

Arey and Cross, P.C.

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GEORGIA BANKRUPTCY INFORMATION

Thank you for choosing Arey & Cross, P.C. We are happy to assist you with your Bankruptcy!

Attached you will find our Bankruptcy Worksheet. In order to effectively represent you in this matter, **you must complete the Bankruptcy Worksheet provided to you by this Law Firm.**

These forms will assist you in preparing for your appointment. Should you have any questions regarding these forms, please feel free to contact our office. The Bankruptcy Department will be glad to assist you.

The Court Cost is due at the time of your appointment.

Chapter 13 - \$310.00

Chapter 7 - \$335.00

NO PERSONAL CHECKS,
OR CREDIT/DEBIT CARDS OF ANY KIND

No Refunds: All funds are applied toward Attorney fees should you decide not to file Bankruptcy.
No charge for Initial Consultation with Attorney.

YOU MUST BRING THESE DOCUMENTS TO YOUR CONSULTATION!!
THESE DOCUMENTS ARE REQUIRED AS YOU ARE SUBJECT TO AN AUDIT!!

1. You must bring us copies of your **Federal and State(s) Income Tax Returns** for the previous **one (1) year with the W2's, Schedules, 1099's and K-1 forms attached for IRS, Georgia and Alabama**. If your tax returns have not been filed, you must do so immediately. You cannot have a 341(A) meeting or receive a discharge in bankruptcy unless **ALL** tax returns have been filed.
2. You must list all creditors on "WORKSHEET OF CREDITORS" including real estate debts (mortgages), vehicles, credit card, personal loans, joint loans, co-signers, co-makers, co-debtors or guarantor, credit unions, collection agencies, pay day loans, bad checks, medical, dental and orthodontics, signature loans, tax debts(Federal and State), student loans or any other government debts. You must list any creditors trying to collect money.
3. If you are keeping an automobile or home, you must provide us with proof of **full coverage insurance** with the **lien holder named as loss payee**. You can obtain this from your insurance agent.
4. You must provide us with any and all **pay stubs** you received from any and all employment, earnings, government benefits, or any other source of income, for the **last six (6) months**. IF YOU ARE MARRIED, even if you are filing individually, you must provide us with any and all **pay stubs your spouse received** from any and all employment, earnings, government benefits, or any other source of income, for the last six (6) months.
5. If you have been sued or garnished, please bring us the **lawsuit or garnishment documents** .
6. If you own your home, buying your home or have any rental properties, you must provide us with the **tax statement(s)** the city provides every year, demonstrating the **value of the home or properties**, or written appraisals on your home or properties.
7. Please provide us with **one credit report** (Transunion and Experian) obtained within thirty days of filing. You can order one free copy a year from each bureau at **annualcreditreport.com** or by calling **877-322-8228**. If you are unable to obtain one, our office can pull one for you for a charge of **\$20.00 single person/\$25.00 joint**. All creditors, addresses and balances must be shown on the worksheet. We recommend that you look at all three agencies, but we only require one credit report (Transunion, Experian and Equifax). **No Credit Karma**.
8. If you own or have owned any **real estate**, present or in the past **6 years**, please advise what happened to property (examples: sold, transferred or foreclosure).
9. If you **previously filed for bankruptcy** protection, please provide us with the date and chapter and case number.
10. If you pay Child Support or Alimony, please provide a copy of the Order, including **names and addresses of whom you pay child support or alimony to** and the child support agency where payments are made.
11. Please provide your Credit Counseling Certificate. **You must have before you can file.**

NOTICE OF REQUIREMENT TO ATTEND
CREDIT COUNSELING AND
PERSONAL FINANCIAL MANAGEMENT COURSES

Pursuant to 11 U.S.C. Section 111, the United States Bankruptcy Administrator for the Middle District of Georgia and the Middle District of Alabama now requires that all individual debtors who file for Bankruptcy relief must attend two courses.

