



Federal Trade Commission Protecting America's Consumers

Before You File for Personal Bankruptcy: Information About Credit Counseling and Debtor Education

Produced in cooperation with the Department of Justice's U.S. Trustee Program

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 launched a new era: With limited exceptions, people who plan to file for bankruptcy protection must get credit counseling from a government-approved organization within 180 days before they file. They also must complete a debtor education course to have their debts discharged.

The Department of Justice's U.S. Trustee Program approves organizations to provide the mandatory credit counseling and debtor education. Only the counselors and educators that appear on the U.S. Trustee Program's lists can advertise that they are, indeed, approved to provide the required counseling and debtor education. By law, the U.S. Trustee Program does not operate in Alabama and North Carolina; in these states, court officials called Bankruptcy Administrators approve pre-bankruptcy credit counseling organizations and pre-discharge debtor education course providers.

Counseling and Education Requirements

As a rule, pre-bankruptcy credit counseling and pre-discharge debtor education may not be provided at the same time. Credit counseling must take place before you file for bankruptcy; debtor education must take place after you file.

In general, you must file a certificate of credit counseling completion when you file for bankruptcy, and evidence of completion of debtor education after you file for bankruptcy – but before your debts are discharged. Only credit counseling organizations and debtor education course providers that have been approved by the U.S. Trustee Program may issue these certificates. To protect against fraud, the certificates are produced through a central automated system and are numbered.

Pre-bankruptcy Counseling

A pre-bankruptcy counseling session with an approved credit counseling organization should include an evaluation of your personal financial situation, a discussion of alternatives to bankruptcy, and a personal budget plan. A typical counseling session should last about 60 to 90 minutes, and can take place in person, on the phone, or online. The counseling organization is required to provide the counseling free of charge for those consumers who cannot afford to pay. If you cannot afford to pay a fee for credit counseling, you should request a fee waiver from the counseling organization before the session begins. Otherwise, you may be charged a fee for the counseling, which will generally be about \$50, depending on where you live, the types of services you receive, and other factors. The counseling organization is required to discuss any fees with you before starting the counseling session.

Once you have completed the required counseling, you must get a certificate as proof. Check the U.S. Trustee's website to be sure that you receive the certificate from a counseling organization that is approved in the judicial district where you are filing bankruptcy. Credit counseling organizations may not charge an extra fee for the certificate.

Post-Filing Debtor Education

A debtor education course by an approved provider should include information on developing a budget, managing money, using credit wisely, and other resources. Like pre-filing counseling, debtor education may be provided in person, on the phone, or online. The debtor education session might last longer than the pre-filing counseling – about two hours – and the typical fee is between \$50 and \$100. As with pre-filing counseling, if you are unable to pay the session fee, you should seek a fee waiver from the debtor education provider. Check the list of approved debtor education providers at www.usdoj.gov/ust/eo/bapcpa/ccde/de_approved.htm or at the bankruptcy clerk's office in your district.

Once you have completed the required debtor education course, you should receive a certificate as proof. This certificate is separate from the certificate you received after completing your pre-filing credit counseling. Check the U.S. Trustee's website to be sure that you receive the certificate from a debtor education provider that is approved in the judicial district where you filed bankruptcy. Unless they have disclosed a charge to you before the counseling session begins, debtor education providers may not charge an extra fee for the certificate.

Important Questions to Ask When Choosing a Credit Counselor

It's wise to do some research when choosing a credit counseling organization. If you are in search of credit counseling to fulfill the bankruptcy law requirements, make sure you receive services only from approved providers for your judicial district. Check the list at www.usdoj.gov/ust/eo/bapcpa/ccde/cc_approved.htm or at the bankruptcy clerk's office for the district where you will file. Once you have the list of approved organizations in your judicial district, call several to gather information before you make your choice. Some key questions to ask are:

What services do you offer?

Will you help me develop a plan for avoiding problems in the future?

What are your fees?

What if I can't afford to pay your fees?

What qualifications do your counselors have? Are they accredited or certified by an outside organization? What training do they receive?

What do you do to keep information about me (including my address, phone number, and financial information) confidential and secure?

How are your employees paid? Are they paid more if I sign up for certain services, if I pay a fee, or if I make a contribution to your organization?

For More Information and Assistance

The U.S. Trustee Program promotes integrity and efficiency in the nation's bankruptcy system by enforcing bankruptcy laws, providing oversight of private trustees, and maintaining operational excellence. The Program has 21 regions and 95 field offices, and oversees the administration of bankruptcy in all states except Alabama and North Carolina. For more information, visit www.usdoj.gov/ust.

If you have concerns about approved credit counseling agencies or debtor education course providers, such as the failure to provide adequate service, please contact the U.S. Trustee Program by email at USTCCDEComplaintHelp@usdoj.gov, or in writing at Executive Office for U.S. Trustees, Credit Counseling and Debtor Education Unit, 20 Massachusetts Avenue, N.W., Suite 8000, Washington, D.C., 20530. Provide as much detail as you can, including the name of the credit counseling organization or debtor education course provider, the date of contact, and whom you spoke with.

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