

Attachment to Rule 2016 Disclosure and incorporated therein by reference as if fully set forth therein. Original signature(s) on file in the Law Offices of Alexander Gordon, IV, in Easton, Maryland. Each original page has been initialed by Debtor(s). Final original page is signed by Debtor(s). Designed for use in Electronic Filing as an Attachment to the Rule 2016 Fee Disclosure in chapter 7 and 13 cases filed in Maryland. Attorney signature is on Rule 2016 Disclosure and is incorporated herein by reference as if fully set forth herein. All Notices required by the Bankruptcy Reform Act were also given to Debtors on separate sheets and signed for at time of initial appointment together with a written engagement letter.

ACKNOWLEDGMENT OF
DEBTOR'S RIGHTS AND RESPONSIBILITIES,
ATTORNEY AND COURT DISCLOSURES,
OPTIONS AVAILABLE AND SERVICES PROVIDED
(ELECTRONIC FILING VERSION - 2007)

**Attorney disclosure pursuant to 11 U.S.C. §528
(a): "We are a Debt Relief Agency. We help people
file for relief under the Bankruptcy Code."**

**The Undersigned will NOT incur new Debt, not
make cash advances, balance transfers not buy
luxury goods, nor give away nor transfer assets.**

**The Undersigned will TRUTHFULLY DISCLOSE
ALL ASPECTS OF FINANCES, DEBTS,
ASSETS, INCOME, REPLACEMENT COST
VALUATIONS, Sales, gifts and TRANSFERS,
domicile, and prior bankruptcies.**

11 U.S.C. §527(b) Notice to Debtor: You are not required to hire an attorney.

Pursuant to **BANKRUPTCY RULE 2016(B)**, AND **LOCAL BANKRUPTCY RULES 9010-4(A)(2)(B)**, **9010-5**, and all amendments and modifications thereto, comes now the Debtor(s) (hereinafter jointly, severally, and individually referred to as “Undersigned”) to acknowledge the following:

1. DESIGNATION AND POWER OF ATTORNEY

(a) Power of Attorney: The Undersigned have been advised as to the relative benefits, costs, and potential risks of chapters 7, 11, and, where appropriate, chapters 12 and 13 and other financial alternatives and hereby gives, transfers, grants, and conveys to **Alexander Gordon, IV**, his designated staff, employees, law clerks, secretaries, real estate brokers, investigators, title examiners, appraisers, auctioneers, mortgage brokers, and any co-counsel or appearance counsel (hereinafter referred to jointly, individually and severally as “Attorney”) their consent, assent, power, authorization and power of attorney and attorney-in-fact, to represent them in these proceedings and to create, complete and/or to file electronically or otherwise any necessary documents, motions, petitions, cross-claims, counter-claims, answers, consent lift stay orders, papers, pleadings, complaints, contested matters, exhibits, worksheets, adversary proceedings, schedules, or amendments deemed necessary and proper by Attorney or required by the Trustee.

(b) Death, Disability or Resignation of Attorney: In the event of the death, incapacity, disability or retirement of Attorney, the Undersigned consents to this case being handled by Walter B. Gunby, Esquire or an attorney designated by Attorney’s guardian, personal representative or Attorney’s designee.

(c) Audit by U.S. Trustee or assigns: The Undersigned acknowledges that the Office of The U.S. Trustee and /or their auditors may audit or review and inspect all documentation of the petition which exist in Debtor(s) file and hereby consents to such inspection and waives Debtor’s attorney-client privilege to the extent deemed necessary by debtor’s attorney regardless of any effect on debtor’s case.

2. INFORMED CONSENT

The Undersigned have received a signed engagement letter, a copy of the 60+ page bankruptcy information booklet and/or Compact Disc, as well as this Debtor’s Acknowledgment contained therein prior to retaining Attorney or at the initial appointment and have had ample opportunity to read both the booklet and this Acknowledgment therein contained, and to question Attorney about the booklet and this Debtor’s Acknowledgment.

3. **POST FILING PAYMENTS TO CREDITORS**

After the bankruptcy petition is filed, Undersigned shall continue thereafter to pay secured mortgage company(ies), homeowner's or condominium association fees, auto loan(s) and any other secured or leasing creditor(s) their regular monthly payment on time if the Undersigned desire to keep the secured or leased assets. In addition, the Undersigned shall continue timely paying all Domestic Support obligations and file federal and state tax returns, pay all taxes incurred after the date of filing (and file all necessary tax returns, extensions and reports) and pay the trustee the monthly plan payment. Failure to do so may result in dismissal or conversion of the bankruptcy or sale of the secured property. If the Undersigned fails to make these payments or pay a creditor to whom they are making payments outside the plan, the court may dismiss the case and creditors may file cases against the Undersigned or repossess or foreclose on property of the Undersigned. In chapter 13, until the plan is confirmed, proposed monthly payments shall be sent to the designated Trustee's lockbox. **Failure to receive a bill from the trustee or from a secured creditor is no justification for failing to make said payment(s).**

4. **VALUATION AND DISCLOSURE OF REAL AND PERSONAL PROPERTY OF THE BANKRUPTCY ESTATE**

The Undersigned recognize that it is their responsibility to determine a fair valuation of all of their assets and real estate holdings, digitally photograph all assets, and that Attorney is available to assist or provide assistance in doing so, and have made their decisions as to valuation after consultation with many knowledgeable people and with due regard to the current conditions of the property, as well as the market. The Undersigned acknowledge that it is solely their responsibility to ascertain, compile, document, and verify the accuracy of the creditors mailing matrix at each stage of its preparation and agree that as of the date hereof it is complete and accurate in every way. Personal property should be valued at "Replacement Value."

11 U.S.C. § 506 (a)(2) defines "replacement value" as "the price a retail merchant would charge for property of that kind considering the age and condition of the property at the time the value is determined," without deduction for selling or marketing costs.

The Undersigned acknowledge that where real estate is owned, the trustee may have an opportunity to appraise and/or sell the real estate. The Undersigned will obtain a Current Market Analysis (CMA) before the case is filed to determine the fair market value of all real estate which shall include three comparable sales within the past six months. The Equity Worksheet filed for real estate is a recent non-binding third party good faith estimate of the value of the real estate to the bankruptcy estate. The trustee may receive a higher valuation, or find some way to sell directly, or may receive unsolicited offers (particularly from ex-spouses, irate creditors, curious neighbors, irate lenders, etc.) , so as to avoid brokerage commissions and the Trustee may unilaterally offer to reduce his or her commissions to create equity in otherwise exempt assets. The Undersigned understand that income tax refunds relating to pre-petition income (chapter 7) and post-petition income (chapter 13) may constitute property of the bankruptcy estate and must be disclosed to Attorney and to the Trustee immediately upon receipt and all papers relating thereto must be provided to the Trustee. **Failure to schedule a potential claim or lawsuit, or to use the wrong address for notice, even if it may**

be a fully exempt personal injury claim may result in the subsequent dismissal of the action on grounds of judicial or collateral estoppel and a revocation of discharge for failure to disclose an asset. It may also result in an unintentional violation of the stay for which there will be no recourse for damages. To the extent personal injury claims include claims for lost wages, some of the claim may not be exempt. To the extent that a claim relates to medical bills, those medical bills may have to be paid from the settlement or judgment award. Failure to schedule real estate **will render the title defective** (even years later) preventing future sale, transfer or refinancing of the property and require re-opening the case for a legal fee of \$800.00 plus filing fees and noticing fees of \$2.00 per creditor. The court may deny the motion to reopen the case. The Undersigned recognize that commercial lenders have a right of offset: on the date of filing monies left on deposit at a bank may be put on administrative hold and frozen to offset the debt. The Undersigned has been advised to move funds from any institution to which funds are owed to a neutral institution or risk losing the funds entirely. *The trustee, creditors, parties in interest, or U.S. Trustee may dispute your valuation of asset(s).* In other words, for example, the trustee may believe that he or she can sell the asset, pay the expenses, liens, and exemptions **and** still then have a meaningful return to the unsecured creditors. This is a most serious matter requiring immediate attention and consideration of options. If keeping this asset is important to you, which it usually is, there are six options:

- A. Do nothing. Challenge the Trustee's valuation (*i.e.*, call his/her bluff) and see if he/she is able to sell the Asset for enough to make a meaningful dividend to unsecured creditors. ***This has obvious risks.***
- B. Offer the trustee a lump sum of, say one half the amount of his/her projected return, which will be subject to his counter-offer and court approval. Payment must come from exempt (*e.g.*, IRA) or non-estate assets (*e.g.*, post petition gift, earnings, or loans).
- C. Offer the trustee a two year payment plan of, say, 60% of his projected return, subject to his counter offer and court approval. Payment must come from exempt (*e.g.* IRA) or non-estate assets (*e.g.*, post petition gift, earnings, or loans).
- D. Convert to a chapter 13 payment plan (if you are not already in chapter 13): a new trustee is appointed, 36-60 months, payments designed to pay excess equity or the greater of 25% return to unsecured creditors, additional legal fees of \$1,100.00, 100% payment to priority taxes, and chapter 13 administrative fees of about \$600, all paid over time through the plan. In most cases, the plan is \$150.00 to \$300.00 per month for 36 to 60 months. If you are interested, we will work the actual numbers for you.
- E. Promptly arrange for another market analysis or appraisal of the Asset or a more detailed and interior market analysis or appraisal.
- F. Have a family member or trusted friend either purchase the asset on your behalf (or attend an auction sale and do so) or lend you the funds necessary to buy-out the Trustee.

Where valuation is disputed by the Trustee, a creditor, or secured creditor, the Undersigned is encouraged to schedule one no-charge office consultation to discuss options in this very serious situation.

5. MARITAL ISSUES

(A) Single Filing and Joint Unsecured Debts

The Undersigned understand the protection afforded for a husband and wife for tenants by entireties property where only one spouse files and where all debts are in the name of that one spouse. The Undersigned understand that where property is merely jointly owned (*e.g.*, tenants in common or joint tenants), individual creditors are entitled to payment out of the equity in said property and, in that case, the Trustee may sell the home or demand payment or reaffirmation of said joint debts.

Where only one spouse files and marital property is claimed as exempt, the Trustee may require copies of all bills and/or copies of credit reports for the Undersigned and the non-filing spouse to establish that there are, in fact, no joint unsecured debts.

