

FACTS ABOUT BANKRUPTCY

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We are a debt relief agency. We help people to file for Bankruptcy under the Bankruptcy Code.

Notices required by the Bankruptcy Code appear in the Appendix at the end of this

CHAPTER 7 OR CHAPTER 13?

There are a number of “Chapters” in the Bankruptcy Code designed to protect many different types of debtors. The overwhelming number of debtors will file under either Chapter 7 or under Chapter 13. A small number of debtors may wish to use one of the other Chapters, such as Chapter 12, which provides protection to family farmers and fishermen, or Chapter 11 which is used to reorganize a business and give it time to pay creditors.

There are advantages and disadvantages of both Chapter 7 and Chapter 13. Under Chapter 13 the Debtor will make regular payments on a plan to pay all or part of the debts. Under Chapter 7 there is no plan to repay creditors and all debts that are “dischargeable” are simply liquidated. The absence of regular payments is a powerful inducement for many Debtors, which may explain why there are more Chapter 7 cases than Chapter 13 cases. Under Chapter 7 a Debtor will generally lose “non-exempt” property, while under Chapter 13 Debtors are normally able to keep both “exempt” and “non-exempt” property. Of course, this is of no concern if a Debtor has little or no property or only property which is “exempt” - moreover, the exemptions have been liberalized over the years and many Debtors keep property of significant value.

A Chapter 13 discharge is also broader than a Chapter 7 discharge in that it covers certain types of debts not “dischargeable” under a Chapter 7. However, the 2005 Bankruptcy Law did add several categories of debts that are no longer dischargeable in a Chapter 13. The debts dischargeable in a Chapter 7 are discussed below. All Debts dischargeable under Chapter 7 are also dischargeable under Chapter 13, but several categories of debts can be discharged in a Chapter 13 but not under a Chapter 7 such as debts for willful and malicious injury to property, debts incurred to pay non-dischargeable tax bills and certain debts arising from property settlements in divorce of marital separation cases.

Secured debts, even when the Debtor is behind on payments, can be handled in a Chapter 13, giving the Debtor additional time to come up with money to save the secured property.

Chapter 13 can also be used to protect co-signers, who cannot be protected through a Chapter 7.

Does the new Bankruptcy Law make it more difficult for someone to file bankruptcy? Under the new law Chapter 7 or Chapter 13 will make it easier for some people to file and harder for others. We discuss many of the advantages and disadvantages below. The new law was a major revision and space does not permit a discussion of all the changes. However, there are some new requirements for *credit counseling and debtor education* which will affect almost everybody. The Debtor must file a certificate of completion of credit counseling. Average pre filing counseling typically requires about 90 minutes (actual time may vary). This requirement may be waived in only a limited number of circumstances. A list of the agencies offering such briefing can be found in the Appendix at the end of this document. The Debtor must also prove completion of a financial management course before a discharge is granted. A list of the available courses can be found in the Appendix at the end of this document. It may be possible to take this course over the telephone and will last at least 2 hours.XXX

The new law also requires the filing of the Debtor's tax return or transcript and some of the Debtor's pay stubs may have to be filed as well. The Debtor will have to provide proof of identity and certain financial records, if requested.

CHAPTER 7

What is Chapter 7? Chapter 7 is the most popular type of bankruptcy. It is a legal proceeding in a special federal court, the United States Bankruptcy Court. At the end of this proceeding, certain debts are said to be discharged. [11 U.S.C. §727]. "Discharged" means, among other things, that the Debtor no longer has to pay the debt. However, not all debts are dischargeable under Chapter 7. Most Chapter 7 cases are "no assets" cases. In a no assets case, none of the assets of the Debtor are used to pay creditors. Assets are unavailable to pay creditors if they are already encumbered by liens at least equal to the value of the asset. An asset is unavailable if it does not become part of the bankruptcy case — many, but not all, pensions may fall into this category. Also, an asset is unavailable if the Debtor is able to claim it is "exempt".

How does Chapter 7 protect Debtors? As soon as a bankruptcy is filed a Debtor is protected by a part of the Bankruptcy Code called the "**Automatic Stay**". [11 U.S.C. §362]. This stay functions as an Order or injunction from the Bankruptcy Court and can be enforced by proceedings in the Bankruptcy Court. The stay stops most legal proceedings against the Debtor. The Automatic Stay prohibits almost all attempts to collect debts owed by the Debtor while the bankruptcy is pending. Most Chapter 7 cases will remain pending for three to four months. The new (2005) Bankruptcy law created some new exceptions to the Automatic Stay, for the most part dealing with serial filers of repeat bankruptcies, and some actions against tenants involved in eviction actions. The law also changed to permit certain actions such as setoffs of tax refunds and withholding of wages to repay loans from retirement funds.