- 1) **Credit Counseling** - Individuals who wish to file a Bankruptcy case under Title 11 of the United States Bankruptcy Code are required to file with the United States Bankruptcy Court, a completed certificate of counseling from the nonprofit budget and credit counseling agency. **This briefing must be given within 180 days before the Bankruptcy filing.**

- 2) **Personal Financial Management Instruction Course** - In addition, after filing a Bankruptcy case, an individual debtor generally must complete a financial management instructional course before he or she can receive a discharge. **This briefing must be completed within 45 days after the first date of the meeting of creditors under Section 341.**

You may bring your Credit Counseling Certificates to our office personally, Fax them to our office at 706-596-8830 or E-Mail them to us at warey@aol.com

I RECOMMEND THAT AFTER YOU RECEIVE YOUR DISCHARGE THAT YOU PULL YOUR CREDIT REPORT, MAKE SURE ALL CREDITORS LISTED REFLECT "DISCHARGED IN BANKRUPTCY". IF THEY DO NOT, SEND A LETTER TO THE CREDIT REPORTING AGENCY WITH A COPY OF YOUR LIST OF CREDITORS AND THE DISCHARGE NOTICE.

GEORGIA
APPROVED CREDIT COUNSELING AGENCIES

The **Credit Counseling Certificates** can be **Faxed** to my office at **(706) 596-8830** or **E-Mail** them to warey@aol.com

The following are the most recommended agencies:

Internet Access 24hrs a day

Money Sharp

1916 N Fairfield Avenue Suite 200

Chicago, IL 60647

www.moneysharp.org

1-866-200-6825

(Pre-filing & Pre-Discharge \$10.00 per household with
Attorney Code **ALCLAW**)

Academy of Financial Literacy, Inc.

2105 E. Oakland Street

Chandler, AZ 85225

1-877-833-2867

1st & 2nd Courses \$10.95

www.academyoffinancialliteracy.com

Local Office

The Family Center of Columbus, Inc.

1350 15th Avenue

Columbus, GA 31902

706-327-3239/1-800-757-2227

www.cccs-wga.com

(Prefiling \$35.00/\$50.00 Couples

Pre-Discharge \$35.00/\$50.00 Couples)

The Mesquite Group, Inc.

600 Six Flag Drive Suite 400

Arlington, TX 76011

1-817-769-4069

(Pre-filing \$24.00 Pre-Discharge \$12.50)

www.themesquitegroup.org

Alliance Credit Counseling, Inc.

15720 Brixham Hill Avenue #575

Charlotte, NC 28277-4424

(1st & 2nd Courses \$19.00 online

1st & 2nd Courses \$49.00 phone)

www.knowdebt.org

1-888-594-9596

Hananwill Financial Education Services

115 North Cross Street

Robinson, IL 62454

1-866-544-5557

www.hananwill.com

(1st & 2nd Courses \$25.00)

How were you referred to this office?
yellow pages / newspaper / friend / other _____

(OFFICE USE ONLY)

Chapter _____

Court Costs _____

Attorney Fees _____

101805/1

CLIENT INFORMATION WORKSHEET

COMPLETE IN ITS ENTIRETY

Marital Status _____

Debtor

Spouse (if filing jointly)

FULL Name: _____

Street Address _____

Mailing Address: _____

COUNTY: _____

Home Phone: _____

Work Phone: _____

Cellular Phone: _____

Email Address: _____

Social Security No.: _____

Any other name used? _____

Previous Bankruptcy? YES / NO If Yes, When Filed? _____ YES / NO If Yes, When Filed? _____

(If yes) Chap. _____ Case # _____ Chap. _____ Case # _____

District: _____ District: _____

YOUR PROPERTY: Check the type of real estate you own: house mobile home land :