Where only one spouse files a chapter 7 or chapter 13, unless the parties are living separate and apart, the income of the non-filing spouse must be disclosed and considered for purposes of the Means Test and the Median Income Test.

(B) Non-Filing Family Members Need Their Own Attorney

The Undersigned acknowledge that the Undersigned's attorney has tried in good faith to structure Undersigned's petition and case to accomplish Undersigned's expressed financial objectives without regard to secondary effects upon third parties, who must seek independent counsel, even where the source of compensation for Attorney was from an affected third party.

(C) Pre-Marital Property does not Automatically become TBE after Marriage

The Undersigned acknowledge that where property is purchased by a man and woman before marriage it will not automatically later become TBE property simply by operation of law, but the parties must sign a new post marriage deed making the property TBE.

(D) Marital Settlement - 180 days

The Undersigned acknowledge that any property acquired as a result of a marital settlement within 180 days of filing, must be disclosed to the Trustee and may be subject to administration by the Trustee for the creditors.

(E) Marital Exemption

The Undersigned understands that where the tenants by entireties exemptions is used with respect to property owned with a non-filing spouse, the trustee will require credit reports from both spouses to verify that there are no joint unsecured debts, and if a divorce or marital settlement is entered within six months, the marital exemption may be lost by operation of law, subject to judicial interpretation.

(F) Domestic Harmony/Disharmony

In the event of a joint filing (husband and wife) which occurs during a marital separation and/or divorce, both spouses acknowledge that the filing of this case is mutually beneficial and with benefit of independent counsel acknowledge that there is no conflict of interest between them in this case and understand that neither party is required to file bankruptcy, that both can file jointly, individually, or only one can file, nor are they required under federal law to file under the same chapter. Where property is going to foreclosure, family members and trusted friends may be consulted by the Undersigned to arrange for a friendly repurchase at auction and continued rental/possession/ and/or subsequent re-acquisition. It is understood that in cases of joint representation of spouses, communication with one spouse will be deemed communication with both spouses. It is further understood that Attorney may disclose to both spouses any facts disclosed by either spouse. In the event that post-filing marital disharmony becomes an issue, such as where an ex parte order is issued, a contested divorce is filed, or such other disharmony as in the sole opinion of Attorney constitutes a conflict of interest, the Undersigned consents to a Motion to Strike Appearance and Order thereon terminating the representation of the Undersigned by Attorney. In such event, all fees paid theretofore shall be deemed fully earned.

(G) Joint Unsecured Debts and Non-TBE Property

Property owned jointly (Joint Tenants or Tenants In Common) with a non-spouse may be sold in bankruptcy by the Trustee to pay one half the equity to the unsecured creditors.

(H) Joint Petition

A Joint Petition may only be filed if you are, in fact, legally married on the date of filing. By filing a joint petition, the Undersigned covenant and warrant that they are legally married. A married person is not required to file bankruptcy and the spouse may file alone.

(I) Internal Revenue Service

The Internal Revenue Service views equity in TBE property as 50/50, with the 50% owned by the filing spouse to be subject to administration for payment of taxes.

(J) Sale or Refinance of Home

If during the course of the bankruptcy the Undersigned wishes to sell, refinance or pledge as security real property or any other assets, the Undersigned must advise Attorney so that Attorney can petition the court for approval or to dismiss the case (primarily chapter 13). Fees are set forth hereinafter. If the Undersigned does not do this, the property or asset may not be able to be legally transferred, refinanced or pledged, which can cause significant problems both with the transaction and with the bankruptcy case. Undersigned will provide Attorney with a copy of the listing agreement and/or contract for sale of the property before such document is signed by the Undersigned.

(K) Attorney-In-Fact

Where a husband and wife file jointly, each appoints the other as attorney-in fact-with the power to sign all

pleadings, contracts, plan modifications, orders, consent orders, and legal documents related to or arising from the bankruptcy case.

6. **HONESTY AND FULL DISCLOSURE**

The Undersigned will carefully review the schedules, exhibits and statements filed in these proceedings and immediately notify Attorney in writing of any errors in them or in any amendments thereto. The Undersigned acknowledge that a debt not scheduled may not be discharged. The schedules are intended to disclose all assets and all debts. **The Undersigned acknowledge and affirm under penalties of perjury that they have listed all property, scheduled all assets and liabilities, all potential claims, truthfully disclosed addresses, all income, used replacement costs for valuations, and have been completely honest throughout the preparation of these papers and that all exhibits are true and correct.**

The Undersigned will execute the petitions under penalties of perjury. Any dishonesty, concealment of assets, false statements, false ID, perjury, attempts to hinder, defraud or delay creditors may be investigated by law enforcement (e.g., the U.S. Attorney, IRS, Federal Bureau of Investigation). Falsehoods may be prosecuted by the U.S. Attorney, States Attorney, or other law enforcement and is punishable by denial of discharge, prison sentences, and substantial fines.

DOCUMENTS REQUIRED TO COMPLETE BANKRUPTCY CASE

Liabilities Records:

All bills and collection letters for credit cards, personal loans, store cards, student loans, car loans/leases, mortgages, tax bills, home equity loans, etc. whether they are up-to-date or not.

Asset Records:

Most recent statements for all checking, savings, money market, mutual fund, certificate of deposit, stock and/or bond and/or securities accounts that are currently open and in the name of the Undersigned, even if the money is being held for someone else.

Payroll and Other Income Information:

All pay stubs or a record of gross and net pay amounts for the past six months from all employers the Undersigned has had over the past six months; all pay stubs or a record of gross and net pay amounts for the past six months from all employers the spouse of the Undersigned has had over the past six months. **All income from ALL sources MUST be disclosed. Do not overlook cash income, gambling income, barter income, unreported income, tax exempt income, capital transactions, and contributions to household expenses from room mates, significant others and fiancées.**

Secured Debts:

Statements from all car lenders showing the balance due to pay every car note that has the name of the

Undersigned on it; most recent bill for all rent and utilities in my household even if someone else pays the bill; copy of the deed (title) to every home, condominium, cooperative apartment unit, timeshare, or piece of vacant land that has the names of the Undersigned on it even if that real estate is located outside of the United States or is in another country, or a fractional interest, joint interest, remainder interest, life estate; statement(s) from all mortgage companies showing the balance due to pay in full for every mortgage or equity loan on a property that has my name on it

Life Insurance:

Completed Life Insurance Information Sheet; and completed Pension and Retirement Plan Sheet.

For real estate, a copy of the deed, open mortgages, HUD-1 Settlement sheets, Tax Assessment, Market Analysis not more than 6 months old that includes three comparable sales The deeds and mortgages must show the recording liber and folio off record.

Unless the Undersigned provide **ALL** of the listed documents, Attorney will be unable to finalize the bankruptcy petitions and schedules. Absent an emergency situation, the bankruptcy case will not be filed unless and until all documents required are received by Attorney regardless of whether legal fees and filing fees have been paid in full or not.

The Undersigned acknowledge that in the event that any of the documents subsequently provided differ from the information provided to Attorney it may affect qualification for Chapter 7 and/or 13 bankruptcy, choice of exemption law, imposition of the Section 362 stay, venue, discharge, sanction, fees and costs.

7. **CHAPTER 13 MATTERS**

In chapter 13 the plan must be filed in good faith, for three (3) to five (5) years and subject the Undersigned and a spouses' net disposable income to the court and a wage assignment order directed at the Undersigned's employer. A non-filing spouse must disclose his/her income and expenses within the filing spouses statement of income and expenses even though they are not filing unless they are living separate and apart and file an affidavit under penalties of perjury in support thereof. The plan is subject to objection by creditors, the trustee, parties in interest, and confirmation by the court. In chapter 13, criminal restitution debts, willful and malicious destruction of property, willful OR malicious injury to an individual, domestic support obligations, loans procured by fraud or false financial statements, unfiled taxes, student loans (absent an optional-extra undue hardship adversary proceeding), and priority income taxes are not discharged. In chapter 13, the plan must:

- (1) be submitted in good faith, and
- (2) be feasible (*e.g.*, your budget (schedules I & J) show enough disposable income to fund the plan), and
- (3) **all tax returns must be filed before confirmation with full payment through consummation**, and
- (4) all post-petition installment payments must be current, and
- (5) provide for monthly payments for 3 to 5 years, and
- (6) cure mortgage arrearages, legal fees, costs, ad fees, bond costs 100%, and
- (7) pay priority taxes 100%,
- (8) You must be current on all domestic obligations;
- (9) comply with the Means Test for duration and amount where income exceeds Median Income, and
- (10) all payments to the Trustee must be current in order for the plan to be confirmed.

Self employed - Monthly Operating Reports

In chapter 13 if an Undersigned is employed or works for a corporation, L.L.C., Partnership, where the Undersigned has a controlling interest, the Undersigned will be required to provide the Trustee with monthly operating reports.

Annual tax returns: During a chapter 13 the Undersigned MUST provide the Trustee annually with a copy of their timely filed and paid tax return or an IRS transcript thereof. (Credit Reports, Pre-Filing Certification, Post-Filing Education, and Tax Transcripts are optional-extras).

Employee: In Chapter 13 if an Undersigned is an employee, the Chapter 13 Trustee will require and the Court will Order direct wage withholdings from your employer.

Fines: A fine for failing to turn in tags is not dischargeable under 11 USC §523(a)(7) as a fine from a governmental unit in a Chapter 7 case, but would be dischargeable upon completion of a Chapter 13 plan.

Qualifications for chapter 13:

(a) **Secured debts must be less than \$922,975 (subject to periodic cost-of-living adjustments by Congress).**

(b) **Unsecured debts must be less than \$307,675 (subject to periodic cost-of-living adjustments by Congress).**

(c) **The Undersigned must have sufficient disposable income to fund a Chapter 13 plan.**

(d) **The Undersigned must do as well in chapter 13 as they would in chapter 7.**

(e) Chapter 13 payments will be determined according to the Means Test based on income and ability to pay. Expenses are calculated based on approved IRS, U.S. Trustee expense guidelines for family size and geographic location.

