

## Bankruptcy and Credit Improvement

Sometimes companies offering credit “solutions” are really offering bankruptcy. Although bankruptcy is one option to deal with financial problems, it’s generally considered the option of last resort. Federal law now requires that most people who intend to file bankruptcy receive credit counseling from a government-approved organization. See

[http://www.usdoj.gov/ust/eo/bapcpa/ccde/CC\\_Files/CC\\_Approved\\_Agencies\\_HTML/cc\\_tennessee/cc\\_tennessee.htm](http://www.usdoj.gov/ust/eo/bapcpa/ccde/CC_Files/CC_Approved_Agencies_HTML/cc_tennessee/cc_tennessee.htm).

These types of promises should raise a red flag:

- Consolidate your bills into one monthly payment without borrowing!
- STOP credit harassment, foreclosures, repossessions, tax levies and garnishments!
- Keep Your Property!
- Wipe out your debts! Consolidate your bills! How? By using the protection and assistance provided by federal law. For once, let the law work for you!

In Tennessee, the U. S. Trustee Program approves these organizations and certain steps must be followed:

1. You must get credit counseling within 180 days before filing bankruptcy and file a certificate of completion with the filing; and
2. You must complete a debtor education course after your bankruptcy filing and file evidence of completion to have the debts discharged.

Those unable to afford to pay for the counseling should request a fee waiver from the counseling organization before their session begins (generally the fee will be about \$50 and the counseling service is required to discuss fees before beginning). You cannot be charged an extra fee for the counseling. The debtor education course may cost anywhere between \$50 and \$100 unless a fee waiver is granted. The approved debtor education providers list is available 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. Unless disclosed before the counseling session begins, debtor education providers may not charge an extra fee for the certificate. For more information about how to choose a creditor counselor, see *Before You File for Personal Bankruptcy: Information About Credit Counseling and Debtor Education* at [www.ftc.gov/credit](http://www.ftc.gov/credit) under *In Debt*.