

Re: Bankruptcy

Dear Client:

This letter is being given to you since you have either filed a bankruptcy or are considering filing a bankruptcy. The enclosed is a list of explanations of the bankruptcy that you now find yourself involved with. Some of the explanations below apply to Chapter 13 cases and some of them apply to Chapter 7 cases. As occasionally persons have to convert from one chapter to the other, I have put as much explanation as I can here.

#### Interim Statement

If you are in debtor court, Chapter 13 which is the bankruptcy you make payments in, you will periodically be sent an interim statement. Please double-check your creditor claims and the amounts that they have filed for. Double-check the amounts that you have paid and make sure that you have proper credit. Do not forget to check your payment history every twelve payments with one of these printouts and make sure that your payments are recorded accurately. Remember you can get a printout at the courthouse at anytime from 8:00 a.m. to 4:30 p.m. You can also call our offices and ask us to get this printout for you. Presently we are able to get faxes from the trustee's office for you with these printouts also.

#### Creditors Claims

You will want to compare the claims filed with the last bill you received. Occasionally a credit card creditor will add one more month's interest to a claim, or sometimes creditors will file claims that are too high. Sometimes creditors will file claims erroneously. We can file an objection, go to court, and try to reduce that debt accordingly if you still have that last credit card bill, or other proof. Double check your interim statement regularly for these types of problems. Please make sure that you keep copies of all of your last bills before your bankruptcy was filed for the life of your bankruptcy case and then I would suggest in a file forever with your bankruptcy papers.

#### Government Claims

If your government claim, (i.e. debts like student loans, taxes, and child support), is not filed by the claims bar date, you need to make an appointment to come in and discuss it as we may need to file a claim for them and/or contact them.

#### Interest

The interest on nondischargeable tax debts, such as student loans, and child support may not be discharged in your bankruptcy. Student loan interest and child support interest probably cannot be added to your confirmed debtor court plan if we object. However this does not mean that you won't have to eventually pay for that interest. If the debt is too high and they are coming after you for this interest when your debtor court case is paid for, come in and you can again file another debtor court case again.

#### Taxes

If you go into debtor court without your spouse and you both owe taxes, they can come back against your spouse after the debtor court is paid off for interest on the taxes that was incurred during the debtor court.

#### Unsecured Claims

If your other unsecured creditors do not file claims by the bar date, and they were correctly listed, you will not have to pay them if you pay your case in full, assuming they were properly notified of your debtor court bankruptcy. If any creditors file claims that are too high, you need to make an appointment. If your unsecured creditors file claims after the bar dates we can file an objection. You need to continue to review your interim statement regularly for these types of situations.

#### Secured Creditors

Secured creditors are still going to be owed money whether or not they file claims, so if when you are checking your

interim statement you see that your car or house or furniture creditor, etc. has not filed a claim you need to make an appointment with our offices so that we can make sure that you gave us the correct address, that the creditor received proper notice, etc.

#### Real estate

If you own real estate, and especially if you have arrearage you owe, you will need to check with the tax assessor and make sure that your house has not been sold for taxes. If you are elderly or disabled you need to check with the tax assessor and see if you can become exempt from payment of taxes on your house. If you own your own home you need to make sure that you have claimed the homestead exemption as your taxes will be cheaper. You also need to check with your insurance and make sure that your homeowner insurance has replacement coverage instead of depreciation coverage. You want them to buy you a new t.v. instead of paying you \$10.00 for your television because it's 10 years old.

#### Credit report

You are responsible for getting me names and addresses of all of your creditors. You can get on the internet and for \$9.00 you can get a list of the creditors that you owe that have filed with Equifax. Then you can call the telephone number on the printout and get Equifax to give you any creditor addresses you aren't aware of. We can assist you with this process. Due to the time involved, there is an additional fee of \$50.00 for helping you obtain this credit report.

#### Certificate of Judgment

Additionally, you are responsible for providing me with copies of certificates of judgment. You can obtain a copy of these certificates of judgment in the probate court of every county that you have engaged in business in. The court will generally charge you about \$1.25 for each certificate. You also need to go to the district court and get a copy of every lawsuit that was filed against you. The court will generally charge you .25 cents per copy for each page. Should you want us to go and get these for you, I charge by the hour to go to the court and get these documents with a minimum fee of \$150.00 plus court fees, and charge at the rate of \$150.00 per hour. Most folks choose to avoid this fee and go and get these documents themselves. I recommend you go to the court twice to get these documents, once before we file the bankruptcy and then go back and look again after the court has sent you notice of the filing. Your failure to provide me with these certificates will result in these judgments not being discharged as the judge has to have a copy to sign an order to avoid the lien. This service is not included in the standard attorney fee, but is a charge in addition.

