

ADVICE TO CHAPTER 7 DEBTORS

- 1) The purpose of filing a chapter 7 bankruptcy case is to obtain a discharge of your existing unsecured debts. If, however, you are found to have committed certain kinds of improper conduct described in the Bankruptcy Code, your discharge may be denied by the court, and the purpose for which you are filing bankruptcy will be defeated.
- 2) Even if you receive a discharge, there are some debts that are not discharged under the bankruptcy law. Therefore, you may still be responsible for such debts as student loans, alimony and support payments, criminal restitutions, debts owed to the government (traffic tickets, certain taxes, court fines etc.), and debts for damages caused by driving while under the influence of alcohol or drugs.
- 3) under Chapter 7, the trustee will take possession of any of your **non-exempt property**, liquidates the property and use the proceeds to pay your creditors according to the priorities of the Bankruptcy Code. Accordingly, please make sure you disclose all of your assets so that the attorney can advise whether they are subject to an exemption or not.
- 4) If you receive or are entitled to receive an inheritance due to someone's death within six months of filing this bankruptcy, it will be considered a party of the bankruptcy estate and must be reported and exempt, otherwise, it must be turned over to the trustee.
- 5) In most instances, you will be able to keep your car loans or other property subject to a valid security interest as long as you keep the payments current. Under the new bankruptcy laws, you may be required to execute a Reaffirmation Agreement on some or all of what you owe, redeem the property for its fair market value, or surrender the property.
- 6) Liens survive bankruptcy. This means that although you are discharged of the responsibility to pay a debt, if that creditor has a lien against you or your property, by a recorded judgment or some other security interest, that lien will remain and you will not be able to sell that property to which the lien attaches without paying the lien amount.
- 7) If you owe considerably more for a vehicle than its current fair market value (FMV), you may want to consider borrowing the FMV from a company like 722 Redemption Funding, redeeming the vehicle for its FMV and paying for the car with lower monthly payments over the same or shorter period of time. If interested, please call them at 888-744-1974 to see if redemption funding makes sense for you. (generally, they will have high interest rates and fees)
- 8) If you owe any unsecured debts to a Credit Union, you should consider closing your share/checking/savings account(s) within the same credit union before you bankruptcy is filed. Most credit unions freeze your accounts once they receive notice of a Bankruptcy filing, and you may be denied access to your funds. If you want to continue doing business with the Credit Union, you must contact them as soon as possible and make them aware of your intentions. Regardless of what you decide to do, all debts must be listed in your bankruptcy.

9) You should also be aware that neither Bankruptcy Legal Group nor the bankruptcy Court has any legal or otherwise mandated relationship with the Credit reporting Agencies and their response to your bankruptcy is not guaranteed. Any negative items on your credit repor(s) subsequent to the BK, erroneous or otherwise, should be disputed directly to the offending agency.

10) In addition to the pre-filing Credit Counseling Certificate (CCC) which is required on or before the day your BK is filed, a post-filing, pre-discharge certificate of debtor education (CDE) is also required to be filed with the court before your case closed, otherwise, your case will be closed without your discharge and there will be additional attorneys fees and court fees in order to reopen your case so that we can file the CDE and re-close the chase with the discharge. It is your responsibility to make sure you obtain the required financial management education and assure that Bankruptcy Legal Group has received and filed the certificate.

I/We acknowledge that I/We have received and read this disclosure

Date: _____ Debtor: _____