

BAPCPA REQUIRED NOTICE NO. 1
§ 342(b)(1) AND 527(a)(1) OF THE BANKRUPTCY CODE

PURPOSES, BENEFITS AND COSTS OF BANKRUPTCY

This document is intended only as a brief overview of the types of bankruptcy. You should not decide whether or not to file for bankruptcy relief solely on this information. Bankruptcy law is complex, and there are many considerations that must be taken into account in making the determination whether to file. Anyone considering bankruptcy is encouraged to make a decision only after seeking the advice and assistance of an experienced bankruptcy attorney.

When a person is discharged in bankruptcy, he or she or they is/are relieved from liability for most debts incurred before the bankruptcy was filed and protected from future collection of those debts. The purpose of bankruptcy is to give you a “fresh start,” and the bankruptcy code is interpreted by the Courts to give effect to the words.

Credit Counseling

Reputable credit counselors can advise you on managing your money and your debts. They may also be able to develop a plan to repay your debts. Unfortunately, many credit counselors are not reputable and charge high fees and contributions that will cause you to fall deeper into debt and damage your credit rating. Furthermore, many misrepresent their non-profit status and/or their affiliations with religious or charitable organizations, and are little more than collection agents for credit card companies.

Under the changes to the Bankruptcy Code that took effect on October 15, 2005, you are required to take two short credit counseling courses; one before you file bankruptcy and one after you file. We will refer you to a reputable credit counselor who has been approved by the United States Trustee Department for these courses.

Types of Bankruptcy

Bankruptcy is a legal way to avoid paying people what you owe them. The Bankruptcy Code is divided into chapters. The chapters that usually apply to consumers are Chapter 7, where most or all of your debt is eliminated, and Chapter 13, which involves structuring a repayment plan.

In most cases, once you file your case, the “Automatic Stay” immediately goes into effect. The Automatic Stay means that a bankruptcy filing automatically stops, or stays, and brings to a halt most lawsuits, repossessions, foreclosures, evictions, garnishments, attachments, utility shut-offs, and debt collection harassment. Generally, creditors cannot take any further action against you or your property without permission of the Bankruptcy Court.

Chapter 7 Bankruptcy

A Chapter 7 Bankruptcy is designed for people who are having financial difficulties and are not able to repay their debts.

Under the changes to the Bankruptcy Code that took effect on October 15, 2005, you can usually qualify for a Chapter 7 if your average gross monthly income for the last six months is below your state’s median income, your gross income less certain expenses is below your state’s median income, or you can show “special circumstances” that would allow you to qualify for Chapter 7. The filing fee for a Chapter 7 bankruptcy is \$299.00.

Under Chapter 7, you can usually exempt, or keep, most or all of your assets under either Federal Law or Michigan Law, or, if you have not lived in Michigan for the past two years, under the state’s exemption law

that applies to your case. Most retirement accounts and pensions are also exempt in whole or in part. Secured property, normally your car and house, may not have any net equity in which case you can keep them as well. The Trustee liquidates most non-exempt property and uses the proceeds to pay your creditors according to priorities of the Bankruptcy Code.

Once your Chapter 7 case is over, you receive a “discharge.” The discharge prevents your creditors from taking any steps to try to collect their unsecured debt. They cannot call you, write you, sue you, or take any steps that could be considered an attempt to collect its debt. If you want to keep property that has a lien on it, you must keep your payments current, and may be required to reaffirm your debt. Some debts cannot be discharged. Typical examples are child support arrearages, alimony and spousal support or other domestic support obligations, some tax debt, most student loans, criminal restitution, debts created by fraud or wrongdoing, and debts for death or personal injury caused by operating motor vehicles while intoxicated with alcohol or drugs.

Chapter 13 Bankruptcy

Chapter 13 is a valuable tool that lets you catch up overdue mortgage or car payments, taxes and domestic support obligations. It also applies where you have the ability to repay some or all of your debts over time. You must have less than \$307,675 in unsecured debt (such as credit cards and doctor’s bills) and less than \$922,975 in secured debt (such as mortgages and car loans) to qualify for Chapter 13. The filing fee or a Chapter 13 is \$274.00.