Address of real estate: _____

What do you think it would sell for in its present condition? \$ _____

When did you purchase the property? _____ Original Purchase Price? \$ _____

How much do you owe on the 1st mortgage? \$ _____ Monthly payment: \$ _____

How much do you owe on the 2nd mortgage? \$ _____ Monthly payment: \$ _____

Is your mortgage an adjustable rate mortgage or fixed rate? _____ . If it is an adjustable rate,

when is it due to change? _____ Veterans Administration Loan (V.A.) _____

*** Is real estate in the process of foreclosure? Yes / No

REAL ESTATE PROPERTY: Fair Market Value \$ _____, Selling Price in Area \$ _____,

Last Appraisal and Amount _____ years \$ _____, and have you made any major additions or improvements to the property, such as adding on rooms etc? _____

PERSONAL DATA

DEBTOR (FILER)

SPOUSE

Age: _____

Job Title: _____

Employer: _____

Address: _____

Years Employed: _____

Dependent(s) relationship & Ages (no names): _____

LIST ALL BANK ACCOUNTS IN YOUR NAME

Name of Bank Checking / Savings / Christmas Club Balance after bills are paid?

(If you owe money to the company you bank with, you will need to close the account(s) and open up a new account at a bank which you owe no money. If you do not, the company has the right to take funds out of your account, apply funds to the debt owed; it is also, your responsibility to stop automatic drafts).

Household Goods (examples: living room suite, bed room suite, dining room suite, refrigerator, microwave, washer, dryer, stove, etc.):

ELECTRONICS (examples: tv, dvd, vcr, computer, printer, wii, x box etc): _____

- Sports equipment, hobby equipment or fire arms: _____
- List any retirement, IRA's, 401(k)'s, pension, stocks/bonds (include value): _____
- Life Insurance Policies, Company Name, Cash Value (not amount of policy), Beneficiary Names: _____
- Does anyone owe you money? _____
- Are you involved in a Personal Injury Claim, Workmen Compensation or a claim where you could sue someone and obtain a money? If yes, describe and date occurred: _____ and list attorney's name, address and date of representation: _____
- Do you expect an inheritance in the next 180 days? _____
- Are you expecting a Tax Refund? _____ If yes, estimated amount? _____
- Do you own farming equipment, livestock, office equipment or supplies? _____

• Do you have any spouses or former spouses that have resided in a community property state, commonwealth or territory (i.e. Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, Washington, or Wisconsin) within a six year period preceding the filing of this case? **Circle One:** YES NO

MOTOR VEHICLES

Motor vehicles include cars, trucks, SUVs, motorcycles, boats, trailers, campers, ATVs, etc. Provide the **make, model, year and mileage (as applicable)** of each vehicle you own. List **any and all** options the vehicle has (i.e. leather seats, power sunroof, etc.) Continue on back of sheet if more than three vehicles.

1) Year _____ Make (Chevy, Ford, etc.) _____ Model (Cavalier, Taurus, etc.) _____

Options on vehicle _____ Market value \$ _____
 Exact Date purchased: _____ Mileage _____ Amount Owed _____ Payments current? _____

2) Year _____ Make (Chevy, Ford, etc.) _____ Model (Cavalier, Taurus, etc.) _____

Options on vehicle _____ Market value \$ _____
 Exact Date purchased: _____ Mileage _____ Amount Owed _____ Payments current? _____

3) Year _____ Make (Chevy, Ford, etc.) _____ Model (Cavalier, Taurus, etc.) _____

Options on vehicle _____ Market value \$ _____
 Exact Date purchased: _____ Mileage _____ Amount Owed _____ Payments current? _____

4) Year _____ Make (Chevy, Ford, etc.) _____ Model (Cavalier, Taurus, etc.) _____

Options on vehicle _____ Market value \$ _____
 Exact Date purchased: _____ Mileage _____ Amount Owed _____ Payments current? _____

FINANCIAL AFFAIRS

Debtor

Spouse

Where have you/your spouse worked in 2017: _____

Year-to-Date Gross Income (before taxes): \$ _____ \$ _____

Where have you/your spouse worked in 2016: _____

Annual Gross Income (before taxes): \$ _____ \$ _____

Where have you/your spouse worked in 2015: _____

Annual Gross Income (before taxes): \$ _____ \$ _____

• Have you paid any creditors a "total" of \$600 or more in the last 90 days? (i.e. mortgage payments, car payments, etc.):

