

**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.

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 bankruptcy code:

Chapter 7 - Liquidation

Chapter 11 - Reorganization

Chapter 12 - Voluntary repayment plan for family farmers or fisherman

Chapter 13 - Voluntary repayment plan for individuals with regular income

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

Chapter 7: Liquidation

\$245	filing fee
\$75	administrative fee
\$15	trustee surcharge
\$335	Total fee

Chapter 7 is for individuals who have financial difficulty preventing them from paying their debts and who are willing to allow their nonexempt 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 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
\$550	administrative fee
\$1,717	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.

Chapter 12: Repayment plan for family farmers or fishermen

\$200	filing fee
\$75	administrative fee
\$275	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
\$75	administrative fee
\$310	total fee

Chapter 13 is for individuals who have regular income and would like to pay all 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 year 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/bkforms/bankruptcy_for_ms.html#provedure.

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 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://justice.gov/ust/eo/hapcpa/ccde/cc_approved.html. If you do not have access to a computer, the clerk of the bankruptcy court may be able to help you obtain the list.

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 this 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.

CONTRACT FOR LEGAL SERVICES TO BE PROVIDED

Niebuhr Law Firm
PO Box 10407
Peoria, IL 61612-0407

FEES: CHAPTER 7

\$365 Attorney Fees
\$335 Filing Fee
\$700 Total

CHAPTER 13

\$0 Attorney fees before filing
\$310 Filing fee
\$310 total paid before filing

Chapter 7 Cases: The initial consultation is at no charge. \$180.00 must be paid before the attorney will draft the bankruptcy paper work, and/or respond to creditor's calls.

Chapter 13 Cases: The initial consultation is at no charge. \$310.00 dollars must be paid before the attorney will draft the bankruptcy paper work, and respond to creditor's calls. The attorney fees for a Chapter 13 case vary.

Currently the fee ranges from \$2,000.00 for simple filings up to \$3,500.00 for more complicated cases.

WORK TO BE PERFORMED BY NIEBUHR LAW FIRM

The initial consultation, preparation of the petition and schedules, and unlimited creditor phone calls regarding your case. The following activities will be performed after the client's full payment, completion of credit counseling, and the signing of all bankruptcy paperwork:

- The case will be filed electronically with the court within 15 days.
- We will fax paperwork to utility companies and/or employers to stop wage garnishments.
- An attorney will represent you at the Meeting of Creditors.
- We will notify you concerning reaffirmation agreements that are received from a creditor. This office **does not** prepare reaffirmation agreements; the creditor must provide them.

Additional fees if needed:

- Amendments to court filed documents: \$50 plus court filing fees
- Replacement copies of paperwork – ranges from \$10 to \$30
- Lien Removal - \$500 plus court filing fees
- Deed in lieu of foreclosure \$100.00
- Redemption of Secured Liens - \$200 plus court filing fees

NOTICE TO CLIENTS

- All payments will be made in cash, money order, or cashier's check or debit card.
- The client will notify the Niebuhr Law Firm of any change of phone number or address.
- Any delay of more than (90) ninety days, on the client's part, allows the Niebuhr Law Firm to close the file, dismiss the case and withdraw as the attorney of record.
- **The attorney fees are non-refundable.**
- Filing fees are refundable, if the case has not been filed.
- The client will attend the Meeting of Creditors and bring the (2) two required forms of ID as well as any documentation needed by the trustee.
- The client will contact an approved credit counseling agency to complete the credit counseling and debtor education requirements. *This agency will charge an additional fee.*

NIEBUHR LAW OFFICES
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niebuhrbk@hotmail.com
www.illinoisbankruptcysite.com

Thank you for your interest in this office. Following is some information for you to consider before filing for bankruptcy.

CREDITOR CALLS

If a creditor calls you please tell them that the Niebuhr Law Offices is your bankruptcy attorney. For any further information they must call your attorney at **(309) 689-0787**. Please discontinue that call at this time, any further conversation with a creditor can hurt your case. The creditor will receive any information they need from us. Make sure that we have your documents before doing this or we will be unable to verify this for the creditor.

FILING

Your case will be filed after the payment arrangement is completed and you have supplied all of the information needed to complete the paperwork and signed all documents. If you are making payments please remember that all payments are due within 90 days of your first payment.

CONTACT

The office phone is (309) 689-0116. If an attorney does not answer the phone, please leave a message and one of the attorneys will call you back as soon as possible, usually within 12 hours.

AUTOMATIC STAY

The automatic stay is the most important benefit in bankruptcy. The automatic stay starts the exact moment your bankruptcy is filed. It is a court order forbidding your creditors from taking any further action against you or your property. Your creditors are not allowed to call you, write you, or proceed with any legal action against you. A creditor who "willfully" violates the automatic stay can be fined between \$500 and \$1,000 dollars. Please remember that it can take seven to ten days for the Court to send the official bankruptcy notice to all of your creditors.

PROTECT YOUR PROPERTY!

- If you are in default on a car loan, be sure to wait until after the bankruptcy is filed before notifying the creditor. Otherwise, the creditor might repossess the vehicle immediately before the automatic stay goes into effect.
- If you have received foreclosure papers be sure to send a copy of these papers to my office. We will contact the foreclosure attorney as soon as possible.
- Notify anyone suing you, and make sure that we have a copy of the documents in this suit.
- Ask your employer to stop any further garnishment of your pay, and make sure that we have your employer's payroll phone number or fax so that we can contact them directly.

341 HEARING

Within seven days of the filing of your case you will receive a notice in the mail. **YOU MUST ATTEND THIS HEARING**, if you are late or you do not have the proper identification your case may be dismissed. Normally, once this hearing is over, no further testimony or documentation will be required from you. Please be 10 minutes early for your hearing so that we may go over any questions you have before your testimony. Your testimony will take about 5 minutes. **YOU MUST BRING 2 FORMS OF IDENTIFICATION WITH YOU**. One of the ID's must have a picture. The other ID must have your social security number on it.

Some of the questions you will be asked include:

- Your name, Social Security #, Address, and phone #.
- Have you paid any one creditor \$600 dollars or more in the last 90 days?
- Did you get a tax refund and when?
- Does anyone owe you money?
- Do you have any lawsuits against anyone for personal injury or any other debt?
- Have you transferred property into someone else's name in the last year?

Discharge

The discharge order means that your bankruptcy is over. Your discharge order will come in the mail approximately 75 days after your hearing. The official date of discharge is located in the upper middle of your discharge order.

**UNITED STATES TRUSTEES'
BANKRUPTCY INFORMATION SHEET**

BANKRUPTCY LAW IS A FEDERAL LAW. THIS SHEET GIVES YOU SOME 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:

Chapter 7 – A trustee is appointed to take over your property. Any property of value may 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. *Each individual will be able to keep \$15,000 equity in a home, \$4,000 in personal property, \$2,400 equity in any one motor vehicle.*

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 that 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 or any kind of document to do this. Some creditors hold a secured claim (for example the bank that holds a 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, your attorney 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 cancelled anytime before the Court issues your discharge or within sixty days after the agreement is filed with the Court, whichever gives you the most time.

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.

The trustee in your case is not responsible for giving you legal advice.