

Statement Mandated by Section 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.

Before filing a bankruptcy case, either you or your attorney should analyze your eligibility for different forms of debt relief available under the Bankruptcy Code and which form of relief is most likely to be beneficial for you. Be sure you understand the relief you can obtain and its limitations. To file a bankruptcy case, documents called a Petition, Schedules and Statement of Financial Affairs, as well as in some cases a Statement of Intention need to be prepared correctly and filed with the bankruptcy court. You will have to pay a filing fee to the bankruptcy court. Once your case starts, you will have to attend the required first meeting of creditors where you may be questioned by a court official called a 'trustee' and by creditors.

If you choose to file a chapter 7 case, you may be asked by a creditor to reaffirm a debt. You may want help deciding whether to do so. A creditor is not permitted to coerce you into reaffirming your debts.

If you choose to file a chapter 13 case in which you repay your creditors what you can afford over 3 to 5 years, you may want help with preparing your chapter 13 plan and with the confirmation hearing on your plan which will be before a bankruptcy judge.

If you select another type of relief under the Bankruptcy Code other than Chapter 7 or Chapter 13, you will want to find out what should be done from someone familiar with that type of relief.

Your bankruptcy case may also involve litigation. You are generally permitted to represent yourself in litigation in bankruptcy court, but only attorneys, not bankruptcy petition preparers, can give you legal advice.

Notice to Clients Who Contemplate Filing Bankruptcy

The purposes of this Notice and the Statement Mandated by Section 527 (b) of the Bankruptcy Code, which you have been provided as a separate document are to make you aware of some of your obligations should you file bankruptcy.

Note: This Notice and the Statement are required by legislation adopted by Congress in 2005 after intense lobbying by the credit industry. In our opinion they are designed to intimidate people who need debt relief under the Bankruptcy Code and are based on the erroneous assumption that debtors are dishonest. So long as you are honest and meet the requirements set out under the law, you are entitled to debt relief. We can guide you through all the requirements of filing bankruptcy, so long as you provide us accurate and complete information.

You are notified as follows:

1. All information that you are required to provide with your bankruptcy petition and thereafter in your case is required to be complete, accurate, and truthful
2. All your assets and all your liabilities are required to be completely and accurately disclosed in the documents filed to commence your case

3. The value of each asset which is secured by a lien on such asset must be stated as the replacement value of such asset after reasonable inquiring to establish such value. The replacement value means the replacement value of the filing of the bankruptcy petition without deduction for costs of sale or marketing. With respect to property acquired for personal, family, or household purposes, replacement value means the price a retail merchant would charge for property of that kind considering the age and condition of the property at the time value as determined.
4. After reasonable inquiry you are required to state your current monthly income. Current monthly income is described below in the Terms and Definitions Addendum.
5. After reasonable inquiry you are required to state the amounts set out in section 707 (b)(2) of the Bankruptcy Code. Those amounts are explained in the Terms and Definitions Addendum.
6. In a case under Chapter 13, after reasonable inquiry, you are required to state your disposable income determined in accordance with section 707 (b)(2) of the Bankruptcy Code. Disposable income is explained below in the addendum of Terms and Definitions.
7. Information that you provide during your case may be audited pursuant to the provisions of the Bankruptcy Code. Your failure to provide information may result in dismissal of your case or other sanctions, including criminal sanctions.

TERMS AND DEFINITIONS ADDENDUM:

Current Monthly Income: *Does not mean current actual income.* Definition - Income received by the debtor or applied to the expenses of the debtor's household in the previous six calendar months, averaged by dividing by six.

Disposable Income: *Does not mean current ability to pay.* Definition - The remaining amount after subtracting all Income Exceptions and Allowed Expenses from the Current Monthly Income.