

# Bankruptcy Success Guide

## Chapter 7 Liquidation Proceedings

### Documents You Will Need:

- Last two years of tax returns
- Last three months of financial statements
- Financial statements for month of filing
- Last six months of paystubs
- Credit Counseling (before filing)
- Personal Financial Management (after filing)
- Lawsuits, divorce paperwork (if applicable)
- Deeds, mortgage paperwork (if applicable)
- Rental lease agreement (if applicable)
- Insurance policy paperwork
- Retirement account paperwork
- Child support obligation paperwork
- Complete list of creditors / debts

**Reading the entirety of this guide is part of our agreement for services.**

**2024**

LEWIS LEGAL SERVICES, P.C.  
[www.debtfreeindy.com](http://www.debtfreeindy.com)





# LEWIS LEGAL SERVICES

## PROFESSIONAL CORPORATION

### STEPS TO A SUCCESSFUL CHAPTER 7 BANKRUPTCY

#### Step 1 Before Filing

- **Read everything** given to you by your attorney and don't hesitate to ask questions
- Gather all your "Documentation Needed to File" from the checklist provided by our office
- If on a payment plan, continue to make **timely attorney fee payments**

#### Step 2 Before Filing

- email or drop off documentation to your attorney as soon as possible
- Once documentation is received, your attorney will begin to draft your bankruptcy petition
- Once all fees have been paid (including court costs), you will **set an appointment** to come into the office and review your petition to ensure it is ready to file with the court

#### Step 3 Before Filing

- Appointment with attorney to **sign and review** petition and make sure all documentation has been provided; attorney will advise you of any pending issues and will answer any questions
- At this appointment, your attorney will discuss your "**plan to file**" including the timetable

#### Case Filed!

- Your attorney will prepare your case for electronic filing with the bankruptcy court
- Once your case is filed, notice is sent out to the creditors listed that the "**automatic stay**" against collection effort is in immediate effect (including against paycheck garnishments)

#### Step 1 After Filing

- The court will set a meeting in which you have to attend with your lawyer called the "**Meeting of Creditors**" or "**341 Meeting**" (so named because it is required by bankruptcy code section 341)
- Take your second course in personal financial management and provide a copy of the certificate and your **bank statement(s) covering the date of filing** to your attorney before the court meeting.

#### Step 2 After Filing

- Attend your scheduled "Meeting of Creditors" (actual meeting time typically 5 to 10 minutes)
- If the bankruptcy Trustee requires more information or documentation, comply with that request. All questions are under oath - answer truthfully and honestly and with full disclosure

#### Bankruptcy Discharge

- After your Meeting of Creditors, if there are no further issues, the Trustee will issue a "Report of No Distribution" to the Court and the Judge will then issue a "Discharge of Debtor" and your bankruptcy case will close. Keep these for future reference. If your case is an "asset case," you will still receive your discharge, but the case will remain open for liquidation of that asset or money.

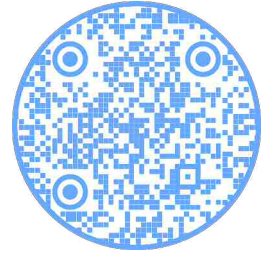


# BANKRUPTCY LAW OFFICE OF ERIC C. LEWIS

*A Law Firm and Debt Relief Agency Helping Honest People File for Bankruptcy Relief*

**BANKRUPTCY SUCCESS GUIDE –  
YOUR FREST START BEGINS HERE**

COPYRIGHT © 2024 LEWIS LEGAL SERVICES, P.C.



The purpose of this “Bankruptcy Success Guide” is to illustrate what should be expected to complete your bankruptcy filing. For most people, having to filing bankruptcy can be a very stressful situation, but the process of filing doesn’t and shouldn’t have to be stressful and we are here to guide you every step of the way.