The Automatic Stay provision is a very important part of the Bankruptcy Code. It can be even more important than the discharge of debts. It will stop harassment by creditors over the phone or by letter. And it can be used to stop, at least temporarily, a foreclosure and give a Debtor more time to come up with a mortgage arrearage. However, this protection is not absolute. For instance, a secured creditor who is found to by the Bankruptcy Court to be inadequately protected can be granted permission to repossess or foreclose on secured property.

In most cases the Automatic Stay expires when the debts of the Debtor are discharged. The discharge provisions of the Bankruptcy Code will then generally prohibit almost all attempts to collect debts which have been discharged. However, after the discharge, creditors will be free to pursue debts which have not been discharged and debts which have been reaffirmed.

Who qualifies for Chapter 7? Any person who resides in the United States, or is domiciled here or who has business or property in the United States can be a Debtor under Chapter 7. [11 U.S.C. §109]. A special exception to this rule prohibits some people whose bankruptcy case was involuntarily dismissed in the previous 180 days from refiling. A person who has received a discharge in another Chapter 7 (or Chapter 11) case filed within the preceding 8 years cannot be granted a Chapter 7 discharge. [11 U.S.C. §727(a)(8)]. Also, a Chapter 7 discharge cannot be granted to someone until 6 years after a Chapter 13 discharge.

The 2005 Bankruptcy Law created an additional barrier for some who seek Chapter 7 protection. A presumption of abuse is created unless a Debtor can meet a new means test. This change will not affect most people who wish to file a Chapter 7 case. A “safe harbor” is created if a Debtor’s income is below the statewide median income for the Debtor’s family size. For instance, in Minnesota the median income for a 1 wage earner household is \$45,262 per year or if the family size is four people it is \$86,895. [The amounts are based on the Debtor’s income over the last six months before filing]. People who have incomes below this amount or disabled veterans will not be prevented from filing a Chapter 7.

Even a Debtor with income over the median may still qualify by demonstrating an inability to repay creditors. In this case, IRS standards for various normal expenses such as food, clothing, personal care, etc. are compared to the Debtor’s income. Deductions of standard amounts from IRS tables are permitted for transportation. Other necessary expenses from the IRS list of necessary expenses may also be deducted. These expenses include costs as child care, alimony, medical/dental care, expenses to avoid being a victim of domestic violence, taxes, or support of elderly and disable family members and various other expenses. Obviously, if your income is over the statewide median, your attorney may have to help you determine if a Chapter 7 filing is feasible.

Being able to file does not mean it is advisable to file under Chapter 7. A person who has substantial bills that are not dischargeable often will not benefit from Chapter 7. A person who owns substantial assets that would not be exempt may not benefit unless the debt that could be discharged would be substantially in excess of the assets that would be lost. Also, the Court may dismiss the case of someone who could repay a substantial portion of his or her debt within a reasonable time it found the case amounted to an abuse of Chapter 7. There are other instances in which the filing of a Chapter 7 case would not benefit a Debtor. It is important for people to seek competent legal advice before filing a bankruptcy petition.

How much does it cost to file a Chapter 7 Bankruptcy? The filing fee for a Chapter 7 case is \$299. While it is possible for a Debtor to file without the help of an attorney or professional preparer, unassisted “pro se” filings are unusual. Since added requirements of the new Bankruptcy Law mean much more work and responsibility for the lawyer, attorney fees have gone up recently. The amount charged for attorney fees normally reflects the difficulty of the case. Such factors as a large number of creditors, a debtor engaged in business or a unique legal situation requiring additional legal research will normally increase the attorney fee.

What property will a Debtor lose in a Chapter 7 case? In most Chapter 7 cases, the Debtor does not lose any property. The Debtor is allowed to keep all property that does not become part of the bankruptcy estate or that is exempt. The Debtor's attorney first divides the property into various classifications such as the Debtor's homestead, household goods or tools of the Debtor's trade. The value of property in each classification is then determined. It is sometimes difficult to figure the exemptions a Debtor is entitled to. The Debtor is entitled to select one of two sets of exemptions sometimes called "federal" or "state" exemptions. And amounts in some classifications of property are not specified in exact terms but rather in terms such as "to the extent reasonably necessary for the support of the debtor and any dependent of the debtor." Classification of the Debtor's property is important as well as the value of the property in each classification. Even though two Debtors may have property worth the same total value, one Debtor may lose a substantial amount of property and the other may keep all of his property.