Under Chapter 13, you keep all of your property, both exempt and non-exempt, as long as you resume making your regular payments on secured debt and keep current under the repayment plan that you propose. In certain circumstances, it may be possible to reduce a car payment. A repayment plan can last for up to five years. After finishing your payments, most of your unsecured debts are discharged.

Chapter 11 Bankruptcy

Chapter 11 is designed primarily for business reorganization, but is also available to consumer debtors. Its provisions are quite complex. In the vast majority of cases, Chapter 11 is unnecessary and too expensive for most consumer debtors. The filing fee for Chapter 11 is \$1,039.00.

Chapter 12 Bankruptcy

Chapter 12 lets family farmers repay their debts over a period of time, and is in many ways similar to a Chapter 13. The filing fee for a Chapter 12 is \$239.00.

BAPCPA REQUIRED NOTICE NO. 2 § 527(a)(2) OF THE BANKRUPTCY CODE

NOTICE OF MANDATORY DISCLOSURE TO CONSUMERS WHO CONTEMPLATE FILING BANKRUPTCY

Please note: These Notices are required by legislation adopted by Congress in 2005, after intense lobbying by the credit industry. In our opinion, these notices are designed to scare and intimidate good people who have had bad things happen to them, and need debt relief. These Notices are based on the false assumption that all people who consider bankruptcy relief are dishonest. These Notices may contain incorrect statements of the law and are subject to scrutiny by the courts which may determine they are inaccurate. Please rest assured that as long as you are honest and meet the requirements set out under the law, you are entitled to debt relief. We can guide you through all the requirements of filing bankruptcy, so long as you provide us accurate and complete information.

1. All information that the assisted person is required to provide with a petition thereafter during a case under this title is required to be complete, accurate, and truthful.
2. All assets and all liabilities are required to be completely and accurately disclosed in the documents filed to commence this 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.
3. 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
4. Information that an assisted person provides during their 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 criminal sanction.

BAPCPA REQUIRED NOTICE NO. 3
§ 342(b)(2) OF THE BANKRUPTCY CODE

FRAUD AND CONCEALMENT PROHIBITED

If you decide to file bankruptcy, it is important that you understand the following:

1. Some or all of the information you provide in connection with your bankruptcy will be filed with the bankruptcy court on forms or documents that you will be required to sign and declare as true under penalty of perjury.
2. A person who knowingly and fraudulently conceals assets or makes a false oath or statement under penalty of perjury in connection with a bankruptcy case shall be subject to a fine, imprisonment, or both.
3. All information you provide in connection with your bankruptcy case is subject to examination by the Attorney General.

BAPCPA REQUIRED NOTICE NO. 4
§ 527(b) OF THE BANKRUPTCY CODE

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

Please note: These Notices are required by legislation adopted by Congress in 2005, after intense lobbying by the credit industry. In our opinion, these notices are designed to scare and intimidate good people who have had bad things happen to them, and need debt relief. These Notices are based on the false assumption that all people who consider bankruptcy relief are dishonest. These Notices may contain incorrect statements of the law and are subject to scrutiny by the courts which may determine they are inaccurate. Please rest assured that as long as you are honest and meet the requirements set out under the law, you are entitled to debt relief. We can guide you through all the requirements of filing bankruptcy, so long as you provide us accurate and complete information. The following notice is not advice from an attorney, but a mandated notice by this legislation.

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. An attorney can help guide you through this intricate process, making it easier and less stressful for you.

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. Once your case starts, you will have to attend the required first meeting of creditors where you will be questioned by a court official called a “trustee,” and, rarely, 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. It may not be in your best interests to reaffirm a debt.

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, if held, 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 action. However, please be advised that in most cases, you will only be concerned with Chapters 7 and 13.

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.