1. **Read Everything.** We wouldn’t give you documentation if it wasn’t very important to you and the success of your case. We realize that it can be difficult to read through many pages of “legalese” but do your best and ask questions.
2. **Time is Key.** Don’t drag this out. Timing of your filing is critical under the law because the longer you drag out the process, the more time it will allow creditors to sue you, garnish wages, and in some cases, based on your present source(s) of income, it may disqualify you from filing under a particular chapter of bankruptcy code or result in you losing certain assets.
3. **Updates.** If anything in your financial situation changes (you get a new job, increased or decreased pay, etc) or you change your address, phone number or email, plan to get married, tell your attorney immediately. I cannot help you if I cannot get ahold of you or know about significant life changes. Communication is essential!
4. **Mailings/Emails.** If you get something in the mail from our office, the trustee or from the court, open it and read it as soon as possible, it’s probably important and time sensitive.

## Cancellation and Termination Policy

Should you choose, for whatever reason, to close out your file before the case is filed with the bankruptcy court, you will need to provide written notice to Lewis Legal Services, P.C. Upon receipt of notice, the firm will do an accounting of work done to date and you will be charged only for work done up to the date of cancellation. Per our agreement, attorney work is billed at \$300/hour (clerk work \$100/hour) and you will receive an itemized billing and a return of any paid but unearned fees, if any. There is no such thing as cancelling your Chapter 7 bankruptcy after the case is filed with the court. With some limited exceptions, Chapter 13 bankruptcy may be cancelled voluntarily at any time. There are instances in which inaction on your part may result in a case being “dismissed” but you generally cannot choose to “cancel” your Chapter 7 bankruptcy once it is filed with the bankruptcy court and if you have non-exempt assets, they would still be taken by the trustee whether you want to move forward with your bankruptcy or not. Also, we understand that this may be a very stressful situation, and we’re here to help you through it, but if you are uncooperative, disagreeable or fail to act in a timely manner or fail to abide by terms of the contract, this firm may terminate the agreement upon notice sent to you, the client, and you will be billed accordingly.

## CONTACT INFORMATION

**Phone:** (317) 623-3030 Ext. 2  
**Mail:** P.O. Box 40603, Indianapolis, IN 46240  
**Fax:** 1-317-623-3062  
**Email:** [debtfreeindy@gmail.com](mailto:debtfreeindy@gmail.com)  
**Payments:** Checks payable to “Lewis Legal Services” (cash and checks preferred)  
You may also make a secure payment by “echeck” or debit card or Zelle



**SCAN WITH YOUR PHONE TO MAKE A SECURE PAYMENT**

**Cash and bank accounts.** Indiana law provides that on the date your bankruptcy case is filed (and only that date), you are entitled to keep only \$450 (per person filing) of cash on hand, money on deposit, or intangible items (stocks, bonds, tax refunds, insurance proceeds, inheritance owing, etc.). Lewis Legal Services, P.C. will coordinate the filing date with you to ensure that the case is not filed on a date in which you have a paycheck deposited in the bank or large funds on hand. Also, if you have money on deposit with a bank or credit union to which you owe money, you should immediately withdraw that money and open a new bank account at an institution that you do not owe money. If you go into default with a bank on a loan or credit card, they can “setoff” any funds you have on deposit to go toward that loan. Also, note that often times, credit unions have you sign “cross collateralization” agreements that make deposit and credit accounts linked in obligation with loans and other credit extended. If this is the case, you must advise your attorney.

### **Mandatory Credit Counseling**

Bankruptcy law requires that all persons filing Chapter 7 or Chapter 13 bankruptcy must complete two credit counseling courses by court-approved counseling agencies. These courses may be completed online or over the phone and generally take about an hour. One course, the **Pre-Filing Credit Counseling** (your ticket in) must be completed before your bankruptcy case is filed. The second course (your ticket out), called the **Financial Management Education** course, must be completed after your case is filed in order for you to receive a discharge of liability on your debts when the case is closed by the bankruptcy court.

**Clients with judgments/lawsuits and real estate:** In Indiana, a judgment entered by a court automatically becomes a lien against real property that you own in the county in which the judgment is entered. Also, a party may record the judgment in another county to “perfect” a lien against your real property situated in that county. A motion to void a “judgment lien” is available in bankruptcy only if the lien impairs your entitled exemption (i.e. you have very little or no equity); therefore, it is essential that if you have a lawsuit against you that you get your bankruptcy case filed before a judgment is rendered. You are encouraged to take all action within legal means to prevent the entry of a judgment against you before your bankruptcy petition is filed with the court. In the event that you already have a judgment against you or will have one before your case is filed, depending on your equity in the real property, the lien may either 1) not be discharged in bankruptcy and will impair the future transfer or sale of the home unless satisfied or 2) will necessitate the preparation and filing of a motion to void the judgment lien, which will cost you more than a typical bankruptcy proceeding.