Name of Creditor	Amount Paid	Date of Payment	Amount Still Owing
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____

● Have you had any lawsuits filed against you or have you filed any lawsuits against another party in the last year? (i.e. divorce proceedings, child support, personal injury debt collections.) *Include type of case, name of court, case number and status:*

● Has any property been foreclosed, repossessed or garnished? If yes, list name of creditor, collateral, value and date of action:

● Charitable contributions (**must provide proof thereof**) made within the past twelve (12) months (*including church tithes*):

Name and Address of Organization	Amount Contributed	How Often? (Monthly / Annually)
_____	\$ _____	_____

● Any losses from fire, theft or gambling? List details, date, etc.:

● Have you **sold or transferred any vehicles** out of your name within the past **1 year**? **If yes**, Provide year, make and model of vehicle: _____ date sold/transferred _____ Person(s) name and address transferred to: _____

● Have you **sold/transferred/traded any real estate property/home** out of your name within the past **6 years**? If so, provide the followings: Property address _____, Name and address of person property was sold/transferred/traded to _____, relationship _____, date sold/transferred/traded: _____, property value: \$ _____, mortgage(s)/debt owed on the property \$ _____.

● Have you closed any financial accounts within the past twelve (12) months? (*Include name of bank, date closed, amount*)

● Are you holding property for another person (i.e. driving someone else's vehicle)? If yes, provide the description of the property and name of person who owns the property: _____

● If at your current address **less than** three years, list prior addresses for the past two years and dates of occupancy:

Address: _____	Moved In: _____	Moved Out: _____
_____	_____	_____
Address: _____	Moved In: _____	Moved Out: _____
_____	_____	_____
Address: _____	Moved In: _____	Moved Out: _____
_____	_____	_____

SELF EMPLOYED

If you are self employed or have been self employed within the past six (6) years:

Complete Business Name: _____
Business Address: _____
Nature of Business: _____
Date of Operation: _____ Last Date of Operation: _____

If your Business is still in operation, please make sure that you complete the Business Income and Expenses Form and provide a complete list of inventory and value of property.

MONTHLY INCOME

	<u>Debtor</u>	<u>Spouse</u>
CHILD SUPPORT	\$	\$
ALIMONY	\$	\$
RETIREMENT	\$	\$
SOCIAL SECURITY	\$	\$
VA	\$	\$
RENTAL PROPERTY	\$	\$
UNEMPLOYMENT	\$	\$
FOOD STAMPS	\$	\$
TANF	\$	\$

MONTHLY EXPENSES

\$	RENT OR MORTGAGE <i>Does this include taxes & insurance?</i> YES / NO
\$	HOMEOWNERS / RENTER'S INSURANCE
\$	HOME REPAIRS <i>(i.e. maintenance, upkeep, etc.)</i>
\$	ELECTRIC AND GAS BILL
\$	WATER BILL
\$	CELL/HOME PHONE, CABLE AND INTERNET
\$	GROCERIES
\$	DAY CARE/AFTER SCHOOL PROGRAM
\$	CLOTHING, LAUNDRY & DRY CLEANING
\$	HAIR CUTS AND PERSONAL HYGIENE
\$	MEDICAL & DENTAL EXPENSES <i>(i.e. prescription drugs, etc.)</i>
\$	GASOLINE & OIL FOR VEHICLE
\$	CHARITABLE CONTRIBUTIONS/CHURCH TITHES <i>(must provide proof thereof)</i>
\$	AUTOMOBILE INSURANCE
\$	LIFE INSURANCE <i>(if not deducted from paycheck)</i>
\$	MEDICAL INSURANCE <i>(if not deducted from paycheck)</i>
\$	CAR PAYMENT
\$	ALIMONY OR CHILD SUPPORT PAYMENTS
\$	OTHER (identify):
\$	OTHER (identify):

