

Dear Bankruptcy Dear Client:

This letter is being given to you since you have either filed a bankruptcy or are considering filing a bankruptcy. The enclosed is a list of explanations of the bankruptcy that you now find yourself involved with.

Some of the explanations below apply to Chapter 13 cases and some of them apply to Chapter 7 cases. As occasionally persons have to convert from one chapter to the other, I have put as much explanation as I can here.

Interim Statement

If you are in debtor court, also known as Chapter 13, which is the type of bankruptcy case that you make payments to the bankruptcy trustee, you will periodically be sent an interim statement. Please double-check your creditor claims and the amounts that they have filed for. Double-check the amounts that you have paid and make sure that you have proper credit. Do not forget to check your payment history every twelve payments with one of these printouts and make sure that your payments are recorded accurately.

Remember you can get a printout at the courthouse at any time from 8:00 a.m. to 4:30 p.m. You can also call our offices and ask us to get this printout for you. Presently we are able to get faxes from the trustee's office for you with these printouts also.

Creditors Claims

You will want to compare the claims filed with the last bill you received. Occasionally a credit card creditor will add one more month's interest to a claim, or sometimes creditors will file claims

that are too high. Sometimes creditors will file claims erroneously on the wrong persons case and if you do not check it you could pay someone you do not owe. We can file an objection, go to court, and try to reduce that claim accordingly if you still have that last credit card bill, or other proof.

The court will send you an interim statement twice a year and you need to closely examine it for accuracy. Please make sure that you keep copies of all of your last bills before your bankruptcy was filed for the life of your bankruptcy case, and then I would suggest in a file forever with your bankruptcy papers. Government claims (i.e. debts like student loans, taxes, and child support), if not filed by the claims bar date, you will need to make an appointment to come in and discuss it as we may need to file a claim for them and/or contact them.

Please check to make sure your secured claims are filed by the claims bar date. If they are not you need to come in and we need to call them together to see why they have not filed a claim.

Interest

The interest on nondischargeable tax debts, such as student loans, and child support may not be discharged in your bankruptcy. Student loan interest and child support interest probably cannot be added to your confirmed debtor court plan if we object. However this does not mean that you won't have to eventually pay for that interest. If the debt is too high and they are coming after you for this interest when your debtor court case is paid for, come in and you can again file another debtor court case again when this one is paid off.

Taxes

If you go into debtor court without your spouse and you both owe taxes, they can come back against your spouse after the debtor court is paid off for interest on the taxes that was incurred during the debtor court.

Unsecured Claims

If your other unsecured creditors do not file claims by the bar date, and they were correctly listed, you will not have to pay them, if you pay your case in full, assuming they were properly notified of your debtor court bankruptcy. If any creditors file claims that are too high, you need to make an appointment to see me and file an objection. Calling and leaving a message will not be sufficient as you have to sign paperwork. If your unsecured creditors file claims after the bar dates we can file an objection. You need to continue to review your interim statement regularly for these types of situations.

Secured Creditors

Secured creditors are still going to be owed money whether or not they file claims, so if when you are checking your interim statement and they file a claim after the bar dates we can will probably not want to file an objection. Secured creditors are still going to be owed money whether or not they file claims, so if when you are checking your interim statement make sure they file their claims.

Attorney Fees

You will pay the majority of your attorney fees in the debtor court. In a Chapter 7 case the attorney fees have to be paid up front. The attorney fees set for you in this case include most general items necessary to protect you for five years in your debtor your plan. Do

not hesitate to contact me if problems arise during your plan as you have probably already paid attorney fees to handle those matters.

Attorney fees for other legal matters

Legal matters like preparing deeds, wills, contracts, auto accidents, worker's compensation, social security disability, handling domestic matters like child support collection or divorces, representation of you in criminal matters, or other matters we handle as set out in our website www.carlisleandcarlisle.com are all matters we would be happy to assist you with, but are matters that would require additional attorney fees.

Problems paying your debtor court or other bills

If you reach a point where you cannot pay for your bills, due to sickness, unemployment, divorce, or other reasons, you need to make an appointment to discuss your options. If you are not able to make your debtor court payment sometimes we can file the appropriate motions with the court and possibly give you some relief. If you incur taxes or medical debts that you cannot pay, during the life of your debtor court plan, please call for an appointment as you can add these into your debtor court.

