

BANKRUPTCY QUESTIONNAIRE & INFORMATION

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What is Chapter 7 Bankruptcy?

If you are struggling to catch up on credit cards, medical bills, payday loans and other unsecured debts despite your best efforts, Chapter 7 bankruptcy may be an option for you. Chapter 7 bankruptcy is often referred to as liquidation because a bankruptcy trustee can liquidate (convert to cash) your non-exempt assets to pay part of your outstanding bills. The term liquidation is rather misleading, though, since most people filing bankruptcy in Chapter 7 cases do not have any non-exempt assets and thus there is no actual liquidation. In order to qualify for Chapter 7 bankruptcy, you must pass a means test.

Chapter 7 Bankruptcy Timeline: How Long Do Chapter 7 Bankruptcy Cases Take?

Chapter 7 bankruptcy cases move relatively quickly and you may receive your discharge in just a few months. A discharge will eliminate unsecured debts like credit card debt, medical bills, most personal loans, judgments resulting from car accidents, deficiencies on repossessed vehicles, some older tax debts, payday loans, and garnishments. Certain debts are classified "non-dischargeable debts" and cannot be discharged, or can only be discharged under very specific circumstances. These include child support, most student loans and many tax debts.

What is the Chapter 7 Bankruptcy Means Test?

Before filing for Chapter 7 bankruptcy, you will have to qualify through a Chapter 7 means test. Although there was a lot of media hype about the chapter 7 bankruptcy when it was introduced in 2005, the truth is that more than 96% of potential Chapter 7 petitioners still qualify. In the unlikely event that you are one of those few who do not, filing bankruptcy may still be an option; this time in the form of Chapter 13 bankruptcy.

The Chapter 7 means test is a two-step process which begins with a median income comparison. Explaining this is the first step of the Chapter 7 bankruptcy means test in more detail, your monthly income is compared to the median income in your state for a family that is the same size as yours. If your income is at or below the median income, you qualify for Chapter 7 bankruptcy. If your income is higher than the median income, it doesn't mean that you can't file for Chapter 7 bankruptcy, but rather triggers the second step of the Chapter 7 bankruptcy means test.

Calculating disposable income and unsecured debts is the second step of the Chapter 7 means test. If your disposable income over the next five years is less than \$6,000 (\$100/month), you "pass" the Chapter 7 bankruptcy means test and can thus file for Chapter 7. If your disposable income during that five year period is greater than \$6,000 but less than \$10,000, you may still be able to file for Chapter 7 bankruptcy protection, depending upon your allowed expenses.

Is filing bankruptcy right for you?

Call my office at 877-632-4747. We'll help you schedule a free consultation with a local Chapter 7 bankruptcy attorney who may assess your financial situation, discuss your legal rights and further explain why Chapter 7 bankruptcy may be the right option if you:

Have no income or low income

Have little or no money left after paying your necessary living expenses each month

Rent or have little equity in your home

Have few assets (or not assets) outside your furniture, clothing and other necessities

Missouri Bankruptcy Alternatives

A first and basic option is to contact your creditors and attempt to work out a payment plan of some sort. Begin by explaining your situation and why you cannot make your payments and suggest a new arrangement. Often your creditors will be willing to cooperate.

Another option is a debt consolidation loan. With a debt consolidation loan, you will seek a loan to pay off all your creditors and then you will just be left with the debt consolidation loan payment.

Another option to Missouri personal bankruptcy is a Missouri credit counseling plan. Your creditors may be willing to lower your interest rates and accept reduced payments if you enter a debt repayment plan. Generally, in these plans, you deposit money each month with the credit counseling service. Your deposits are used to pay your creditors according to a payment schedule developed by the counselor. As part of the repayment plan, you may have to agree not to apply for, or use any additional credit while you're participating in the program.

MISSOURI EXEMPTION LIST

How to use this table of exemptions

The following is a summary of the Missouri exemptions that can be claimed to exempt both real and personal property in a bankruptcy petition. Missouri residents who file bankruptcy generally use the Missouri exemptions; however, special rules apply as to which state or federal exemptions may be used if an individual's domicile has not been continuously located in Missouri for the two year period prior to filing a bankruptcy petition.

Exempt property is not subject to the claims of unsecured creditors and may be kept by an individual, subject to the rights of secured creditors and lien holders. Please note that not all of an individual's property may have a matching exemption. Also, an individual must own an interest in the property to claim the property as exempt.

An individual may exempt the equity value interest (the difference between what the property is worth and what is owed on it) in property that remains after liens and other creditors' interests are considered. However, any equity value interest in property above the exemption amount may be subject to the claims of unsecured creditors.

For example, an individual owns a home that he or she lives in. That fair market value of the home is \$150,000 and there is a \$135,000 mortgage on the house. This means that the individual's equity or value that this individual has in the house is \$15,000, ($\$150,000 - \$135,000 = \$15,000$). If a homestead exemption of \$15,000 (or any amount greater than \$15,000) exists, the entire equity in the house may be claimed as exempt.

Description	Exempt Amount Single/Joint	Revised Statutes of Missouri
Teacher and school employee retirement benefits		§§169.090 169.380, 169.520 169.587, 169.690 169.240, 169.780
Burial lots	1 acre, or \$100/\$200	§287.260
Workers' compensation benefits		§287.260
Financial responsibility deposits with State Treasurer	100%	§303.240
Life insurance benefits – assessment or stipulated premium plans		§§377.090 377.330, 376.530 376.550, 376.560
Household goods and furnishings, wearing apparel, appliances, books, animals, crops or musical instruments	\$3,000/\$6,000	§513.430.1(1)
Wedding ring	\$1,500/\$3,000	§513.430.1(2)
Wild card – any other property of any kind	\$600/\$1,200	§513.430.1(3)
Other jewelry	\$500/\$1,000	§513.430.1(2)
Tools of the trade, books	\$3,000/\$6,000	§513.430.1(4)
Motor vehicle (one)	\$3,000/\$6,000	§513.430.1(5)
Mobile home – principal residence if it is not on or attached to real property in which the debtor has a fee interest	\$5,000/\$10,000	§513.430.1(6)
Unmatured life insurance		§513.430.1(7)
Life insurance, unmaturred – dividends, interest, loan value, less property transferred	\$150,000/\$300,000	§513.430.1(8)
Health aids		§513.430.1(9)
Government benefits and public assistance, social security, unemployment, veterans' benefits, disability, illness		§513.430.1(10)(a), (b), (c)
Unemployment compensation		§§288.380, 513.430
Alimony, support or separate maintenance	\$750.00/month	§513.430.1(10)(d)
Stock – bonus, pension, annuity, retirement,		§513.430.1(10)(e)
Qualified retirement plan		§513.430.1(10)(f)
Wrongful death awards – to the extent reasonably necessary for support		§513.430.1(11)
Head of household – other real or personal property (except 10% of any debt, income, salary, or wages due such head of a family)	\$1,250 for the head of a household; plus \$350 for each dependent child under the age of eighteen and each disabled dependent	§513.440
Homestead	\$15,000,\$15000	§513.475
Specific partnership property		§358.250
Surviving spouse of judge		§476.539
Earnings (net) per week	75% or 90% if head of household, 30 times the Federal minimum wage	§525.030(2)
Tenancies by the Entirety: certain circumstances		§513.475, 513.427

