

IS

BANKRUPTCY

THE ANSWER?



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IS BANKRUPTCY THE ANSWER?

A 7-step guide to understanding
your options for debt relief

by
Ryan B. Moran,
Moran Law Offices



A Message from the Author

Hello. My name is Ryan B. Moran. I am an attorney and the managing member of Moran Law Offices, a firm that I established in 2007.

When I opened Moran Law, I decided that we would focus on bankruptcy and fair debt collection law. My goal was to help honest, hardworking people like you who have had their financial well-being turned head-over-feels due to unexpected events.

Unlike many of the firms that ‘dabble’ in bankruptcy, Moran Law handles hundreds of cases each year. This gives our firm an unmatched level of expertise and familiarity with the evolving nature of bankruptcy law.

As part of my own ongoing professional education, I work tirelessly to stay on top of the latest trends and developments so that I may provide unparalleled service to my clients.

It’s human nature for people in crisis to become so overwhelmed that they go into a state of denial. This is a mistake with long-reaching negative consequences. So at Moran Law, our goal is to help people address their problems by showing them there is a light at the end of the tunnel. Unfortunately, ‘the system’ doesn’t make it easy for individuals to get out from under excessive debts.

In fact, it works against people who don’t have a lot of money and resources.

There was a government bailout for people on Wall Street when institutions teetered on the brink of financial ruin while people on Main Street – who are just trying to take care of their families – feel like they have to go it alone.

But you don’t have to go it alone. Moran Law is here for you. We want to be your voice... your advocate...your solution.

We want to be your partner and your confidante as you navigate through the storm of debt that is drowning you. We’ll fight your battles with your creditors for you and help you get the fresh start you deserve.

That’s precisely why I created this 7-step guide. I hope that it will educate you, enlighten you, and ultimately leave you feeling empowered to move forward and change your life for the better.

The first step is Understanding Bankruptcy Basics. It will give you an easy-to-understand overview of bankruptcy laws today and talk about how and why so many people find themselves in need of financial relief.

I want to ensure that we’re ‘speaking the same language.’ If there is a legal term you’re unfamiliar with, I’ve added a glossary of terms frequently used when talking about bankruptcy topics, which is located at the end of this book...

Very truly yours,



Ryan B. Moran

Step One – Understand Your Rights

At Moran Law, we see it every day; people come through our doors feeling like failures or deadbeats for being unable to keep up with financial obligations. But the vast majority of people who file bankruptcy don't do it because they want to or because they're trying to abuse the system, or because they're trying to get something for free.

No, most people who file are good people who had something bad happen to them.

In our work, we see that most people who file for bankruptcy have lost their job and are struggling to put food on the table. Or they've experienced a catastrophic set-back such as their house burned down, their loved one got cancer, or they were involved in a bad car accident. And because these are good people whose lives have suddenly gone bad, they want to pay back their debts and do 'the right thing' by paying back the credit card companies.

The problem is creditors – Visa and your bank and the mortgage company. They don't care about doing the right thing. The only thing they care about is getting their money. If they were worried about doing the right thing, they would cut you a break on your debt and interest payments or at least be more understanding.

Shame and guilt keep many citizens from pursuing their right to file for bankruptcy, but here are the facts: you're not a failure, a deadbeat or 'the bad guy' because your financial obligations have gotten away from you. You're just a normal person trying to get through abnormally bad times who needs a little help to get back on track.

And because of your shame, you may not realize that debt-forgiveness and bankruptcy have a rich and 'proud' history in the U.S. Constitution...

"Congress shall have the power... to establish... uniform laws on the subject of bankruptcies throughout the United States." U.S. Constitution, Article 1, Section 8

Even the Bible talks about the importance of discharging debt...

"At the end of every seven years you must cancel debts...Every creditor shall cancel the loan he has made to his fellow Israelite. He shall not require payment from his fellow Israelite or brother, because the Lord's time for canceling debts has been proclaimed." Deuteronomy 15:1-2.

In the United States, bankruptcy is intended to benefit both debtors and creditors by seeing that debtors get relief from debts they can't pay, and that creditors get paid from whatever assets the debtor does not need to live going forward. In other words, bankruptcy is a little known and rarely used constitutional right that's designed for people in exactly your kind of situation.

And although bankruptcy can't solve all of your problems, it can take some of the stress out of your life and get rid of a lot of your financial worries.

4 Types of Bankruptcy Proceedings

Bankruptcy is a legal process that was created to give people who are in serious financial troubles a fresh start. It is governed by the federal law found in Title 11 of the United States Code and with the exception of allowed exemptions; the laws governing bankruptcy are the same from state to state.

There are four kinds of bankruptcy proceedings referred to by the chapter of the federal Bankruptcy Code that describes them:

Chapter 7

Chapter 7 is the most common form of bankruptcy. Chapter 7 is available to individuals, married couples, corporations and partnerships. Individual debtors get a discharge and are released from their financial obligations within 4-6 months of filing the case.

The vast majority of Chapter 7 cases we deal with at Moran Law are what we refer to as 'no asset' cases, meaning that the debtor does not have enough property to exceed the exemption limit. Nearly all of our clients finish their cases without paying anything to the Trustee, or losing any of their property. As I tell most potential clients, "You can keep your house, you can keep your car, and you can keep all your possessions."

The only payments you are likely to make when you file under Chapter 7 will be a filing fee to the Bankruptcy court and legal fees to your attorney.

Chapter 11

Chapter 11 is a reorganization proceeding, typically for corporations or partnerships. (Individuals, especially those whose debts exceed the limits of Chapter 13, may also file Chapter 11.)

In Chapter 11, the debtor usually remains in possession of his assets and continues to operate any business, subject to the oversight of the court and the creditors committee.

Chapter 12

Chapter 12 is a simplified reorganization for family farmers modeled after Chapter 13 (described below) where the debtor retains his property and pays creditors out of future income.

Chapter 13

Chapter 13 is a repayment plan for individuals with regular income. It provides a mechanism for individuals to prevent foreclosures and repossessions, while catching up on their secured debts. Repayment of unsecured creditors in Chapter 13 can range from 0% to 100% depending on the debtor's income and the make up of the debt.

However even Chapter 13 filers only 'pay out' from their salary. That is to say, they pay a monthly fee to the Trustee, but hold on to all the rest of their property. This is true for 99 out of 100 cases. It is a very exceptional person who has so much property that they exceed the exemption limits and have to surrender any of it; even then, the Trustee is more likely to ask for a cash equivalent rather than seize and auction it.

Another federal law that affects bankruptcy is the Bankruptcy Abuse Prevention and Consumer Protection Act. It was developed and pushed for by lobbyists for the credit card industry and written by Phil Gramm, the 'genius behind' the sub-prime mortgage debacle.