8. **DISCHARGE OF DEBTS**

(A) The Undersigned acknowledge that only debts incurred **before** the bankruptcy petition is filed may be discharged in bankruptcy. The Undersigned acknowledge that debts relating to alimony, child support, all student loans (absent undue hardship), income taxes less than 3 years old, trust fund debts (*e.g.*, F.I.C.A., sales and use taxes), criminal restitution orders, debts relating to a drunk driving case (including cars, planes, and vessels) and debts relating to fraud, malicious destruction of property, false financial statements, or criminal conduct are, *inter alia, ceteris paribus*, **not dischargeable** in chapter 7.

(B) The Undersigned acknowledge that where credit has been extended, renewed, increased, or modified and where there was no realistic intent nor ability to repay, or based on materially false financial statements, financial statements which omitted debts, or exaggerated values, an objection to dischargeability may result.

(C) Exclusions from Discharge: The Undersigned acknowledge that:

1. For cases filed after October 17, 2005, the Chapter 13 “Super Discharge” is restricted.
2. Unscheduled Debt in Chapter 13 is not discharged.
3. Willful OR Malicious injury to person, no longer “Willful AND Malicious Injury,” except as to Property. 11 U.S.C. §1328 (a)(4) Restitution OR damages awarded is not discharged.
4. Unfiled taxes are not discharged.
5. Luxury consumer goods over \$500 within 90 days of filing are not discharged.
6. Cash advances aggregating \$750 made within 70 days of filing are not discharged. 11 U.S.C. §523(a)(2)(A).
7. All Educational Loans are not discharged. 11 U.S.C. §523(a)(8).
8. DWI in car AND VESSELS AND AIRPLANE are not discharged. 11 U.S.C. §523(a)(9).
9. Support Obligations & Marital Settlements are not discharged.
10. Post petition Condo fees even if Condo not used are not discharged. 11 U.S.C. §523(a)(16).
11. Trust fund taxes are not discharged. Trust Fund taxes include employee withholding, sales taxes, use taxes, and similar trust fund obligations.

12. Income taxes that were due in the last three years are not dischargeable. Unreported income and unfiled tax returns will result in additional non-discharged taxes.
13. Even if the Undersigned receive a Discharge, an audit later on that finds material errors may result in a subsequent order of revocation of the earlier discharge.

(D) Before a discharge is granted in either chapter 7 or 13, the Undersigned must complete a U.S. Trustee approved Financial Education course. (Cost not included in legal fee.) 11 U.S.C. §727 (a) (11) and §328 (g) – applies to both chapters 7 & 13. Interim Bankruptcy Rule 1007(b)(7) requires that **in chapter 7 and 13 cases the financial management course be completed no later than 45 days after the date first set for the meeting of creditors. If not, Rule 4004 provides that discharge shall be denied. In chapter 13, the course must be completed no later than the last payment provided for in the plan.**

(E) The Undersigned acknowledge that there is no cram down in chapter 13 for purchases made less than 925 days prior to filing bankruptcy. §1325 (a).

9. REAFFIRMATIONS

(A) Introduction

The Undersigned acknowledge that in the event that they decide to reaffirm a debt, such reaffirmation shall continue personal liability on the Undersigned's part to maintain payments and failure to maintain payments could result in the creditor filing a lawsuit, conducting a sheriff sale of real estate, attaching wages, bank accounts, or other property. Absent good cause shown by clear and convincing evidence, an ability to repay, and no undue hardship on a dependent, a reaffirmation is not generally approved by Attorney, whose signature is required on the reaffirmation unless the Undersigned elects to appear before the Court without the Undersigned..

(B) EXPLANATION RE: OPTIONS ON DEBTS SECURED BY YOUR VEHICLE AND OTHER PERSONAL PROPERTY ITEMS

Under the new bankruptcy laws which took effect on October 17, 2005, the Undersigned are “required” to do one of three things on any secured personal property debts which you have. The Undersigned acknowledge that, pending judicial interpretation, options are as follows for personal property:

1. Reaffirm Debt

This requires the Undersigned to promise to repay the full balance owed on the debt, despite the bankruptcy case. In other words, if the Undersigned decide later (after the bankruptcy case is over, for example) that it is not affordable to keep a vehicle and the decision is made to return it, the Undersigned will still be obligated for any **deficiency balance**. Whereas if there is no reaffirmation agreement, the option remains to return the vehicle (or computer, or furniture, or whatever is secured) without owing a cent. In order to reaffirm the debt, you must contact the creditor in question and have them prepare an agreement, obtain a court hearing,

and you need to sign the agreement and appear at the court hearing where the Judge will determine whether or not you can really afford to enter into the agreement. In general, this office discourages reaffirmation agreements and Attorney will not sign them without convincing evidence that it is affordable and does not impose an undue hardship. The Undersigned is free to pursue them independently and let the court decide if it is feasible. If the Undersigned decide to do this, the Undersigned must enter into the agreement no later than **30 days** after the first date set for the meeting with the Trustee in your case.

Typically, debtors can sometimes reaffirm on somewhat better terms than originally had, for example a lower interest rate, or lower total balance, but this is all subject to negotiation. Generally it is the current fair market value, condition, and market demand of the collateral which controls the amount.

2. Redeem An Asset From A Lien

This allows the Undersigned to retain the property (car, etc.) by agreeing to pay the current fair market value of the collateral in a lump sum (creditors will often give a discount because they are receiving everything in a lump sum). Since most people do not have this amount available in ready cash, this often means borrowing money to do so. Sometimes a motion needs to be filed to determine the appropriate value to be paid. Additional fees would be required to do that. This also must be done no later than **30 days** after the first date set by the Court for the meeting with the Trustee.

3. Surrender Collateral

This is the simplest. The Undersigned would agree to give back whatever the secured property is that the Undersigned holds without further obligation.

The effect of the Undersigned not doing one of the above within the specified time frame is uncertain. However, from a legal standpoint, what will happen is that the Automatic Stay, which prevents creditors from seeking to repossess or take other actions which they are entitled to do under State Law, will terminate shortly after the 30th day. This may or may not be significant. If you are current on the payments to the creditor, they technically appear to have no right under state law to repossess your vehicle or other collateral. However, they MIGHT be able to use clauses in their form contracts which say that filing a bankruptcy constitutes a default in the agreement, thereby allowing them to repossess.

The realistic outcome of all this is likely to be that as long as the Undersigned maintain the current monthly payments on the vehicle, the creditor may be satisfied and not do anything about it. **If you want “certainty,” however, the only way to achieve it is to either reaffirm or redeem the debt, and each of those comes with the inherent costs of doing so.**

10. SERVICES NOT INCLUDED IN THE INITIAL ENGAGEMENT FEE: ADVERSARY, CONTESTED PROCEEDINGS, UST AUDIT AND RULE 2004 DEPOSITIONS

The Undersigned recognize that in the event that creditors file a Motion for Rule 2004 Oral Examination of

Undersigned, an adversary or contested proceeding objecting to the dischargeability of a specific debt or a discharge in general containing, among other things, allegations are made of criminal activity, fraud, intentional torts, malicious destruction of property, DWI, student loans, alimony, child support, spouse's divorce legal fees, false financial statements, and the like, legal representations by Attorney in those proceedings are not included **(optional-extra)** in the initial engagement fee for filing this petition. This applies to all chapter 7 and chapter 13 cases, without exception. In the event that the Undersigned desire representation in such ancillary, contested or adversary proceedings, they agree to request, in writing, an engagement letter and no representation is included until such engagement letter has been signed by both the Undersigned(s) and Attorney and an acceptable engagement fee has been received by Attorney. Approximately 3% of all cases will be audited by the Office of the U.S. Trustee's independent CPA's. The cost of responding to an audit is not included **(optional-extra)**. In the event of an audit, the Undersigned consents to full open file disclosure at Attorney's sole discretion to the auditors with imposition of any attorney client privilege, at Attorney's discretion.

11. **TRUSTEE EFFORTS TO SELL ESTATE ASSETS**

Trustee sales: The Undersigned acknowledge that where the trustee desires to sell property, the trustee may do so at public sale, at public auction, sealed bid, private sale or through such other means as the trustee may devise and the court will ordinarily approve such sale at the trustee's price over the Undersigned's objection. Where the trustee sells assets, the trustee will receive a commission of approximately 5% of the sales price, as well as incur broker commissions of another 6 or 7%, as well as accounting and legal fees, all of which are paid out of the sale of the property. If a direct offer is received (e.g., from a neighbor, irate ex-spouse, business competitor, etc.), the Trustee may avoid brokerage commissions and find it easier to sell your home or derive a settlement from the Undersigned. Where the Trustee sells your personal residence there is a capital gains tax only if the sale price exceeds cost basis by \$250,000 (single) or \$500,000 (married). Where the Trustee sells rental or commercial property, there is no capital gains exclusion and the Trustee remains personally liable for the payment of capital gains taxes for the difference between the net sales price and the depreciated basis as shown on your tax returns. The trustee will need information as to the tax basis of all property: cost plus improvements less depreciation plus/minus other adjustments to tax basis. For more information on taxes, the Undersigned should consult their tax adviser. Information is available on-line: <http://www.irs.ustreas.gov/pub/irs-pdf/p908.pdf>

Trustee abandonment of assets: The mere entry of a discharge order does not allow the Undersigned to sell, mortgage, transfer, release or assign assets. The Undersigned acknowledge that until the case is closed, the Undersigned may **not** sell, mortgage, transfer, release or assign assets that are subject to the Trustee's possible future administration unless an unopposed 20 day notice of abandonment is agreed to by the Trustee, executed by the Trustee, and sent to all interested parties. Where the notice of abandonment is prepared by Attorney, the charge will be \$300.00 to prepare the notice and \$2.50 per creditor notified. An unopposed application, notice and order to approve a refinancing while the case is open will cost \$500.00 plus \$2.50 per creditor and hourly if opposed.

12. **COOPERATION, ATTENDANCE: FEES & COSTS FOR FAILURE TO DO SO**

The Undersigned agree to cooperate fully with Attorney and the trustee in bankruptcy, U.S. Trustee, U.S. Attorneys Office, the court, their auditors and designees, and with all creditors, to attend the meeting of creditors, to attend any scheduled court hearings, and to provide originals of all documents and other records as may be necessary, and to timely perform the statement of intentions for consumer loans.