However, some generalizations are possible. If the total value of the Debtor's property is \$11,975.00 or less (\$23,950.00 for a married couple when both file) the Debtor will not lose any property. A Debtor may always keep his or her homestead if the Debtor's equity in the real estate is \$21,625.00 or less (federal exemption) or \$300,000.00 or less assuming the land does not exceed an acreage limitation in Minnesota, (state exemption), but taking this exemption may reduce other exemptions the Debtor is entitled to. Moreover, the new Bankruptcy Law will limit the amount of the state exemption to \$125,000 if the property was acquired within 1215 days of filing, or if the Debtor has been convicted of certain crimes or fiduciary or securities wrongful conduct. Depending on which set of exemptions the Debtor uses, there is an exemption of up to \$3,450.00 (federal) or \$4,200.00 (state - Minnesota) for one motor vehicle (in a joint filing for a married couple each Debtor would be entitled to one such exemption). The exemption for household goods is \$11,525.00 (federal) provided that no single item has a value in excess of \$475.00 or the Debtor may elect a similar state exemption of \$9,450.00 for "personal goods" Some of the other exemptions permitted are for personal jewelry, tools of the trade and professional books, some life insurance, health aids, social security, unemployment comp, local public assistance, veterans benefits, alimony, child support, stock benefits, profit sharing annuities, crime victims reparations, certain wrongful death claims, wearing apparel, farm machines or implements, claims for property that would be exempt, mobile homes serving as a home, certain earnings of children and employee benefits and pensions. The new Bankruptcy Law created a blanket (100%) exemption for certain types of retirement funds. [Chapters 401, 403, 408, 408A, 414, 457, or 501(a) of the Internal Revenue Code — these chapters deal with pension, profit sharing and stock bonus plans, employee annuities, IRAs (including Roth IRAs), deferred compensation plans of state and local governments, tax exempt organizations and certain trusts].

All these exemptions all have various limitations and are broad categories often requiring more exact definitions. Ask your lawyer about any property you are concerned about.

Finally, valuation of property is sometimes a problem. The current value of the property is used, not the value of the time of purchase or at some future date when the Debtor might sell. Also, only the Debtor's interest in property is valued. If the Debtor owns property along with someone else, only the Debtor's part is valued. Also, if there is a lien on property the Debtor's interest in the property is reduced by the amount of the lien. For instance, the Debtor's interest in a home with a market value of \$100,000 and a mortgage of \$90,000 is \$10,000. If the amount of the lien is greater than the property the Debtor may elect to keep the property but it may be in

the Debtor's interest to give up the property (see the next section).

Liens and Secured Debts. Secured creditors are those protected by a lien or mortgage against the Debtor's property (often referred to as the "collateral"). Secured creditors have an interest in a specified item of property in the amount of their lien. A secured creditor will generally be permitted to repossess or foreclose on the secured property unless the Debtor elects to retain the property and reaffirm the debt. If the Debtor reaffirms the debt, the secured creditor will be allowed to retain its rights to the collateral but the Debtor will be permitted to retain the property subject to the terms and conditions of the security agreement. In some cases the amount of the lien will exceed the value of the collateral. In many of these cases the Debtor will want to return the property to the secured creditor and discharge the debt. In some cases a Debtor may wish to retain collateral even though the amount of the lien exceeds its value. This situation may be somewhat more complicated and Debtors are advised to seek their lawyer's advice.

What debts can be discharged in a Chapter 7 case? All debts are discharged unless they are exempted from discharge by a section of the Bankruptcy Code. [11 U.S.C. §523] The major **EXCEPTIONS TO DISCHARGE** are these:

1. Most taxes, but if enough time has passed the tax debt may be discharged. If a property tax has been owed for more than one year or you have an income tax debt more than three years old ask your lawyer if your tax debt can be discharged;
2. Debts for money, property or related to the extension, renewal or refinancing if procured through false pretenses, false representations or fraudulent financial statement; included are certain debts for luxury goods or services within 90 days before the bankruptcy was filed or certain cash advances within 70 days before filing;
3. Unlisted debts, if the failure to notify the creditor prevented the creditor from filing a claim or objecting to the discharge of the debt.
 4. Debts for fraud or embezzlement by a Debtor in a position of trust;
 5. Most domestic support obligations (including alimony, spousal maintenance or child support);
 6. Debts for willful and malicious injury by the Debtor;
 7. Fines, penalties or forfeitures owed to a government;
 8. Student loans and educational benefits, unless the debt poses an undue hardship on the Debtor and Debtor's dependents;
9. Debts for death or personal injury caused by the Debtor's use of a motor vehicle while intoxicated by alcohol, a drug or other intoxicant;
10. Debts which were or could have been listed in a previous bankruptcy and which were not discharged;
 11. Certain debts owed to a spouse or ex-spouse arising in a divorce or separation - in these cases the Bankruptcy Court weighs various equities to determine whether the benefits of discharge to the Debtor outweigh the detrimental consequences to the spouse or ex-spouse;
 12. Certain fees or assessment connected to membership associations related to the Debtor's interest in his or her dwelling;
 13. Debts incurred to pay non-dischargeable state or local taxes;
 14. Federal election law fines and penalties;
 15. Property settlements owed to a former spouse or to a child;
 16. Condo or homeowner's association fees;