Bankruptcy Abuse Prevention and Consumer Protection Act

Despite its name, BAPCPA does not protect consumers. In fact, this legislation makes it harder for the average consumer to file bankruptcy and it also punishes attorneys who represent them. The philosophy behind it is that only deadbeats file bankruptcy and that only shyster lawyers represent people who file bankruptcy.

This is insulting to the honest bankruptcy attorneys who want to help their clients navigate the complexities of bankruptcy so that they may take advantage of their rights under the law. But it is an even bigger slap in the face to all the honest people who have always paid their bills, but find themselves in need of debt relief due to circumstances beyond their control.



How Good People End Up with Bad Debt

The roads that lead to bankruptcy are as unique as the individuals who travel along them. For some, poor money management skills are the problem. For others, buying into the American philosophy of 'buy now, pay later' has caused them to live beyond their means. It's a shame really.

For the vast majority however, illness, job loss, death, divorce, or even 'acts of God' -- such as Hurricane Katrina and the oil spill in the Gulf of Mexico -- suddenly and dramatically affect a person's income and finances. Most recently, national economic problems and poor governance have thrown the lives of millions of Americans into financial chaos.

When money is tight, people turn to their credit cards to help tide them over until they get on their feet again. They charge groceries so they can feed their families. Or charge utility bills to keep the lights on. When credit card balances begin to climb, they use one credit card to pay off another. Or they make take out a second mortgage or home equity loan to pay off their unsecured debit.

They do it in 'good faith.' Most people who incur debt do so with every intention of repaying it. Unfortunately, for most people, credit is a short-term solution. In the long term, credit purchases and loans saddle people with a mountain of fees that result in even more debt consumers can't pay off. (Is this what happened to you?)

YOU Are Not the Guilty Party

While BAPCPA makes it appear that consumers are the problem, it's really the credit card companies and mortgage companies that are the real architects of the financial crisis that many consumers find themselves in. It is in the best interest of these businesses to keep you paying and paying and paying. That's where their profits come from.

Lenders have recently come under attack for the deceptive practices they use to lure people into incurring debts that they cannot afford...and then punish their customers for missed payments with things like late fees, overdraft fees, and increasing interest rates. It's literally a vicious cycle and one that is virtually impossible for the consumer to escape.

Bankruptcy is the antidote to the toxic environment created by these predatory lenders.

Congratulations! You've just completed the first step. You now have an understanding of what bankruptcy is and the different kinds of bankruptcy. You've also learned that many good people accrue bad debt and find themselves unable to meet their financial obligations. And you've discovered that credit card companies and mortgage brokers, take advantage of people's short-term financial needs with unsavory lending practices that make things go from bad to worse.

Now that you understand what bankruptcy is, it's time to move on to Step 2: the advantages of bankruptcy and whether or not it is a good solution for you.

Step Two – Understand the Benefits of Filing

When you wipe your debt completely clean through bankruptcy, it is called discharge of debt. The goal of this is to help reduce your overall debt and allow you to start again with a clean slate.

As such, the bankruptcy option is, in many ways, integral to American life and American commerce. Without bankruptcy, fewer of us would be able to take the risks necessary to build new businesses or better our lives.

6 Ways Bankruptcy Improves Your Life

If you are overwhelmed with debt you can no longer pay, bankruptcy might be a viable option for you. And while it is true that filing for bankruptcy will have an impact on your credit, this important legal action solves more problems than it creates.

Gives You Peace of Mind

When your finances are in turmoil, you are constantly on edge, wondering how to solve your problems. Bankruptcy puts an end to that worry because bankruptcy is a plan.

Stops Creditor Harassment

Today with automated 'robo-calls,' creditors and collection agencies can harass you dozens of times a day or night, whether it's dinner time, your kids bed time, or 6 a.m. on the weekend. When you file for bankruptcy, the harassing phone calls stop...completely and immediately.

As soon as a creditor is notified that you have filed for bankruptcy, they are prevented from continuing any of their collection efforts, including telephone calls, letters, lawsuits, garnishments, foreclosure, and repossession.

Lets YOU Prioritize Your Debts, Not Your Creditors

The advantage of filing for bankruptcy is that it protects your property. You see, in a bankruptcy, your secured creditors get paid first. If there's nothing left after they're paid, your unsecured creditors are out of luck and the debt is simply erased.

Secured debts are generally big-ticket items you own such as cars and homes where you made an initial financial investment upfront and then agree to a payment plan. If you fail to keep up with your payments, then the bank or lender can repossess the item you purchased

Unsecured debts usually refer to money owed on credit cards and personal loans. Medical bills are also considered an unsecured debt since you did not have to put up an item as collateral in order to obtain the debt.

The advantages to filing for bankruptcy are obvious. What may not be as obvious is whether or not you should file. The next section will help make that decision.

The Bankruptcy Self-Assessment Quiz

There is no specific formula or list of criteria for determining whether or not bankruptcy is a good option for you. That's why most bankruptcy attorneys, including Moran Law, offer free consultations on the subject.

Still, there are some common indicators that you can use as a litmus test for bankruptcy.

General Questions about Your Finances

Are you living paycheck to paycheck with no 'wiggle room'?

Do you write checks even when you know there is no money in your account to cover them?

Do you frequently have to pay overdraft charges

Do you regularly pay your bills late?

Do you have to juggle utility, telephone, and cable bills and payments to keep creditors off your back?

Do you currently have a title loan or a payday loan?

Have you had to dip into savings or retirement accounts to pay bills?

Lifestyle Questions

Are creditors calling you repeatedly?

Are you receiving notices and threatening letters from collection agencies?

Have you had to ask friends or family to help you out with loans to pay your bills?

Have you been denied credit, insurance, employment, or a security clearance because of poor credit?

Questions About Your Credit Card

Do you use more than 3 credit cards?

Are they maxed out or close to it?

Do you pay late or overdraft fees on all or most of your cards?

Do you use credit cards to pay for necessities such as food, medication, or gas?

Do you make only the minimum payment on your credit cards each month?

Questions About Your Home

Are you one month or more behind in your mortgage payments?

Are you in pre-foreclosure?

Questions About Your Car

Are you one month (or more) behind on your car payment?

Is your auto finance company threatening to repossess your car?

Have you recently had a vehicle repossessed?

Step 3 – Understand the Penalties of Doing Nothing

An important part of achieving financial freedom is to face your problems head on instead of burying your head in the sand. So if you answered “yes” to any of these questions, it’s time to stop procrastinating and to do something about your situation.

It doesn’t matter if you know for certain that you’re underwater or fear that if you don’t do something soon that your debt problems will spiral out of control. If you have any doubt whatsoever that you will be able to keep up with your financial obligations, it’s time to turn to an established bankruptcy attorney for guidance and assistance.

An honest bankruptcy attorney will evaluate your unique situation and advise you if it’s in your best interest to file for bankruptcy or whether you’d be better off taking another route.