● **Failure to cooperate with Attorney shall constitute grounds for Attorney to strike his appearance and the consent of the Undersigned to said motion.**

● **Where the Undersigned fail (for *any* reason) to appear at the first meeting of creditors, a fee will be charged of \$340.00 (one hour of time plus disbursements) to reschedule the meeting of creditors, file and serve a consent motion and order extending the deadline to object to discharge and, where required, re-notice the meeting.**

If a Motion to Dismiss is filed by the U.S. Trustee or the Panel Trustee for failure to appear at any meeting of creditors, a fee of \$300.00 will be charged for filing an Answer and/or appearing at the Hearing for the Motion to Dismiss. In the event that the first meeting of creditors is scheduled at an inconvenient date for the Undersigned, efforts to reschedule the First Meeting of Creditors, which most likely will not be successful, and may include notices to creditors of 50 or less shall cost \$250.00. For over 50 creditors, each additional creditor shall cost \$1.25.

13. **JURISDICTION, IDENTIFICATION AND VENUE**

(A) **Qualification to file**

The Undersigned affirmatively represent, covenant and warrant that they have not filed for protection under chapter 7 for more than eight years whether in this district or any where else in the United States, that they are not subject to any 180 day filing bar (11 U.S.C.§ 109 (g)) and that they have lived in Maryland for at least the last 91 days (venue) and two or more years (Maryland exemptions). If the Undersigned has not lived in Maryland for two years, this must be clearly disclosed by the Undersigned and the exemptions of another state will apply. The Undersigned will be required to provide a photo id at the first meeting of creditors AND a social security card or proof of social security number. The photo id should show a Maryland address and be issued in Maryland.

● **If the Undersigned do not have BOTH the photo ID and social security card or W-2/1099, or third party proof of Social Security Number, at the first meeting of creditors, it will be rescheduled at a cost of \$150.00 (optional-extra) and the Undersigned will have to come back in two months.**

● If one or more bankruptcies have been pending in the last eight years, the stay may not go into effect or may last only 30 days. The stay may not go into effect and the property, due to serial filings, is subject to an *in rem* prohibition of bankruptcy protection. **Use of a false social security number or false identity documents is a crime.**

(B) Change of address

If the Undersigned move away from Maryland after filing, the Undersigned will keep Attorney and the court aware of new addresses and telephone numbers and must return to Maryland for their court dates and meetings of creditors. The Undersigned acknowledge that once the bankruptcy petition is filed, the court may not permit the voluntary dismissal of these proceedings, particularly in a chapter 7 case.

(C) Foreign Jurisdictions, Hearings and Exemptions

Attorney's representation is limited to the United States Bankruptcy Courts in Maryland. In the event that litigation is filed against the Undersigned in another state, on request, filing a Suggestion of Bankruptcy will be Attorney's sole responsibility. If the foreign state disregards the Section 362 Bankruptcy Stay the Undersigned shall retain counsel admitted to practice in that jurisdiction at the sole expense of the Undersigned or shall represent themselves *pro se*. Representation is not included where a Maryland Court or Agency disregards the section 362 Stay. Where the Undersigned has resided in Maryland for less than two years, the exemptions of a foreign state may apply. Attorney will use best efforts to determine the exemptions of a foreign jurisdiction but reserves the right to require the Undersigned to retain foreign counsel to opine as to the foreign jurisdiction's exemptions.

(D) Appeals

An Appeal to the U.S. District Court, or any other court, agency, or arbitration, is not included in the representation and will only be an optional/extra, if Attorney is willing to handle the Appeal.

13. **CONCLUSION OF REPRESENTATION AND FILE DESTRUCTION**

(A) Chapter 7: Local Bankruptcy Rule 9010-5(b) provides that representation in chapter 7 is concluded upon entry of the discharge except with respect to otherwise included matters then pending.

(B) Chapter 13: Local Bankruptcy Rule 9010-5 (d) provides that representation in chapter 13 is concluded upon the earlier of: 90 days following confirmation of the Plan or 10 days after dismissal. Thereafter, representation must be by engagement agreement and payment of an engagement fee. Modifications of a confiran three med plan is an example of an optional-extra. Based on the two tiered fees of pre-filing and post filing payments through the plan, representation in a chapter 13 shall include all issues throughout the entire case, BUT DOES NOT INCLUDE ADVERSARY PROCEEDINGS IN CHAPTER 13. **If the chapter 13 plan does not include legal fee payments through the plan, representation concludes 90 days after confirmation or 10 days after**

dismissal. If the chapter 13 plan does include post petition payments to Attorney of an additional fee through the confirmed plan, where the original payment before filing was \$600 or more in legal fees AND plan payments exceed \$1500, then end-of-case representation in chapter 13 is included, excluding adversaries, but including reaffirmations, until full consummation of the chapter 13 provided, however, that conversion to chapter 7 remains an optional-extra AND adversary proceedings remain optional-extra AND failure to appear at the meetings of creditors and/or confirmation hearing is an OPTIONAL-EXTRA, AND more than 3 lift stay hearings, including responding to two or more affidavits of default are an OPTIONAL-EXTRA.

(C) Pursuant to Rules 9010- 5 (b) & (d), the events set forth therein is hereinafter referred to Termination of Representation.

(D) Once the case is CLOSED, the archive retrieval fees will be an additional service charge of \$150.00 if the files still exist. Files may be destroyed after 6 years and the Undersigned should arrange pick-up of any original documents in Attorney's files that may be needed.

(E) Pursuant to **LOCAL BANKRUPTCY RULES 9010-4(A)(2)(B)**, this Acknowledgment has been personally served on the Undersigned and constitute written notice that upon Termination of Representation, the Undersigned will be proceeding *pro se* (without representation) and must handle subsequent matters or retain an attorney to do so. Where an opposition is filed to a Motion to Strike Appearance, the fee for responding is \$500.00.

14. **FAMILY AND DOMESTIC MATTERS**

(A) Inheritance - 180 days

The Undersigned has been advised that in the event that someone dies within 180 days of this petition being filed, any inheritance may become part of this bankruptcy estate to help pay the debts.

(B) Intra-Family loans, gifts, transfers, repayments and remainder interests

The Undersigned understand that gifts and even otherwise "legitimate" repayments to family members and friends of bona fide unsecured loans in excess of \$200.00 within four years of bankruptcy: (a) may be prohibited, (b) may constitute a preference or fraudulent transfer and (c) may be subject to recapture by the Trustee from the family member or friend. The Undersigned acknowledge that if a family member, for estate planning reasons or otherwise, puts property in the name of the Undersigned, whether immediately or as a residuary remainderman, that property interest is subject to the jurisdiction and sale of the trustee. Intentional failure to disclose a remainder interest is a bankruptcy crime. If unsure whether a family member has conveyed property into your name, the Undersigned shall consult a title attorney, title abstractor, family attorney, guardian, personal representative, trustee, trust officer, or family member directly. The Undersigned

acknowledge that with respect to prior transactions, the creditors may absolutely set aside transactions in the last three years which were illegal under federal or state laws. **Transactions with family members over the past four years will be carefully scrutinized by the court and are also subject to being set aside under state law.** In some cases, the look back period may exceed four years.

(C) Representation of family members not included

The Undersigned acknowledge that they have been instructed to list any ex-spouse, their attorneys, and co-obligors on loans, partners on loans and mortgages, loans to children that have been guaranteed or co-signed by the Undersigned, and to advise non-filing family and friends, who have co-signed for loans, of their potential exposure and need for independent legal representation and counsel. **Attorney has been retained exclusively by the Undersigned and no representation is included for other parties or family members.**

16. MEETING OF CREDITORS, PLAN CONFIRMATION, LIFT STAY HEARINGS, COURT HEARINGS, REPRESENTATION BY ADDITIONAL COUNSEL

The Undersigned understand that it is essential to appear at the First Meeting of Creditors and to bring a driver's license (or photo ID) and proof of the social security number. Reschedulings are rarely granted. If you arrive at the first meeting of creditors without photo ID and social security card, you will be required to return. Either Attorney, or Attorney Walter B. Gunby, Candy Thompson, Henry Vinyard, Chip Strott, Mary Jordan, or Chris Fascetta, Christman & Fascetta, (or their various Associates, Partners, Designees or Colleagues) will be designated and present to assist (special appearance limited to that event) at the first meeting of creditors, confirmation hearing, lift stay hearing, or other matters in Baltimore, Greenbelt or Salisbury, at no additional charge to the Undersigned. In the unlikely event that a designated attorney does not appear, for whatever reason, and there is no substitute available, the first meeting of creditors may be conducted without Attorney, at the total discretion of the Undersigned (to avoid a return trip), and the Undersigned will, in that case, receive as liquidated damages a credit/refund of \$175.00. In the event the Undersigned desire to contest a lift stay hearing or other matter it must be prepared and filed by Attorney as **the Court will not accept letters, papers, answers, pleadings or motions for an individual who has counsel of record.** In the event that the Undersigned desire to be represented by a different attorney, the Court will require a Joint Line Substituting the Appearance of the new Attorney be filed and signed by both counsel. Papers and pleadings from the new counsel will not be accepted by the Clerk's Office from the Undersigned or a new Attorney until this Line is filed.

17. CONVERSION

The Undersigned has been advised that they have a one time absolute option to convert to another chapter, subject to reconversion back for cause by creditors, the court or the trustee. Where the conversion is from chapter 7 to chapter 13, the Undersigned will be credited with \$700.00 of the chapter 7 engagement fee (but not to exceed, of course, the original legal fee paid) if conversion is before the first meeting of creditors and \$400.00 (but not to exceed, of course, the original legal fee paid) if the conversion is after the first meeting of creditors. The conversion fee for **conversion from chapter 13 to chapter 7** is:

(a) **without charge** if the first meeting of creditors has not been held in chapter 13 and no plan filed, and

- (b) six hundred dollars (**\$600.00**) if the first meeting has been held and/or a chapter 13 plan filed, and
- (c) nine hundred dollars (**\$900.00**) if the first meeting has been held, the plan filed, and a plan confirmed or a confirmation hearing held, if any.
- (d) The court will impose a conversion fee, as well, of \$15.00, which is subject to increase at any time.