After we receive this court order to avoid these judgments, you will need to go back to probate court and record these judgments. I would urge you to keep a copy of the recordation of this in your permanent files. If you want us to file them for you there is an additional fee for this service, of \$50.00.

#### Attorney Fees

Chapter 7 - Your attorney fee for a debtor court is set by the court based on your the total amount of debt and will generally be the same for any attorney. The attorney fees for a debtor court will generally range from \$600.00 to \$1500.00 and are paid through your debtor court plan. The court fee is \$185.00 and is the first debt paid as you begin making your payments. A large portion of the attorney fee will be paid next and then the remainder of the attorney fee is paid in payments. Your secured creditors (ones with cars, houses, etc.) will receive the larger payments next with priority and unsecured creditors coming in last in the payment receipt.

Chapter 13 - Your attorney fee for a Chapter 7 Bankruptcy is a flat fee which again is based on your situation, and has to be paid in advance of filing your bankruptcy. This attorney fee can range from \$700.00 to \$1500.00 or more. The court fee is a fee in addition to the attorney fee and has to be paid before the chapter 7 bankruptcy is filed. Should you need to convert to a Chapter 7 bankruptcy while a chapter 13 bankruptcy is pending you have to pay a \$15.00 filing fee and usually a \$500.00 attorney fee. Attorney fees may vary slightly from these figures based on your circumstances and the amount of work anticipated. If a creditor files a lawsuit against you within bankruptcy court, you will owe attorney fees at the rate of \$150.00 an hour for this additional time that will be required to defend the lawsuit. If creditors feel you are lying or hiding assets they would be more inclined to file proceedings

against you. The attorney fees set for you in this case include most general items necessary to protect you for five years in your debtor your plan. Do not hesitate to contact me if problems arise during your plan as you have probably already paid attorney fees to handle those matters.

Legal matters like preparing deeds, wills, contracts, auto accidents, social security disability, handling domestic matters like child support collection or divorces, representation of you in criminal matters, or other matters we handle as set out in our website [www.carlisleandcarlisle.com](http://www.carlisleandcarlisle.com) are all matters we would be happy to assist you with, but are matters that would require additional attorney fees.

#### Problems paying your debtor court or other bills

If you reach a point where you cannot pay for your bills, due to sickness, unemployment divorce, or other reasons, you need to make an appointment to discuss your options. As long as you remember to make your monthly payment you will be doing a great job making payments. Always call me and make an appointment if you are not able to make your debtor court payments as we can file the appropriate motions with the court and possibly give you some relief. If you incur taxes or medical debts that you cannot pay, during the life of your debtor court plan, please call for an appointment as you can add these into your debtor court. Sometimes people run into problems where they need to convert to a Chapter 7 Bankruptcy. It is cheaper to convert your case to a Chapter 7 if you are eligible than to just let it go.

#### Refiling another debtor court

Sometimes in certain circumstances, people incur more bills or circumstances beyond their control, and need to refile their debtor court after a few years to lower their payments and you need to be aware this option is available also.

#### Conversion to another Chapter

While you can only file a Chapter 7 Bankruptcy every six years, you can file a debtor court every six months from the date the last one was discharged and sometimes you can file it sooner than six months.

#### Modify Plan

Sometimes we can modify your debtor court payment and decrease the payment if your income decreases which will save you time and money in the long run. This will depend on how much you have paid into the case, how many of your debts are secured and how many of your debts are unsecured, your income, and the amounts that the claims are filed for. This is called a composition case. In order for a composition case to be considered by the judge you will have to provide you and your spouses last four paystubs each, the last tax assessed value of your home by the tax assessor, and your last two years income tax returns.

#### Suspend

Also, during times of hardship, such as a short term injury, sometimes you can suspend your payment for a few months. Your payment may, when you resume your payments, of course, be higher as you have to pay out your debtor court in the length of time originally proposed.

#### Car

If we are working on your case, until your case is filed, you need to keep your car payments current. If your car payment is one day late, the creditor can pull your car and more than likely, we cannot get the car back for you. If your car is in danger of being pulled, you need to make it a point to make sure that I personally am aware of this fact. This does not mean leave a message for me. This means continue to call me until you actually talk to me personally. You will need to come in and file the appropriate paperwork to stop the creditor from pulling your car. Bring the creditors fax number with you when possible. If we file an emergency bankruptcy for you, you may only have 5 days to get all of your paperwork together, or your bankruptcy case could be dismissed.

#### Garnishments

We can get garnishments stopped very quickly. As soon as your case is filed, we can fax a request to whoever is doing the garnishment and they will act on it quickly.

#### Drivers License

With bankruptcy court protection, you can get your drivers license back when it has been suspended for having a accident with vehicle damage when you didn't have insurance. If your license has been suspended for this reason, please make an appointment to see me.

