

BANKRUPTCY INFORMATION SHEET

BANKRUPTCY LAW IS A FEDERAL LAW. THIS SHEET PROVIDES YOU WITH GENERAL INFORMATION ABOUT WHAT HAPPENS IN A BANKRUPTCY CASE. THE INFORMATION HERE IS NOT COMPLETE AND IF YOU HAVE ANY QUESTIONS PLEASE MAKE SURE YOU DISCUSS WITH OUR OFFICE.

WHEN YOU FILE BANKRUPTCY

You can choose the kind of bankruptcy that best meets your needs (provided you meet certain qualifications):

Chapter 7 - A trustee is appointed to take over your property. Any property of value will be sold or turned into money to pay your creditors. You may be able to keep some personal items and possibly real estate depending on the law of the State where you live and applicable federal laws.

Chapter 13 - You can usually keep your property, but you must earn wages or have some other source of regular income and you must agree to pay part of your income to your creditors. The court must approve your repayment plan and your budget. A trustee is appointed and will collect the payments from you, pay your creditors, and make sure you live up to the terms of your repayment plan.

Chapter 12 - Like chapter 13, but it is only for family farmers and family fishermen.

Chapter 11 - This is used mostly by businesses. In chapter 11, you may continue to operate your business, but your creditors and the court must approve a plan to repay your debts. There is no trustee unless the judge decides that one is necessary; if a trustee is appointed, the trustee takes control of your business and property.

If you have already filed bankruptcy under chapter 7, you may be able to change your case to another chapter. Your bankruptcy may be reported on your credit record for as long as ten years. It can affect your ability to receive credit in the future.

Prior to the filing of the bankruptcy you will be required to take a credit counseling class. We will furnish you with information on where and with whom you can take the class or you can select someone on your own. Once the bankruptcy is filed and as soon as the 341 meeting of creditors has occurred you should take the 2nd half of the class. In the event you do not take the 2nd class then the Court will not grant your discharge and if you wait too long your bankruptcy case may be dismissed.

WHAT IS A BANKRUPTCY DISCHARGE AND HOW DOES IT OPERATE?

One of the reasons people file bankruptcy is to get a "discharge." A discharge is a court order which states that you do not have to pay most of your debts. Some debts cannot be discharged. For example, you cannot discharge debts for

- most taxes;
- child support;
- alimony;
- most student loans;
- court fines and criminal restitution; and
- personal injury caused by driving drunk or under the influence of drugs.

The discharge only applies to debts that arose before the date you filed . Also, if the judge finds that you received money or property by fraud, that debt may not be discharged.

It is important to list all your property and debts in your bankruptcy schedules. If you do not list a debt, for example, it is possible the debt will not be discharged. The judge can also deny your discharge if you do something dishonest in connection with your bankruptcy case, such as destroy or hide property, falsify records, or lie, or if you disobey a court order.

You can only receive a chapter 7 discharge once every eight years. Other rules may apply if you previously received a discharge in a chapter 13 case. No one can make you pay a debt that has been discharged, but you can voluntarily pay any debt you wish to pay. You do not have to sign a reaffirmation agreement (see below) or any other kind of document to do this.

Some creditors hold a secured claim (for example, the bank that holds the mortgage on your house or the loan company that has a lien on your car). You do not have to pay a secured claim if the debt is discharged, but the creditor can still take the property.

WHAT IS A REAFFIRMATION AGREEMENT?

Even if a debt can be discharged, you may have special reasons why you want to promise to pay it. For example, you may want to work out a plan with the bank to keep your car. To promise to pay that debt, you must sign and file a reaffirmation agreement with the court. Reaffirmation agreements are under special rules and are voluntary. They are not required by bankruptcy law or by any other law. Reaffirmation agreements

- must be voluntary;
- must not place too heavy a burden on you or your family;
- must be in your best interest; and
- can be canceled anytime before the court issues your discharge or within 60 days after the agreement is filed with the court, whichever gives you the most time.

If you are an individual and you are not represented by an attorney, the court must hold a hearing to decide whether to approve the reaffirmation agreement. The agreement will not be legally binding until the court approves it.