You see, bankruptcy is not the only option available to people who are in financial peril. So your third step, and what we’ll talk about in this chapter, is understanding the consequences of not filing for bankruptcy, whether that means doing nothing at all (a mistake) or seeking out the services of a debt counseling agency (another mistake).

The recession has left a lot of good people so financially shell-shocked that they are completely paralyzed. But ignoring your financial problems won’t make them go away. They’re like an infection. If nothing is done to stop them, financial problems can spread until they kill you financially.

If you ignore your creditors and simply do nothing, things are going to get worse...much worse...fast.

Collection Agencies

If you missed several payments, and fail to communicate with your credit card company or other lender about your situation, they will turn your account over to a collection agency. Collection agencies are even more aggressive than lenders themselves when it comes to getting your money. Their representatives will make threatening phone calls and send threatening notices to you in the mail.

To add insult to injury, collection agencies charge a fee...and that fee gets passed on to you and is included in the debt figure that you owe.

Collection agencies cannot go into your bank account and take your money. They cannot garnish your wages. But don’t be fooled into thinking that you can ignore them, too. Collection agencies have a fall-back.



Lawsuits

When a collection agency is unable to get a consumer to make debt payments, a lawsuit is the next step. The suit will either be filed by the collection agency or by the bank that issued you the credit card. This is a worst case scenario because it is very difficult to win this type of lawsuit. The 'proof' against you is the merchandise listed on your bill.

Lawsuits are expensive. And if you lose yours, you'll be required to pay your original debt in its entirety plus any associated penalties and fees (including those of the collection agency), plus your attorney's fees and costs...as well as the attorney's fees of the creditor.

It gets worse: if you can't pay all at once, you'll be put on a payment plan. If you fall behind in your payments, the judgment creditor will often begin to garnish your wages. All the while, interest will continue to accrue until your account is paid in full. But bankruptcy stops all this from happening.

Foreclosure and Repossession

Now if you lose the lawsuit (as is likely) or if you fail to appear in court when summoned, a judgment will be entered against you. This judgment will become a matter of public record, as do most court decisions. That means that anyone who looks into your background will find it.

Once this happens, the creditor can garnish your paycheck or bank account. Moreover, the creditor can have the sheriff in your county levy on other property that you own and sell it to pay off or pay down the judgment. This includes your home (which will go into foreclosure) and your automobile (which will be repossessed).

It's Better to Act Immediately, If Only to Get Advice

People who are deeply in debt are at risk for losing their families, their jobs, their homes, and -- if depression sets in -- they are at risk for losing their lives. According to the Pennsylvania Adult Suicide Coalition "Mounting debt (can) be linked to a wide variety of negative health outcomes. Such stressors may lead to thoughts of suicide or even to attempts and completions."

Once you come to know that you are facing a financial trouble, you should act immediately. The longer you wait, the deeper and deeper you are getting into debt. As you learned previously, lenders will charge you over-the-limit fees and raise your interest rates. If you're overdrawn in your checking account, you'll pay insufficient funds fees to your bank and you'll probably also have to pay another fee to the company that took your 'bad check.'

First, you have to decide what action you should take to control the situation. You'll need to choose between bankruptcy and one of the options that you'll read about below. For many people, the enormity of the decision they need to make keeps them stuck in place.

One worry is that the decision will backfire, leaving them worse off than when they began. Others are simply afraid. Many people are simply too embarrassed by their situation to want to admit it out loud.

But really, the biggest obstacle is that people don't have the adequate information they need to understand bankruptcy and its alternatives. So they're afraid to act because they are not fully aware of the possible impact that filing for bankruptcy will have on them.

This is where a bankruptcy professional comes in. When you work with a competent and qualified bankruptcy attorney, you don't have to make this decision alone.

Step 4 – Evaluate the Alternatives

Deciding to file bankruptcy can be a tough decision. Almost everyone confronting the decision goes back and forth with ‘fight or flight’ impulses, wondering if they should struggle to pay their debts or get relief from the constant pressure through bankruptcy and start over.

There is no easy way to get out of debt. Bankruptcy is one solution and there are alternatives as well. But if financial problems are an infection, some of the ‘cures’ are worse than the disease.

As I wrote previously, there are lots of unlicensed, unqualified so-called authorities on financial problems out there. So if you’re even thinking about using a debt counseling service or taking out a debt consolidation loan, you must take the time to investigate the company before signing an agreement with them. You want to be sure that nothing that is done supposedly on your behalf will leave you off in a worse situation than when you started. (Some attempts to avoid bankruptcy might have a negative impact if you latter decide to file bankruptcy.)

The main alternatives for avoiding bankruptcy are:

- Out-of-court settlement with creditors
- Debt counseling services
- Debt consolidation loans

Let’s talk a little about each one.

Out of Court Settlement

It may surprise you to learn that you, yourself, can negotiate with your creditors to reduce debts, eliminate fees and penalties, and give you other ‘relief’ from your financial problems. If you can afford to settle an account by paying a lump sum (as opposed to a payment plan), you’ll have more negotiating leverage.

But there’s a problem with this approach. The person you’re negotiating with is a trained professional when it comes to debt collections. They have many tactics and techniques at their disposal, such as using complex legal terminology in order to confuse or intimidate you. They use your lack of knowledge or hesitation to stand up for your rights as a way to get the upper hand.

In an effort to avoid being taken advantage of by creditors and collection agencies, many consumers seek the assistance of debt counseling services.



Debt Counseling Services

Debt counseling services deal with creditors on your behalf to reduce interest rates, adjust monthly payment minimums, and sometimes even lower the balances that are due. Then they 'consolidate' all of your debts. You make a single monthly payment to the debt counseling service and they, in turn, pay your creditors.

It's common for debt counseling services to sell their client accounts to other companies. This is the same kind of 'bundling' of debt that led to the financial failure on Wall Street. The problem is that the new company -- either intentionally or due to bad record-keeping -- fails to make the payments to their clients' creditors or they make those payments late.

When that happens, creditors place the account in a default status and once again begin attempting to collect the debt. And the money you paid to the debt consolidation service is lost.

Debt Consolidation Loans

People who are optimistic and/or can demonstrate that their financial situation is about to change often opt to get a loan to tide them over. One option is a debt consolidation loan. You find a lender that will give you enough money to pay off all your other loans and then you make one payment to the new lender. This is similar to what a debt consolidation service does.

One downside to a debt consolidation loan is that you may be subject to heavy pre-payment penalties. In other words, if you come into a sum of money before the debt consolidation loan is due, and you attempt to pay off more than you owe, your extra payments may be subjected to heavy surcharges or fees. This doesn't mean that you can't pay off your debt consolidation loan early -- just that doing so may prove costly. The debt consolidation loan companies build in these prepayment penalties not to punish borrowers but to ensure that they profit according to an easily worked out scheme.

