

WHAT ARE MY OBLIGATIONS TO MY CHAPTER 7 TRUSTEE?

Now that your Meeting of Creditors is complete, your appointed Chapter 7 Trustee will make a determination if there are any non-exempt assets to be collected and used to pay a portion of your debts. In many cases, he will determine that the amount of assets that could be collected are not sufficient to warrant his spending the time to collect and distribute them. If that is the case, he will file a document with the bankruptcy court indicating that the case will be closed as a “no-asset” case. Typically, most Trustees require assets in excess of \$500 before he will collect and distribute funds.

However, if there are sufficient assets to be collected, (and this includes any funds that have been garnished from you in the 90 days prior to when your bankruptcy case was filed – he can collect these back from the person who garnished you), he will notify you or your attorney of the funds that you owe him. If he believes that there are sufficient assets, you may have been requested to sign a Stipulation with the Trustee at the meeting that outlines property that you will be turning over to the Trustee or money that needs to be paid to him/her to compensate the Trustee for the non-exempt property and cash that you had in your possession on the date your case was filed. In some cases, the Trustee may have left open any final decision concerning whether there is any property he/she wishes to collect. There may be some information that he wants from you to help him to make this decision.

If you have signed such a stipulation (agreement), you are obligated to cooperate with the Trustee to provide the information requested or to deliver the assets demanded. **Failure to do so is grounds for the Trustee to request that your Discharge be upheld or even revoked.**

Tax Refunds: In some cases, the Trustee will insist that a portion of any tax refunds owed to you by the IRS or a State be paid to the Trustee. If the full amount is already owed to you, but not yet received by the tax entity, the Trustee will want the actual check delivered and endorsed over to him as soon as you receive it. If you are filing late in the year, the Trustee is technically entitled to a percentage of the refund that you will receive in April of the next coming tax year.

As soon as the Trustee has all of the requested information and knows what the final value is of your non-exempt assets, he/she will notify us of the amount due or the items to be turned over. Please understand that it is your decision whether to physically turn over the item or to keep the item and pay over its monetary value. If it appears that you will need to be paying funds over to the Trustee, you may want to set aside these funds awaiting final determination by the Trustee. In some cases, if the items are difficult to sell, not worth the time to administer, or if the total amount to be realized is insufficient, the Trustee may elect to collect nothing at all and close your file case as a no-asset case. However, do not anticipate this until we get final word from the Trustee. The fact that the Trustee did not ask questions about a non-exempt asset at the Meeting of Creditors does not mean that he has forgotten about or waived his right to collect that asset. In addition, if assets are collected, the Trustee may often take as long as a year or two to eventually sell that asset and distribute the funds to creditors.