SPOUSE'S DEBTS

(if he/she is not filing with you)

<u>Name of Creditor</u>	<u>Description of Account</u>	<u>Balance</u>	<u>Monthly Payment</u>
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
		Total:	\$ _____

WORKSHEET OF CREDITORS

YOU MUST LIST EVERYONE YOU OWE INCLUDING ALL CREDITORS LISTED ON YOUR CREDIT REPORT

(Including real estate debts (mortgages), vehicles, credit cards, personal loans, joint loans, co-signers, co-makers, co-debtors or guarantor, credit unions, collection agencies, pay day loans, bad checks, medical, dental and orthodontics, signature loans, tax debts(Federal and State), student loans or any other government debts. You must list any creditors trying to collect money).

FOR EACH CREDITOR, PLEASE LIST THE "CORRESPONDENCE, INQUIRIES OR MAILING ADDRESS" IF THE ACCOUNT HAS BEEN TURNED OVER TO A COLLECTION AGENCY, PLEASE SHOW THEIR NAME AND ADDRESS INSTEAD OF CREDITOR'S ADDRESS.

NAME: _____

ORIGINAL CREDITOR	CORRESPONDENCE, INQUIRIES ADDRESS OR COLLECTION AGENCIES & THEIR ADDRESS	DESCRIPTION OF COLLATERAL (HOME, CAR-YEAR, MAKE & MODEL)	DATE INCURRED & ACCOUNT NUMBER (ON CREDIT CARDS-ANY CHARGES OR TRANSFERRED ANY BALANCES IN THE LAST 90 DAYS)	BALANCE OWED	MONTHLY PAYMENT	NUMBER OF PAYMENTS BEHIND

ORIGINAL CREDITOR	CORRESPONDENCE, INQUIRIES ADDRESS OR COLLECTION AGENCIES & THEIR ADDRESS	DESCRIPTION OF COLLATERAL (HOME, CAR-YEAR, MAKE & MODEL)	DATE INCURRED & ACCOUNT NUMBER (ON CREDIT CARDS-ANY CHARGES OR TRANSFERRED ANY BALANCES IN THE LAST 90 DAYS)	BALANCE OWED	MONTHLY PAYMENT	NUMBER OF PAYMENTS BEHIND

PLEASE READ CAREFULLY

Bankruptcy fraud has become very common and is being very closely watched. As your attorney, we must certify that your documents are accurate. You are subject to being audited and must cooperate, should this happen. We will closely scrutinize your documents and may inquire very deeply into your financial affairs. The questions our secretaries ask are required. They may seem harsh, but are necessary. We will not file your case unless we are satisfied you will not have any major problems and have complied with the requirements of "Full Disclosure." It is our policy to solve problems before we file your case, not afterwards.

Thank you for your cooperation in this matter.

Mistakes Debtors Make Pre-Bankruptcy

1. Pretend nothing is wrong. Once debts reach a point where your monthly income is not enough, hoping and praying that nothing is wrong and that a miracle will come and save you is not a realistic solution.

2. Borrowing more money to using the old adage, borrowing from Peter to pay Paul only gets you further in debt.

3. Letting your reserves and retirement deplete to nothing. Never use every penny you have to pay off debt as you have nothing for living expenses and emergencies. Using your retirement triggers a possible IRS debt.

4. Deceiving creditors. Being honest with creditors will many times help. Often they can lower interest rates and payments.

5. Being ashamed of Bankruptcy. Bankruptcy does not hold the stigma and shame that existed 30 years ago. Not only is it more common among the high income people, it also serves as the only option available to maintain a livable position.

6. Going it alone. Bankruptcy is a very complicated process and should be handled by a qualified attorney. If you should miss certain deadlines and requirements, then your case could be dismissed. By using an expert attorney to file on your behalf you stand a much better chance of being free from debt.

