

# What Is Bankruptcy Credit Counseling? Is The Bankruptcy Credit Course Hard? Do I Have To Take 2 Bankruptcy Credit Courses?

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I get a lot of clients that are pretty worked up about taking and completing the consumer credit counseling classes that, since 2005, are a required step in filing for bankruptcy. This is why I want to take a few minutes to shed some light on the process – like most things, these classes are a lot less scary when you turn the lights on.

The following excerpts are taken from the [FTC website](#). I believe it provides a good introduction to the requirements for bankruptcy credit counseling classes:

## **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](http://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.

First, let me give you a pat on the back for making it through that introduction to credit counseling. Now, I have a few things I would like to add on the subject.

1. Many of the [best Arizona bankruptcy lawyers](#) will sign their clients up for these courses. When discussing fees, be sure to ask your attorney about who is responsible for the course.

2. These courses can be easily tailored to a busy lifestyle. There are options to take them online, by phone or in person. There are not excuses for not taking the courses as required.
3. If your bankruptcy lawyer does not receive your counseling certificates, there is no proof that you took the course. These documents are filed with the courts, no exceptions. That being said, if your attorney arranged your course with a company they are familiar with, chances are greater than not they have arranged to receive all certificates directly. However, there is nothing wrong with confirming this with your attorney.
4. Your case will be dismissed if you don't comply with the pre and post-filing credit course requirements. Again, this is something that your bankruptcy lawyer will have no control over – so please don't kill the messenger. That being said, there are options for getting a bankruptcy case reinstated if you fail to complete your credit counseling course. However, it will cost you more money – so just do it right the first time.

## **Additional Resources**

[Phoenix bankruptcy lawyer](#)

[Arizona bankruptcy blog](#)