Conversion to a Chapter 7

Sometimes people run into problems where they need to convert to a Chapter 7 Bankruptcy. It is cheaper to convert your case to a Chapter 7 if you are eligible than to just let it go.

Refiling another debtor court

Sometimes in certain circumstances, people incur more bills or circumstances beyond their control, and need to refile their debtor

court after a few years to lower their payments and you need to be aware this option is available also.

Conversion to another Chapter

While you can only file a Chapter 7 Bankruptcy every eight years, you can file a debtor court every six months from the date the last one was discharged and sometimes you can file it sooner than six months unless of course the judge has put a 6 month or 12 month bar on you as a sanction for failing to comply with a court requirement.

Modify Plan

Sometimes we can modify your debtor court payment and decrease the payment if your income decreases, which will save you time and money in the long run. How much we can decrease the payment, if at all will depend on how much you have paid into the case, how many of your debts are secured and how many of your debts are unsecured, your income, how much you have paid on the case, what type of case we originally filed, and the amounts that the claims are filed for. This is called a composition case. In order for a composition case to be considered by the judge you will have to provide you and your spouse's last two months paystubs and/or proof of other source of income, the last tax assessed value of your home by the tax assessor, and your last two years income tax returns.

Suspend

Also, during times of hardship, such as a short term injury, sometimes you can suspend your payment for a few months. Your payment may, when you resume your payments, of course, be

higher as you have to pay out your debtor court in the length of time originally proposed.

Car

If we are working on your case, until your case is filed, you need to keep your car payments current. If your car payment is one day late, the creditor can pull your car and more than likely, we cannot get the car back for you. If your car is in danger of being pulled, you need to make it a point to make sure that I personally am aware of this fact. This does not mean leave a message for me. This means continue to call me until you actually talk to me personally or set up an appointment to come see me. You will need to come in and file the appropriate paperwork to stop the creditor from pulling your car. Bring the creditors fax number with you when possible. If we file an emergency bankruptcy for you, which we seldom do, you may only have 5 days to get all of your paperwork together, or your bankruptcy case could be dismissed.

Garnishments

We can usually have garnishments stopped very quickly. As soon as your case is filed, we can fax a request to whoever is doing the garnishment and they will act on it quickly.

Drivers License

With bankruptcy court protection, you can get your driver's license back when it has been suspended for having an accident with vehicle damage when you didn't have insurance. If your license has been suspended for this reason, please make an appointment to see me.

Notification of Creditors

All of your creditors that you listed in your bankruptcy petition were notified of your bankruptcy, by bankruptcy court on the same date that you received your notice and the telephone calls should have stopped then. If any creditor still calls you after you receive your first letter from the court, get their name, telephone number, and fax number and give them our name and number and your bankruptcy case number, and make an appointment with me. If creditors continue to call you it may mean that you listed them wrong on your bankruptcy and you may need to file an amendment. Leaving me a message again is not sufficient. You need to come in and sign paperwork to correct this debt.

If you need to amend your chapter 7 case after it is filed, the attorney fee is \$150.00 and the court fee is \$30.00 for each three creditors that you need to amend. If you need to amend your debtor court, there won't be an additional charge for attorney fees, but you will have to bring a \$30.00 court fee with you. Once creditors like credit cards and medical bills have been notified of your bankruptcy, do not pay them any more money directly. Look at your chapter 13 plan to see whether or not to pay your house creditor direct. It will tell you what month to pay your house payment direct.

You also need to pay current utility bills or current child support or debts like criminal restitution. If you have forgotten to list any debts, please call for an appointment to amend your paperwork.

