

# Counseling

*in motion* BK Edition



# Counseling in motion BK Edition



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## OVERVIEW

### Counseling In Motion Bankruptcy Edition

Counseling in Motion BK edition is an online pre-filing counseling program developed by the American Center for Credit Education.

The goals of Counseling in Motion BK edition are:

- To help you understand what bankruptcy is and what is involved in the process of filing bankruptcy
- To help you develop a detailed list of your income, expenses and assets and help you develop a budget based on your new financial goals.
- To help you and your counselor gain a complete understanding of what caused you to consider bankruptcy. This information can help your counselor come up with an Action Plan that can help you overcome your financial difficulties.

Through Counseling in Motion BK edition, you will learn about:

- The most common types of bankruptcy
- The Means Testing process
- Assets that typically can or cannot be kept after your bankruptcy
- How bankruptcy affects your credit report and future credit
- Budgeting, and how it can be a tool to help you stabilize your finances and help you achieve your financial goals
- How to live well while spending less money
- Options other than bankruptcy that might be right for you, and options that are not recommended

As you strive to change your financial future, applying the information in Counseling in Motion BK edition can help you make informed decisions about the right options for yourself and your family.

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*"Nobody can go back and start a new beginning, but anyone can start today and make a new ending."  
– Maria Robinson*

### Expansion of Bankruptcy:

- What you need to know about bankruptcy
- What is bankruptcy?
- An overview of the bankruptcy process
- Who is involved when you file bankruptcy?
- Terms you'll need to know
- What are the most common types of bankruptcies?
- Means test: What is it and why do you need one?

### If you choose to file:

- If you choose to file bankruptcy
- What debts can be discharged in bankruptcy?
- Do you have to list all your assets in bankruptcy?

### Questions about Bankruptcy:

- Some frequently asked questions about bankruptcy
- What effect does bankruptcy have on your credit report?
- Can credit repair clinics help me?
- Will you be able to get credit after bankruptcy?

### What led you to consider bankruptcy?

- What has led you to consider bankruptcy?

### Income

### Expenses

- Housing, transportation, food and utilities
- Health care, insurance, child care, bank charges and loans
- Charitable deductions, education, job-related, pets
- Personal, household, gifts, miscellaneous
- Future changes income, review income

### Assets form

### Creditor form

### Live well on less, options

- Why do you need to make a budget?
- Review your budget
- Review your income and expenses
- Make a list of your creditors
- Learn to live well on less
- What options do you have?
- Options that are not recommended

### Finishing this portion of Counseling in Motion BK edition

- What's next?

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Section Time Remaining: 12 Minutes  
Total Time Used: 112 minutes



Click here to ask a question  
or leave a message



## An overview of the bankruptcy process

What steps will you have to go through when you file for bankruptcy?

- **Counseling with an EOUST-approved\* provider for pre-filing bankruptcy counseling.** The goal of counseling is to make sure you know all the options available to help you overcome your financial problems. When you complete the counseling, a certificate will be issued, and it is your responsibility to make sure your attorney has received it.

- **Meeting with a bankruptcy attorney.** The attorney reviews all of your debts, income, assets, and financial history. You will provide your attorney with a number of documents. The attorney conducts a means test. The attorney

prepares a bankruptcy petition and schedules.

- **Upon filing your case you will receive a case number from the court.** An "automatic stay" is now in effect. The automatic stay bars any collection attempts. This stay can temporarily stop foreclosures, repossession and calls from creditors and collection agencies.

- **Your bankruptcy case is assigned to a U.S. Trustee.** The trustee will review your case and make sure you have complied with bankruptcy laws. If you have extra assets that you need to turn in, it is the trustee who receives the assets and sells them. You have to respond to any requests for information and documents that the trustee requests from you.

- **About 30 days after your bankruptcy is filed, a "meeting of creditors" will be held.** You are required to attend this meeting. Most creditors will not show up at this meeting. However, you still have to swear under oath that all the information you have provided regarding your bankruptcy is true and correct.

- **Education.** You need to complete a post-filing bankruptcy education program through an EOUST-approved\* provider such as this agency. You can complete the education at any time **after** you receive your bankruptcy case number, but **before** your bankruptcy is discharged. When you complete the education, you will earn a certificate. It's your responsibility to make sure that your attorney has received this certificate.

In a Chapter 7 bankruptcy, once all requirements are met, the discharge of debts typically occurs 90 days after the meeting of creditors. In a Chapter 13 bankruptcy, your discharge does not come until you have completed your Chapter 13 plan.

\*Approval does not endorse or assure the quality of a provider's service.



Take me back to:

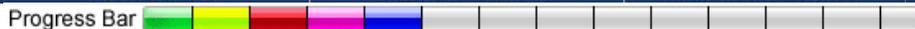
- **Explanation of bankruptcy**
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- **Housing, transportation, food and utilities**
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 Section Time Remaining: 0 Minutes  
 Total Time Used: 131 minutes

## Income:

If two people are considering a joint bankruptcy filing, please enter income information for one person here. Then, a second screen will appear where you can enter income information for another person.

How often are you paid?