**Do Not Delay, Get Everything in Order to File ASAP:** The filing of a bankruptcy petition is a plea to the court to provide protection against your creditors by means of an “automatic stay” against collection. Merely hiring a law firm or providing some paperwork does not mean that your case is filed. Your bankruptcy will not be filed with the court until you have completed all the requirements of this firm, including payment of all fees in full (if Chapter 7) or as specified in contract (Chapter 13 only), provided all necessary documents and information, reviewed and signed your bankruptcy petition. The longer you delay in getting your case filed may result in changes in circumstances that may alter the advice of your attorney at an initial consultation. For example, it is not uncommon for some people to qualify for Chapter 7 one month and not qualify the next because of increased income. It is also not uncommon for property to change in value, which may put it at risk of liquidation. Commit yourself to getting everything done as soon as possible and if there are any changes in your situation, advise your attorney immediately.

**Taxes, Tax Refunds and Overwithholding:** Tax refunds are the most common “asset” that people may “lose” or have to give up as part of doing bankruptcy. As a general rule of thumb, tax refunds must be turned over to the Bankruptcy Trustee for the benefit of your creditors. There are a number of circumstances that dictate how much of the tax refund you will be able to keep, if any, and your lawyer will advise you. The timing of your bankruptcy filing and the amount of the tax refund are both key to whether you would have to pay it to the trustee for your creditors or not. If you file a bankruptcy early in the year and you are still owed the refund, the chance of losing it is higher. Also, the later in the year that you file bankruptcy, the higher the chance. For example, if you file bankruptcy on September 20<sup>th</sup>, that is day 263 of 365 or 72% of the year. That 72% of your tax refund that you receive next spring (minus earned income credit and any applicable bankruptcy exemption) is what you would have to pay to the bankruptcy trustee. If the amount is small enough, the trustee may just let you keep it. Again, there are a number of factors to consider and your lawyer will discuss those with you in more detail.



# BANKRUPTCY LAW OFFICE OF ERIC C. LEWIS

A Law Firm and Debt Relief Agency Helping Honest People File for Bankruptcy Relief

## **WHAT YOU NEED TO KNOW – TAX REFUNDS, BANK ACCOUNTS AND WAGES OWING**

COPYRIGHT © 2024 LEWIS LEGAL SERVICES, P.C.

Most people filing for bankruptcy relief do not lose any assets as most of things that you own are likely “exempt” under applicable exemption laws. However, there are some things that you need to be mindful of as you prepare your bankruptcy for filing.

### **The date that you file your bankruptcy case is pretty important.**

After your paperwork has been finished, fully reviewed and signed, it will be ready to file with the bankruptcy court. The date that it is filed will be coordinated to make sure that you are aware of all the implications of filing on that particular date because just about everything revolves around that date. And once filed, the court takes control. There is no such thing as cancelling Chapter 7 bankruptcy.

### **Tax refunds**

The one “asset” that people in bankruptcy tend to lose more than anything is part, or all, of their income tax refunds. Non-exempt portion of tax refunds are taken by the bankruptcy trustee for the year in which your case is filed. Some things to consider:

- The timing of your bankruptcy filing
- The projected amount of your tax refund(s)
- Whether there is exempt money, such as Earned Income Credit

Timing is key. Let’s say for example that you file a bankruptcy case on April 26<sup>th</sup>. That is day 116 out of the year, meaning that about 31.8% of the year is done. That means that the trustee could take 31.8% of the non-exempt portion of your tax refund when you do your taxes next year. The later in the year, the higher the percentage: July 12<sup>th</sup> is day 193 (52.9%) October 22 is day 295 (80.8%). So what happens if you file early in the year? Well, the question is have you received your tax refund yet? If not, then 100% of the tax refund for the last calendar year is owing to you and if you file bankruptcy before you get your tax refund, you could lose the entire “non-exempt” portion. If you get your tax refund and spend it on legitimate necessities, and then file your bankruptcy, the money is gone and the only tax refund owing to you is that percentage of the current year (example, February 25<sup>th</sup> is day 56 or 15.3%).