Court Dates

A day or two before each court date is scheduled, call and talk to me personally. You can call me on my cell phone at 205-283-8749 if you cannot reach me at the office. You have to attend the 341 meeting. You have to attend all court dates unless I tell you to otherwise. There are court dates that get set that I can resolve so

that you will not have to attend. For example for a debtor court there are always two court dates set now. You have to attend the first date. You may or may not have to attend the second date. Whether or not you attend your second court date will depend mostly on the following: on the judge, the amount of money that you have paid into your debtor court (whether your payments are current), whether you have provided all of the necessary documentation to the court and your creditors, and whether any of your creditors objects. For a chapter 7 case there is one court date which is set about a month after we actually file your petition. For a chapter 7 case if you fail to attend this court date and you notify me that you need the date changed you will owe me additional attorney fees of at least \$150.00. The attorney fees can be higher depending on what I have to do to get the court date changed. For a chapter 13 case, it is better if you attend your first meeting as if you have to get your case continued they will put your case at the bottom of the docket, and instead of sitting there for probably less than an hour, you might sit there for 2-3 hours. We will attempt to remind you a day or so before your court date is set, but if your phone number is disconnected, or you aren't available by phone and you fail to show up for court, the judge may dismiss your case without further notice. We usually give you a calendar and circle the first date on the calendar for you. Put this on your refrigerator so you do not forget to attend.

What do I bring to Court?

Always bring paystubs showing payroll deduction and proof of vehicle insurance to court. Always bring your drivers license. Always bring all receipts for payment.

Time to arrive at court

Always be 15-30 minutes early to allow time to find the right courthouse, and then find parking, and then stand in line to go through metal detectors, and to find the right courtroom on the right floor.

Birmingham, AL - 341 meetings are held in the basement of 1800 5th Avenue North, Birmingham, AL

All the rest of your court dates are held on the first floor. Each Judge has their own courtroom in Birmingham, AL. Judge Bennett is Courtroom Number 1, Judge Cohen is Courtroom Number 2, and Judge Mitchell courtroom number 3.

Metal Detectors

You will have to go through a metal detector at the courthouse. Do not bring any weapons with you as you can be arrested. Please allow extra time for this procedure as you may have to stand in line.

Dress

Please dress like you are going to church. Ladies you do not have to wear dresses. If you are coming from work and are in your work uniform it is okay to attend court. Do not come in ragged shorts, short shorts, no deodorant, hair uncombed, tank tops, smelling of beer, wife beaters, halter tops, low cut tops, flip flops, capri pants, or pot, etc. The trustee or judge could make you leave the courtroom if you showed up this way. I have only had one client in over a decade go to court in this fashion, and I am sure you are not that person. Nevertheless, it is good to know what is expected of you. Do make sure that you have listed all of your jewelry you normally wear every day on your bankruptcy petition.

Inadvertently omitted creditors

All creditors you owe on the date of filing the petition must be scheduled. You need to list anyone you possibly could owe for anything.

Accuracy of Petition

You are responsible for all the information on your bankruptcy petition's accuracy. Yes, it is a lot of work. Yes it takes a lot of time to fill these papers out properly. You did not get in this shape overnight. The more paperwork you bring with you the less trips to my office you will have to make to get this paperwork done. We can send you an email with the questions to fill out that you can do in the comfort of your own home, We can also send you a link for the classes so you can do them at home, If you do not have access to the internet, you can do the classes at our office. We provide computers for this reason.

Perjury

Make sure that you obtain a copy of your stamped filed petition from us for your records, and review it carefully. You are signing under penalty of perjury that you have told the truth in these papers, please make sure that this is accurate.

Cell phone

Make sure all cell phones and beepers are turned off or on vibrate. Your failure to do so could result in them being confiscated by the bankruptcy guards.

Importance of legal documents

Once your file is closed, which will be five years from now, there is a file storage charge of \$30.00 or more that you will have to pay to get copies of your bankruptcy records. Please keep all the papers the court sends you in a file where you can access them later. Sometimes mortgage companies require a copy of your entire petition when you are getting a home loan.