17. Certain fees imposed on prisoners by a court.
18. Loans on pensions; and
19. Certain debts arising from securities violations or wrongful acts of a fiduciary.

Objections to discharge. In addition to objecting to discharge of a given debt, a creditor may also object to the grant of a discharge to the Debtor. These cases are fairly rare. The most common grounds for objecting to discharge are [11 U.S.C. §727]:

20. Intentional concealment, transfer or destruction of property by the Debtor;
21. Failure to keep books or financial records;
22. Dishonesty in connection with the bankruptcy;
23. Unexplained loss of assets of the Debtor;
24. Refusal to cooperate, obey court orders or to testify in a bankruptcy proceeding;
25. The Debtor has been involved in prohibited transactions with insiders (persons closely related to the Debtor);
26. A prior discharge was granted to the Debtor in another Chapter 7 case within eight years; and
27. A prior discharge was granted to the Debtor in a Chapter 13 case within six years - but a discharge may be granted if more than 70% of the unsecured claims were paid and the Debtor made a good faith best effort to pay creditors in the Chapter 13 case.

Moreover, once granted a discharge may be **revoked** if the Debtor obtained his or her discharge through fraud and the party requesting revocation was unaware of the fraud prior to the discharge or if the Debtor fraudulently failed to report the acquisition of property that may have been part of the bankruptcy estate.

CHAPTER 13

What is Chapter 13? Chapter 13 is sometimes called a repayment plan. The Debtor is required to submit a plan to repay all or part of his or her debts. When the plan is approved by the Bankruptcy Court creditors are prevented from attempting to collect their debts from the Debtor while the Chapter 13 is pending. At the end of the Chapter 13 plan, the dischargeable debts are discharged as in a Chapter 7 case. However, the discharge offered under Chapter 13 is broader since it covers some classes of debts that are not covered by a Chapter 7.

Is Chapter 13 like debt consolidation services? Chapter 13 is generally superior to debt consolidation plans worked out with private companies because the Bankruptcy Court can force creditors to accept the plan and often can require them to accept a smaller payment. Chapter 13 can stop repossessions or foreclosures whether or not the creditor agrees to the payments in the plan. Debt consolidation companies have no legal powers to force creditors to accept a plan and if one large creditor insists on full payment there often will not be adequate funds to pay the remaining creditors.

Who qualifies for a Chapter 13? The Bankruptcy Act limits Chapter 13 to natural individuals (excluding artificial entities such as corporations). The person must also reside in, do business in or own property in the United States, have regular income, unsecured debts of less than \$307,675, secured debts of less than \$922,975, not be a stockbroker or commodity broker and not have another bankruptcy dismissed on certain grounds within the previous 180 days.

Some individuals who cannot file under Chapter 7 may file under Chapter 13 - for instance, those who have received a Chapter 7 discharge within the preceding 8 years.

How does Chapter 13 protect Debtors? As in a Chapter 7, when a Chapter 13 Petition is filed the Debtor is protected by an automatic stay. A discussion of this stay appears above in the discussion of Chapter 7. This stay stops creditors from taking any action to collect their debts existing when the Petition is filed (with only a few exceptions). Actions against property of the Debtor are also generally prohibited. If a creditor violates the stay by attempting to collect its debt, the Bankruptcy Court can impose sanctions such as fining the creditor or in very serious cases imprisoning those responsible for violating the stay. The stay lasts until the Chapter 13 case is dismissed, until the Debtor is granted (or denied) a discharge or until the Court grants a creditor permission to act to protect itself by taking various actions against the Debtor or Debtor's property. These actions by a creditor to set aside the stay apply only to a limited number of situations when it is necessary for a creditor to adequately protect its interest in the Debtor's property.

What property will a Debtor lose under Chapter 13? In most cases a Chapter 13 debtor will not lose any property. However, if the Debtor is unable to make substantial payments on secured debts to protect collateral and also make payments on the Chapter 13 Plan, the Debtor may have to decide whether the property is more important than Chapter 13 protection. Also, in a small number of cases the Debtor may have insufficient income to make adequate payments to creditors. In this case it might be necessary to sell property in order to pay creditors.

