

The Filing of the Chapter 7 Petition

Within 180 days of filing a Chapter 7 petition, an individual debtor must be briefed (including by telephone and on the Internet) by an approved nonprofit budget and credit counseling agency as to the opportunities for available credit counseling.

Upon making the decision to file for bankruptcy under Chapter 7 of the Bankruptcy Code, the debtor files with the bankruptcy court clerk's office:

1. Filing fee, administrative fee, and trustee surcharge
2. Voluntary petition, including Exhibit B, if the debtor is an individual whose debts are primarily consumer debts, Exhibit C, if debtor has some connection to hazardous waste, and a statement of Social Security number (Official Form No. B21)
3. A certificate of the debtor's attorney or the debtor's bankruptcy petition preparer, that the clerk's 11 U.S.C.A. § 342(b) notice has been delivered to the debtor (if debtor is an individual with primarily consumer debts)
4. Certificate from an approved nonprofit budget and credit counseling agency and a copy of a debt repayment plan
5. Corporate resolution authorizing the filing of the Chapter 7 petition (if the debtor is a corporation)
6. Disclosure of attorney's compensation statement or disclosure of compensation statement by a non-attorney bankruptcy petition preparer
7. List of creditors
8. Schedules
 - a. Summary of schedules
 - b. Schedule A. Real property
 - c. Schedule B. Personal property
 - d. Schedule C. Property claimed as exempt
 - e. Schedule D. Creditors holding secured claims
 - f. Schedule E. Creditors holding unsecured priority claims
 - g. Schedule F. Creditors holding unsecured nonpriority claims
 - h. Schedule G. Executory contracts and unexpired leases
 - i. Schedule H. Codebtors
 - j. Schedule I. Current income of individual debtor(s)
 - k. Schedule J. Current expenditures of individual debtor(s)
 - l. Schedule of income and expenditures of a partnership or a corporation
9. Statement of financial affairs (Official Form No. B7)
10. Copies of all payment advices or other evidence of payment received within 60 days before the date of the filing of the petition, by the debtor from any employer of the debtor
11. Statement of Current Monthly Income and Means Test Calculation (Chapter 7) (Official Form No. B22A)
12. A statement disclosing any reasonably anticipated increase in income or expenditures over the 12-month period following the date of the filing of the petition

If the petition is accompanied by the list of creditors, the debtor has up to 15 days to file items 3, 6, 8, 9, and 12

13. An individual debtor with debts secured by property of the estate must file a statement of intention within 30 days after the filing of the petition or before the date of the meetings of creditors, whichever is earlier (Official Form No. B8)
14. A debtor must provide the Chapter 7 trustee with a copy of the Federal income tax returns for the most recent tax year not later than seven days before the date first set for the meeting of creditors

A debtor must file a statement of any interest that he or she has in an education individual retirement account or under a qualified state tuition program

If an individual debtor fails to fill all of the information required by 11 U.S.C.A. § 521(a) within 45 days after the date of the filing of the petition, the case is automatically dismissed

Upon filing of the voluntary petition, which constitutes an order for relief, an estate is created and the automatic stay goes into effect, protecting the estate from dismemberment and the debtor from collection procedures

The U.S. trustee appoints an interim trustee

The clerk of the bankruptcy court mails to the debtor, the debtor's attorney, the trustee, all creditors, indenture trustees, and the U.S. trustee:

1. notice of the filing of the Chapter 7 bankruptcy case
2. an explanation of the automatic stay

EXHIBIT 5-1 Flow Chart for Chapter 7, Continued

3. the date, time, and place of the meeting of creditors
4. the deadlines for filing objections to the discharge of the debtor or the dischargeability of a debt
5. the time fixed for filing proofs of claims or the fact that insufficient assets presently exist to pay claims, and
6. the time for filing objections to the debtor's claim of exemptions

An eligible debtor may convert the case to Chapter 11, 12, or 13

The debtor may move:

1. to dismiss the case
2. for a change of venue

A party in interest may move:

1. to dismiss the case
2. for abstention by the court
3. for a change of venue
4. for examination of any entity

The court, the U.S. trustee, the trustee or any party in interest may move to dismiss the case for actual or presumed abuse under 11 U.S.C.A. § 707(b)

Meeting of Creditors

(to be held not less than 20 nor more than 40 days after the petition has been filed)

The business of the meeting includes the examination of debtor under oath. Debtor may be required to provide document that establishes the identity of the debtor, including a driver's license, passport, or other document that contains a photograph of the debtor.

The U.S. trustee could convene a meeting of equity security holders

The interim trustee becomes the permanent trustee if creditors do not elect a trustee

The U.S. trustee has a duty to review for abuse and, if a case is presumed abusive, to file a statement with the court within 10 days after the meeting of creditors and to provide a copy to all creditors within five days thereafter

Fresh Start for the Debtor (Discharge) (applies to individuals only since corporations and partnerships do not receive discharge)

Administration of the Estate

Within 60 days after the first date set for the meeting of the creditors, a creditor may file a complaint objecting to the dischargeability of a debt

While the case is open, the debtor may:

1. file a complaint to determine the dischargeability of a debt
2. move to avoid a judicial lien or to avoid nonpossessory, nonpurchase money security interest in certain items of personal property, to the extent that such judicial lien impairs exemptions to which the debtor would have been entitled

Estate with No Assets to Administer

If all assets are encumbered, burdensome, or exempt, the trustee files a report of no distribution

Estate with Assets to Administer

As soon as the trustee is appointed, the trustee begins to obtain possession of the nonexempt, nonburdensome assets of the estate and may file a motion or complaint to obtain an order directing a party to turn over property of the estate