- Weekly
- Bi-Weekly (every other week)
- Twice a month
- Monthly

What is the amount of your paycheck each time you are paid?  
 (If you're self-employed, use a monthly average. If your income varies from month to month, estimate the amount of income you typically receive each month).

\$

Do you have income from a second job or from other sources?    Yes    No

How much do you receive per month?

Alimony \$

Annuities \$

Child support \$  
 (if you are court-ordered to receive child support but are not getting it, do not include this amount as income)

Disability payments \$

Dividends \$

Pensions \$

Social Security \$

Tips, commissions, bonuses. \$  
 (Use a monthly average; if you don't consistently receive these each month, don't include them.)

Other \$

Income  
 \$100  
 Expenses  
 \$920

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Section Time Remaining: 0 Minutes  
Total Time Used: 143 minutes

## Expenses: Housing

You will start the budget process by answering questions about your housing.

Housing: Do you rent or own?    Rent    Own



What is your monthly mortgage payment? \$

Are your property taxes and home insurance included in your monthly mortgage payment?    Yes    No

If no, enter monthly amount for taxes and insurance.

Taxes \$

Insurance \$

Do you have a second mortgage or home equity loan?    Yes    No

Enter monthly payment amount.

\$

Income  
\$4334  
Expenses  
\$920

Do you pay association dues or lot rent?    Yes    No

How much do you spend monthly on home maintenance and repairs?

\$

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Section Time Used: 0 Minutes  
 Section Time Remaining: 1 Minute  
 Total Time Used: 190 minutes

## Make a list of your creditors

To help your counselor get a clear picture of your overall financial situation, fill out the following chart.

Please DO NOT use dollar signs (\$), percentage signs (%), letters (such as AaBbCc), or any characters other than numbers when filling in the "Balance Owed," "Monthly Payment" and "Interest Rate" fields. If this page is not working properly for you, please update your Java Script. To do that click on [this link to go to the java site](#) and click on the Free Java Download button.

**Do not include your mortgage payment or your car loan payment on this page.**

Creditor Name	Balance Owed	Monthly Payment	Interest Rate (ie 19.00)	Account Number (first 6 digits)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				

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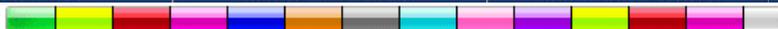
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Section Time Used: 0 Minutes  
Section Time Remaining: 9 Minutes  
Total Time Used: 194 minutes

"Never give up, for that is just the place and time that the tide will turn." – Harriet Beecher Stowe



Click here to ask a question  
or leave a message



## What options do you have?

When trying to manage your finances and debt, you have six basic options:

1. Do nothing
2. Develop your own repayment plan
3. Enroll in a debt management program offered by a credit counseling agency
4. Negotiate your own debt settlement with your creditors
5. Borrow money to get out of debt
6. File for bankruptcy

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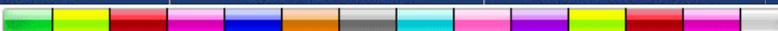
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Section Time Used: 2 Minutes  
Section Time Remaining: 7 Minutes  
Total Time Used: 203 minutes

## Take a moment to review

You have just read about your options when you are in financial trouble. Based on what you have read, is the following statement true or false: Working with a debt settlement firm can end up hurting your credit score.

True    False

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Section Time Remaining: 7 Minutes  
Total Time Used: 196 minutes



Click here to ask a question  
or leave a message



**3. Enroll in a debt management program (DMP) offered by a credit counseling agency.** Depending on your financial situation, you might be eligible for a debt management plan (also called a debt consolidation plan without a loan, or a debt repayment program). In a debt management plan, a credit counseling agency works with your creditors to reduce your payments, lower your interest rates and reduce your fees. The agency acts as a buffer between you and your creditors.

To find out if you qualify for a debt management plan, you will meet with a credit counselor who will review your income and expenses. To qualify for a DMP, you have to be able to pay your basic monthly living expenses and have money left over to repay your debts. Then, your counselor will negotiate with your creditors to get them to accept reduced payments. The counselor also will request concessions from your creditors, such as lower interest rates and

waived late payments, that will reduce the amount of money you owe. When you are enrolled in a debt management plan, you will make a payment to a credit counseling agency. The agency, in turn, will use it to pay your various creditors.

When you look for a credit counseling agency, choose one that provides counseling, education and an optional debt management program. Choose a credit counseling agency that is non-profit, and that is accredited by an independent accrediting organization. Representatives of the organization should spend enough time with you to get an accurate picture of your financial situation. The counselor you work with should be a professional who is certified and who is able to advise you on how to improve your overall financial situation. For example, if you go to an organization and a counselor that only spends a few minutes with you, then tries to set you up on a repayment program that addresses your credit card bills but ignores your other debt, you should find another agency to work with.

The chart below compares some of the advantages and disadvantages of using a debt management program.