#### Notification of Creditors

All of your creditors that you listed in your bankruptcy petition, were notified of your bankruptcy, by bankruptcy court on the same date that you received your notice and the telephone calls should have stopped then. If any creditor still calls you, get their name and telephone number, give them our name and number and your bankruptcy case number, and make an appointment with me. If creditors continue to call you it may mean that you listed them wrong on your bankruptcy and you may need to do an amendment. If you need to amend your chapter 7 case, the attorney fee is \$150.00 and the court fee is \$20.00 for each three creditors that you need to amend. If you need to amend your debtor court, there won't be an additional charge for attorney fees, but the trustee will add the \$20.00 court fee automatically into your payment plan as a court fee or charge. Once creditors like credit cards and medical bills have been notified of your bankruptcy, do not pay them any more money directly unless it is your house payment or your current utility bills or current child support or debts like criminal restitution. If you have forgotten to list any debts, please call for an appointment to amend these.

#### Court Dates

A day or two before each court date is scheduled, call and talk to me personally. You can call me on my cell phone at 283-8749 if you cannot reach me at the office. You have to attend all court dates unless I tell you otherwise. There are court dates that get set that I can resolve so that you will not have to attend. For example for a debtor court there are always two court dates set now. You have to attend the first date. You may or may not have to attend the second date. Whether or not you attend your second court date will depend mostly on the following: on the judge, the amount of money that you have paid into your debtor court (whether your payments are current), and whether you have provided the court and your creditors all of the necessary documentation. For a chapter 7 case there is one court date which is set about a month after we actually file your petition. For a chapter 7 case if you fail to attend this court date and you notify me that you need the date changed you will owe me additional attorney fees of at least \$150.00, depending on what I have to do to get the court date changed. For a chapter 13 case, it is better if you attend your first meeting as if you have to get your case continued they will put your case at the bottom of the docket and instead of sitting there for probably less than an hour, you might sit there for 2-3 hours. We will attempt to remind you a day or so before your court date is set, but if your phone number is disconnected or you aren't available by phone and you fail to show up for court, the judge may dismiss your case without further notice. Always bring paystubs showing payroll deduction and proof of vehicle insurance to court.

#### Time to arrive at court

Always be 15-30 minutes early to allow time to find the right courthouse, and then find parking, and then stand in line to go through metal detectors, and to find the right courtroom on the right floor.

#### Metal Detectors

You will have to go through a metal detector at the courthouse. Do not bring any weapons with you. Please allow extra time for this procedure as you may have to stand in line.

#### Dress

Please dress like you are going to church. Ladies you do not have to wear dresses. If you are coming from work

and in your work uniform with that. Do not come in ragged shorts, no deodorant, hair uncombed, tank tops, smelling of beer, etc. The trustee or judge could make you leave the courtroom if you showed up this way. I have only had one client in over a decade go to court in this fashion, and I am sure you are not that person. Nevertheless, it is good to know what is expected of you. Do make sure that you have listed all of your jewelry you normally wear every day on your bankruptcy petition.

#### Inadvertently omitted creditors

All creditors you owe on the date of filing the petition must be scheduled. You need to list anyone you possibly could owe for anything.

#### Accuracy of Petition

You are responsible for all the information on your bankruptcy petition's accuracy. Make sure that you had already picked up a copy of your stamped filed petition from us for your records, and reviewed it carefully, or come by now and pick up a copy at our offices to review. You are signing under penalty of perjury that you have told the truth in these papers, please make sure that this is accurate.

#### Cell phone

Make sure all cell phones and beepers are turned off or on vibrate. Your failure to do so could result in them being confiscated.

#### Importance of legal documents

Once your file is closed, which will be five years from now, there is a file storage charge of \$15.00 for getting copies of your bankruptcy records. The bankruptcy court presently charges a dollar per page to copy the petition while they still have the file. If your file has been sent to Atlanta I think they charge \$30.00 to get it later. Please keep all the papers the court sends you in a file where you can access them later. Sometimes mortgage companies require a copy of your entire petition when you are getting a home loan.

#### Payment Info

Your payments have to begin immediately upon filing the bankruptcy case. Remember your case number has to be on each check or money order and your check or money order has to be made payable to David Rogers and mailed to P.O. Box 371008, B'ham, AL 35237-1008. They will take personal checks until you bounce checks to them. The trustee's office will not take cash or walk in payments. You have to have at least one month's worth of payments made before your first debtor court meeting. Do not tell the trustee that you were told to wait until after court to make a payment. The trustee will not believe you. This means that you need to have your payment in the mail at least a week before your first court date and then you have to make a monthly payment every month thereafter. You will not be sent a reminder. If you have provide us with all of the information, and if your payments are made before we go to court the first time, a lot of times you will not have to go back the second time for the confirmation hearing. Attending this second hearing depends on a lot of factors, so please call me before the date of the hearing to see if you have to attend.