Does Chapter 13 cover secured debts? Secured debts are those protected or "secured" by liens or mortgages on property. Remember, a debt is only secured through the value of the property. For instance, if \$5,000 is owed on a "secured" debt on a car worth only \$3,000, the creditor has a secured claim of \$3,000 and an unsecured claim of \$2,000. There are several ways to handle secured debts under Chapter 13. The most common way is to pay the secured debt "outside the plan". The Debtor would simply make normal payments as they come due and retain the Debtor's interest in the secured property. Since the Trustee charges a small fee based on the money paid out through the plan, paying outside the plan may save a small amount. If the Debtor is behind in payments, it may be advisable to pay the arrears along with the ordinary monthly payments under the plan. For instance, the plan may provide for payments of \$100 per month on a loan secured by an automobile. In some cases, it may be necessary to provide in the plan for "adequate protection payments" to compensate the creditor for potential declining value in the secured property while the debt is paid off under the plan. However, all these payments are credited against the secured debt owed by the Debtor. Home mortgages may be treated slightly differently. Normally, payments in a plan can be made on only the mortgage arrears, with regular house payments made outside the plan. Generally, interest stops on the mortgage arrears, but the arrears must be paid within a reasonable time. For all secured property, the Debtor may choose to give up the collateral to the secured creditor; and treat any remaining debt owed to that creditor as an unsecured debt. If special treatment is required and the secured creditor is agreeable, the secured creditor and the Debtor may simply design their own mutually agreeable plan for payment of the creditor.

How much is the Chapter 13 payment? In most cases the “disposable” income of the Debtor must be applied to plan payments. Disposable income is the money left over after the Debtor pays reasonable and necessary expenses. The Debtor is required to report regular monthly income and expenses by categories such as taxes, rent, food, insurance or transportation.

How long does the Plan last? Unless all the debts can be paid off sooner, a Plan must last at least three years and may not last more than five years.

What happens if all the debts cannot be paid during the Plan? If the debt is not entirely paid but is still dischargeable, it is simply discharged at the end of the Plan. At the end of the Chapter 13 proceeding, secured debts and installment debts not discharged on which payments remain due will be treated just as they were prior to the filing. The automatic stay expires with the termination of the Chapter 13 action.

What debts can be included in the Plan? A Plan may be used to pay almost any debt. However, not all debts can be discharged at the end of the plan.

What debts can be discharged under Chapter 13? Only debts covered by the Plan can be discharged. Discharge means that the debt is liquidated or terminated. The creditor is permanently prohibited from attempts to collect the debt. The discharge is granted at the end of the Chapter 13 Plan payments, which ordinarily last three to five years unless the debts are paid earlier. In unusual circumstances an early discharge can be granted. Debts paid outside the Plan are not discharged. Debts paid in installments are not discharged if the last payment is due after the last Plan payment. Other debts **not** discharged are those owed for alimony (spousal maintenance), child support, most student loans (although under certain circumstances a student loan may be dischargeable - ask your lawyer), drunk driving personal injury or wrongful death claims, and fines or restitution ordered in a criminal case.

Why would a Debtor make payments on a Plan for debts that cannot be discharged? One reason is that the automatic stay (see discussion above) would force creditors to forebear collection of their debts while the Plan lasted. For instance, a Debtor behind on mortgage payments on his or her home may be able to use the Plan to allow extra time to pay off arrears in payments. Moreover, payments on a Plan will often be less than the creditor could take from the Debtor if the creditor used collection remedies available to it such as wage garnishment or execution on the Debtor’s property that could not be otherwise protected. Chapter 13 filings are sometimes made to prefer payment of one creditor over another. For instance, a Debtor may prefer that money of property subject to seizure by creditors be used to pay back taxes, alimony or child support in preference to other creditors. It may also be possible to protect a co-signer of a debt incurred by the Debtor by making payments on such a debt before other debts are paid under the plan. Also, if a creditor has seized a substantial asset, the Debtor should ask his attorney whether bankruptcy could be used as a means to retrieve the seized property.

APPENDIX

Part A. Notices Required by the Bankruptcy Code.

Part B. List of Approved Credit Counseling Agencies.

Part C. Providers of Personal Financial Counseling Courses.

PART A

NOTICES REQUIRED BY THE BANKRUPTCY CODE

NOTICES REQUIRED UNDER 11 U.S.C. 527

(A) All information that the assisted person is required to provide with a Petition and thereafter during a case under this Title is required to be complete, accurate, and truthful;

(B) 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;

(C) Current monthly income, the amounts specified in Section 707(b)(2), and, in a case under Chapter 13 of this title, disposable income (determined in accordance with Section 707(b)(2)), are required to be stated after reasonable inquiry; and

(D) 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 sanctions, including a criminal sanction.