So what’s exempt? When it comes to tax refunds, the exemption in Indiana is “earned income credit” or EIC.” If you want to check your tax returns to see if you have EIC, check:

- Federal Form 1040, line 17a
- State Form IT-40, Schedule 5: Credits, line 5

**YOUR OWN EXAMPLE:** TODAY’S DATE IS \_\_\_\_\_ WHICH IS DAY \_\_\_\_\_ OR \_\_\_\_\_ %  
*Presuming that a  
 bankruptcy case  
 is filed on this date*

YOUR EXPECTED TAX REFUND IS: \_\_\_\_\_

MINUS EARNED INCOME CREDIT: - \_\_\_\_\_

NON-EXEMPT REFUND AMOUNT: \_\_\_\_\_

\_\_\_\_\_ % OF NON-EXEMPT AMT: \_\_\_\_\_

### **Bank accounts: VERY IMPORTANT**

And when we say bank accounts, we actually mean any money held in hand or on deposit anywhere. So that's checking, savings, stocks, bonds, Certificates of Deposit, gift cards, debit cards, check cashing cards, payroll cards, PayPal, Greendot, Cryptocurrency. ANY of these types of accounts when you file bankruptcy ALL TOTALLED together cannot exceed (in Indiana, using Indiana exemptions) more than **\$450.00 per person**. So, when you file bankruptcy, going into the day that it is filed, make sure that you do not have more than \$450.00 in the accounts total. And that means that all checks or debits have actually cleared and posted. Any amount above the amounts exempt by law could be taken for the benefit of your creditors in the bankruptcy.

### **Wages owing and bonuses**

On the date that your bankruptcy is filed, are you owed wages or bonuses or commission pay? For wages, the bankruptcy trustee could potentially take up to 25% of your net wages that were owing to you as of that date. For most people, this is a small amount, especially with a little planning on the timing. But be aware of this because if the amount is large enough, the trustee will demand that you turn it over for the benefit of your creditors. The same is true for portions of earned yet unpaid bonuses.

### **Does anyone owe you money?**

On the date that your bankruptcy is filed, are you owed money from anyone for anything? Do you have the right to sue anyone for money? If the answer is yes, then the bankruptcy trustee could possibly take all of this money from you to pay your debts in bankruptcy. Other "assets" owing to you at the time of your bankruptcy being filed could include insurance proceeds, lawsuits, claims, unpaid wages, benefits, etc. Make sure your attorney is aware of any of these possible assets BEFORE your bankruptcy case is filed with the court.

### **Will you inherit money?**

Most things in bankruptcy are concerned with the date your bankruptcy is filed and look backwards from there. When it comes to inheritance, it is forward looking as well. **If you inherit money before or within 180 days after** your bankruptcy is filed, it is property of the bankruptcy estate and the trustee can take it to pay your debts in bankruptcy. What matters here is within that 180 day period, have you gained the right to property or money – not that you have actually received it. If someone dies within that 180 days and you inherit, you will most likely lose that money. On the other than, if someone dies 181+ days after you file bankruptcy, and you inherit money or property, no matter how much, you get to keep it all! If any of this is a concern, let us know ASAP!

### **Payments to friends, family/relatives**

In the last year, have you made any payments to friends, family members, or business partners? The bankruptcy code calls these people "insiders" and it is possible for the bankruptcy trustee to go after these people in certain situations for the money that you paid them. If you have made a payment to an "insider," you may wish to consider the timing of your bankruptcy filing. Tell your lawyer if you think this applies to you! Bankruptcy trustees have sued people's family members for insider payments and other things deemed as "fraudulent transfers" of money, even if and when no fraud is involved. When in doubt, ask your lawyer!

# Notice Required by 11 U.S.C. § 342(b) for Individuals Filing for Bankruptcy (Form 2010)

---

This notice is for you if:

**You are an individual filing for bankruptcy,**  
and

**Your debts are primarily consumer debts.**  
*Consumer debts* are defined in 11 U.S.C.  
§ 101(8) as “incurred by an individual  
primarily for a personal, family, or  
household purpose.”