#### Reminder of General Rules

You are not allowed to sell or dispose of any assets, without courts permission. You are not allowed to use credit cards during the life of the plan. You are not allowed to make new debts without courts permission. Remember you will not be sent a monthly statement. You will have to remember to pay each month or agree for payroll deduction by your employer. You must keep non-plan creditor payments current such as child support, rent, utility bills, house payments and so forth. You need to have car insurance proof faxed to your car creditor every six months by your insurance company. Debtor court does have an insurance representative at debtor court offering car insurance. This insurance is not liability insurance, but is collision coverage and does not meet the state requirement for insurance coverage. It does not cost much more to have the highest limits of coverage on your auto insurance, and you need to check and make sure that you are paying for the highest coverage you can afford to pay for.

## Reaffirmation

If you are filing chapter 7, if there is a debt you wish to keep either you or us will need to check with the creditor to see if they will let you, reaffirm the debt (keep the asset and continue to make your regular payments). If you wish us to call, make an appointment for this purpose. It's up to the creditor whether they will reaffirm with you or not. If your income is not sufficient to pay the debt, I cannot sign the reaffirmation agreement for you. If the asset is secured and you do not pay for it, you do not get to keep the asset. When you agree to surrender an asset, you have to surrender it. You cannot keep it. You have to turn it in.

## No asset order

A week or so after your Chapter 7 hearing is held, when the trustee has entered a no asset order, you are eligible to file another Chapter 13 bankruptcy and make payments on your debts. Once you have filed your chapter 7, you cannot sell or dispose of any assets until the trustee enters the no asset order. For example, if you get behind on your house payment again because another illness, or injury, or loss of employment occurs, all is not lost.

Once you have filed Chapter 7 bankruptcy, you need keep your car insurance and medical insurance current to try to prevent having to file another bankruptcy.

## What happens in court?

You and I will go to the front of the courtroom and the trustee or judge will ask you a few questions. It doesn't take long and the questions won't overwhelm you too much. In a chapter 7 case the trustee will ask you questions like: have you read the statement of information or had it read to you; have you transferred any property in the last year; are you a plaintiff to a lawsuit; or are you due to receive any inheritance. Sometimes in a debtor court they will ask you if your taxes are currently filed; do you still have any credit cards; do you have any debts you haven't listed; have you listed all of your assets; what's the value of your home, and so forth. In other types of hearings of course other questions are raised depending on the issues.

Statement of Information is a document that the court will ask you if you have read when you go to court on a chapter 7 case. Make sure that you have read this before you go to court.

While this letter does not cover everything that can happen in a bankruptcy case, it at least gives you a starting information point. There is more information available on our website on the internet. Your individual fact situation may make a difference in the outcome of the above results and you need to write down your specific questions for more complete advise.

If you have any questions, please do not hesitate to contact me. My car phone number is 283-8749 if you can't reach me at the office.

With warmest regards, I am,

Sincerely yours,

Lois R. Beasley-Carlisle  
Attorney at Law  
For the Firm

LBC/bhs

x

\_\_\_\_\_ I understand my attorney fee is \$ \_\_\_\_\_.

\_\_\_\_\_ I understand the filing fee is \$ \_\_\_\_\_.

\_\_\_\_\_ I understand that if this is a chapter 7 that the attorney fee and filing fee has to be paid in full before the bankruptcy is filed. I understand that if this is a chapter 13 these fees are set and paid through the court.

\_\_\_\_\_ I want you to get my credit report for me. I understand the minimum charge for this service is \$59.00 which amount is in addition to the attorney fees quoted above. I understand that I will have to pay for this in advance and will have to make an appointment to get this assistance.

\_\_\_\_\_ I will get my credit report by myself.

\_\_\_\_\_ I will get my certificates of judgment myself.

\_\_\_\_\_ I want you to get these certificates of judgment for me. I understand that I will have to pay a nonrefundable retainer fee of \$150.00 and that I will owe more for this service.

\_\_\_\_\_ I understand that I have to make a debtor court payment immediately.

\_\_\_\_\_ I want you to record my certificates of judgment and I understand that there is a charge of \$50.00 for you to record this for me.

\_\_\_\_\_ I will record my certificate of judgments myself. Just send them to me at this address:

\_\_\_\_\_

\_\_\_\_\_ Debtors court and Chapter 7 and composition cases have been explained to me.

\_\_\_\_\_ I have read the above information and /or had it read to me.

I have received a copy of the above this date of \_\_\_\_\_.

\_\_\_\_\_

Client signature

With warmest regards, I am,

Sincerely yours,

Lois R. Beasley-Carlisle

Attorney at Law

For the Firm

LBC/bhs