IMPORTANT INFORMATION ABOUT BANKRUPTCY ASSISTANCE SERVICES FROM AN ATTORNEY OR BANKRUPTCY PETITION PREPARER.

If you decide to seek bankruptcy relief, you can represent yourself, you can hire an attorney to represent you, or you can get help in some localities from a bankruptcy petition preparer who is not an attorney.

THE LAW REQUIRES AN ATTORNEY OR BANKRUPTCY PETITION PREPARER TO GIVE YOU A WRITTEN CONTRACT SPECIFYING WHAT THE ATTORNEY OR BANKRUPTCY PETITION PREPARER WILL DO FOR YOU AND HOW MUCH IT WILL COST. Ask to see the contract before you hire anyone.

The following information helps you understand what must be done in a routine bankruptcy case to help you evaluate how much service you need. Although bankruptcy can be complex, many cases are routine.

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

case starts, you will have to attend the required First Meeting of Creditors where you may be questioned by a Court official called a “Trustee” and by creditors.

If you choose to file a Chapter 7 case, you may be asked by a creditor to reaffirm a debt. You may want help deciding whether to do so. A creditor is not permitted to coerce you into reaffirming your debts. If you choose to file a Chapter 13 case in which you repay your creditors what you can afford over 3 to 5 years, you may also want help with preparing your Chapter 13 Plan and with the confirmation hearing on your Plan which will be before a Bankruptcy Judge.

If you select another type of relief under the Bankruptcy Code other than Chapter 7 or Chapter 13, you will want to find out what should be done from someone familiar with that type of relief. Your bankruptcy case may also involve litigation. You are generally permitted to represent yourself in litigation in Bankruptcy Court, but only attorneys, not bankruptcy petition preparers, can give you legal advice.

NOTICE TO INDIVIDUAL CONSUMER DEBTOR UNDER § 342(b) OF THE BANKRUPTCY CODE

In accordance with § 342(b) of the Bankruptcy Code, this notice: (1) Describes briefly the services available from credit counseling services; (2) Describes briefly the purposes, benefits and costs of the four types of bankruptcy Proceedings you may commence; and (3) Informs you about bankruptcy crimes and notifies you that the Attorney General may examine all information you supply in connection with a bankruptcy case. You are cautioned that bankruptcy law is complicated and not easily described. Thus, you may wish to seek the advice of an attorney to learn of your rights and responsibilities should you decide to file a petition. Court employees cannot give you legal advice.

28. Services Available from Credit Counseling Agencies

With limited exceptions, § 109(h) of the Bankruptcy Code requires that all individual debtors who file for bankruptcy relief on or after October 17, 2005, receive a briefing that outlines the available opportunities for credit counseling and provides assistance in performing a budget analysis. The briefing must be given within 180 days before the bankruptcy filing. The briefing may be provided individually or in a group (including briefings conducted by telephone or on the Internet) and must be provided by a nonprofit budget and credit counseling agency approved by the United States trustee or bankruptcy administrator. The clerk of the bankruptcy court has a list that you may consult of the approved budget and credit counseling agencies.

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. The clerk also has a list of approved financial management instructional courses.

29. The Four Chapters of the Bankruptcy Code Available to Individual Consumer Debtors

Chapter 7: Liquidation (\$245 filing fee, \$39 administrative fee, \$15 trustee surcharge: Total fee \$299)

30. Chapter 7 is designed for debtors in financial difficulty who do not have the ability to pay their existing debts. Debtors whose debts are primarily consumer debts are subject to a "means test" designed to determine whether the case should be permitted to proceed under chapter 7. If your income is greater than the median income for your state of residence and family size, in some cases, creditors have the right to file a motion requesting that the court dismiss your case under § 707(b) of the Code. It is up to the court to decide whether the case should be dismissed.

31. Under chapter 7, you may claim certain of your property as exempt under governing law. A trustee may have the right to take possession of and sell the remaining property that is not exempt and use the sale proceeds to pay your creditors.

32. The purpose of filing a chapter 7 case is to obtain a discharge of your existing debts, It; however, you are found to have committed certain kinds of improper conduct described in the Bankruptcy Code, the court may deny your discharge and, if it does, the purpose for which you filed the bankruptcy petition will be defeated.