18. **APPRAISALS, TAX ISSUES, LICENSING BOARDFS, CREDIT AGENCIES NOT INCLUDED IN REPRESENTATION**

Taxes - Bankruptcy Representation does NOT include tax advice:

The Undersigned recognize that if they have questions relating to tax matters, offers in compromise, short tax years, net operating losses (NOL) carrybacks and carryforwards, tax-free exchanges, like-kind exchanges, tax basis for depreciation, dischargeability of taxes, interest, assessments, penalties, and fines, and the like, they must consult with their own tax attorney or Certified Public Accountant. The Undersigned acknowledge that Attorney has not been retained with respect to the preparation, filing, or interpretation of federal or state tax issues, forms, nor any other tax matters whatsoever. Generally, tax liens survive bankruptcy and last ten years. Useful web sites FOR YOUR TAX ADVISOR:

<http://www.irs.gov/businesses/small/article/0,,id=108339,00.html>

http://www.irs.gov/irb/2003-44_IRB/ar10.html

<http://www.irs.gov/taxtopics/tc201.html>

<http://www.usdoj.gov/tax/readingroom/JCM2004/02jcmtax.htm><http://www.irs.gov/irm/part5/index.html> IRS Manual Liens 5.12.

Generally, an IRS lien is self-expiring - that is to say the expiration date shows on the Notice of Tax Lien filed at the County Clerk's office. The lien lasts ten years. The statute of limitations on collection of a tax debt is 10 years from the date of assessment. And, as Matthew says, watch out for any tolling, such as a bankruptcy filing, or an offer in compromise. Because the lien generally extends beyond the statute of limitations, the IRS does not and cannot refile or renew the lien.

Short Tax Year Election

For example, in the event that the bankruptcy is an "asset" bankruptcy, the Undersigned will consult with a CPA or tax professional to determine whether, when and how a "short tax year" election should be made to allow taxes accrued to date-of-filing to participate in the distribution.

Timing for Filing

The Undersigned in conjunction with advice from their tax advisor, will select a filing date that is most beneficial and which takes into account extensions to file, late filing, bad faith filings, failure to file, and pending or current offers in compromise which all may toll the statute of limitations for discharge of a tax obligation or which offers may or may not survive filing bankruptcy..

Foreign jurisdiction and non-bankruptcy court representation

See Section 12 (C) above.

Subdivision

Questions relating to the potential subdivision of real estate must be referred to a licensed engineering and surveying company. Questions relating to the marketing of any assets must be referred to an appropriate real estate broker or knowledgeable expert.

Real Estate Valuation

Questions relating to the appraisals or market analysis of properties must be referred to an auctioneer or other professional. In all cases where real estate is owned, the Undersigned MUST provide a market analysis which is less than six months old on the broker's letterhead that includes an attachment showing three comparable sales. The Trustee may require an additional market analysis of the property.

Pre-Bankruptcy Sales, Going-Out-of-Business Sales, Bulk Transfers, UCC Transfers, and Private Transfers

Where assets are sold shortly before bankruptcy, the Undersigned will provide the Trustee with a list of items sold, fair market value, sale price, name and address of purchaser, and disposition of sale proceeds.

Credit Reports & Credit Reporting Agencies

The Undersigned acknowledge that bankruptcy is a matter of public record, that while it is rather *doubtful that it will appear in a general newspaper*, it may, and that *it may show on all credit reports for ten (10) years*. The Undersigned acknowledge that Attorney has not been retained with respect to dealing with credit reporting agencies, or correcting errors in credit reports.

Public Records Search

Where one spouse is filing and it is the intent to take advantage of the tenants by entirety exemption, the Undersigned will provide copies of credit reports and/or monthly account statements, as requested by the Trustee, to verify that there are no joint unsecured debts. Prior to the Bankruptcy Attorney will obtain credit reports and tax transcripts for the Undersigned at the expense of the Undersigned to verify same. Undersigned consent to Attorney obtaining:

- A. Credit reports
- B. Tax transcripts
- C. Matters of public record from LexisNexis
- D. Matters of public record from the Department of Assessments & Taxation
- E. Matters of public record from Maryland Public Land Record On-Line archives
- F. PACER docket searches, and
- G. Related financial information.

Licensing Boards

No representation is included before regulatory or licensing boards.

19. **LIFT STAY MOTIONS**

(A) The Undersigned acknowledge that in Chapter 7 all installment loans must be current both pre-petition and post-petition and in Chapter 13 all installment loans must remain current post-petition or the secured creditor may file a lift stay motion so as to reclaim or foreclose the security (*e.g.*, home, car, furniture, or appliances). **Failure to receive a bill from a secured creditor does not in any way reduce the obligation to make monthly payments. If the Undersigned is used to receiving a bill on secured installment loans, continue making post-petition payments whether you receive a bill or not if you intend on keeping the collateral (e.g., car, home, jewelry, furniture, major appliances, electronics). The Undersigned's inability to: (a) make payments post petition in Chapter 13, or (b) to immediately come current and stay current in Chapter 7 or (c) to receive a bill is no defense to such a lift stay motion. In chapter 13 all installment loans must remain current post petition AND the Chapter 13 Trustee must receive the monthly payments due under the Plan. BOTH PAYMENTS IN CHAPTER 13 ARE ESSENTIAL Except as provided above with respect to Chapter 13 cases, the cost of defending or responding to a lift stay motion is NOT included in the basic filing fee.** In the event the Undersigned fall behind in payments on secured loans post petition, the charge for attempting to negotiate a modification to the existing loan repayment terms is four hundred dollars (\$400.00). Where a secured installment loan falls into arrears post-petition (after you file), the Undersigned consent to an unconditional lift stay by consent and/or without opposition where the collateral is intended to be surrendered.

(B) Consent, power, and authority for Attorney to enter into consent lift stay stipulations: Where the Undersigned desire to keep secured property and fall into arrears post-petition (*e.g.*, monetary default, insurance lapse default, real estate tax payments default), the Undersigned consent to an attempt to reach a stipulated lift stay consent order that modifies the existing loan covenants and allows not less than three months to cure the arrearages, defaults, late fees, legal fees and costs where thereafter an affidavit of default will be filed by the lender (with no further hearings available unless the affidavit is false) if the Undersigned violate the agreement, an execution and sale of the collateral will result without further hearings.

(C) Where a bankruptcy proceeding has been dismissed in the past year, the stay will expire in 30 days after a new petition is filed. A Motion to Extend stay must be filed, even if unopposed, the Undersigned may be required to attend the hearing, establish good faith, a change of circumstances and a reasonable possibility that the new case will be successful. Granting the motion is discretionary. If the motion to extend stay is denied, the Undersigned may elect to appeal, reconsider, or appeal, all optional-extra by engagement letter and there is n refund available of the original engagement fee.. Where more than one bankruptcy has been pending in the past year, a Motion to Impose Stay must be filed. Both motions require a good faith explanation why the stay should apply. Where a case has been dismissed in the past 180 days with prejudice, filing a new case may result in a Motion by the U.S. Trustee for sanctions.

20. **BALLOON MORTGAGES**

The Undersigned acknowledge that while most mortgages are 30 year mortgages (straight amortization), some are not and, while amortized based on, say, 25 or 30 years, balloon in, say, just three years. **Bankruptcy will not re-write the obligation to repay** and it is unlikely the lender will consent to an extension. It will also be difficult to find a new lender to refinance the ballooned loan and this is a serious problem in bankruptcy. If you are uncertain as to whether you have a balloon mortgage, immediately consult with your settlement attorney or lender.

21. **POST PETITION PAYMENT OF INSTALLMENT LOANS**

The Undersigned acknowledge the critical importance of making timely and complete post petition payments on car loans, mortgages, installment loans and similar secured transactions where the Undersigned desires to retain the collateral. In the event that a lift stay motion is filed by a secured creditor, an answer must be filed if there is just cause but the Court will reject any pleading filed by an individual represented by an attorney of record. **The Undersigned will mail all post petition mortgage and car payments with proof of delivery and keep a copy of the check or money order while the case is pending as lenders often lose or misplace post-petition payments. Failure to keep copies of payments may result in the foreclosure of the property and substantial additional fees.**

22. **EXEMPTIONS, OBJECTIONS TO DISCHARGE, AND FINAL CLOSING ORDER**

The Undersigned understand that objections to exemptions may be filed within 30 days of the first meeting of creditors, subject to court-ordered enlargement, and objections to discharge may be filed within 60 days of the first meeting of creditors, subject to court ordered enlargement and additional time when the creditor was not timely notified of the bankruptcy.

There are two orders in the closing of a chapter 7 case, the discharge order and the final distribution order. Where the trustee is considering administering assets, the discharge order may be entered long before the entry of the final distribution order, the case is open and the Undersigned acknowledge that they cannot contract to sell, lease, encumber, mortgage or give away assets (e.g., real estate) of the estate even though the Discharge Order has been entered.

Unless represented to the contrary in the Petition, the Undersigned warrant that their true address for the past two years was Maryland. Unless represented to the contrary in the Petition, the Undersigned warrants that they have not had a pending bankruptcy in any state for at least one year. The Undersigned will review the petition carefully before signing to verify this information. Serial bankruptcy filings may result in no stay being entered and dismissal of the case. Changing domicile between states within two years will mean the

loss of Maryland exemptions and the need for the Undersigned to retain Special Counsel in that jurisdiction with respect to exemptions available.

23. JUDGMENTS, TAX LIENS AND JUDICIAL LIEN STRIPPING

(A) Judicial Liens

The Undersigned acknowledge that a judgment recorded in the Circuit Court in any County where they own real estate (and District Court in Baltimore City) constitutes a lien, much like a mortgage, on all real estate in that County (or Baltimore City). That personal (*in personam*) judgment debt will be wiped out by the discharge but the judgment lien (*in rem*) will survive the bankruptcy and ride through it as a lien on the land. Subsequent efforts to sell or refinance the property will be blocked by the judgment and the judgment creditor may schedule a Sheriff's sale of the lot. Where a judgment lien impairs exemptions, an action may be filed in the Bankruptcy to void the lien. Each such action, if not opposed, will cost \$500.00 in legal fees plus any court costs in effect. If opposed, it will be billed hourly at the rates then in effect. Under the local Bankruptcy Court Rules, each judgment MUST be INDIVIDUALLY voided at the \$500.00 per judgment rate if uncontested, hourly at \$300.00 per hour if contested. Where the Undersigned has real estate that is to be kept, the Undersigned is solely responsible for checking with the local courthouse for a judgment and lien search.

