
CHAPTER 7 - CLIENT MEMORANDUM

The purpose of this memo is to bring your attention certain matters and information that are of importance to you. Please review all of this information before your signing appointment with the attorney. You are presumed to have read and understand this information as it is being provided to you before your case is filed. If you have questions, you will discuss them with your attorney before your case is filed.

POST-FILING ACQUIRED PROPERTY

Any inheritance, property or lottery winnings you acquire during the 6 months after we filed your case becomes part of this bankruptcy estate. The trustee will require the funds to be turned over immediately.

Failure to notify/report any after acquired funds or property could result in the dismissal of your case, or if you have already received a discharge, the revoking of that discharge. This is extremely important and you agree to comply with this requirement.

DISCHARGED DEBT IS NOT TAXABLE

Any debt discharged through a bankruptcy proceeding is NOT taxable. Many creditors will still send out 1099 forms even though you have discharged their debt in a bankruptcy. You need to file a form 982 to alert the IRS to the discharged debt. We are not tax preparation advisors, so you'll need to consult whoever assists you with taxes or do this yourself. If you don't, the IRS may audit your return and assess tax based on 1099c income.

REAFFIRMATIONS

If you are reaffirming a debt, you must be current on the payments. ***You will probably not continue to get statements from the creditor***, so if you normally get these in the mail, you should write down the payment information, address, amount, account number, due date, etc., so that you will be able to continue to send statements in. If the creditor has set up an automatic pay deduction from your bank account, this will probably stop. So, make sure you check your bank account to see if the creditor is still deducting payments. If they are not, then it is your responsibility to send the payment in yourself.

If you fail to pay on time you may lose the property. The creditor will prepare the reaffirmation documents and send them to our office, and we will then complete them and send them to you. You must immediately sign and return the documents to us. If you don't we may not be able to return them to the creditor in time to allow the creditor to file them in time and your reaffirmation will not be effective. We do not file these documents. If you do not reaffirm in a timely manner, this does not mean that you will lose the property. If you continue to pay on time, in most cases the creditor will continue to take the payments and you will keep the

property. Most mortgage companies do not send reaffirmation agreements. When this happens, the debt is actually discharged, and if the property is later foreclosed on, you will not owe any money at all. The mortgage companies will usually not continue to report your payments to credit bureaus, however, so if you have any concern about this you need to discuss it with the attorney in time to file a reaffirmation agreement if you desire to do so. We generally do not recommend that you sign any reaffirmation agreement unless it is absolutely required by the creditor. If a reaffirmation agreement is not timely filed, there is no way to “go back” and file it later.

The creditor may permit you retain the collateral, but your payments will not be reported to the credit bureaus and you may not receive billing statements. Ford Motor Credit will repossess your car even if current, unless you sign a reaffirmation agreement.

CO-SIGNED DEBTS

You have listed someone in your bankruptcy petition as a co-debtor or someone who is co-signed on a debt you have. In Chapter 7, you will receive a discharge on this debt unless you reaffirm the debt (agree to be liable on it). The co-signer will not be protected.

DOMESTIC SUPPORT OBLIGATIONS *(CHILD SUPPORT AND ALIMONY)*

In order to receive your discharge, you **MUST** be current on your Domestic Support Obligation. That means that if you have any arrearage, you must be making your current payment, as well as some type of additional payment that includes this arrearage. If you are not current on this type of an arrangement, **YOU WILL NOT RECEIVE A DISCHARGE.**

If you owe child support, spousal support (alimony), or if you have been ordered to pay any debts or deliver any property to an ex-spouse, that obligation is **NOT** discharged in your chapter 7 bankruptcy case.

If you have any questions about the dischargability of any of these obligations, discuss this with the attorney before your case is filed.

NOTE: Pursuant to Bankruptcy Rules, the obligee of your Domestic Support Obligation will receive notice of your filing. The Trustee is required to send out a notice to this person(s). The obligee will also receive other information about your filing, including your social security number. We are notifying you about this now so that you will be aware of it. There is nothing you, or we, or even the Court can do to avoid this. It is required by law.

By signing below, you acknowledge that you understand the limitations on the discharge of marital debts and obligations, and have had an opportunity to discuss the matter with the attorney and you are electing to proceed with a chapter 7 filing.

