

Lakeshore Bankruptcy Center

P.O. Box 1559

Holland, Michigan 49422-1559 (616) 396-1245

Provided to prospective client on _____ by _____
I/we acknowledge receipt: _____

INFORMATIONAL PACKET FOR PROSPECTIVE CLIENTS

Thank you for seeking our help in reviewing your financial situation. By law, we are required to inform you of specific things as you review your legal alternatives. We further provide information to you so that you can make a good decision and so that we can effectively represent you if you retain us. Please review all of the information in this packet as you go through this process.

Credit Counseling. 11 USC 521(b).

Absent extreme circumstances, you will not be able file bankruptcy until you obtain a certificate from a qualified credit counseling agency and even with extreme circumstances, you must get a certificate right after you file. This certificate must be obtained within the 180 days before you file bankruptcy. **You should contact a credit counseling agency now to get this certificate. A list of approved agencies is attached at the back of this packet.**

Credit counseling is a non bankruptcy alternative to help you pay your debts. A credit counseling agency may be able to negotiate better payment terms with your creditors than you have now and then set up a plan to avoid filing bankruptcy. Even before the mandatory credit counseling certificates, we advised our clients to talk to credit counseling agencies before making a decision to file bankruptcy. Bankruptcy should be a last resort. If they can help you, you should seek such help. This applies no matter what type of bankruptcy you might consider.

After you start a bankruptcy, you will not receive your discharge, unless you complete an instructional course in personal financial management at a credit counseling agency.

If you hire us to assist you:

All information you provide in connection with the case must be complete, accurate and truthful. All your assets and liabilities must be completely and accurately disclosed in the documents filed to commence the case, including showing the replacement value of each asset (where requested) after reasonable inquiry to establish such value. Current monthly income, monthly expenses and, in a chapter 13 case, disposable income, must be stated after reasonable inquiry. The information you provide may be audited by the US Government and the failure to provide such information may result in dismissal of the case or other sanction including, in some instances, criminal sanctions.

We will ask you to provide documents to us for review and homework with information about your assets, income, expenses and other financial information about you, that we need to prepare you bankruptcy papers. Please read the instructions below and those provided with our homework requests and provide full and truthful information to us. When in doubt, disclose the information. If we do not know something, we cannot report it and comply with the strict requirements in bankruptcy for you to be truthful and complete. Furthermore, we cannot help you if we do not know about something. Often, we find that there are honest legal solutions to problems, no matter how difficult they may seem to you. In the event that there are no good solutions, at least we can advise you of the legal results prior to filing your bankruptcy, so that you are fully aware of the consequences of going ahead before you actually do so.

How to value assets at replacement value.

Replacement value for consumer goods is defined as the value that a retail merchant would charge, considering the age and condition of the asset. 11 USC 501(a)(2).

How to determine current monthly income.

Current monthly income:

A. Means: the average monthly income from all sources that you receive without regard to whether such income is taxable income, derived during the 6 month period ending on the last day of the calendar month immediately preceding the date of the commencement of the bankruptcy case (unless the court determines another date).

B. Includes any amount paid by anyone other than you, on a regular basis, for household expenses for you or your dependent.

C. Excludes benefits received under the Social Security Act, payments to victims of war crimes or crimes against humanity on account of status as a victim of such crimes, payments to victims of international terrorism (as defined in section 2331 of title 18 of the US Code) or domestic terrorism (as defined in section 2331 of title 18 of the US Code) on account of your status as a victim of such terrorism. 11 USC 101(10A).

For us to prepare your papers, you need to complete our worksheets and provide all documentation regarding any income you have received in the last 6 months, even if you think that it might not be included in the above definition. We will review the information that you provide to us, and will follow the law on what needs to be included.

How to determine the amounts specified in section 707(b)(2)

Section 707(b) of the bankruptcy code provides a way for certain people to ask the bankruptcy court to dismiss a bankruptcy case under chapter 7 with primarily consumer debt for abuse. Under section 707(b)(2), abuse is presumed if current monthly income, reduced by certain expense amounts (see below) and multiplied by 60 is not less than the lesser of:

1. 25% of your nonpriority unsecured claims in the case or \$6000, whichever is greater; or
2. \$10,000.

Allowable expenses to reduce income are determined under the National and Local Standards and the Collection Financial Standards issued by the Internal Revenue Service (actual Other Necessary Expenses) without regard to what are you really paying for certain items. In addition, you can further reduce income with expenses:

- For necessary health insurance, disability insurance, and health savings plan
- To maintain safety under the Family Violence Prevention and Services Act
- Paid for the care of an elderly, chronically ill, or disabled member of the household
- (In chapter 13 only) the actual administrative expenses not to exceed 10% of projected plan payments
- Up to \$1,500/year for expenses of dependent minor child to attend a private or public elementary or secondary school (documented and explained)
- For utilities in excess of allowance specified in Collection Financial Standards
- An additional 5% of the National Standards for food and clothing if reasonable and necessary
- Payments on secured debt determined by dividing total payments on secured debts (including payments to cure any prepetition arrearage) to be made during the 60-month period following the date the petition is filed by 60
- Payments on priority debt determined by dividing total payments on priority debt to be made during the 60-month period following the date the petition is filed by 60

