



## Credit Counseling Requirement Before Filing Bankruptcy

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One of the changes made to the Bankruptcy Code in 2005 was the addition of a requirement to take a credit counseling course before filing a bankruptcy case. The theory behind this requirement was that if people just knew how to prepare a budget and live within their means, fewer people would have to file bankruptcy. This was a simplistic and frankly insulting assumption by the lawmakers who passed this legislation. Most bankruptcy cases are filed as the result of some life-changing event, such as a job loss, divorce, or serious illness. However, the requirement is not overly burdensome, thanks to many companies who have set up online or phone classes that can be accessed 24 hours a day.

The prospective debtor must take the credit counseling class within the six months before the case is filed. The client's bankruptcy attorney will provide the information needed to complete the course, which costs between \$30 to \$50 per person. If a couple is filing a case together, there is generally a significant discount.

For example, the credit counseling course that I recommend ([The Mesquite Group](#)) offers the course for \$30 for an individual and \$40 for a couple. The course is available either by phone or over the internet, and takes about an hour. The company then emails the certificate of course completion to me, and I am able to upload the certificate to the court when I file the client's case. The certificate must be filed with the petition that commences the case, or the case will be dismissed.

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Several of my clients have told me that they learned some valuable things from the course, and no one has complained of it being a complete waste of time. However, I have never had a client decide not to file a bankruptcy case after taking the class. Contrary to what many believe, the vast majority of people who file a bankruptcy case have already tried everything in their power to solve their financial problems before deciding to file a bankruptcy case.