Unfortunately, people who get debt consolidation loans don't always use the money to pay off their existing debts. They only pay off part of what they owe and in a very short time find their credit maxed out again, only now they have the additional weight of the consolidation loan on their shoulders.

Payday Loans

A payday loan (also called a paycheck advance or payday advance) is a small, short-term loan that is intended to cover a borrower's expenses until his or her next payday. But what sounds like a quick, easy solution to financial problems comes at a high cost.

Generally, payday loans must be paid in a short period of time; they come due within 14 to 30 days. If you're not truly certain that you will have the money at that time, this is not a realistic option.

Furthermore, payday loans can carry interest rates of 15% or more. This may not sound like very much, but the annual percentage rate calculates to almost 1200%!

Auto Title Loans

Auto title loans, like payday loans, make quick money available for a short time at high interest. The loans carry interest rates as high as 500% percent and usually mature in 30 days. Unlike payday loans, auto title loans frequently offer rollover option that allow a borrower to extend the term of the loan for another thirty days.

This extension is what gets most people in trouble. After the first 30 days, all payments are applied to the interest first and the interest continues to accumulate day after day after day...at that 500% rate... until you are able to pay the loan in full.

If 60 days go by and you are still unable to repay the loan, the lender can legally repossess you car and sell it to recover the amount of the loan along with any outstanding interest and fees that may be due.

And you know what's really crazy? In some states, if the repossessed vehicle is sold for more than what is owed on the loan, the lender is not required to turn the excess revenue over to the borrower.



Step 5 – Sort Out Fact from Fiction

Sadly, there has been a willful attempt to convince consumers that they no longer have the right to file for bankruptcy...and if they do, that they will lose everything they own. The architect of this mis-information campaign is the powerful credit card lobby (the people behind the mis-named Bankruptcy Abuse Prevention and Consumer Protection Act)...aided and abetted by a mainstream media which circulates the story.

So before you decide whether or not to file, it's important to be able to separate fact from fiction...

•Fact #1 – BAPCPA Legislation Has Effectively 'Halted' Bankruptcy Filings

Although the BAPCPA has changed the methods by which people qualify to file bankruptcy, and its intended goal was to make it much more difficult for people to file, in most cases, people are able to get the same or better relief under the new laws as they were before the legislation was enacted.

•Fact #2 – Filing for Bankruptcy Is Not Confusing and Hard to Do

A large piece of mis-information that circulates regarding bankruptcy is that filing is difficult. It isn't...because bankruptcy does not have to be a do-it-yourself endeavor. There is assuredly a lot of paperwork involved, but the skilled and experienced bankruptcy attorney you choose to represent you will make the process much less stressful and complicated.

Good News!

It is now mandatory that all filings must be done electronically, so that makes the entire process much easier.

•Fact #3 – Filing Will Not Make You a Credit 'Untouchable' for 10 Years

While it is true that bankruptcy will appear on your credit report for 7-10 years, it does not mean that you will become a credit pariah whom no lender will work with for a decade. If you work to re-build your credit immediately after you file and keep your record 'clean,' you can repair bad credit in a little over a year.

You have options! The easiest way to re-build your credit standing is with a secured credit card that you use regularly and pay promptly. To obtain a secured card, you give the lender a cash deposit (collateral) that becomes the credit line for your account. For example, if you put \$500 in the account; you can charge up to \$500. You may be able to add to the deposit to add more credit, or sometimes a bank will reward you for good payment history and add to your credit line without additional deposits.

Warning!

Beware of secured credit cards (and unsecured cards) that take advantage of consumers with bad finances by charging high annual fees and exorbitant interest rates. You should also avoid secured cards that do not convert to an unsecured card after eighteen months of on-time payments.

Another alternative for re-building credit is to get an installment loan or personal loan. One good thing about many installment loans is that they have a set payment, due at a specified time, and the total amount of the loan gradually decreases (there are many lenders who offer this type of loan).

And if you have a student loan that was not paid in full during your bankruptcy, continue making your payments after your bankruptcy case is discharged. This is another great way to reestablish your good credit standing.

Note

Payday loans are a type of installment loan, but as you learned in Step 4, these loans come with extremely high interest rates, usually at minimum 30%. Be cautious about payment loans, but installment loans, in general, are a normal lending practice and are nothing to be feared.

•Fact #4 - You WILL Be Able to Own Property Again

One of the greatest fears that paralyze people facing bankruptcy is the dread that they will never be able to own a home or car again. This fear is completely unfounded. If you work to re-build your credit by staying on top of your finances, you will usually be in a position to purchase a car or home within 18-24 months after your bankruptcy has been discharged.

The truth is that you will begin to receive credit card offers and even offers from auto finance companies almost as soon as your bankruptcy is discharged. In some instances, you may even be able to get certain loans while you are in bankruptcy.

Keep in mind that bankruptcy wipes out debt, which in turn helps improve your credit score. And making timely payments on the property that you choose to keep also helps raise your credit score.

•Fact #5 – You Will NOT Lose Everything You Own

Contrary to what most people believe, bankruptcy makes it possible for you to keep the majority of your property, and it offers you protection from the collection efforts of your creditors, protections you simply don't have outside of bankruptcy.

The laws pertaining to property exemptions for debtors vary from state to state. Therefore, you should consult an attorney in your area to properly advise you of the laws in your jurisdiction.

Note

Bankruptcy doesn't always wipe out liens. This means that you will have to continue to pay for certain property if you want to keep it. You can discuss this with your attorney

•Fact #6 – Bankruptcy Is 'Public Record,' Not 'Public Knowledge'

Another tremendous fear many people have is that when the file for bankruptcy, everyone will know about it. The shame and embarrassment of this situation keeps many people stuck. The truth, however, is that while your attorney, his/her staff, and court personnel will be aware of your situation, no one else will know unless you tell them. You see, while bankruptcy filings are a matter of 'public record' and anyone can ferret out the information if they wish to do so, bankruptcy filings are not published in newspapers or circulated in any way.

Good News!

Because bankruptcy filings are public records, secured credit card companies frequently access those records to find customers. This is actually good for you because they will often be in touch with you regarding their credit card offerings as soon as your bankruptcy is discharged, thus putting you on the road to credit recovery.

•Fact #7 – You Are Not a ‘Bad Person’ If You File for Bankruptcy

There is a misguided stigma associated with filing bankruptcy, and credit industry lobbyists were able to ‘leverage’ the shame people feel about their financial troubles to press for the passage of BAPCPA. But the truth is when you file for bankruptcy, you are simply looking for a solution to your financial problems.

Think about it. There’s a reason that over one million people file for bankruptcy each year, and it’s not because they’re deadbeats or criminals. As I’ve written repeatedly in this report ‘bad things happen to good people.’ Bankruptcy provides hard-working people like you with the fresh start you deserve, but would otherwise be unable to obtain.