## The types of bankruptcy that are available to individuals

Individuals who meet the qualifications may file  
under one of four different chapters of the  
Bankruptcy Code:

- Chapter 7 — Liquidation
- Chapter 11— Reorganization
- Chapter 12— Voluntary repayment plan  
for family farmers or  
fishermen
- Chapter 13— Voluntary repayment plan  
for individuals with regular  
income

**You should have an attorney review your  
decision to file for bankruptcy and the choice of  
chapter.**

---

## Chapter 7: Liquidation

---

	\$245	filing fee
	\$78	administrative fee
+	\$15	trustee surcharge
	\$338	total fee

Chapter 7 is for individuals who have financial  
difficulty preventing them from paying their  
debts and who are willing to allow their non-  
exempt property to be used to pay their  
creditors. The primary purpose of filing under  
chapter 7 is to have your debts discharged. The  
bankruptcy discharge relieves you after  
bankruptcy from having to pay many of your  
pre-bankruptcy debts. Exceptions exist for  
particular debts, and liens on property may still  
be enforced after discharge. For example, a  
creditor may have the right to foreclose a home  
mortgage or repossess an automobile.

However, if the court finds that you have  
committed certain kinds of improper conduct  
described in the Bankruptcy Code, the court  
may deny your discharge.

You should know that even if you file  
chapter 7 and you receive a discharge, some  
debts are not discharged under the law.  
Therefore, you may still be responsible to pay:

- most taxes;
- most student loans;
- domestic support and property settlement  
obligations;

- most fines, penalties, forfeitures, and criminal restitution obligations; and
- certain debts that are not listed in your bankruptcy papers.

You may also be required to pay debts arising from:

- fraud or theft;
- fraud or defalcation while acting in breach of fiduciary capacity;
- intentional injuries that you inflicted; and
- death or personal injury caused by operating a motor vehicle, vessel, or aircraft while intoxicated from alcohol or drugs.

If your debts are primarily consumer debts, the court can dismiss your chapter 7 case if it finds that you have enough income to repay creditors a certain amount. You must file *Chapter 7 Statement of Your Current Monthly Income* (Official Form 122A-1) if you are an individual filing for bankruptcy under chapter 7. This form will determine your current monthly income and compare whether your income is more than the median income that applies in your state.

If your income is not above the median for your state, you will not have to complete the other chapter 7 form, the *Chapter 7 Means Test Calculation* (Official Form 122A-2).

If your income is above the median for your state, you must file a second form—the *Chapter 7 Means Test Calculation* (Official Form 122A-2). The calculations on the form—sometimes called the *Means Test*—deduct from your income living expenses and payments on certain debts to determine any amount available to pay unsecured creditors. If

your income is more than the median income for your state of residence and family size, depending on the results of the *Means Test*, the U.S. trustee, bankruptcy administrator, or creditors can file a motion to dismiss your case under § 707(b) of the Bankruptcy Code. If a motion is filed, the court will decide if your case should be dismissed. To avoid dismissal, you may choose to proceed under another chapter of the Bankruptcy Code.

If you are an individual filing for chapter 7 bankruptcy, the trustee may sell your property to pay your debts, subject to your right to exempt the property or a portion of the proceeds from the sale of the property. The property, and the proceeds from property that your bankruptcy trustee sells or liquidates that you are entitled to, is called *exempt property*. Exemptions may enable you to keep your home, a car, clothing, and household items or to receive some of the proceeds if the property is sold.

Exemptions are not automatic. To exempt property, you must list it on *Schedule C: The Property You Claim as Exempt* (Official Form 106C). If you do not list the property, the trustee may sell it and pay all of the proceeds to your creditors.

---

## Chapter 11: Reorganization

---

	\$1,167	filing fee
+	\$571	administrative fee
	\$1,738	total fee

Chapter 11 is often used for reorganizing a business, but is also available to individuals. The provisions of chapter 11 are too complicated to summarize briefly.