Bankruptcy facts

Bankruptcy is a complicated process. The legal language is often confusing.

Filing bankruptcy is a legal option for those struggling with debts that they cannot afford to pay. While personal bankruptcy is often seen as a last resort, the truth is that bankruptcy laws offer legal protection that most other debt-relief options do not.

Deciding if bankruptcy is the right choice and determining if you are eligible to file depends on your unique situation.

A. Deciding which type is right for you, if any, depends on a number of factors, such as your income, types of debt, and whether you own valuable property not covered by your state's exemptions.

B. How can bankruptcy help me- by getting you out of debt. The debt can be eliminated or paid back in monthly installments. Filing for bankruptcy allows you to regain control of your finances. A chapter 7 gives you a fresh start.

C. Does everyone qualify- No. Qualification is based on the amount of debt and how much income is brought into the household each month.

D. Will filing for bankruptcy stop foreclosures, repossessions, or garnishments- Yes. The filing will impose a stay and stops your creditors from any further action

E. What is necessary to make my bankruptcy case succeed- The bankruptcy laws are to help you. We insist that you play by the rules. You must show up for hearings. You must make necessary payments. You must communicate with us. You must disclose all your assets and all your liabilities. You must complete two credit counseling sessions. As long as you follow our advice, you should have a successful outcome.

F. Are all debts discharged- NO. Child support; debts arising from inappropriate behavior; certain tax debts assessed within 3 years; most student loans.

G. How will this effect my credit score- If you are in to see us, your credit is already shot. It will actually improve after the discharge is entered, or if in chapter 13, you make your payments as required.

Chapter 7

Getting a Fresh Start

You may be able to use Chapter 7 to provide you with many benefits.

It is for people with few or secured assets that they are willing to give up.

Chapter 7 is the type of bankruptcy that liquidates your debts except those that cannot be discharged. It lets you keep basic assets, like household goods, a certain amount of equity in your home or car and all retirement and pension funds. There is no payment plan and the entire process to the date of a discharge could be as short as 120 days.

You can stop a pending foreclosure for a number of months, even if it is your intent to walk away from a mortgage you cannot afford. It will stop the foreclosure process and give you the time needed to find a new place to live. The mortgage company would file a motion for relief which usually takes 1 month to complete. The lender would then have to start the foreclosure process all over again. You could have an additional 3-4 months additional time in the home. Chapter 7 does not allow you time to catch up your mortgage. Most people, if behind, will surrender their home. It will give you some time to move at your discretion.

If you intend to keep any secured creditor's collateral, ex. an automobile, you must keep the payments current.

Under chapter 7, you pay the court costs and attorney fees before filing.

Chapter 7 bankruptcy may eliminate most kinds of unsecured debt. Some examples of unsecured debts Chapter 7 may eliminate are credit cards; medical bills; most personal loans; judgments resulting from car accidents; and deficiencies on repossessed vehicles.

In addition to getting rid of your debt, Chapter 7 allows you to typically keep all of your property. As long as your car and mortgage payments are current, and there is no significant equity in your property, we should be able to request the creditor to allow you to reaffirm the debt.

Keep your home, keep your car, keep your personal belongings, but eliminate your debt; that is our goal with Chapter 7. You may be able to use Chapter 7 to provide you with many benefits.

Stop Creditor Harassment

If creditors are bothering you at work, harassing your family, friends and neighbors, or calling at all hours, you can put an end to it immediately simply by hiring us to represent you. Upon retaining our services, we provide you with our telephone number so that you can refer your creditors to us. We will keep the creditors off your back, and you can stop paying your creditors immediately, except for secured items that you want to keep.

Eliminate Repossession Debts

After a vehicle finance company repossesses your car they auction it to reduce their loss. You are still responsible for the balance on the car, called a 'deficiency balance'. We can eliminate your liability for the entire deficiency balance. Remove the risk of lawsuits and garnishments by filing a Chapter 7.

