

The main goal under any filing in bankruptcy is to give one, who is burdened with debt, a fresh start. A Chapter 7 bankruptcy is the most common form of bankruptcy filing, accounting for over 65% of all consumer bankruptcy filings. A filing under Chapter 7 bankruptcy is often called the 'liquidation chapter' or a 'straight bankruptcy' and generally follows the following scenario. A debtor files a petition with the court, along with a schedule of assets and creditors; a trustee is appointed to administer the sale of nonexempt property. The primary role of the trustee is to pay the secured and sometimes unsecured creditors, from the proceeds of the sale of property, in accordance with United States Bankruptcy Code.

Procedures For Buying Property From The Bankruptcy Court

1. Contact listing broker and gather information necessary to satisfy your personal interest.
2. Execute Earnest Money Sales Contract with listing agent. *Earnest money check should be made out to (depends on the case).*
3. The Court Trustee, *(depends on the case)* will negotiate the terms of the contract for the bankruptcy estate.
4. All contracts are subject to final Court approval of the sale, and contains language which allows the Court to negotiate and accept other contracts, even after the Trustee has accepted yours. The Court is not interested in shopping contracts for a nominal amount, however if someone else makes a substantially better offer, you will be asked to beat that price. If you choose not to, your earnest money is returned.
5. Once the Trustee has accepted a contract, an application to sell the property is filed with the court and a notice is sent to all creditors involved in the bankruptcy, notifying them of the contract and asking if they have an objection to the sale. They have 20 days to file an objection to the sale of the property. To be fair to all, anyone can object to the sale. Objections cannot be arbitrary and must be accompanied by an offer to pay more. *See #4 above. An objection triggers a court hearing.*
6. If there are no objections to the sale of the property, it is placed on the Court docket, which depending on the backlog, can be a lengthy process. If there is an objection (a competing offer) a court hearing is scheduled.
7. Once this item makes its way through the docket and onto the Judge's desk he will review it and verify that the Trustee has already agreed to its terms and typically signs it as written. At that point, **and at that point only**, does this contract have final Court approval.
8. After receiving the court order to sell, the buyer will be able to inspect the property and will have the opportunity to terminate their contract for a short period of time. If you do, your earnest money will be returned. Keep in mind, that the property is being sold "as is". If the first contract terminates, we will go to the other parties who have expressed interest.
8. The closing is then set with *(depends on the case)*, attorney at law. The property will be sold free of all liens and the buyer will receive a special warranty deed and a title policy.
9. From start to finish this process may take from 45 to 60 days, depending on the difficulty of the particular bankruptcy and the caseload of the Court.
10. Listing broker, Chip Kidd, will keep you posted on the progress of your contract.

***Chip Kidd
Realty Services
282-5377***

12111 Manchaca Rd.. one block North of the intersection of Manchaca Rd. and F.M. 1626, in the community of Manchaca.