(B) Federal Tax Liens

IRS liens recorded in the land records in any county in which you own real estate are not generally voidable, even if the personal liability for the tax is discharged as a result of the age of the tax debt.

(C) Title Examination

A local attorney, title company, or court personnel may be consulted for the title search. The Undersigned is SOLELY responsible to determine if judgments have been recorded against their real estate. Where property is owned by a husband and wife, a 2002 Supreme Court (*U.S. v. Craft*) decision with respect to federal tax liens has held that it attaches to marital property even where the federal tax debt is only from one spouse. **Where a state District Court judgment has been entered, the Undersigned are solely responsible for checking with the Circuit Court to see if the judgment has been recorded there. In Baltimore City, a District Judgment does not need to be recorded in the Circuit Court and becomes a lien in Baltimore City on all property located there. If a lien has attached to real estate, a judicial lien avoidance action is mandatory before the case is closed (chapter 7) or before the first meeting of creditors (chapter 13) to remove the judgment lien. If the lien is not avoided it will ride through the bankruptcy and it may be necessary to attempt to reopen the case (optional/extra) later to file a judicial lien avoidance action (optional/extra).**

(D) Redemption

Where there is a lien (whether first, second or otherwise, *e.g.*, cross-collateralized with another debt so that the car is collateral for two or more accounts) on an automobile's title, the lien and obligation to repay will survive bankruptcy unless the lien impairs exemptions and a legal fee of \$400.00 is paid to file an uncontested redemption action. A *contested* redemption action shall be billed @ \$300.00 per hour. Where service is on

the Department of Assessments and Taxation, a nominal additional fee will be required by them from the Undersigned. How redemption works: your car is worth \$5,000.00 and it is collateral for two loans totaling \$6,000.00 on the first loan and \$11,000.00 on the second loan. Rather than pay \$17,000.00 to keep a car worth only \$5,000.00, you have the right to redeem the car for \$5,000 cash money. If you want to pay over time, your lender does NOT have to agree to it, but may if you offer to reaffirm the \$5,000.00 debt. If your lender does not respond to the \$5,000.00 offer, which most do not, an adversarial redemption action (optional-extra) must be filed. Once the redemption order is signed, you MUST immediately be prepared to tender the \$5,000.00. If \$5,000.00 is not at hand, rather than pay \$17,000.00 for a \$5,000.00 car, you might consider giving the vehicle back to the lenders and your personal liability for the vehicle is extinguished.

(E) Mortgages & Deeds of Trust

In chapter 7 even fully unsecured mortgages and deeds of trust may not be stripped off. In chapter 13 **fully unsecured mortgages and deeds of trust** may be stripped off at a fee of \$500.00 if uncontested, hourly if contested. In either chapter 7 or 13 judgments that impair exemptions may be stripped off to the extent exemptions are impaired at a fee of \$600.00 each.

(F) Household Goods

A non-purchase-money-security interest (“Non-PMSI”) in household goods (*e.g.*, furniture, appliances, 1 TV, 1 radio, 1 VCR, but not rifles, lawn mowers, vehicles, cars or boats) may be voided to the extent it impairs exemptions at a cost of \$250.00 plus any charge for service of process on the State Department of Assessments and Taxation. The Undersigned is responsible for reviewing their files and contacting their lenders (particularly Citifinancial, Wells Fargo, Circuit City, Radio Shack, Beneficial, Household Finance, Jewelry Stores, Furniture Stores, Electronics Boutiques, etc.) and determining what Non-PMSI in household goods exist that need to be avoided and so advising Attorney in writing prior to the case being closed in chapter 7 and prior to the first meeting of creditors in chapter 13.

24. TRUSTEE REQUIREMENTS

The Undersigned acknowledge that the Trustee is not their legal representative, but, instead, acts on behalf of the interests of all creditors. The Undersigned understand that the Trustee is entitled to receive original records, books, bank statements, and tax returns, upon request and that failure to cooperate with the Trustee may result in a denial of discharge, sanctions, fees, and the like.

25. BATCH FILING AND EMERGENCY FILINGS

Preparation of the bankruptcy papers takes not less than 7 business days. If expedited service is required, an additional fee of \$300.00 will be charged. Where a “barebones petition” is filed, the final petition, statement of financial affairs, and schedules are due in the courthouse in 15 days. Delay in providing this information may result in the case being dismissed. If a Motion to Extend Time to File Schedules is required by the circumstances, as reasonably determined by the Attorney, the charge is \$300.00 plus \$1.00 handling to notice each party in interest. The Motion may not be granted and the case may be dismissed with an 11 U.S.C. Section 109 (g) one hundred eighty (180) day refiling bar. **Bankruptcy petitions are filed once each month**

in a batch. If you desire expedited filing due to a garnishment, law suit, foreclosure, or the like, the expedited filing fee is \$300.00 optional-extra of your basic fee as the meeting of creditors will not be synchronized with that month's day and time at the first meeting of creditors and/or confirmation hearing. The monthly batch filing date is posted prominently at the front desk.

26. MISCELLANEOUS SERVICES AND CHARGES IN CHAPTERS 7 AND 13

Except as provided above in Chapter 13 cases,

(CHAPTER 11 IS HOURLY) plus costs:

Base Fee (includes up to 49 creditors)	see engagement letter
Meeting 1 month Before Confirmation	No Charge
Attending First Meeting of Creditors	No Charge
Preparation of Petition, Schedules, Exhibits, Plan, Statement of Financial Affairs, Means Test	No Charge
Telephone Consultations during case	No Charge
Calculation of Means Test	No Charge
Determination of state for exemptions	No Charge
Determination of venue	No Charge
Determination of Section 362 stay	No Charge
Consultation about equity disputes	No Charge
PACER Pre-filing Search	No Charge
Two amendments to petition	No Charge
Maintaining custody and control of case files for 6 years	No Charge
Verification of your identity and social security number	No Charge
Giving information concerning credit counseling options pre-petition, the education requirements post-petition, and explaining those requirements under the Bankruptcy Code	No Charge
Providing instructions to the Undersigned about the completion of forms necessary for the preparation of the bankruptcy documents	No Charge
Securing income tax transcripts for the prior 4 years	No Charge (legal fee, transcripts at cost)

Discussion of options for retaining any secured property	No Charge
Analysis of exemptions	No Charge
Calls from creditors after engagement letter signed	No Charge
Letters to the Undersigned notifying of deadlines	No Charge
Responding to trustee requests	No Charge
Over 49 creditors	\$6.00 per creditor over 49
Response/Objection to Affidavit of Default	\$500.00 plus costs
Contested matters:	\$300.00/hour plus costs
Response to Motion to Dismiss	\$300.00 plus costs
Modification of Plan after Confirmation	\$400.00 + \$2.00 per creditor
Objection to Claim:	\$500.00 plus costs, if uncontested. Hourly if contested, plus costs
Deconsolidation of Marital Filing	\$500.00 + court fee
Reschedule First Meeting of Creditors	\$300.00 + \$2.00/creditor
Consent & Order to Extension of Discharge	
Deadline for Missed FMC	\$150.00 + \$2.00/creditor
Attend Rule 2004 Deposition:	\$625.00 plus mileage, tolls & parking
Hearing on Expedited filing without Credit Counseling Certificate	\$300.00
Chapter 13: Motion to Dismiss, Order, Service, if uncontested	\$300.00
Mileage other than covered hearings	0.53/mile plus tolls and parking
Expedited Services to File before Monthly Batch Filing Date:	\$300.00 for non-batch filing
Messenger Service:	At Cost
Xeroxing:	\$0.25/copy
Fax:	\$1.00/page
Archive Retrieval after final decree	\$85.00 + 0.25/copy
Requests from the Undersigned for PACER docket review	\$50.00 plus costs
Student loan dischargeability complaint	\$1,500.00 plus costs
Chapter 13 Hardship Discharge	\$800.00 plus costs
Negotiate cure of post petition default	\$300.00 plus costs
Uncontested:	
Household goods lien avoidance	\$300.00 plus costs
Redemption	See item 23
Lien Stripping	See Item 23

Reopen Case	\$800 + filing fee
Abandonment	See Item 10 above
Reaffirmation	\$300.00 each
Refinancing	See Item 10 above
Balloon Mortgage Refinancing	\$600 fixed engagement fee
Appeals	Not included, subject to negotiation
Obtaining market analysis of real estate	Not included. Responsibility of Undersigned.
Rescheduled First Meeting of Creditors due to improper ID:	\$150.00
One letter Responding to Home Improvement Commission, or Regulatory Agencies	\$250.00
Motion to Extend Stay	\$750.00
Response to Abuse Motions	\$750.00
Response to Audit by U.S. Trustee	\$1,500.00
Hearings on Median Income	\$500.00
Bad Check/NSF fee	\$50.00
Calls to Attorney at home	\$75.00
Notices	\$2.00/creditor
LexisNexis search	\$10.00, to be pre-paid by Undersigned
Credit Reports	At Cost, to be pre-paid by Undersigned
Tax Transcripts	At Cost, to be pre-paid by Undersigned
Licensing Boards (e.g., Home Improvement, Law Accounting, etc.)	hourly per engagement letter @ \$300.00/hour

Attorney will be entitled to a contingency fee equal to 33-1/3% of any actual recovery from any party for a violation of the automatic stay, the co-debtor stay, the discharge injunction, for breach of the plan or any terms thereof, or for breach of any state or federal consumer protection statutes.

Note: The Undersigned must pay optional/extra fees before the action is undertaken. Once the case is closed a motion to reopen the case will be necessary and may not be granted. The Undersigned **COVENANT AND AGREE** to pay the fees for these optional/extra services and consent to an administrative/priority claim in chapter 13 and asset chapter 7 for these charges for optional/extra services and, if necessary, will increase chapter 13 plan payments to the extent necessary to properly fund the plan. All legal fees are non-refundable engagement fees.

All optional-extra fees must be pre-paid in cash or by certified check or bank money order. Personal checks will NOT be accepted.

Garnishments within 90 days of filing: An additional contingent fee will be charged of one-third (1/3) of any monies recovered from a creditor relative to monies garnished in excess of \$600.00 during the ninety (90) day period prior to filing pursuant to 11 U.S.C. §547 (c) (8). (Where the garnished funds are less than \$600.00, absolutely no recovery is permitted).