•Fact #8 – Married People Do NOT Have to File for Bankruptcy Together

There may be advantages for married couples to file for bankruptcy separately...or jointly. An experienced bankruptcy attorney can help you decide which option makes more sense in your unique situation.

•Fact #9 – Bankruptcy Saves Marriages

Bankruptcy eliminates debt, thus eliminating stress. Filing bankruptcy is the solution to a major problem that, unresolved, often leads to divorce. Although making the decision to file bankruptcy is difficult, the relief provided will lift a huge weight off of you.

The absence of financial stress will give your relationship a fighting chance.

•Fact #10 – Bankruptcy Can Help You With Tax Obligations

Many people have been told that they cannot get rid of back taxes by filing bankruptcy. But in truth, you can get relief from owed income taxes that are more than three years old. There are several qualifications that you must meet for the taxes to be wiped out, but having a portion wiped out is better than having none wiped out at all.

Note:

Sales taxes must be repaid and cannot be wiped out by filing bankruptcy.

•Fact #11 – Bankruptcy Puts an End to Creditor Harrassment

When you file bankruptcy, a legal procedure known as an automatic stay protects you from the collection efforts of your creditors. As soon as your bankruptcy petition is filed, creditors are forbidden from contacting you for any reason, which includes phone calls, letters, and even billing statements.

Bankruptcy puts YOU in charge. If a creditor persists in contacting you after you file bankruptcy, you can let your bankruptcy attorney know so that he can use the remedies available under the Bankruptcy Code to bring the full force on the law to bear on your behalf.

The most important ‘take away’ from this step is to **GET THE FACTS!** Don’t assume that you can’t file bankruptcy. Talk to an experienced bankruptcy attorney to determine whether you are a candidate for the financial relief that is a right available to American citizens.

Step 6 – Select an Attorney to be Your Advocate

When you're already struggling to pay your bills, the idea of spending money on an attorney for something you can do yourself may seem like a bad decision. It's not. It's likely to be the best financial decision of your life.

The Internet is awash in do-it-yourself bankruptcy web sites that promise to give you all the forms you need to get the job done. That's only partially true. They have the forms alright, but there is more to filing for bankruptcy than filling in information on forms.

The process is, frankly, technical and rather complicated from a legal standpoint. The information required by the forms can be confusing and the 'language of the law' is something that the average debtor cannot begin to understand.

So although you can represent yourself in a bankruptcy proceedings, you would be 'penny-wise, but pound foolish' to do so. Hiring an attorney is an investment in your future that will help to ensure that you achieve the best outcome possible in court.

The Costly Mistakes of a DIY Approach to Bankruptcy

Bankruptcy is a legal process, but you are not a legal professional and the mistakes you make due to lack of knowledge or understanding can be financially devastating. Here are some of the costly errors that can occur:

•Failure to List All Assets

If you forget to list all of your assets, the courts may see this as an intentional attempt to hide them. When that happens, a judge can impose sanctions against you including loss of the right to claim the allowed exemption on the property or, in extreme circumstances, dismissal of the case.

An experienced bankruptcy attorney will work with you to ensure that there are no oversights. You'll work together to compile a list of financial assets and property, including investment accounts, stocks and bonds, retirement accounts, tax refunds, lawsuits, and property you own that may be in the possession of someone else.

•Failure to Select and/or Properly Apply Exemptions

Under the federal Bankruptcy Code, debtors are permitted to claim exemptions to protect their property. Depending upon which state you are in, you may either claim the federal exemptions, the state exemptions, or some combination of the two. If you fail to select exemptions or to properly apply them, you risk having your property seized and liquidated (sold) by the trustee and distributed to your creditors.

An experienced bankruptcy attorney will be well-versed in both federal exemptions as well as those available in your state. He/she can ensure that you claim all exemptions that are rightfully available to you under the law. This will maximize the protection of your property and ensure that your creditors and the trustee cannot get to it.

•Failure to Reaffirm Unreasonable Debts

As you may already know, creditors can act in unscrupulous ways. Many attempt to take advantage of a debtor's ignorance by trying to convince them that they must reaffirm a debt to keep certain property. This is not true. Debt reaffirmation is an agreement to pay off debt after bankruptcy and reaffirmation is entirely optional (except in the case of certain vehicle loans).

As long as the debtor's payments are current and he continues to make voluntary payments, he can retain possession of the property that is the collateral for the loan. By reaffirming a debt, the debtor is agreeing not only to pay the debt, but also to exclude that debt from bankruptcy proceedings.

•Failing to File a Chapter 13 Plan or Filing a Plan That Doesn't Comply with the Bankruptcy Code

BAPCPA may not have stopped bankruptcy filings, but it did make drafting a Chapter 13 plan much more technical. As a result, many do-it-yourself filers (known in legal terms as 'pro se filers) have their cases dismissed because of simple ignorance. They don't have the know how to put together a Chapter 13 plan, they don't understand what the trustee's 'objections mean,' and they are completely lost when it comes to responding to the trustee.

An experienced attorney will draft a Chapter 13 plan 'to the letter of the law,' and will work diligently to cure any objections to ensure that your plan is confirmed and your bankruptcy is discharged.

Keep in mind that the money you spend hiring a competent, experienced bankruptcy attorney can save you money in the long run. As a matter of fact, if you file a Chapter 13 bankruptcy, most, if not all, of the attorney's fees will be paid through the Chapter 13 plan.

So where and how do you find a good attorney? Here's the answer...

How to Find the Right Attorney for the Job

In the legal profession, attorneys may practice law in many areas from criminal law to corporate law... with varying levels of expertise...so choosing an attorney who specializes in bankruptcy is paramount to your success. Why? Because attorneys who handle bankruptcy filings only occasionally are simply not as well-versed in the technicalities and intricacies of bankruptcy law...and are likely to be out of touch with recent changes to the law that could impact your case.

So where should you look?

Let's start with where not to look. Changes in legislation have made it easier for attorneys to advertise their services. This is both good and bad. Thousands of attorneys nationwide are listed in the Yellow Pages or on Internet directories, but anyone can pay for ad space and you have no indication as to his/her experience or expertise. The same is true for attorneys who advertise on television.

You may be tempted to get a recommendation from a friend or family member. But that's problematic, too. If you get a referral from a family member or a friend, you need to confirm that the attorney actually handled a bankruptcy proceeding. Just because Uncle Frank had a great experience with a personal injury lawyer or Aunt Marion felt well-served by her divorce lawyer doesn't mean that that attorney is qualified to handle your bankruptcy filing.

A much better choice is to get a referral from a professional source. One source is a lawyer who has successfully represented you in another legal matter. That person knows you and can likely suggest a colleague who will be a good fit for your needs. Another option is a referral from your state or local Bar Association.