33. Even if you receive a general discharge, some particular debts are not discharged under the law.

Therefore, you may still be responsible for most taxes and student loans; debts incurred to pay non-dischargeable taxes; domestic support and property entitlement obligations; most fines, penalties, forfeitures, and criminal restitution obligations; certain debts which are no properly listed in your bankruptcy papers; and debts for death or personal injury caused by operating a motor vehicle, vessel, or aircraft while intoxicated from alcohol or drugs. Also, if a creditor can prove that a debt arose from fraud, breach of fiduciary duty, or theft, or from a willful and malicious injury, the bankruptcy court may determine that the debt is not discharged.

Chapter 13: Repayment of All or Part of the Debts of an Individual with Regular Income
(\$235 filing fee, \$39 administrative fee: Total fee \$274)

34. Chapter 13 is designed for individuals with regular income who would like to pay all or part of their debts in installments over a period of time. You are only eligible for chapter 13 if your debts do not exceed certain dollar amounts set forth in the Bankruptcy Code.

35. Under chapter 13, you must file with the court a plan to repay your creditors all or part of the money that you owe them, using your future earnings. The period allowed by the court to repay your debts may be three years or five years, depending upon your income and other factors. The court must approve your plan before it can take effect.

36. After completing the payments under your plan, your debts are generally discharged except for domestic support obligations; most student loans; certain taxes; most criminal fines and restitution obligations; certain debts which are not properly listed in your bankruptcy papers; certain debts for acts that caused death or personal injury; and certain long term secured obligations.

Chapter 11: Reorganization (\$1000 filing fee, \$39 administrative fee: Total fee \$1039)

Chapter 11 is designed for the reorganization of a business but is also available to consumer debtors. Its provisions are quite complicated, and any decision by an individual to file a chapter 11 petition should be reviewed with an attorney.

Chapter 12: Family Farmer or Fisherman (\$200 filing fee, \$39 administrative fee: Total fee \$239)

Chapter 12 is designed to permit family farmers and fishermen to repay their debts over a period of time from future earnings and is similar to chapter 13. The eligibility requirements are restrictive, limiting its use to those whose income arises primarily from a family-owned farm or commercial fishing operation.

3. Bankruptcy Crimes and Availability of Bankruptcy Papers to Law Enforcement Officials

A person who knowingly and fraudulently conceals assets or makes a false oath or statement under penalty of perjury, either orally or in writing, in connection with a bankruptcy case is subject to a fine, imprisonment, or both. All information supplied by a debtor in connection with a bankruptcy case is subject to examination by the Attorney General acting through the Office of the United States Trustee, the Office of the United States Attorney, and other components and employees of the Department of Justice.

WARNING: Section 521 (a)(1) of the Bankruptcy Code requires that you promptly file detailed information regarding your creditors, assets, liabilities, income, expenses and general financial condition. Your bankruptcy case may be dismissed if this information is not filed with the court within the time deadlines set by the Bankruptcy Code, the Bankruptcy Rules, and the local rules of the court.

Certificate of the Debtor

I (We), the debtor(s), affirm that I (we) have received and read this notice. Printed Name(s) of Debtor(s)

Case No. (if known) _____

x

Signature of Debtor

x

PART B

LIST OF APPROVED CREDIT COUNSELING AGENCIES Pursuant to 11 U.S.C. § 111

Minnesota MN District of Minnesota

Consumer Credit Counseling Service of Greater Atlanta Inc.
100 Edgewood Avenue Suite 1800 Atlanta, GA 30303 800-251-2227
www.ccsinc.org In Person (not available in all judicial districts),
Telephonic and Internet

Consumer Credit Counseling Services of San Francisco
150 Post Street, 5th Floor
San Francisco, CA 94108
800-777-7526
www.cccssf.org
In Person (not available in all judicial districts), Telephonic and Internet

Credit Advisors Foundation
1818 South 72nd Street
Omaha, NE 68124
800942-9027

www.creditadvisors.or

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In Person (not available in all judicial districts), Telephonic, and Internet

Credit Counseling Centers of America
9330 LBJ Freeway

Suite 900 Dallas,
TX 75379-8039
800-493-2222
www.cccamerica.or

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In Person (not available in all judicial districts), Telephonic and Internet

FamilyMeans
1875 Northwestern Avenue
South Stillwater, MN 55082 800-
780-2890 www.familymeans.org
In Person, Telephonic, and
Internet

Family Service Association of Sheboygan,
Inc. 1930 North 8th Street Sheboygan, WI 53081
800-350-2227 www.cccsonline.org In Person,
Telephonic, Internet

Garden State Consumer Credit Counseling, Inc.
225 Willowbrook
Road Freehold, NJ
07728 877-892-4557
www.novadebt.org
In Person (may not be available in all judicial districts) & Telephonic