If you reaffirm a debt and then fail to pay it, you owe the debt the same as though there was no bankruptcy. The debt will not be discharged and the creditor can take action to recover any property on which it has a lien or mortgage. The creditor can also take legal action to recover a judgment against you.

As a bankruptcy debtor, you have a duty to attend a meeting of your creditors and testify under oath regarding your financial affairs pursuant to Section 341 of the United States Bankruptcy Code. This meeting will be scheduled once the bankruptcy is filed, approximately 30 days after the case is filed. You should arrive early at the date, time and place once notified. Your attendance at this meeting is mandatory and if you fail to attend, your case may be dismissed. Please be early. You will be entering the Muskogee Federal Courthouse so do not bring any weapons, cellphones, etc. You will have to go through a metal detector to enter. **Please bring the following items to the meeting in the event you have not previously provided them to our office. If you have furnished the information to us then we will scan and provide it to the Trustee in advance of the meeting.**

1. It is imperative that you bring your driver's license (or other state issued ID) and your social security card to the meeting:

2. Copies of all bank statements and canceled checks for the 90 day period preceding the date your bankruptcy petition was filed; the last two (2) federal income tax returns that you filed; and copies of any financial statements that you have prepared or submitted to any financial institution. If you are expecting to receive a tax refund, whether federal or state, DO NOT cash any refund check that you receive without the Trustee's permission.

3. Copies of all deeds and mortgages to all real property that you own any interest in, including your homestead, together with copies of ALL CERTIFICATES OF TITLE and SECURITY AGREEMENTS pertaining to all automobiles, trucks, manufactured homes, trailers, boats and motors, or motorcycles that you own any interest in.

4. Copies of all pension plans, retirement accounts, IRA or similar accounts that you own any interest in, together with records showing when and how such plan or account was funded, together with copies of records pertaining to any trust in which you are the settlor, beneficiary, or trustee.

5. Copies of all leases (except residential leases) and executory contracts to which you may be a party.
6. Copies of all pleadings or other documents from any current or pending litigation in which you are the plaintiff, counter-claimant or plaintiff, cross-claimant, or third-party plaintiff.
7. If you operate a business, it is likely the Trustee will require you to immediately cease its operation and terminate all employees, unless you receive express consent from the Trustee to the contrary. You will also have to turn over all books and records, keys, and any assets of the business to the Trustee.
8. If there is non-exempt property then you will have to immediately turn over to the Trustee, all non-exempt cash and property, if unencumbered with a lien, together with all recorded information relating to such property including all books, documents, and papers, whether or not immunity is granted pursuant to Section 344 of the Bankruptcy Code.
9. If you did not file a Statement of Intention (as to reaffirmation, surrender, etc) when you filed your bankruptcy petition, you are obligated to file such a statement specifying your intentions with regard to any property securing the payment of a consumer debt within 30 days from the date your petition was filed, or before the meeting of creditors, whichever is earlier; and you must perform that intention within 45 days from the date the Statement of Intention is filed.

Pursuant to Section 541 of the Bankruptcy Code, you should file and provide me with a copy of supplemental schedules identifying any property that you may receive or be entitled to receive within 180 days from the date your bankruptcy petition was filed, including any bequests, gifts, inheritances, property settlements, or insurance benefits. You are further hereby notified that concealment of any property of the estate, false oaths concerning bankruptcy, transferring or concealing property with intent to defeat the Bankruptcy Code, concealing, destroying, or falsifying documents, or withholding any documents from a bankruptcy trustee constitute federal bankruptcy crimes, which may be referred for investigation and possible criminal prosecution by the United States Department of Justice. Also, failure to cooperate with reasonable requests for information from a bankruptcy trustee together with failure to surrender property or records, or an unreasonable refusal to testify, can result in the loss of a bankruptcy discharge.

Debtor 1

I have received and read the bankruptcy information sheet

Debtor 2

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Mark A Grober
Attorney at Law
PO Box 2733
830 North Main St.
Muskogee, OK 74402-2733
groberlaw@gmail.com
918.682.1100
Fax 918.682.0793