A third option is to seek a referral from a local Chapter 13 trustee. You need a lawyer with a record of success who has earned and enjoys the respect of his or her colleagues, including bankruptcy attorneys, the Trustees and the local Bankruptcy Judges. A Chapter 13 trustee has worked with many attorneys and knows those who are most competent.

When you call the office of a trustee, you will probably speak to a member of his/her staff and not to the trustee directly. That's not a problem. Just explain that you're looking for representation. Some trustees' offices may be hesitant to make a referral. If that's the case, ask them for this key piece of information: which lawyers filed the most Chapter 13 cases in this area?

Perhaps the easiest way to learn the name of the Chapter 13 Trustee in your state is to check out your local Bankruptcy Court's website. Generally, the Court's website will contain a list of the names and telephone numbers of all Chapter 13 Trustees. This can be done by going to:

<http://www.uscourts.gov/links.html>

If you're not web savvy, simply go to the telephone book and look up the number for your local U.S. Bankruptcy Court. You'll find the listing in the section devoted to numbers for the U.S. government.

The Selection Process

It is going to be in your best interest to interview several bankruptcy attorneys prior to making your decision. This will allow you to assess their level of expertise and whether or not they seem responsive to your needs and concerns. The good news is that most bankruptcy attorneys understand this process and offer free consultations so people in financial straits don't get even deeper under water trying to select an advocate.

•Pre-Filing Questionnaire

One 'litmus test' of an attorney's competence is how he/she treats you before you even meet. Because of the amount of preparation that goes into a bankruptcy case, you want an attorney who will provide you with some guidance, in advance of your first meeting, as to the documents you will need to gather. So look for a representative who provides you with a pre-filing questionnaire and other pertinent information to help you prepare for your case.

This is a good indicator that the firm/attorney is well-organized and has experience dealing with bankruptcy filings.



Questions to Ask at the Consultation

Your initial consultation is actually a two-way interview where you and the attorney you are considering each ask questions that will help determine whether or not you should work together.

The attorney will seek to determine whether you are truly serious about your case and whether or not you are direct and responsive about the details of your finances. You'll be asked a lot of questions about your finances and your assets and debts. Be sure to answer openly and honestly. Be sure to bring the pre-filing questionnaire with you – filled out in its entirety.

You should ask questions, too, including:

•How many bankruptcy cases do you file each year?

You want a specialist in the area of bankruptcy, and an attorney who files only a handful of cases each year, does not qualify as a specialist.

•How many cases have you successfully taken to discharge? How many were dismissed?

If an attorney is not getting the majority of her clients the discharge they seek, he/she may not be a strong enough advocate. However, it should be noted that some cases get dismissed solely because of the debtor's failure or refusal to do his part to receive a discharge (i.e., failure to pay filing fees, failure to make plan payments, failure to complete the personal financial management course, etc.) Ask for details.

•What percentage of your Chapter 13 cases were confirmed? How many were converted?

A key indicator of an attorney's expertise is the number of Chapter 13 cases he/she has had confirmed at the time of disposition. (Disposition is the outcome of the bankruptcy case.) 'Confirmed' means that the court confirmed a plan of reorganization and the debtor was able to discharge his/her debts. 'Converted' means that the case was converted to a case under Chapter 7 of the bankruptcy code and the debtor was left with significant financial obligations. If the majority of the attorneys Chapter 13 cases were not confirmed, that's a red flag that he may not be right for you.

•What bankruptcy associations do you belong to?

Membership in local and national bankruptcy associations is an indicator that an attorney actively networks with other bankruptcy professionals and has the most up-to-the-minute knowledge about the federal and local bankruptcy legislation.

Furthermore, bankruptcy associations offer their members exceptional training and continuing legal education, which are key to staying abreast of the latest developments in the field.

•How often do you communicate with your clients?

As your petition is being prepared, your attorney may contact you for additional information. Once that work has been completed, you are well within your 'rights' as a client to expect that your attorney will communicate with you in timely fashion with updates on your case. Your attorney should contact you either by phone or mail to remind you of court dates and other important dates. You should also expect to hear from your attorney if the trustee or any of your creditors file any motions in your case or if there is any other major development in your case.

Step 7 – Work with Your Advocate

Once you select an attorney, he/she should be tireless in the pursuit of a discharge of your bankruptcy. At Moran Law, we evaluate every aspect of your case to ensure that you get the best outcome under the circumstances.

Each bankruptcy firm handles matters in its own way, but the following steps that we go through at Moran Law are typical of what you can expect if you are working with a competent, experienced bankruptcy firm:

- **Sign Retainer Agreement** - A retainer agreement is the contract between you and your lawyer. It specifically sets forth the terms of our representation of you. I think of the retainer agreement as our promise of loyalty to our clients and our commitment to represent them in a professional, courteous, and zealous fashion.
- **Case Evaluation** – No two bankruptcies are the same. Therefore, it is essential that each case be evaluated individually. We will conduct an extensive interview with you to get a firm grasp of your situation and to ensure that we address and prepare for any unique issues or circumstances that may arise.
- **Document Review** - We provide our clients with a detailed list of the documentation that is necessary to prepare your bankruptcy petition. Once you return the information to us, we will go over it with a fine-tooth comb to ensure that it meets the standards of the court and that you have not left out anything of importance. If it is necessary, we will obtain copies of legal documents, such as judgments, divorce decrees, and other liens.
- **Pre-bankruptcy Counseling** - The BAPCPA requires that all bankruptcy petitions obtain pre-bankruptcy counseling. We will work with you to meet that standard so that there are no impediments to a successful discharge.
- **Analysis of Legal Issues** - We will analyze the legal issues of your case, including exemptions, validity of liens, and any factors that may affect your ability to obtain a discharge.
- **Draft Your Bankruptcy Petition** - We will draft your bankruptcy petition, including schedules and other documents required to be filed by law, such as the Chapter 13 plan.
- **Review the Petition** - We will meet with you to review the petition page by page to verify that all of your assets and liabilities are properly listed as well as ensure that all other information contained in the petition is accurate.
- **File Your Petition with the Court** - We will file your petition with the court and notify each of your creditors of the filing
- **Serve Chapter 13 Plan** - If you're filing a Chapter 13 case, we will make sure that each of your creditors is properly served with a copy.

•**Halt Pending Litigation** - If any of your creditors has commenced a lawsuit against you, threatened repossession of your car or other property, or begun foreclosure proceedings, we will provide them with a Notice of Bankruptcy Filing immediately after your petition is filed. This will keep them from moving forward in their legal actions. We will also file notice in any state courts in which litigation against you is pending.

•**Meeting of Creditors** - We will prepare you for the meeting of creditors...and be right beside you during the meeting to serve as your advocate and advisor.

•**Pre-discharge Counseling** - We will assist you in completing the personal financial management course necessary to obtain a discharge.