11 USC 707(b)(2)(A)(ii)-(iv).

This is the **means test** required with the passage of the bankruptcy laws in 2005. Obviously, it is complicated. We will provide worksheets for you to complete and will also require documentation to back up the information that you provide in the worksheets and will perform the means test for you as part of the completion of your bankruptcy papers. If it appears that your case will be presumed to be an abuse, we will review this with you prior to filing the bankruptcy, so that you can make an informed decision about how to proceed. **There will be an extra charge in this event.**

For instance, a presumption of abuse may be rebutted by demonstrating special circumstances, such as a serious medical condition or a call or order to active duty in the armed forces, that justify additional expenses or adjustments of current monthly income for which there is no reasonable alternative. To make a case for special circumstances, you will need to itemize each additional expense or adjustment of income and provide:

- documentation for each item
- a detailed explanation of the special circumstances that make the item necessary and reasonable
- an oath that all such information is accurate to demonstrate that the item is required

If your special circumstances cause the means test result to be different, the presumption is rebutted and you should be able to file chapter 7, unless there is something else that creates a problem. 11 USC 707(b)(2)(B).

The means test does not apply if you are a disabled veteran (as defined by 38 USC 3741(l)) and your debt was incurred primarily during the time while you were on active duty or performing a homeland defense activity (as defined by 32 USC 901(1)).

In a chapter 13 case, how to determine disposable income in accordance with section 707(b)(2) and related calculations. 11 USC 1325(B)(2).

For purposes of this, the term 'disposable income' means current monthly income received by the debtor (other than child support payments, foster care payments, or disability payments for a dependent child made in accordance with applicable nonbankruptcy law to the extent reasonably necessary to be expended for such child) less amounts reasonably necessary to be expended—

(A)(i) for the maintenance or support of the debtor or a dependent of the debtor, or for a domestic support obligation, that first becomes payable after the date the petition is filed; and

(ii) for charitable contributions (that meet the definition of 'charitable contribution' under section 548(d)(3) to a qualified religious or charitable entity or organization (as defined in section 548(d)(4)) in an amount not to exceed 15 percent of gross income of the debtor for the year in which the contributions are made; and

(B) if the debtor is engaged in business, for the payment of expenditures necessary for the continuation, preservation, and operation of such business.

Amounts reasonably necessary to be expended shall be determined in accordance with subparagraphs (A) and (B) of section 707(b)(2) (see above, **Allowable expenses**), if the debtor has current monthly income, when multiplied by 12, greater than—

(A) in the case of a debtor in a household of 1 person, the median family income of the applicable State for 1 earner;

(B) in the case of a debtor in a household of 2, 3, or 4 individuals, the highest median family income of the applicable State for a family of the same number or fewer individuals; or

(C) in the case of a debtor in a household exceeding 4 individuals, the highest median family income of the applicable State for a family of 4 or fewer individuals, plus \$525 per month for each individual in excess of 4.

A plan may not materially alter the terms of a loan described in section 362(b)(19) and any amounts required to repay such loan shall not constitute 'disposable income' under section 1325. 11 USC 1322(f).

Any amount withheld by an employer from the wages of employees for payment as contributions to:

(I) an employee benefit plan that is subject to title I of the Employee Retirement Income Security Act of 1974 or under an employee benefit plan which is a governmental plan under section 414(d) of the Internal Revenue Code of 1986;

(II) a deferred compensation plan under section 457 of the Internal Revenue Code of 1986; or

(III) a tax-deferred annuity under section 403(b) of the Internal Revenue Code of 1986; shall not constitute disposable income as defined in section 1325(b)(2). 11 USC 541(b)(7)(A)(i).

How to complete the list of creditors.

Please complete the form that we provide to you **fully**. It is important to use the proper address for creditors as provided in 11 USC 342. **If you received 2 communications from a creditor with the 90 days prior to filing the bankruptcy, then you must supply the account number for the debt and the address the creditor requests to receive correspondence to use for your schedules.** That is often not the address for payment, but the address for written inquiries on the statement from the creditor. Failure to list these items could cause you to lose rights and protections in your case.

How to determine what property is exempt and how to value exempt property at replacement value as defined in section 506.

Exemptions are lists of dollar amounts. Different types of property are exempt in different amounts. If the equity in an asset is not more than the amount we can exempt, then a trustee in bankruptcy cannot sell it to pay creditors. Equity is determined by subtracting any liens attaching to an asset from the value of that asset.

We can look to 2 lists of exemptions for your case, unless you lived in a state other than Michigan during the 730 days prior to filing your bankruptcy petition:

1. The federal bankruptcy exemptions are located in 11 USC 522(d).
2. The Michigan State exemptions are located at: MCL 600.5451.