After notice to parties in interest, the trustee may sell property of the estate or if the property is encumbered, the trustee may move to sell encumbered property free and clear of liens and interests

EXHIBIT 5-1 Flow Chart for Chapter 7, Continued

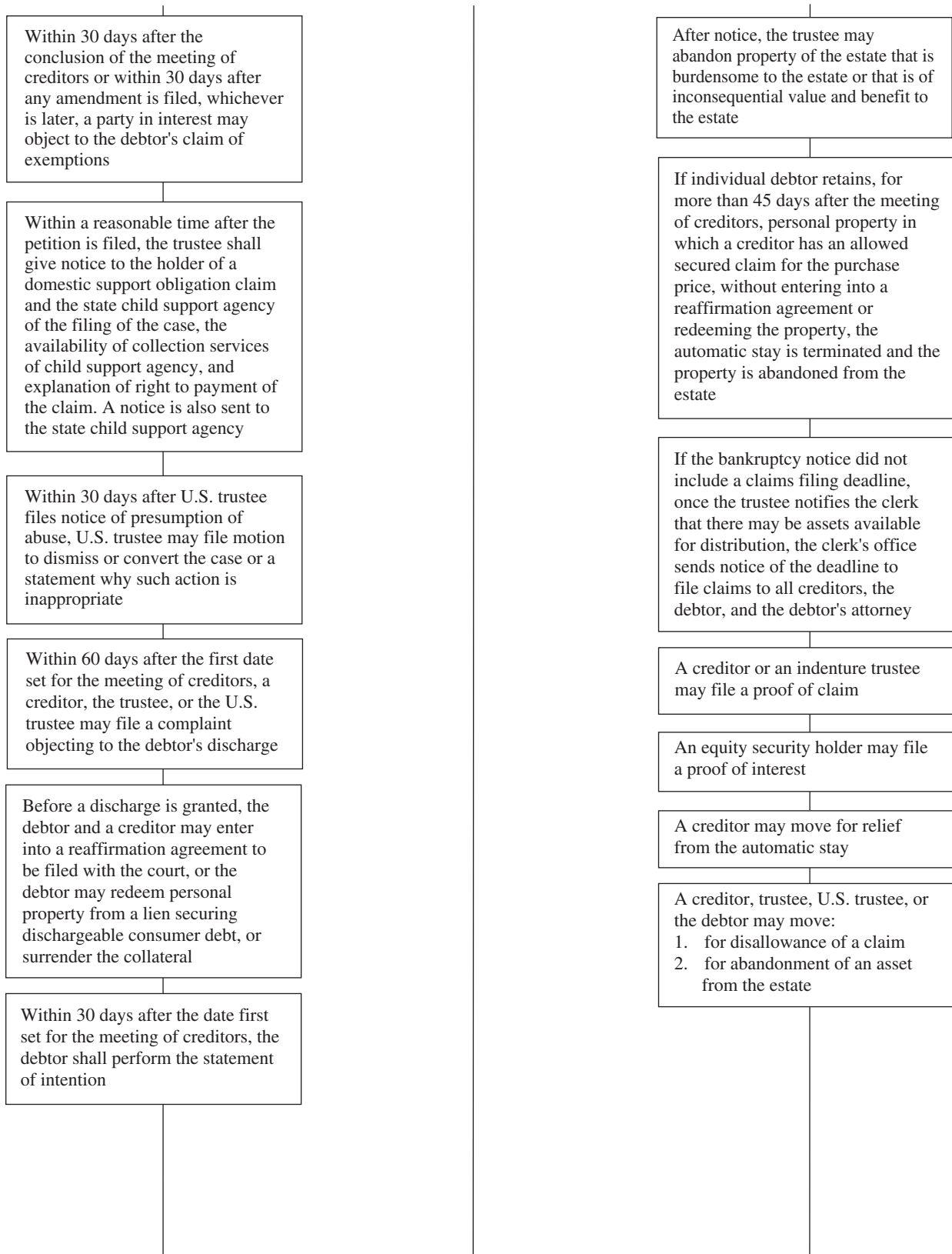


EXHIBIT 5-1 Flow Chart for Chapter 7, Continued

If requested by the court, U.S. trustee or any party in interest, the debtor shall file with the court a copy of each Federal income tax return or a transcript thereof with respect to each tax year of debtor ending while case is pending, or any Federal income tax return or transcript that had not been filed prior to the commencement of the case and that was subsequently filed for any tax year ending in the 3-year period ending on the date of the commencement of the case. When filing income tax returns, all but the last four digits of the social security number should be redacted.

The court may deny the debtor a discharge

The court may grant the debtor a discharge if debtor completed an instructional course concerning personal financial management. An individual debtor must file Official Form No. B23 (The Debtor's Certification of Completion of Instructional Course Concerning Personal Financial Management) prior to receiving a discharge

Trustee gives notice of discharge to holder of domestic support obligation claim and State child support agency

If the debtor has received a discharge, the trustee, a creditor, or the U.S. trustee may file a complaint to request revocation of the discharge

The trustee may file a complaint to avoid:

1. unperfected security interests
2. statutory liens that arise upon the debtor's insolvency
3. prepetition transfers of property of the estate to creditors that are voidable preferences
4. prepetition transfers of property of the debtor that are fraudulent under the Bankruptcy Code or state law and
5. postpetition transfers of property of the estate that are not authorized by the bankruptcy court or Bankruptcy Code

EXHIBIT 5-1 Flow Chart for Chapter 7, Continued