Stop Garnishments

A Chapter 7 bankruptcy is one of the most effective ways to immediately stop garnishments. Garnishments can diminish your hard-earned income making it nearly impossible for you to afford basic necessities. By filing Chapter 7 bankruptcy and stopping the garnishment, you will be able to use your income for more important necessities in life and start saving for your family's future.

End Lawsuit/License Suspensions

Many states have imposed laws that allow the state to suspend your license if you failed to maintain liability insurance at the time of the accident. We can help you get your license reinstated if it is suspended due to an uninsured car accident or unpaid parking tickets. We can also stop lawsuits related to those car accidents.

If you are being sued, and you own a home, we strongly urge you to speak with us immediately about filing bankruptcy. Chapter 7 or another form will bankruptcy to stop a lawsuit immediately and prevent your creditors from placing a lien on your home or garnishing your hard-earned wages.

Chapter 13

Are you trying to save your home from foreclosure? Is the "repo" man looking for your car?

Chapter 13 is for people with income and with assets that they do not wish to lose. Your main attention is to preserving your assets.

Chapter 13 puts an immediate stop to foreclosures and repossessions. It allows you up to 5 years to catch up the missed mortgage payments or to pay your secured creditors. Most times we are able to reduce the interest that you are paying on your cars and the other creditors, but not your mortgage.

In many cases you can wipe out some or all of your credit card debt as well as any other unsecured creditors. It is a good opportunity to keep home, cars and personal property when you need time to catch up.

Under chapter 13, you are making payments to a trustee, usually by payroll deduction, who in turn pays the creditors your attorney has proposed under the "Plan". Your unsecured creditors could receive anywhere from 100 cents on the dollar to 0 cents on the dollar with no interest. It is all based on your income and normal living expenses.

Chapter 13 bankruptcy is a debt repayment plan through which you consolidate your debts and make a payment on your debt over a 3 to 5 year period. While in a Chapter 13 debt repayment plan, the creditors cannot collect from you, and the creditors are required by a Federal Court order to adhere to the terms of the plan.

Immediately upon filing and your creditors being notified, they must cease all communication with you as the court will issue an automatic stay. This includes: foreclosures, repossessions, wage garnishments, harassing bill collection calls, collection letters. You will be protected from these until your case pays out.

One very important thing to remember about Chapter 13 bankruptcy is that you must be working or have a consistent source of income for your repayment plan to be approved by the court. Not only must you be able to pay for your monthly living expenses, but you must also be able to make a payment to the court to consolidate your debts.

Debts that are generally consolidated in a Chapter 13 bankruptcy are mortgage arrears, balances on vehicle loans, credit card debts and other unsecured debts. All outstanding debts must be included in the Chapter 13 bankruptcy consolidation.

Stop Foreclosure Immediately

If your home is presently in foreclosure, a Chapter 13 bankruptcy filing will stop the foreclosure any time prior to the sale, and allow you to repay your mortgage arrears through your Chapter 13 bankruptcy. You will still be obligated to make all future mortgage payments directly to the mortgage company, unless you file in Georgia and are 4 or more payments behind, then you are required to make your future payments through the trustee's office. The mortgage company may not foreclose to collect any outstanding mortgage payments without getting the court's consent.

Save Your Car

If the "repo" man is looking for your car, a Chapter 13 bankruptcy will also stop the finance company from repossessing your car. The past due payments and the entire balance on your vehicle loan will be consolidated, which you will pay off over the next three to five years. The vehicle finance company can no longer repossess your car, and you will no longer have to make a payment directly to the finance company. Under certain circumstances we may even recover your vehicle after repossession and consolidate the remaining balance, but not if repossessed in Alabama.

Protect Cosigners

Your cosigners receive the same protection that you receive under Chapter 13 bankruptcy. Through a Chapter 13 bankruptcy, we will protect your cosigners from collection activity, and the creditors must wait to be paid. So, if your friend or relative cosigned on your vehicle, and you are having trouble affording the payments, we can put your remaining balance inside a Chapter 13 bankruptcy.