Omitted Creditors and Amendments: The Undersigned acknowledge that if they neglect to list a creditor in their original petition or list the creditor with an incorrect address, they may amend the petition to add that creditor or correct the address as long as the case is open. The cost of the first amendment to the Schedules, other than Schedule C (exemptions), will be a filing fee to the clerk for new creditors of \$26.00 and there is no legal fee. Each subsequent amendment will incur a legal fee of \$125.00 plus any fee to the Clerk. Amendments, including the first, to schedule C (exemptions), will incur a legal fee of \$125.00 plus \$1.00 handling per creditor to be notified. **The Undersigned will be provided with ONE FREE COPY of the petition and court papers. This copy should be kept in a safe place for at least ten years to avoid additional fees.** Additional copies while the case is open will cost \$0.25 per page. The archive retrieval fee after the case is closed is \$150.00 plus .25/page or such higher copy rate as may then be in effect. The above fees are for uncontested matters. Hourly rates apply to contested matters. Hourly rates are increased annually based on the increase in the CPI from the date of the retainer letter.

Court fees: Where court fees are referred to herein, they are subject to change at any time and are solely the responsibility of the Undersigned. Court fees were raised in December 2003 and go up frequently. These potential fees are disclosed pursuant to 11 U.S.C. §329. Bills are before the House and Senate on a regular basis to increase the Bankruptcy Court's filing fees. Increased fees are strictly the responsibility of the Undersigned.

27. MISCELLANEOUS PROVISIONS

(A) Merger and Venue, Waiver of Jury Trial, Scheduling in bankruptcy case

This Acknowledgment incorporate and merge all prior discussions and shall be governed and construed according to the laws of Maryland and only by courts of competent jurisdiction in the State of Maryland. Unless waived by Attorney, any dispute with respect to the Debtor's Acknowledgment or fees shall be first submitted to Fee Arbitration. Any amendment or modification to this Acknowledgment shall be in writing signed by Attorney (not staff) and the Undersigned. Any dispute involving us filed in any court shall, upon our request, be transferred to such state court in Talbot County, Maryland as may have jurisdiction, or to the United States District Court for the District of Maryland, Baltimore Division and must be scheduled as an asset by you in your bankruptcy. **THE UNDERSIGNED WAIVES TRIAL BY JURY AS TO ANY ACTION, PROCEEDING OR CLAIM BETWEEN US.** In addition to any other method allowed by applicable law, you agree that process in any lawsuit filed by us to redress a claimed default or breach of this Agreement may be served by sending it to your last known address by first class mail and certified mail, return receipt requested, and that the Court thereupon shall have personal jurisdiction over you with the same effect

as if process had been personally served upon you in the state or jurisdiction in which the action is pending, except that if service is made by mail, three days shall be added to the otherwise applicable statutory period within which to answer the applicable pleading. You agree to pay a \$50 fee for any payment returned unpaid by your bank.

(B) Consent to Disclosure

The undersigned consent and direct all accountants, taxing authorities, credit reporting agencies, appraisers, domestic attorneys, personal injury attorneys, appraisers, surveyors, engineers, health care providers, banks, lenders, accountants, CPA's, real estate brokers, physicians, attorneys, and other professionals to provide any and all information, reports, files, and electronic media requested by Attorney at the sole expense of the Undersigned.

(C) Change in Laws

The Undersigned acknowledge that legal advice is given based on the current state of the law, **and acknowledge that future changes in state and federal laws, rules, and court decisions could require different strategies or result in unanticipated effects.** In addition, statutes relating to exemptions and filing fees are subject to change at any time.

(D) Attorney Work Product

Other than original documents, all original attorney work product in the Attorney's file belongs to Attorney and is subject to a retaining lien for payment.

(E) Competence

The Undersigned certifies under penalties of perjury that they are over 18, competent to testify on personal knowledge, execute this acknowledgment, and have read and fully understand this acknowledgment. The Undersigned acknowledge that they have been given adequate opportunity to do so and to ask questions and make full inquiry. The Undersigned certifies that all information, photographs, tax returns, credit reports, addresses, social security numbers, list of dependents and members of household, list of assets & debts is true, correct, accurate, and complete in every way.

(F) Severability

Pursuant to 11 U.S.C. §329 (b) the Court retains jurisdiction to regulate legal fees, retainer agreements, and engagement agreements. If any provision in this Acknowledgment is deemed unenforceable for any reason by a court of competent jurisdiction, the balance of this Acknowledgment shall remain enforceable.

(G) Rule 2016 Amendment

Where court papers are filed with respect to the optional/extras referred to herein, the Rule 2016 Disclosure shall be deemed amended in accordance herewith.

(H) **Required** Filings:

File copy of Repayment Plan that was developed in pre-filing counseling.

File record of interest in education IRA.

File Certificate from Approved Credit Counseling Agency.

Matrix of creditors to include designated address for a creditor.

Petition, Schedules, Statement of Affairs, 2016 Disclosure.

Chapter 13: plan.

60 Days pay advices/stubs for Trustee before FMC

6 months pay stubs for Median Income

Before discharge: Certificate from Credit Education Agency

Bank Statements Verifying Bank Balance on Date of Filing

(I) Risks of Bankruptcy

The Undersigned understand that there are inherent risks in filing for bankruptcy, including the fact that property may be liquidated (sold) by the Court to pay debts in some cases. The Undersigned also understand that the new bankruptcy law is subject to different interpretations and that there are inherent risks in how the Judges and Courts will apply various provisions. Examples may include how to compute or calculate income, how and when to liquidate assets or property, what exemptions apply to protect property, whether property may be sold to satisfy domestic support obligations, whether one qualifies for a Chapter 7 or Chapter 13, whether and to what extent another states exemption law may apply to determine what property one can keep, how payments to creditors or a Chapter 13 Trustee are calculated and determined, how long a case will be pending, how "good faith" will be judged in filling a case, and how and to what extent past, current and future finances will be subject to audit and examination in detail. Bankruptcy will remain on one's credit reports for ten years and may make it difficult to incur new debt. Just as the Undersigned always have the right to terminate employment of Attorney, Attorney may, subject to Court approval, terminate this Agreement at any time and withdraw from representing the Undersigned if differences arise concerning the case or if the Undersigned do not make the payments required by this Agreement or fail in any way to communicate honestly and strictly abide by this agreement. Once a bankruptcy petition is filed, civil (not criminal) actions by creditors will freeze litigation, your bank accounts may be frozen, credit vehicles (lines of credit and credit cards) may be frozen, and **outstanding checks that have not been cleared may be dishonored.** Where performance by the Undersigned is required, time shall be of the essence.

**BAPCPA REQUIRED NOTICE NO. 1 (§ 342(b)(1) and 527(a)(1) of the Bankruptcy Code)
PURPOSES, BENEFITS AND COSTS OF BANKRUPTCY**

This discussion is intended only as a brief overview of the types of bankruptcy. One 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 or not 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 is 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 these words.

Types of Bankruptcy

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 wiped out, and Chapter 13, which involves 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 from the Bankruptcy Court.

Chapter 7.

Chapter 7 is designed for people who are having financial difficulties and are not able to re-pay their debts.

Under the changes to the Bankruptcy Code that took effect October 17, 2005, one 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 is \$274.00.

Under Chapter 7, you can usually exempt, or keep, most or all of your assets under Maryland law, or, if you have not lived in Maryland for the past two years, under the state's exemption law that applies to your case. Most retirement accounts and pensions are also exempt. Secured property, normally your car and house, may not have any net equity, in which case you can keep it 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
- alimony, and other domestic support obligations
- some income taxes
- trust Fund taxes
- student loans
- criminal restitution, and
- debts for death or personal injury caused by operating vehicles while intoxicated with alcohol or drugs.

Chapter 13.

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 for a Chapter 13 currently is \$189.00, subject to increase.

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. A repayment plan can last for up to five years. After finishing your payments, most of your unsecured debts are discharged. Creditors, the U.S. Trustee, and the Court all have standing to object to confirmation of your plan and the opportunity to be heard in court.

Chapter 11.

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 currently is \$1,039.00, subject to increase. However, since chapter 11 does not usually pertain to individuals whose debts are primarily consumer debts, further information about chapter 11 will be provided by reference to the following resource: The "Bankruptcy Basics" brochure prepared by the Administrative Office of the United States Courts, dated June 2000, and which can be accessed over the internet by visiting the following website: www.uscourts.gov/bankruptcycourts.html .

Chapter 12.

Chapter 12 lets family farmers/fishermen 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 currently is \$239.00, subject to increase. However, since chapter 12 does not usually pertain to individuals whose debts are primarily consumer debts, further information about chapter 12 will be provided by reference to the following resource: The "Bankruptcy Basics" brochure prepared by the Administrative Office of the United States Courts, dated June 2000, and which can be accessed over the internet by visiting the following website: www.uscourts.gov/bankruptcycourts.html .

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 the credit card companies.

What Bankruptcy Can and Cannot Do

Bankruptcy may make it possible for financially distressed individuals to:

1. Discharge liability for most or all of their debts and get a fresh start. When the debt is discharged, the debtor has no further legal obligation to pay the debt.
2. Stop foreclosure actions on their home and allow them an opportunity to catch up on missed payments.
3. Prevent repossession of a car or other property, or force the creditor to return property even after it has been repossessed.
4. Stop wage garnishment and other debt collection harassment, and give the individual some breathing room.
5. Restore or prevent termination of certain types of utility service.
6. Allow debtors an opportunity to challenge the claims of certain creditors who have committed fraud or who are otherwise seeking to collect more than they are legally entitled to.

Bankruptcy, however, cannot cure every financial problem. It is usually not possible to:

1. Eliminate certain rights of secured creditors. Although a debtor can force secured creditors to take payments over time in the bankruptcy process, a debtor generally cannot keep the collateral unless the debtor continues to pay the debt.
2. Discharge types of debts singled out by the federal bankruptcy statutes for special treatment, such as child support, alimony, student loans, certain court ordered payments, criminal fines, and some taxes.
- 3.. Protect all cosigners on their debts. If relative or friend co-signed a loan which the debtor discharged in bankruptcy, the cosigner may still be obligated to repay whatever part of the loan not paid during the pendency of the bankruptcy case.
4. Discharge debts that are incurred after bankruptcy has been filed.