#### Advantages of a debt management plan (DMP):

- You make one payment each month to the credit counseling agency for the debt listed on the DMP. The credit counseling agency disburses your payment to all your creditors who are participating in the program.
- When you enroll in a DMP, your assets are not limited or liquidated like they would be if you file bankruptcy.
- A DMP will not keep you from filing bankruptcy at a later date.
- Some creditors will re-age your account after you make three consecutive monthly payments. When you pay your accounts on your own and you are past due, your credit report will show that you are past due. When the creditor re-ages your account, payments you make after that point will not show up as past due.
- Your actual expenses for necessities such as housing, utilities and transportation are budgeted in your DMP plan.
- Your repayment time will be 60 months (five years) or less.

#### Disadvantages of a DMP:

- You need to have money each month to pay your creditors. You do not get to determine this amount. A formula will be used to determine what your monthly payment will be.
- You might not be able to keep a credit card. You will have to agree not to use credit while on the DMP. In a DMP, creditors agree to accept reduced payments and make concessions on fees and interest. Creditors will do this provided that you do not incur new debt.
- Your creditors must voluntarily agree to participate in a DMP.
- If you do not make your monthly payment, you will be dropped from the DMP. Your debts will still be owed to your creditors.
- If you currently have your wages garnished, there is no guarantee that a DMP will stop wage garnishment.

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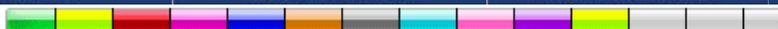
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 Total Time Used: 188 minutes

## Assets

Make a list of the assets that you own.

**House (if you are buying it)**

**What you owe**

**What you believe it is worth**

**Rental property (if you are buying it)**

**What you owe**

**What you believe it is worth**

House/apartment building

Commercial property

**Land**

**What you owe**

**What you believe it is worth**

**Cars/trucks/motorcycles**

**What you owe**

**What you believe it is worth**

**Vehicles for recreation**

**What you owe**

**What you believe it is worth**

**Retirement accounts (401k, IRA, etc.)**

(refer to the most recent account statement you received)

**What you believe it is worth**

**Other high-value items**

(For example, these might include jewelry, art, guns, antiques, etc.)  
(Listing example: jewelry - pearl earrings \$200)

**What you believe it is worth**

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 Total Time Used: 184 minutes

You have filled out this budget information using the income you have right now. If you know you will have a change in your income within the next 30 to 60 days, please note that here so your counselor can consider that factor as he/she develops an Action Plan and reviews your financial options with you.

In the next 30 to 60 days, do you know that you will:

- Lose your job
- Get a job
- Have additional expenses (such as medical bills)
- Have other changes in income; please explain

Income  
\$4334  
Expenses  
\$920

(Maximum

characters: 255)

You have characters left.

None of the above

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**Budget Form**

Person 1

Person 2

Number in Household:

Net Income

Other

**Net Income Total****EXPENSES**

Current Amount Adjusted Amount

Current Amount Adjusted Amount

**Savings**

Savings (Emergencies)

Savings (Goals)

Total

**HOUSING**

Mortgage/rent

Insurance (renters)

Taxes (if not in mortgage payment)

Insurance (if not in mortgage payment)

Second mortgage/equity loan

Association dues

Lot rent

Home maintenance

**TRANSPORTATION**

Car payment #1

Car payment #2

Car payment #3

**INSTALLMENT LOANS**

Student loan

Co-signed loan

Other

**PERSONAL/HOUSEHOLD****Child care**

Child support that you pay

Daycare

Child care supplies

Babysitters (see reasons tab)

Children's allowance

Children's activities

**Bank charges**

Checking account fees

Overdraft/NSF fees

**Charitable donations**

Tithes/other

Gasoline  
 Maintenance  
 Vehicle insurance  
 Parking  
 Public transportation  
 Licensing/tags/registration

**FOOD**

Groceries  
 Eating out  
 School lunches  
 Food at work (cafeteria/  
 vending machines)

**UTILITIES**

Electricity/gas/oil  
 Water/sewer/garbage  
 Phone/cable/Internet  
 Cell phone

**HEALTH CARE/INSURANCE**

Medical  
 Prescriptions  
 Doctor/dental/optical visits  
 Medical supplies/equipment  
 Health care treatments  
 Life insurance  
 Disability insurance

**Education**

Tuition  
 Books  
 Supplies

**Job-related expenses**

Work clothing/uniforms  
 Tools/equipment/supplies  
 Other

**Pets**

Food/supplies  
 Veterinary visits/shots

**Personal**

Haircuts/color/products  
 Toiletries  
 Clothing/shoes/accessories

**Household**

Laundry/dry cleaning  
 Home cleaning products  
 Home cleaning services  
 Postage/office supplies

**MISCELLANEOUS**

Gifts/holiday expenses  
 Alcohol/tobacco

**Recreation and hobbies**

Music/movies/video games  
 Sporting events/cultural  
 events/hunting/fishng  
 Books, magazines, newspapers  
 Crafts/hobbies  
 Travel

<b>Total of all expenses</b>	\$ 920	\$ 920
<b>Net Available</b>	\$ 3414	\$ 3414
<b>Creditor Monthly Expenses</b>	\$ 25	
<b>Creditor Total</b>	\$ 200	

[Go to Action Plan](#)