

Understanding Your Chapter 7 Bankruptcy Discharge

Bankruptcy Gives You A Fresh Start

Bankruptcy gives you the ability to start your financial life again. The way you get your fresh start is by the power of the bankruptcy “DISCHARGE.” A discharge is an order from the bankruptcy court that says you are no longer legally responsible for most debts. These debts are wiped out or erased.

Creditors Cannot Collect Discharged Debts

The discharge also acts as a permanent “injunction” against your creditors. An injunction means that creditors cannot collect discharged debts. They may not contact you by phone, email, or mail about these debts. They may not sue you or garnish your wages to pay for these debts. If a creditor violates the discharge injunction, they may be required to pay damages and your attorney’s fees.

Not All Debts Are Discharged In Chapter 7 Bankruptcy

Many, but not all debts, are included in your Chapter 7 bankruptcy discharge.

Many people expect a list at the end of their bankruptcy that tells them which debts were discharged. But, this is not how the process works. Every discharge order has the same general language about the kinds of debts that are discharged in a Chapter 7 bankruptcy.

Type of Debt	Is this debt discharged in Chapter 7 Bankruptcy?
Credit cards, medical bills, personal loans, internet loans, debt from repossessed cars, eviction judgments	YES
Alimony (spousal maintenance), child support, or debt from a family law case	NO
Student loans	NO, unless you file a separate lawsuit within the bankruptcy
Income Taxes	DEPENDS on how old the taxes are and whether you filed them on time
Fines, penalties, or criminal restitution	NO

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Debts You Take On After You File For Bankruptcy Are Not Included

To protect your fresh financial start, you must remember which debts can be discharged. The date you file your bankruptcy is called the “petition date”. Only debts that you owed to a creditor BEFORE your petition date can be discharged in your bankruptcy. For example, if you take out a loan the day after you file for bankruptcy, that debt is not part of your bankruptcy and will not be discharged.

BEWARE. After you file your bankruptcy case, you will get many flyers in the mail offering you loans and credit cards. Be careful about taking out new loans and credit cards.

The discharge is the most important paper you will receive in your bankruptcy. Keep a copy of your discharge for your records. If you need a copy, you can get one on the Arizona Bankruptcy Court’s website by entering your case number.

<https://www.azb.uscourts.gov/copy-discharge>

Frequently Asked Questions

What if the Creditor Disagrees that the Debt is Discharged?

Give the creditor a copy of your discharge order. If they disagree, ask them for the legal reason why they think the debt is not discharged. You should speak with an attorney about whether you still owe the debt. You can also bring the dispute to the Bankruptcy Court who will decide if the debt was discharged.

What if I keep getting calls or letters from the creditor after the discharge?

If a creditor keeps contacting you after you receive your discharge, send them a certified letter with a copy of the discharge order asking them to stop. Keep records of all communication with the creditor. If they still do not stop, you can file a motion with the Bankruptcy Court for violation of the discharge injunction.

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Frequently Asked Questions Continued

Are car loans and mortgages discharged?

Car loans and home mortgages are secured debts. A secured debt means that the creditor is allowed to take the property if you do not pay back the money.

Unless you “reaffirm” your car or home loan during your bankruptcy case, you will no longer be personally responsible for paying that loan. The debt is discharged. **But, to keep your car or house, you must continue making your scheduled loan payments.** If you stop making payments, the creditor may be allowed to repossess your car or foreclose on your house with the permission of the bankruptcy court or after your bankruptcy case is finished.

You cannot keep your car or house without continuing to make your regular loan payments.

Does the discharge mean my bankruptcy case is finished?

No, your case may not be finished when you get your discharge. The discharge is only about your debts. The Chapter 7 trustee in your case must also file a report about your property, which may happen after you get your discharge.

Important Reminders

- Make sure to file a change of address with the Court if you move. That way, you continue to get notice if the trustee files papers in your case.
- The trustee may keep your bankruptcy case open until he or she gets a copy of your tax return for the year you filed bankruptcy.
- You have a duty to cooperate with the trustee until your bankruptcy case is closed.