Beware of Refinancing

If you have equity in your home, you can file a Chapter 13 bankruptcy, protect your equity, and repay your mortgage arrears over as long as five years. Refinancing or taking out a second mortgage may just create an additional mortgage payment that you cannot afford, instead of repaying your mortgage arrears through a Chapter 13 bankruptcy.

Why eat up your equity with another mortgage that also uses up your allowable exemption?

You should explore all of your options, and make sure you contact us along the way so we may advise you of your legal rights. When you have quality legal representation, you become knowledgeable about your rights, and become less vulnerable to people trying to take advantage of you in a time of distress. Please remember that we offer a free consultation. Explore Chapter 13 bankruptcy as an alternative to a high-interest rate equity loan against your home.

REBUILDING YOUR CREDIT AFTER BANKRUPTCY

Whether you filed for chapter 7 or chapter 13 bankruptcy protection, your life is not ruined forever. You do not have to feel that you will be treated like a financial outcast. Nor will you be in what is called "credit exile". It might seem like too great of a task, but it can be overcome for those who plan and commit themselves to not wasting the second chance bankruptcy can offer. How well you rebound depends solely on you and the steps you take to protect yourself from future financial failures.

You can get on with life and the business of living well without a long term stigma. Do not feel the guilt and shame that most people do. Please do not constantly feel like a failure and be disappointed in yourself. A majority of the people who file have had to because of outside forces beyond their control, such as: loss of job, illness, reduction in income, loss of spouse's income, etc. Being depressed and beating yourself up won't make the future any better, only keeps you from moving forward. Surround yourself with friends, family members, your church or civic organizations where you can get an emotional charge.

In simple terms, Let it go. Don't live in the past with self pity. Mentally, put yourself back on track and learn from past mistakes. Failure is the opportunity to learn and go a different direction. Look inside and ask: "How did you get there and what could you have done different". In a lot of situations, there is no correct answer. Once you search yourself, you can get a better financial life after bankruptcy.

The first thing you need to do is prepare a budget. This is your spending plan. It has long been taught that from your net take home pay, you should set aside 10% into savings for the future, for emergencies or pleasure. Having an emergency fund is vital. You should also commit to pay more than 34% of your net take home pay for rent. Above this will strap most people.

Pay all current bills on time, this means rent, utilities, cable, cell phone, etc. Most all report to the credit bureaus. This builds your credit score.

To help rebuild your credit score, obtain a "Secured" credit card. Do not ever carry a balance. Pay it off early. A note to this is, not everyone can get this. Stay away from ones that charge high fees and don't report to the credit bureaus, or ask that you call a "900" telephone number (you will be charged for the call).

If you have a house payment and have kept it current (or a car payment) and you filed chapter 7, this will build your up score very quickly.

About 1 year after your discharge, you may be swamped with credit card offers. Examine them carefully. They do this because they know you can not file again and get a discharge for 4 years. I recommend that if you are offered one that is not "secured" you review the terms and if acceptable, take it, but for no more than \$2500. You will need it for emergencies for airline tickets and to rent a car. I am told that 86% of filers get offered a credit card within 1 year after discharge. If used, payoff any balance every month.

To be back in good credit graces, you have to get your credit score up. To buy a house, you need a credit score of 620 and it be 1 year from discharge.

The hardest is to buy a car at a good interest rate for 4 years unless your score is above 650 or you have a cosigner.

If you absolutely have no late payments, I have seen scores go up over 700 in less than 16 months.

Now the bad thing, if you do have late payments or new collections following your bankruptcy, you will get dinged double by the credit scoring system because, it's like

DIDN'T YOU LEARN YOUR LESSON?

As a wise man said. "If you always do what you have always done, you will always be where you have always been"

So be careful, pay on time, and don't over extend yourself and you can get your financial life back on track.

Good luck

AREY & CROSS, P.C.