## Read These Important Warnings

Because bankruptcy can have serious long-term financial and legal consequences, including loss of your property, you should hire an attorney and carefully consider all of your options before you file. Only an attorney can give you legal advice about what can happen as a result of filing for bankruptcy and what your options are. If you do file for bankruptcy, an attorney can help you fill out the forms properly and protect you, your family, your home, and your possessions.

Although the law allows you to represent yourself in bankruptcy court, you should understand that many people find it difficult to represent themselves successfully. The rules are technical, and a mistake or inaction may harm you. If you file without an attorney, you are still responsible for knowing and following all of the legal requirements.

You should not file for bankruptcy if you are not eligible to file or if you do not intend to file the necessary documents.

Bankruptcy fraud is a serious crime; you could be fined and imprisoned if you commit fraud in your bankruptcy case. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$250,000, or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

---

### Chapter 12: Repayment plan for family farmers or fishermen

---

	\$200	filing fee
+	\$78	administrative fee
	\$278	total fee

Similar to chapter 13, chapter 12 permits family farmers and fishermen to repay their debts over a period of time using future earnings and to discharge some debts that are not paid.

---

### Chapter 13: Repayment plan for individuals with regular income

---

	\$235	filing fee
+	\$78	administrative fee
	\$313	total fee

Chapter 13 is for individuals who have regular income and would like to pay all or part of their debts in installments over a period of time and to discharge some debts that are not paid. You are eligible for chapter 13 only if your debts are not more than certain dollar amounts set forth in 11 U.S.C. § 109.

Under chapter 13, you must file with the court a plan to repay your creditors all or part of the money that you owe them, usually using your future earnings. If the court approves your plan, the court will allow you to repay your debts, as adjusted by the plan, within 3 years or 5 years, depending on your income and other factors.

After you make all the payments under your plan, many of your debts are discharged. The debts that are not discharged and that you may still be responsible to pay include:

- domestic support obligations,
- most student loans,
- certain taxes,
- debts for fraud or theft,
- debts for fraud or defalcation while acting in a fiduciary capacity,
- most criminal fines and restitution obligations,
- certain debts that are not listed in your bankruptcy papers,
- certain debts for acts that caused death or personal injury, and
- certain long-term secured debts.

### **Warning: File Your Forms on Time**

Section 521(a)(1) of the Bankruptcy Code requires that you promptly file detailed information about your creditors, assets, liabilities, income, expenses and general financial condition. The court may dismiss your bankruptcy case if you do not file this information within the deadlines set by the Bankruptcy Code, the Bankruptcy Rules, and the local rules of the court.

For more information about the documents and their deadlines, go to:

<http://www.uscourts.gov/forms/bankruptcy-forms>

### **Bankruptcy crimes have serious consequences**

- If you knowingly and fraudulently conceal assets or make a false oath or statement under penalty of perjury—either orally or in writing—in connection with a bankruptcy case, you may be fined, imprisoned, or both.
- All information you supply in connection with a bankruptcy case is subject to examination by the Attorney General acting through the Office of the U.S. Trustee, the Office of the U.S. Attorney, and other offices and employees of the U.S. Department of Justice.

### **Make sure the court has your mailing address**

The bankruptcy court sends notices to the mailing address you list on *Voluntary Petition for Individuals Filing for Bankruptcy* (Official Form 101). To ensure that you receive information about your case, Bankruptcy Rule 4002 requires that you notify the court of any changes in your address.

A married couple may file a bankruptcy case together—called a *joint case*. If you file a joint case and each spouse lists the same mailing address on the bankruptcy petition, the bankruptcy court generally will mail you and your spouse one copy of each notice, unless you file a statement with the court asking that each spouse receive separate copies.

### **Understand which services you could receive from credit counseling agencies**

The law generally requires that you receive a credit counseling briefing from an approved credit counseling agency. 11 U.S.C. § 109(h). If you are filing a joint case, both spouses must receive the briefing. With limited exceptions, you must receive it within the 180 days **before** you file your bankruptcy petition. This briefing is usually conducted by telephone or on the Internet.

In addition, after filing a bankruptcy case, you generally must complete a financial management instructional course before you can receive a discharge. If you are filing a joint case, both spouses must complete the course.