5. If you are on a Farmer's Home mortgage subsidy program, your past due payments may have taken you off the subsidy program and you will have to immediately re-apply for the subsidy, fill out all forms, and provide documents and tax returns for those in your household. These services are NOT included as part of your bankruptcy.
6. Offers in Compromise with taxing authorities is neither permitted nor included in your bankruptcy.

Bankruptcy's Effect on Your Credit

By federal law, a bankruptcy can remain part of a debtor's credit history for 10 years. Whether or not the debtor will be granted credit in the future is unpredictable, and probably depends more on what good things the debtor does in the nature of keeping a job, saving money, making timely payments on secured debts, etc., than the fact that the debtor filed bankruptcy.

In some cases it may actually be easier to obtain future credit after bankruptcy, because new creditors may feel that since the old obligations have been discharged, they will be first in line. They also recognize that the debtor cannot again file bankruptcy for at least the next four years in the case of chapter 13 or eight years in the case of chapter 7. The truth is that if a debtor cannot pay his or her bills, and the debtor's credit is already ruined or exhausted, filing bankruptcy can actually be an important first step in re-building credit.

Services Available From Credit Counseling Agencies

If you're not disciplined enough to create a workable budget and stick to it, can't work out a repayment plan with your creditors, can't keep track of mounting bills, or need more help with your debts than can be achieved by merely having a few of your unsecured creditors lower your interest rates somewhat, it makes NO sense to consider contacting a credit counseling organization.

If, on the other hand, you meet all of those criteria, there are many non-profit credit counseling organizations that are nonprofit and will work with you to solve your financial problems.

But be aware that, just because an organization says it's "nonprofit," there's no guarantee that its services are free, affordable, or even legitimate. In fact, some credit counseling organizations charge high fees, which may be hidden, urge consumers to make "voluntary" contributions that can cause more debt, urge consumers to enter "debt repayment plans" they simply cannot afford.

Most credit counselors offer services through local offices, the Internet, or on the telephone. If possible, it probably best to find an organization that offers in-person counseling. Many universities, military bases, credit unions, housing authorities, and branches of the U.S. Cooperative Extension Service operate nonprofit credit counseling programs. Your financial institution, local consumer protection agency, and friends and family also may be good sources of information and referrals.

Reputable credit counseling organizations can advise you on managing your money and debts, help you develop a budget, and offer free educational materials and workshops. Their counselors are certified and trained in the areas of consumer credit, money and debt management, and budgeting. Legitimate counselors will discuss your entire financial situation with you, and help you develop a personalized plan to solve your money problems. An initial counseling session typically lasts an hour, with an offer of follow-up sessions.

If your financial problems stem from too much debt or your inability to repay your debts, a credit counseling agency may recommend that you enroll in what is known as a "debt management plan" or "DMP". A DMP alone is not credit counseling, and DMPs are not for everyone. You should sign up for one of these plans only after a certified credit counselor has spent time thoroughly reviewing your financial situation, has offered you customized advice on managing your money, and has analyzed your budget to make sure that the proposed DMP is one you can afford. However, remember that all organizations that promote DMP's fund themselves in part through kickbacks from the creditors involved, which are called "fair share", so you have to be wary as to whose best interest the counselor has in mind. Even if a DMP is not appropriate for you, a reputable credit counseling organization still can help you create a budget and teach you money management skills.

In a DMP, you deposit money each month with the credit counseling organization, which uses your deposits to pay your unsecured debts, like your credit card bills and medical bills, according to a payment schedule the counselor develops with your creditors. Your creditors may agree to lower your interest rates or waive certain fees, but it's always best to check with all your creditors, just to make sure they offer the concessions that a credit counseling organization is promising you. A successful DMP requires you to make regular, timely payments, and could take 48 months or more to complete. Ask the credit counselor to estimate how long it will take for you to complete the plan. You may have to agree not to apply for — or use — any additional credit while you're participating in the plan, and a DMP is absolutely useless if your problems stem from or involve your secured creditors holding your car, truck or home as collateral. DMP's are also useless if your problems stem from alimony, child support or overdue taxes.

The bottom line is this: If all you need is a little lowering of your interest rates on some unsecured debts, a DMP might be the answer. However, if what you really need is to reduce the amount of your debt, bankruptcy may be the only solution.

Under the changes to the Bankruptcy Code which be effective October 17, 2005, you are required to take two short credit counseling courses, one before you file bankruptcy, and one after you have filed. Attorney will refer you to a reputable credit counselor who has been approved by the United States Trustee for these courses.

**BAPCPA REQUIRED NOTICE NO. 2 (§ 527(a)(2) of the Bankruptcy Code)
NOTICE OF MANDATORY DISCLOSURE TO CONSUMERS WHO CONTEMPLATE FILING
BANKRUPTCY**

Page 34 of 40

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Initials

Initials

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 the 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 §707(b)(2) and, in a case under chapter 13 of this title, disposable income (determined in accordance with §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 a criminal sanction.

**BAPCPA REQUIRED NOTICE NO. 3 (§ 342(b)(2) of the Bankruptcy Code)
FRAUD & 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 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**

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. 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 will be questioned by a court official called a "trustee" and, much more 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 interest 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 relief. However, please be advised that in most cases, you will only be concerned with chapter 7 and chapter 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.

ACKNOWLEDGMENT OF RECEIPT

The Undersigned acknowledge receipt from Attorney at the first consultation a copy of all of the following documents:

1. **Consultation Written and signed Agreement/Engagement Letter and an extra copy**
2. **Notice Mandated By §342(b)(1) and §527(a)(1) of the Bankruptcy Code**
3. **Notice Mandated By §527(a)(2) of the Bankruptcy Code**
4. **Notice Mandated By §527(b) of the Bankruptcy Code**
5. **Notice Mandated By §342(b)(2) of the Bankruptcy Code**
6. **Debtor's Acknowledgment Form**
7. **Bankruptcy Information Booklet and/or CD**

**CHAPTER 13 DEBTOR'S COUNSEL
RESPONSIBILITIES AND FEES**

1. A copy of this document, Chapter 13 Debtor's Counsel Responsibilities and Fees, must be delivered to the debtor(s) by counsel at the time counsel is employed, in addition to the retainer agreement by and between the debtor(s) and debtor's counsel.
2. With the exception of adversary proceedings and U.S. Trustee audits, for which separate arrangements may be made, counsel must represent their client in all matters in the bankruptcy case as long as counsel is counsel of record. This includes defending motions, including motions for relief from stay, bringing objections to claims and prosecuting motions on behalf of debtor. After the initial engagement, counsel may not demand payments from the debtor as a precondition to doing the work.
3. Counsel must remain as counsel of record until the entry of a court order allowing the withdrawal of appearance, or until the case is dismissed or closed.
4. The following fee arrangements are presumed reasonable under Section 329 and allowable under Section 330 and require no application or approval, except as stated below. This presumption is rebuttable and the fee can be subject of an order to justify the fee.
If no objection or order to justify fee is filed or entered, the presumptively reasonable fee is deemed allowed under 11 U.S.C. § 330 without the entry of an Order. However, if an objection or order to justify fee is filed or entered, the burden shall be upon debtor's counsel to prove that the fee should be allowed under 11 U.S.C. § 330 under the facts and circumstances of the case for which the fee is sought. The afore going notwithstanding, any objection filed by a trustee or other party in interest shall describe the asserted factual basis for rebutting the presumption.

A. A flat fee, not to exceed \$3,500.00 for representation of the debtor for all matters in the main case. Counsel may by application request approval of additional fees for work done after 6 months following the entry of order confirming plan until representation ends. Such application may be made on Local Form E with notice (Local Form E-1).

B. A flat fee, not to exceed \$4,500.00 for representation for all matters in the main case. Counsel waives all opportunity to apply for additional work in the main case,

C. A flat fee, not to exceed \$2,000.00 for representation of the debtor on all matters relating to plan confirmation. Counsel may apply for additional compensation for additional fees for prosecuting or defending motions not relating to the plan confirmation or for claims objections. Such application may be made on Local Form E with notice (Local Form E-1). The requirement of representation in all matters in the bankruptcy case, stated in paragraph 2. above, applies without regard to the more limited coverage of the \$2,000.00 fee arrangements set forth in this subparagraph.

D. In any fee arrangement described in subparagraph A, B and C above, the plan may allow up to a total of \$2,000.00 (minus any deposit or retainer received) to be disbursed by the Trustee to counsel, before any disbursement by the Trustee to other creditors, except claimants whose claims are described in 11 U.S.C. § 507 (a)(1). Any remaining unpaid balance of the fee shall be amortized over the remaining months of the plan.

6. All fees are subject to subsequent disgorgement upon an order of the court. No plan or confirmation order shall bar by res judicata or otherwise the subsequent review and potential disgorgement of the fee, upon objection or order to justify fee and notice thereof.

7. Full compliance with Federal Rule of Bankruptcy Procedure 2016(b) is required, including the filing of a Supplemental Disclosure on Local Form E-2 of additional funds received from any person, other than distributions from the Trustee under a confirmed plan.

NOW WITNESS OUR HANDS AND SEALS.

Date

/s/Signature on file _____ (Seal)
Debtor

Date

/s/Signature on file _____ (Seal)
Co-Debtor

Initials

Initials

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PRIVACY NOTICE

Attorneys, like other professionals who advise on personal financial matters, continue to be required by federal law to inform their clients of their policies regarding privacy of client information. We have always protected your right to privacy, even before the federal law. Nevertheless, out of caution and for your protection, we provide you with this notice of changes in federal law on a specific privacy issue.

In the course of providing our clients with income tax, estate tax, and gift tax advice, we receive significant personal financial information from our clients. If you are a client, you should know that all information we receive from you is held in confidence, and is not released to people outside the firm, except as agreed to by you, or as required under applicable law.

We retain records relating to our professional services that we provide so that we are better able to assist you with your professional needs and, in some cases, to comply with professional guidelines. In order to guard your nonpublic personal information, we maintain physical, electronic, and procedural safeguards that comply with our professional standards. If you have specific privacy concerns about your personal or financial information, please contact Alexander Gordon, IV.

This notice is required by Federal Privacy Laws.