•**Address Trustee and Creditor Objections** - If the bankruptcy trustee or any of your creditors files an objection to your Chapter 13 plan, we will work to address and overcome the objection before your confirmation hearing.

•**The Confirmation Hearing** - We will prepare you for the confirmation hearing in court and also be there to represent you. Because of our earlier review, you can be certain that any documentation required by the trustee passes muster.

•**Defense Against Actions by Creditors** - If any of your creditors files a motion that objects to the discharge or takes other action against you, we will thoroughly review the pleading, discuss it with you, and formulate a plan of action in your defense.

•**Review of Proofs of Claim and Stop Late Filings** - As noted previously, not all creditors 'play fair.' To ensure that they do, we will thoroughly review each proof of claim filed and, where necessary, file the appropriate objection. Should claims against you be filed after the deadline to do so has expired, we will file the necessary notice with the court to prevent any late filed proofs of claim from being included in your bankruptcy case.

•**Reaffirmation of Debts** - Because reaffirming a debt is optional, we will discuss with you each of your debts to ascertain whether it would be in your best interest to do so. If you do decide to reaffirm any of your debts, we will negotiate more favorable terms with the creditor, review the reaffirmation agreement with you before you sign it, and appear with you at any hearing that may arise from your desire to reaffirm.

•**Lien Avoidance** - We will analyze any liens against your personal property and, where warranted, file a motion to avoid lien

•**Final Case Review** - We will review your case to make sure you have satisfied all requirements necessary for discharge.

In addition to the steps above, we are always prepared to evaluate any miscellaneous matters as they arise and will file the appropriate motions to address them.

What Happens Next

The first thing that happens when your attorney files your bankruptcy petition is that the ***the automatic stay goes into effect***. The automatic stay protects you and your property from the collection efforts of your creditors and puts an end to any kind of creditor harassment.

Next, the clerk of the bankruptcy court will serve each of your creditors, as well as you and your attorney, with a ***Notice of Bankruptcy Filing***. This notice contains your case number and the dates, times, and locations of the Meeting of Creditors and the Confirmation Hearing. It also has the name, address, and phone number of the bankruptcy trustee assigned to your case and the name of the judge to whom your case has been assigned.

At this juncture, the only way a creditor can continue to work against you is by filing a Motion for Relief from Stay. If the creditor's motion is granted, it can move forward with all remedies available under the law, including lawsuits, garnishments, foreclosure, and repossession.

That's why Moran Law, and any good bankruptcy firm, will, in certain circumstances, work to stop that motion on your behalf and keep your insulated from your creditor.

•Approximately 30 days after filing your petition, a Meeting of Creditors will take place.

At that meeting, the trustee and your creditors have the right to ask you questions about your finances, assets, and the contents of your bankruptcy petition. They also have the right to file objections to your case. (At Moran Law, we accompany our clients to the Meeting of Creditors and are prepared to address and cure those objections so that you can receive the discharge you deserve.)

•You will be required to attend a Confirmation Hearing about thirty days after the Meeting of Creditors, if you have filed for Chapter 13. This is nothing to worry about. As long as you have complied with the Bankruptcy Code, made your plan payments and post-petition mortgage payments, and cured any objections to confirmation, your case will be confirmed. (You may recall that at Moran Law, making sure that you have met all the demands of the court is one of the steps we take with you)

•Within forty-five days of the Meeting of Creditors, you must complete the personal financial management course.

This course is legally mandated which means you must complete it in order to receive a discharge.

Once you've satisfied all the requirements of your case, you will receive a discharge. The timing for that depends on your filing. ***In a Chapter 7 case, the discharge is typically entered 60 days after your Meeting of Creditors is conducted.*** If you filed a Chapter 13 case, depending upon the terms of your ***Chapter 13 plan, you will receive a discharge three to five years*** after you file your petition.

I cannot emphasize enough the amount of relief our clients feels when they have successfully gone through the bankruptcy process. It is literally a ***new lease on your financial life.***

Conclusion

Is your mailbox filled with threatening letters and envelopes stamped 'Past Due'?

Does your phone ring at all hours of the day and night? Have you been plagued by calls from belligerent, unsympathetic bill collectors who are too stupid to realize that they are only a paycheck or two away from being in the same situation that you're in?

Are you worried that you're going to have to skip having vital drug prescriptions filled so that you can pay your monthly credit card minimum...but it will never be enough to get you out of debt? Are you struggling to figure out where you're going to get the money for your mortgage and car payments?

Do you lie awake at night wondering how you're going to put food on the table for your children?

If you have answered 'Yes' to any of these questions, you are not alone. Millions of Americans are struggling with their finances through no fault of their own. Illness, unemployment, and the global economic crisis have hit everyone hard.

But your financial nightmare doesn't have to keep you up at night. Our goal with this brief guide has been to answer some of the most common questions that people who are considering bankruptcy have.

However you must bear in mind that no two bankruptcy cases are the same. Therefore, no one can tell you what to expect—except for an experienced bankruptcy firm like Moran Law.

At Moran Law, we'll work with you to find the best possible solution to your problems. But we can't do it alone. You will need to be part of the process.

It's about commitment. You need to commit to work with us by answering all our questions honestly, without holding anything back. You need to commit to providing paperwork and documentation that we request in a timely manner. And you need to make a commitment to be responsive to our calls, just as we will be responsive to yours.

Perhaps the biggest commitment you need to make is to have faith in our abilities and to follow our advice, confident that we have your best interests in mind (we do). That means you can't let stories from friends or family members sway your resolve to move forward.



Bankruptcy is a serious legal action and you need to align yourself with a professional firm with experience in this area. So you can't allow yourself to be sidetracked by a cheap bankruptcy 'miracle cure' that you see advertised on TV. The world is filled with scams designed to take advantage of people who are in desperate straights because of their finances. The con artists who created them don't care if what they're selling works for you or not. The only commitment they have is to themselves and to making a quick buck.

Our commitment will match yours. We have the knowledge and experience to help you, and we'll commit to working tirelessly on your behalf to get you the best possible outcome under the circumstances.

So take heart...and then take action. For now, as the most important thing for you to know is this:

There is life after bankruptcy.

Good luck,

Ryan B. Moran

Glossary of Terms

This glossary is your government at work. It comes from the U.S. Courts web site, bought and paid for with your tax dollars. The site, like bankruptcy laws, are there to help all American citizens understand their rights and the 'language' necessary to obtain those rights in through the judicial system.