You can obtain the list of agencies approved to provide both the briefing and the instructional course from: <http://www.uscourts.gov/services-forms/bankruptcy/credit-counseling-and-debtor-education-courses>.

In Alabama and North Carolina, go to:

<http://www.uscourts.gov/services-forms/bankruptcy/credit-counseling-and-debtor-education-courses>.

If you do not have access to a computer, the clerk of the bankruptcy court may be able to help you obtain the list.



# LEWIS LEGAL SERVICES PC

*A Law Firm and Debt Relief Agency Helping Honest People File for Bankruptcy Relief*

## **DISCLOSURE PURSUANT TO 11 U.S.C. § 527(A)(2)**

COPYRIGHT © 2010 – 2018 LEWIS LEGAL SERVICES, P.C.

### **527(a)(2) DISCLOSURE**

**All individuals seeking to file bankruptcy must take notice that:**

- (A)** all information that you are required to provide with a petition and thereafter during a case under this title is required to be complete, accurate, and truthful;
- (B)** all assets and all liabilities are required to be completely and accurately disclosed in the documents filed to commence the case, and the replacement value of each asset as defined in section 506 must be stated in those documents where requested after reasonable inquiry to establish such value;
- (C)** current monthly income, the amounts specified in section 707 (b)(2), and, in a case under chapter 13 of this title, disposable income (determined in accordance with section 707 (b)(2)), are required to be stated after reasonable inquiry; and
- (D)** information that you provide during your case may be audited pursuant to this title, and that failure to provide such information may result in dismissal of the case under this title or other sanction, including a criminal sanction.



# LEWIS LEGAL SERVICES PC

*A Law Firm and Debt Relief Agency Helping Honest People File for Bankruptcy Relief*

**DISCLOSURE PURSUANT TO 11 U.S.C. § 527(B)**

COPYRIGHT © 2010 - 2014 LEWIS LEGAL SERVICES, P.C.

## **IMPORTANT INFORMATION ABOUT BANKRUPTCY ASSISTANCE SERVICES FROM AN ATTORNEY OR BANKRUPTCY PETITION PREPARER**

If you decide to seek bankruptcy relief, you can represent yourself, you can hire an attorney to represent you, or you can get help in some localities from a bankruptcy petition preparer who is not an attorney. THE LAW REQUIRES AN ATTORNEY OR BANKRUPTCY PETITION PREPARER TO GIVE YOU A WRITTEN CONTRACT SPECIFYING WHAT THE ATTORNEY OR BANKRUPTCY PETITION PREPARER WILL DO FOR YOU AND HOW MUCH IT WILL COST. Ask to see the contract before you hire anyone.

The following information helps you understand what must be done in a routine bankruptcy case to help you evaluate how much service you need. Although bankruptcy can be complex, many cases are routine.

Before filing a bankruptcy case, either you or your attorney should analyze your eligibility for different forms of debt relief available under the Bankruptcy Code and which form of relief is most likely to be beneficial for you. Be sure you understand the relief you can obtain and its limitations. To file a bankruptcy case, documents called a Petition, Schedules and Statement of Financial Affairs, as well as in some cases a Statement of Intention need to be prepared correctly and filed with the bankruptcy court. You will have to pay a filing fee to the bankruptcy court. Once your case starts, you will have to attend the required first meeting of creditors where you may be questioned by a court official called a 'trustee' and by creditors.

If you choose to file a chapter 7 case, you may be asked by a creditor to reaffirm a debt. You may want help deciding whether to do so. A creditor is not permitted to coerce you into reaffirming your debts.

If you choose to file a chapter 13 case in which you repay your creditors what you can afford over 3 to 5 years, you may also want help with preparing your chapter 13 plan and with the confirmation hearing on your plan which will be before a bankruptcy judge.

If you select another type of relief under the Bankruptcy Code other than chapter 7 or chapter 13, you will want to find out what should be done from someone familiar with that type of relief.

Your bankruptcy case may also involve litigation. You are generally permitted to represent yourself in litigation in bankruptcy court, but only attorneys, not bankruptcy petition preparers, can give you legal advice.