Payment Info

Your payments have to begin immediately upon filing the bankruptcy case. Remember your case number has to be on each check or money order and your check or money order has to be made payable to Sims Crawford, Trustee, Dept. SF 3, PO Box 830525, Birmingham, AL 3528-0525. They will take personal checks until you bounce checks to them. The trustee's office will not take cash or walk in payments but Servis First Bank downtown will take cash payments during the hours of 9-3, Monday through Friday, **Servis First Bank**, 324 Richard Arrington Jr Blvd N, Birmingham, AL . You have to have at least one months worth of payments made before your first debtor court court meeting. Do not tell the trustee that you were told to wait until after court to make a payment. The trustee will not believe you. This means that you need to have your payment in the mail at least a week before your first court date and then you have to make a monthly payment every month thereafter. You will not be sent a reminder. If you have provide us with all of the information, and if your payments are made before we go to court the first time, a lot of times you will not have to go back the second time for the confirmation hearing. Attending this second hearing depends on a lot of factors, so please call me before the date of each hearing to see if you have to attend.

General Rules

You are not allowed to sell or dispose of any assets, without the courts permission. You are not allowed to use credit cards during the life of the plan. You are not allowed to make new debts without courts permission. Remember you will not be sent a monthly statement. You will have to remember to pay each month or agree for payroll deduction by your employer. If you sign up for payroll deduction, you have to pay your payments until the payroll deduction starts. You must keep non-plan creditor payments current such as child support, rent, utility bills, house payments and so forth. You need to have car insurance proof faxed to your car creditor every six months by your insurance company. Debtor court does have an insurance representative at debtor court offering car insurance. This insurance is not liability insurance, but is collision coverage only, and does not meet the state requirement for insurance coverage. It does not cost much more to have the highest limits of coverage on your auto insurance, and you need to check and make sure that you are paying for the highest coverage you can afford to pay for.

Reaffirmation

If you are filing Chapter 7, if there is a debt you wish to keep, we will need you to be in the offices during business hours with us, to check with the creditor to see if they will let you reaffirm the debt (keep the asset and continue to make your regular payments). If you wish us to call, make an appointment for this purpose. It's up to the creditor whether they will reaffirm with you or not. If your income is not sufficient to pay the debt, I cannot sign the reaffirmation agreement for you. If the asset is secured and you do not pay for it, you do not get to keep the asset. When you agree to

surrender an asset, you have to surrender it. You cannot keep it. You have to turn it in.

No asset order

A week or so after your Chapter 7 hearing is held, if the trustee has entered a no asset order, you are eligible to file another Chapter 13 bankruptcy, and make payments on your debts. Once you have filed your chapter 7, you cannot sell or dispose of any assets until the trustee enters the no asset order. For example, if you get behind on your house payment again because another illness, or injury, or loss of employment occurs, all is not lost.

Once you have filed Chapter 7 bankruptcy, you need keep your car insurance and medical insurance current to try to prevent having to file another bankruptcy.

What happens in court?

You and I will go to the front of the courtroom and the trustee or judge will ask you a few questions. It doesn't take long and the questions won't overwhelm you too much. In a chapter 7 case the trustee will ask you questions like: have you read the statement of information or had it read to you; have you transferred any property in the last year; are you a plaintiff to a lawsuit; or are you due to receive any inheritance. Sometimes in a debtor court they will ask you if your taxes are currently filed; do you still have any credit cards; do you have any debts you haven't listed; have you listed all of your assets; what's the value of your home, and so forth. In other types of hearings of course other questions are raised depending on the issues.

Statement of Information is a document that the court will ask you if you have read when you go to court on a chapter 7 case. Make sure that you have read this before you go to court.

While this letter does not cover everything that can happen in a bankruptcy case, it at least gives you a starting information point. There is more information available on our website and on the internet. Your individual fact situation may make a difference in the outcome of the above results and you need to write down your specific questions for more complete advice.

If you have any questions, please do not hesitate to contact me. My cell phone number is 205-283-8749 if you can't reach me at the office.

There is more information available at the trustees website at <http://www.ch13bham.com>.

You can double check the date of your 341 hearing at this website link: http://www.ch13bham.com/341_hearings.html

There is also more information available at this website. It is the bankruptcy court website. <http://www.alnb.uscourts.gov/>

You can also check all of your other court dates on this link for the courts calendar. <http://www.alnb.uscourts.gov/docket>

With warmest regards, I am,

Sincerely yours

Lois R. Beasley-Carlisle

Attorney at Law

For the Firm LBC/bhs x