

What is Bankruptcy Credit Counseling?

by Kent Anderson, Oregon Bankruptcy Attorney on February 8, 2010.

Credit counseling is a requirement that must be fulfilled before an individual debtor is permitted to file a bankruptcy petition. The statute, passed by Congress in 2005 and made a part of the bankruptcy code as 11 USC §109(h)(1), reads in relevant part as follows:

“...an individual may not be a debtor under this title unless such individual has, during the 180-day period preceding the date of filing of the petition by such individual, received ... an individual or group briefing (including a briefing conducted by telephone or on the Internet) that outlined the opportunities for available credit counseling and ... a related budget analysis.”

The US Trustee, a part of the US Attorney's Office, is made responsible under 11 USC §111 for certifying the agency that does the credit counseling and has made rules for how the counseling is to be completed. The Executive Office For US Trustees (EOUST) maintains a list of non-profit agencies they have approved to provide credit counseling and issue a certificate of compliance for bankruptcy purposes.

The credit counseling requirement is a waste of the debtor's money and time. It was placed into the law by corrupt politicians who took money from banking and credit union interests. It is meant to act as a “speed bump” to slow down the process of bankruptcy filing and make it more distasteful for a debtor. There is absolutely no good done by the requirement.