ACH (AUTO DEDUCT) PAYMENTS FOR HOUSE AND VEHICLES

If you currently have your house and/or car payments automatically deducted from your bank account, this may STOP after the filing of your bankruptcy. Creditors are typically very concerned about violating the automatic stay that goes into place once your case is filed, and for that reason, may stop automatically deducting your regular, monthly payments.

You are advised that when your house and/or car payment is coming due after your case filed, you must monitor your account to see if the payment comes out. If it does not come out automatically, you **MUST STILL MAKE THE PAYMENT**. While you are in the bankruptcy, you may need to continue to make the regular payment via mail, or bringing the check directly to your bank, as you must remain current on these debts for which you are reaffirming.

This is also true for making payments online, which some banks may also stop during the pendency of your bankruptcy case.

STUDENT LOAN DEBTS

If you owe educational debts or student loans, you are aware that your bankruptcy does not discharge this debt.

While in bankruptcy the creditor is not permitted to attempt to collect the debt, but the debt will not be discharged, and interest will continue to accrue.

TAXES NOT BEING DISCHARGED

In chapter 7, most taxes are not discharged. You have listed taxes on your bankruptcy that will not be discharged. The government, Federal, State and Local, may not attempt to collect your taxes while you are in an open bankruptcy, but your case will normally be closed in about 5 months from the time it is filed. After that, you can expect that the tax authorities will try to collect the taxes. You should contact the appropriate office to discuss a payment plan with them.

If, after discharging debt in a bankruptcy, you still cannot pay the taxes you owe, you might seek to be placed in an uncollectible status, file an offer in compromise, or make some other arrangements. These are not part of the representation our office provides to you. You will need to handle the matter yourself or have some other professional attempt to assist you. We don't offer tax services.

Income taxes that are older than three years (from the due date, including any extensions) may be discharged in a chapter 7 if certain conditions are met. Note that any tax liens that may have been filed will survive the bankruptcy, and remain attached to property even if your personal liability to pay the tax is discharged in the bankruptcy. We do not guarantee that the taxing authorities will automatically take the proper steps to reflect your discharge of the taxes. In the event that you do have taxes that should be discharged in your case and you require additional bankruptcy related assistance with tax issues after your case is over, you will be required to retain us for that matter, subject to a new fee agreement, as this service is not included in our bankruptcy services for you.

HOMEOWNERS & CONDOMINIUM FEES

If you are seeking to discharge condominium fees, you are advised that only those fees arising ***before you file*** your petition may be discharged. If you continue to live, or even if you have the right to continue to live, in the condominium, any new fees incurred during that time are your responsibility and are not discharged.

For example, if you are permitting your condo to be surrendered to the bank and allow a foreclosure, then you will be responsible for all condo fees until you no longer have a right to live in the condo. This could be months, as foreclosure sales often do take months. You will continue to be responsible for and can be sued for, fees that arise after your bankruptcy.

HSA ACCOUNTS ARE NOT PROTECTED

If you have money in an HSA account, you should know that there is no special protection for these accounts. They are treated as if they were bank accounts.

EMAIL AUTHORIZATION

Client(s) authorize attorneys to email, rather than U.S. Postal mail, all documents to them at the address on file for your helpdesk account, pursuant to Bankruptcy Rule 9036

JUDGMENT LIEN CHECKS NOT INCLUDED IN OUR SERVICE

If you have been sued, you are required to inform us if there are any judgment liens filed against your real estate. We do not perform title examinations or lien checks. Lawsuit judgments can be filed at any time without notice to you. If they are filed prior to the bankruptcy case being filed, we can often remove them, provided that you tell us about them at the time we file. There is an extra fee for this service. If you have a judgment lien filed against you and fail to tell us, the lien may surface months or years later, and it may not be possible later to remove it. If this situation arises, we MAY be able to reopen your case, for an additional fee, and remove it but this process takes several months at a minimum.

Surrendered Property in bankruptcy does not force the creditor to repossess or foreclose. If creditors chose not to, you retain ownership of the property, their lien or mortgage remains, but you still own the property. This can be a problem, and bankruptcy does not solve it. You will not be able to junk or sell a car in this case, or if real estate, you are still the owner and can be held responsible for keeping the property free of building and zoning code violations. This does happen in some cases, and the bankruptcy only removes your legal liability for the debt, but does not remove your ownership, and cannot force the creditor to take the property.