GOOD TO KNOW

The discharge does not remove a lien. If you kept your car or house, you still have to make the payments or the lender can take it. It also does not wipe out child support, most student loans, or recent taxes.





STEP 9

Case closed and your fresh start

WHAT HAPPENS

In most cases the trustee files a report that there is nothing to distribute, and the court closes the case shortly after the discharge, about four to five months after filing. That is the end. There is nothing more to do.

Your credit will start to recover faster than most people expect. The debts that were dragging your score down should now show a zero balance. Many people see their score go up within a year of the discharge.

WHAT YOU NEED TO DO

- Wait about 60 days, then pull your free credit reports. Every discharged debt should show a zero balance with a bankruptcy notation. If one still shows a balance, dispute it with the credit bureau and tell your attorney.
- Build a small emergency fund and pay every bill on time. A secured credit card is a safe way to start rebuilding.
- Keep your attorney's number. If a discharged creditor ever comes back, your attorney can handle it.

GOOD TO KNOW

A Chapter 7 stays on your credit report for up to 10 years, but its effect fades over time. Many people qualify for a car loan within a year or two and a mortgage within two to four years of their discharge.

Common questions

Will I lose my house or my car?

Usually not. Arizona law protects a large amount of equity in your home, a vehicle, household goods, retirement accounts, and more. A bankruptcy attorney reviews every asset before filing and tells you up front if anything is at risk.

Do I have to go to court?

No. The only appearance is the 341 meeting, which is a short video meeting with the trustee. There is no judge and no courtroom.

Will my spouse be affected if I file alone?

In Arizona, debts taken on during the marriage are usually community debts, so both spouses' finances matter even if only one files. An attorney can tell you whether a joint or individual filing is better for you.

Will my employer find out?

Bankruptcy is a public record, but employers do not get a notice. The one exception is if you are being garnished, because the garnishment has to stop.

Can I keep my tax refund?

Sometimes. It depends on timing and the size of the refund. Tell your attorney before you file if you are expecting one, and do not spend it without asking.

How long does the whole thing take?

About four to five months from filing to closing. The part before filing depends almost entirely on how fast you get your attorney your documents.

What does it cost?

There is a court filing fee, the fee for the two required courses, and the attorney's fee. Many Arizona attorneys charge a flat fee for Chapter 7 and offer payment plans. Ask for the total up front.

Can I file Chapter 7 again later?

Yes, but you have to wait eight years from the date your last Chapter 7 case was filed.

How a case gets off track

Every one of these is avoidable. If any of them is about to happen to you, tell your attorney. Almost everything can be fixed if they know early.

- Course 1 never finished, or the certificate is older than 180 days on filing day.
- Course 2 never finished within 60 days of the 341 meeting. No certificate, no discharge.
- Documents stop coming in and the case sits unfiled for months.
- Missing the 341 meeting.
- Leaving an asset, an account, or a creditor off the paperwork.
- Selling or giving away property, or paying back family, without telling your attorney first.
- Running up credit cards or taking cash advances right before filing.

Arizona Consumer Law Group, PLC

2350 E. Germann Rd #38, Chandler, AZ 85286
consumerwarrior.com

This guide was prepared by Arizona Consumer Law Group, a consumer bankruptcy and debt defense firm serving all of Arizona.

This guide is general information about Chapter 7 bankruptcy in Arizona. It is not legal advice and does not create an attorney-client relationship. Every case is different, and deadlines and rules change. Please talk with an attorney about your own situation. We are a debt relief agency. We help people file for bankruptcy relief under the Bankruptcy Code.