Lutheran Social Services of
Minnesota 424 West Superior Street Suite
600 Duluth, MN 55802 888-577-2227
www.lssmn.org/debt In Person, Telephonic,
and Internet

Hummingbird Credit Counseling and Education,
Inc. 3737 Glenwood Avenue Suite 100-106 Raleigh, NC
27612 800-645-4959 www.hbcce.org Telephonic &
Internet

Institute for Financial Literacy, Inc.
449 Forest Avenue
Suite 12 Portland, ME
04101 866-662-4932
www.financiallit.org
Telephonic & Internet
McCarthy Financial Counseling & Seminars,

Inc. 400 Selby Avenue St. Paul, MN 55102 877-747-0655 www.financialrehabinc.com In Person and Telephonic

Money Management International Inc.

9009 West Loop South 7th
Floor Houston, TX 77096-1719 877-918-2227
www.moneymanagement.org
In Person (not available in all judicial districts), Telephonic and Internet

Springboard Nonprofit Consumer Credit Management Inc.
4351 Latham Street
Riverside, CA 92501
800-947-3752
www.credit.org
In Person (not available in all judicial districts), Telephonic and Internet

PART C

List of Approved Providers of Personal Financial Management Instructional Courses (Debtor Education) Pursuant to 11 U.S.C. § 111

**Minnesota MN
District of
Minnesota**

Black Hills Children's Ranch, Inc.
1644 Concourse Drive
Rapid City, SD 57703
800-888-1596
www.pioneercredit.com
In Person (may not be available in all judicial districts) & Telephonic

Consumer Credit Counseling Service of Greater Atlanta, Inc.
100 Edgewood Avenue Suite 1800 Atlanta, GA 30303 866-672-
2227 www.cccsinc.org In Person (not available in all judicial
districts) & Internet

Consumer Credit Counseling Service of San Francisco 150 Post
Street, 5th Floor San Francisco, CA 94108 800-777-7526
www.yournextmove.org In Person (may not be available in all judicial
districts), Telephonic, and Internet

Dalton Education, LLC
4335 Woodward Way
Cumming, GA 30041 877-
426-2373 [www.dalton-
education.com](http://www.dalton-education.com) Internet

Dave Ramsey's Abridged Financial Peace University-Bankruptcy
Edition The Lampo Group, Inc. 1749 Mallory Lane Brentwood, TN
37027 888-227-3223 www.bankruptcy.daveramsey.com Internet

Family Means
1875 Northwestern Avenue South
Stillwater, MN 55082 800-780-
2890 www.familymeans.org In
Person & Internet

Family Service Association of Sheboygan, Inc.
1930 North 8th Street Sheboygan, WI 53081 800-
350-2227 www.cccsonline.org In Person,
Telephonic, and Internet

Green Path Debt Solutions
38505 Country Club Drive, Suite 210
Farmington Hills, MI 48331-3429
800-630-6718
www.greenpathbk.com
In Person (may not be available in all judicial districts), and Telephonic

Hoglund, Chwialkowski, Greeman & Bergmanis, P.L.L.C
1611 W. County Road B Suite 106 Roseville, MN 55113 800-
850-7867 www.hoglundlaw.com In Person and Telephonic

Hummingbird Credit Counseling and Education, Inc.
3737 Glenwood Avenue Suite 100-106 Raleigh, NC 27612-
5515 800-645-4959 www.hbcce.org Internet

InCharge Education Foundation, Inc.
2101 Park Center Drive Suite 310
Orlando, FL 32835 866-729-0049
www.personalfinanceeducation.com
Internet

Institute for Financial
Literacy 449 Forest Avenue Suite
12 Portland, ME 04101 866-662-
4932 www.financiallit.org
Telephonic and Internet

Lutheran Social Service of Minnesota
424 West Superior Street Suite 600 Duluth,
Minnesota 55802 888-557-2227

www.lssmn.org/debt
In Person and Internet

Money Management International,
Inc. 9009 West Loop South, 7th Floor
Houston, TX 77096-1719 866-745-2227
www.moneymanagement.org
In Person (not available in all judicial districts), Telephonic and Internet

Novadebt
225 Willowbrook Road
Freehold, NJ 07728
866-254-2660
www.novadebt.org
In Person (may not be available in all judicial districts), and Telephonic

Springboard Nonprofit Consumer Credit Management, Inc.
4351 Latham Street Riverside, CA 92501 888-425-3453
www.bkhelp.org In Person, Telephonic, and Internet

The Village Family Service
Center 1201 25th Street, South Fargo,
ND 58106 800-450-4019
www.helpwithmoney.org In Person,
Telephonic, and Internet