If you lived in another state during the 730 days, then we need to look further into your former residences, to determine if another state law on exemptions applies to your case. 11 USC 522(b)(3).

We review each asset that you own to determine if it is exempt. Part of that process is to determine how much the asset is worth. Replacement value for consumer goods is defined as the value that a retail merchant would charge, considering the age and condition of the asset. 11 USC 501(a)(2). We then compare that to what you can exempt. If we see a problem with your ability to exempt any asset that we know you wish to keep, we will review this with you.

Bankruptcy alternatives.

We have discussed with you the different types of bankruptcies that you can consider. In addition, we provide in this packet lists, prepared by the US government, containing comparisons of the different bankruptcy chapters (notice required by 11 USC 342(b)(1)).

**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.

APPROVED CREDIT COUNSELING AND DEBTOR EDUCATION AGENCIES

For Western District of Michigan

Allen Credit and Debt Counseling Agency

195 Brooks Street East
Wessington, SD 57381
888-415-8173
www.acdcas.com
English and Spanish (Interpreter Only)

Alliance Credit Counseling, Inc.

13777 Ballantyne Corporate Pl.
Suite 100
Charlotte, NC 28277
888-995-7856
www.knowdebt.org
In Person, Telephone, & Internet

American Consumer Credit Counseling, Inc.

Main Address:
130 Rumford Avenue
Suite 202
Newton, MA 02466
866-826-6924
www.consumercredit.org English and Spanish

Black Hills Children's Ranch, Inc.

1644 Concourse Drive
Rapid City, SD 57703
605-348-1608
Telephone: 800-888-1596 English and Spanish
www.pioneercredit.com

Catholic Charities of the Diocese of Green Bay, Inc.

Main Address:
1825 Riverside Drive
Green Bay, WI 54301
920-437-7531
www.gbdioc.org

Comprehensive Credit Counseling of Rural Services of Indiana, Inc.

Main Address:
60918 US 31 South
South Bend, IN 46614
800-288-6581
www.comprehensivecreditcounseling.com

Consumer Credit Counseling Service of Maryland & Delaware, Inc.

Main Address:
757 Frederick Road
2nd Floor
Baltimore, MD 21228
800-642-2227
www.cccs-inc.org

Consumer Credit Counseling Service of Orange County, Inc.

Main Address:
1920 Old Tustin Avenue
Santa Ana, CA 92832
888-289-8230
www.cccsoc.org

Cricket Debt Counseling

10121 SE Sunnyside Rd, Ste. 300
Clackamas, OR 97015
866-719-0400
www.CricketDebt.com

Debt Education and Certification Foundation

Main Address:
112 Goliad Street
Suite D
Benbrook, TX 76126
866-859-7323
www.debt-foundation.org

DebtorWise Foundation

Main Address:
14 Austin Park, Suite 100
Pittsford, NY 14534
800-849-3036
www.debtorwise.org

Garden State Consumer Credit Counseling, Inc.

225 Willowbrook Road
Freehold, NJ 07728
877-892-4557
www.novadebt.org
In Person & Telephonic

Granite Lake Educational Resources

Main Address:
111 West Cataldo
Suite 200
Spokane, WA 99201
509-325-2511
866-366-0599 English and Spanish
www.backtogo.org

GreenPath, Inc.

Main Address:
38505 Country Club Drive, Suite 210
Farmington Hills, MI 48331-3429
800-630-6718 English and Spanish (Interpreter Only)
www.greenpathbk.com
OFFICES NEARBY***

Hummingbird Credit Counseling & Education, Inc.

3737 Glenwood Avenue, Suite 100-106
Raleigh, NC 27612
800-645-4959
www.hbcce.org

InCharge Education Foundation, Inc.

Main Address:
2101 Park Center Drive
Suite 310
Orlando, FL 32835
866-729-0049 English and Spanish
www.inchargefoundation.org

Institute for Financial Literacy, Inc.

Main Address:
449 Forest Avenue
Suite 12
Portland, ME 04101
207-879-0389
866-662-4932
www.financiallit.org

Money Management International Inc.

9009 West Loop South
7th Floor
Houston, TX 77096-1719
877-918-2227
www.moneymanagement.org
In Person, Telephonic and Internet

Northwest Michigan Human Services Agency, Inc. (NMHSA)

Main Address:
3963 Three Mile Road
Traverse City, MI 49686
231-947-3780
www.nmhsa.org

Springboard Nonprofit Consumer Credit Management, Inc.

Main Address:
4351 Latham Street
Riverside, CA 92501
800-947-3752 English and Spanish
www.bkhelp.org

The Kingdom Ministries, Inc.

Main Address:
6094 Apple Tree Drive
Suite 11
Memphis, TN 38115
901-552-5131
www.thekingdomministries.com

The Mesquite Group, Inc.

Main Address:
2125 Martin Drive
Suite 200
Bedford, TX 76021
817-803-2354
www.themesquitegroup.org