## **BANKRUPTCY INFORMATION SHEET**

**BANKRUPTCY LAW IS A FEDERAL LAW. THIS SHEET PROVIDES YOU WITH GENERAL INFORMATION ABOUT WHAT HAPPENS IN A BANKRUPTCY CASE. THE INFORMATION HERE IS NOT COMPLETE. YOU MAY NEED LEGAL ADVICE.**

### **WHEN YOU FILE BANKRUPTCY**

You can choose the kind of bankruptcy that best meets your needs (provided you meet certain qualifications):

Chapter 7 – A trustee is appointed to take over your property. Any property of value will be sold or turned into money to pay your creditors. You may be able to keep some personal items and possibly real estate depending on the law of the State where you live and applicable federal laws.

Chapter 13 – You can usually keep your property, but you must earn wages or have some other source of regular income and you must agree to pay part of your income to your creditors. The court must approve your repayment plan and your budget. A trustee is appointed and will collect the payments from you, pay your creditors, and make sure you live up to the terms of your repayment plan.

Chapter 12 – Like chapter 13, but it is only for family farmers and family fishermen.

Chapter 11 – This is used mostly by businesses. In chapter 11, you may continue to operate your business, but your creditors and the court must approve a plan to repay your debts. There is no trustee unless the judge decides that one is necessary; if a trustee is appointed, the trustee takes control of your business and property.

If you have already filed bankruptcy under chapter 7, you may be able to change your case to another chapter.

Your bankruptcy may be reported on your credit record for as long as ten years. It can affect your ability to receive credit in the future.

### **WHAT IS A BANKRUPTCY DISCHARGE AND HOW DOES IT OPERATE?**

One of the reasons people file bankruptcy is to get a “discharge.” A discharge is a court order which states that you do not have to pay most of your debts. Some debts cannot be discharged. For example, you cannot discharge debts for–

- most taxes;
- child support;
- alimony;
- most student loans;
- court fines and criminal restitution; and
- personal injury caused by driving drunk or under the influence of drugs.

The discharge only applies to debts that arose before the date you filed. Also, if the judge finds that you received money or property by fraud, that debt may not be discharged.

It is important to list all your property and debts in your bankruptcy schedules. If you do not list a debt, for example, it is possible the debt will not be discharged. The judge can also deny your discharge if you do

something dishonest in connection with your bankruptcy case, such as destroy or hide property, falsify records, or lie, or if you disobey a court order.

You can only receive a chapter 7 discharge once every eight years. Other rules may apply if you previously received a discharge in a chapter 13 case. No one can make you pay a debt that has been discharged, but you can voluntarily pay any debt you wish to pay. You do not have to sign a reaffirmation agreement (see below) or any other kind of document to do this.

Some creditors hold a secured claim (for example, the bank that holds the mortgage on your house or the loan company that has a lien on your car). You do not have to pay a secured claim if the debt is discharged, but the creditor can still take the property.

### **WHAT IS A REAFFIRMATION AGREEMENT?**

Even if a debt can be discharged, you may have special reasons why you want to promise to pay it. For example, you may want to work out a plan with the bank to keep your car. To promise to pay that debt, you must sign and file a reaffirmation agreement with the court. Reaffirmation agreements are under special rules and are voluntary. They are not required by bankruptcy law or by any other law. Reaffirmation agreements—

- must be voluntary;
- must not place too heavy a burden on you or your family;
- must be in your best interest; and
- can be canceled anytime before the court issues your discharge or within 60 days after the agreement is filed with the court, whichever gives you the most time.

If you are an individual and you are not represented by an attorney, the court must hold a hearing to decide whether to approve the reaffirmation agreement. The agreement will not be legally binding until the court approves it.

If you reaffirm a debt and then fail to pay it, you owe the debt the same as though there was no bankruptcy. The debt will not be discharged and the creditor can take action to recover any property on which it has a lien or mortgage. The creditor can also take legal action to recover a judgment against you.

**IF YOU WANT MORE INFORMATION OR HAVE ANY QUESTIONS ABOUT HOW THE BANKRUPTCY LAWS AFFECT YOU, YOU MAY NEED LEGAL ADVICE. THE TRUSTEE IN YOUR CASE IS NOT RESPONSIBLE FOR GIVING YOU LEGAL ADVICE.**