- **341 meeting** - The meeting of creditors required by section 341 of the Bankruptcy Code at which the debtor is questioned under oath by creditors, a trustee, examiner, or the U.S. trustee about his/her financial affairs. Also called creditors' meeting.
- **Automatic stay** - An injunction that automatically stops lawsuits, foreclosures, garnishments, and all collection activity against the debtor the moment a bankruptcy petition is filed.
- **Bankruptcy** - A legal procedure for dealing with debt problems of individuals and businesses; specifically, a case filed under one of the chapters of Title 11 of the United States Code (the Bankruptcy Code).
- **Bankruptcy estate** - All legal or equitable interests of the debtor in property at the time of the bankruptcy filing. (The estate includes all property in which the debtor has an interest, even if it is owned or held by another person.)
- **Bankruptcy petition** - The document filed by the debtor (in a voluntary case) or by creditors (in an involuntary case) which opens the bankruptcy case. (There are Official Forms for bankruptcy petitions.)
- **Claim** - A creditor's assertion of a right to payment from the debtor or the debtor's property.
- **Confirmation** - Bankruptcy judges' approval of a plan of reorganization or liquidation in chapter 11, or payment plan in chapter 12 or 13.
- **Consumer debts** - Debts incurred for personal, as opposed to business, needs.
- **Creditor** - One to whom the debtor owes money or who claims to be owed money by the debtor.
- **Current monthly income** - The average monthly income received by the debtor over the six calendar months before commencement of the bankruptcy case, including income from the debtor's spouse if the petition is a joint petition, but not including social security income or payments made because the debtor is the victim of certain crimes.
- **Debtor** - A person who has filed a petition for relief under the Bankruptcy Code.
- **Defendant** - An individual (or business) against whom a lawsuit is filed.
- **Discharge** - A discharge releases a debtor from personal liability for certain debts known as dischargeable debts and prevents the creditors owed those debts from taking any action against the debtor to collect the debts. The discharge also prohibits creditors from communicating with the debtor regarding the debt, including telephone calls, letters, and personal contact.
- **Disclosure statement** - A written document prepared by the chapter 11 debtor or other plan proponent that is designed to provide "adequate information" to creditors to enable them to evaluate the chapter 11 plan of reorganization.

- **Equity** - The value of a debtor's interest in property that remains after liens and other creditors' interests are considered. (Example: If a house valued at \$100,000 is subject to a \$80,000 mortgage, there is \$20,000 of equity.)
- **Exempt property** - Property owned by an individual debtor that the Bankruptcy Code or applicable state law permits the debtor to keep from unsecured creditors. For example, in some states the debtor may be able to exempt all or a portion of the equity in the debtor's primary residence (homestead exemption), or some or all "tools of the trade" used by the debtor to make a living (i.e., auto tools for an auto mechanic or dental tools for a dentist).
- **Lien** - The right to take and hold or sell the property of a debtor as security or payment for a debt or duty.
- **Liquidation** - A sale of a debtor's property with the proceeds to be used for the benefit of creditors.
- **Liquidated claim** - A creditor's claim for a fixed amount of money.
- **No-asset case** - A chapter 7 case where there are no assets available to satisfy any portion of the creditors' unsecured claims.
- **Non-dischargeable debt** - A debt that cannot be eliminated in bankruptcy. Examples include student loans, debts for alimony or child support, certain taxes, and debts for restitution or a criminal fine included in a sentence on the debtor's conviction of a crime.
- **Party in interest** - A party who has standing to be heard by the court in a matter to be decided in the bankruptcy case. The debtor, the U.S. trustee or bankruptcy administrator, the case trustee and creditors are parties in interest for most matters.
- **Plan** - A debtor's detailed description of how the debtor proposes to pay creditors' claims over a fixed period of time.
- **Plaintiff** - A person or business that files a formal complaint with the court.
- **Pre-bankruptcy planning** - The arrangement (or rearrangement) of a debtor's property to allow the debtor to take maximum advantage of exemptions.
- **Priority** - The Bankruptcy Code's ranking of unsecured claims that determines the order in which they will be paid if there is not enough money to pay all unsecured claims in full. For example, under the Bankruptcy Code's priority scheme, money owed for alimony and/or child support must be paid in full before any general unsecured debt (i.e., credit card debt) is paid.
- **Proof of claim** - A written statement and verifying documentation filed by a creditor that describes the reason the debtor owes the creditor money. (There is an official form for this purpose.)
- **Property of the estate** - All legal or equitable interests of the debtor in property as of the commencement of the case.
- **Reaffirm a Debt** - Debt reaffirmation is an agreement to a creditor by a debtor to pay off monies owed even after bankruptcy has been filed and discharged.

- ***Schedules*** - Detailed lists filed by the debtor showing the debtor's assets, liabilities, monthly income, monthly expenses, and other financial information. (There are official forms a debtor must use.)
- ***Secured debt*** - Debt backed by a mortgage, pledge of collateral, or other lien; debt for which the creditor has the right to pursue specific pledged property upon default. Examples include home mortgages, auto loans and tax liens.
- ***Statement of financial affairs*** - A series of questions the debtor must answer in writing concerning sources of income, transfers of property, lawsuits by creditors, etc. (There is an official form a debtor must use.)
- ***Statement of intention*** - A declaration made by a chapter 7 debtor concerning plans for dealing with consumer debts that are secured by property of the estate.
- ***Trustee*** - The trustee is a private individual or corporation appointed in all chapter 7, chapter 12, and chapter 13 cases and some chapter 11 cases. The trustee's responsibilities include reviewing the debtor's petition and schedules and bringing actions against creditors or the debtor to recover property of the bankruptcy estate. In chapter 7, the trustee liquidates property of the estate, and makes distributions to creditors.
- ***Unsecured debt*** - A debt for which a creditor holds no special assurance of payment, such as a mortgage or lien; a debt for which credit was extended based solely upon the creditor's assessment of the debtor's future ability to pay.

About Ryan B. Moran and Moran Law Offices

“I’m originally from a small town and hope to never lose touch with my small town upbringing. We’re very good at what we do because we take time with each client and make sure to do a thorough job and to stay abreast of any new developments in the law.” – Ryan B. Moran, Esquire

Ryan B. Moran is the founder of Moran Law Offices in Royal Oak, MI, where he practices bankruptcy law exclusively. He received his J.D. from Michigan State University College of Law, where he received a full merit scholarship. He was also elected to the MSU Law College moot court board where he competed in the JMLS International Moot Court Competition in Information Technology and Privacy Law in Chicago, later serving as the board’s administrative executive assistant.

While in law school, Moran also clerked in Washington, D.C., for the Department of Veterans’ Affairs Office of General Counsel.

Moran received his bachelor’s degree in Finance and Business Economics from Wayne State University, where he graduated cum laude and was the recipient of the T. Norris and Vivilore Hitchman Endowed Scholarship for outstanding leadership and academics.

After graduating from law school, Moran worked in Chicago as an economic analyst for a bond-trading firm at the Chicago Board of Trade before deciding to open Moran Law Offices.

Moran is known for his compassion for clients, perseverance, and strength in litigating difficult issues. He brings a real world perspective to legal issues and has an accessible communication style that allows him to translate complex topics into everyday language.

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Or fill out the online form at

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