

Important Information – General

There are some things that are very important for you to understand as you consider your bankruptcy options. First, under the vast majority of situations, bankruptcy is an entirely voluntary proceeding. That means that you choose to start the process. However, once started, you do not have the same level of choice to end the process. In other words, if you elect to start the process, you may find your options limited, and you may not be able to exit the bankruptcy process at your will. This will depend on the specific facts of your case.

In any event, if you elect to commence bankruptcy proceedings, and later change your mind and are successful in exiting, a subsequent bankruptcy process may be necessary. Your rights may not be identical in the second or later bankruptcy cases as they were in the first. You may find there are limitations to the availability of the relief, depending, again, upon your specific situation.

The availability of bankruptcy relief is founded on two important concepts, honesty and full disclosure. Bankruptcy laws were enacted to provide honest people with an opportunity for a fresh start in life. If you have obtained credit dishonestly, or acted in a fashion that the law does not recognize as entitling you to bankruptcy relief, then you may find your options limited, or non-existent under the law. Attached is a summary list of the kinds of debts that are not discharged (released) in bankruptcy. Please read this list.

Full disclosure means that you must list, accurately, all of your assets (everything you own), all of your liabilities (everybody you owe), and make truthful disclosures about your recent financial transactions, and your income and expenses.

While bankruptcy is not an exact science, the bankruptcy courts generally apply a zero tolerance policy to material omissions or misstatements in your bankruptcy papers. In addition, you will be signing your bankruptcy papers under oath and under penalty of perjury, and this has the same effect as going into a court and testifying before a judge or a jury. It generally has the same consequences as well, so you need to pay particular attention and be especially careful with respect to your disclosures in bankruptcy cases.

Under the law, the services this law firm provides to you constitute services rendered by a debt relief agency. As such, we must perform the services we agree to perform on your behalf, and we are not allowed to make any misrepresentations as to the scope of those services or your responsibility for payment of those services. Similarly, we must, again, advise you that it is important that all of your statements in your bankruptcy case be scrupulously truthful and accurate. During the course of our representation, we will provide you with specific advice and recommendations as to your legal options, and we are not allowed to say we will do something, if we do not in fact do it. Also, we must fully advise you with respect to the benefits and risks attendant to the bankruptcy process. This letter is one in a series of communications you will receive in order to better understand and appreciate those risks.

We are not allowed to advise you to incur debt in connection with an anticipated bankruptcy filing. Please do not ask us for permission to buy a new car, to buy new furniture, or to incur any other indebtedness. We will not give you that permission. However, it is our job as lawyers to answer your questions truthfully and honestly, and we will do that. We will tell you the consequences of your actions and allow you to make the final decision as to whether to move forward or not. That is your right, and our responsibility.

WE ARE A DEBT RELIEF AGENCY. WE HELP PEOPLE FILE FOR BANKRUPTCY RELIEF UNDER THE BANKRUPTCY CODE.¹

1 This disclosure is required by 11 U.S.C. §528(a)(3) in any advertisement of bankruptcy assistance services or advertisement of the benefits of bankruptcy directed to the general public. We do not consider this letter an advertisement; however, in the utmost of caution, we have included this disclosure.

B 201 (10/05)

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
NOTICE TO CONSUMER DEBTOR(S) UNDER § 342(b)
OF THE BANKRUPTCY CODE**

In accordance with § 342(b) of the Bankruptcy Code, this notice to individuals with primarily consumer debts: (1) Describes briefly the services available from credit counseling services; (2) Describes briefly the purposes, benefits and costs of the four types of bankruptcy proceedings you may commence; and (3) Informs you about bankruptcy crimes and notifies you that the Attorney General may examine all information you supply in connection with a bankruptcy case.

You are cautioned that bankruptcy law is complicated and not easily described. Thus, you may wish to seek the advice of an attorney to learn of your rights and responsibilities should you decide to file a petition. Court employees cannot give you legal advice.

Notices from the bankruptcy court are sent to the mailing address you list on your bankruptcy petition. In order to ensure that you receive information about events concerning your case, Bankruptcy Rule 4002 requires that you notify the court of any changes in your address. If you are filing a **joint case** (a single bankruptcy case for two individuals married to each other), and each spouse lists the same mailing address on the bankruptcy petition, you and your spouse will generally receive a single copy of each notice mailed from the bankruptcy court in a jointly-addressed envelope, unless you file a statement with the court requesting that each spouse receive a separate copy of all notices.

1. Services Available from Credit Counseling Agencies

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

and credit counseling agency approved by the United States trustee or bankruptcy administrator. The clerk of the bankruptcy court has a list that you may consult of the approved budget and credit counseling agencies. Each debtor in a joint case must complete the briefing.

In addition, after filing a bankruptcy case, an individual debtor generally must complete a financial management instructional course before he or she can receive a discharge. The clerk also has a list of approved financial management instructional courses. Each debtor in a joint case must complete the course.

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

Chapter 7: Liquidation (\$245 filing fee, \$75 administrative fee, \$15 trustee surcharge: Total Fee \$335)

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

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

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

Even if you receive a general discharge, some particular debts are not discharged under the law. Therefore, you may still be responsible for most taxes and student loans; debts incurred to pay nondischargeable taxes; domestic support and property settlement obligations; most fines, penalties, forfeitures, and criminal restitution obligations; certain debts which are not properly listed in your bankruptcy papers; and debts for death or personal injury caused by operating a motor vehicle, vessel, or aircraft while intoxicated from alcohol or drugs. Also, if a creditor can prove that a debt arose from fraud, breach of fiduciary duty, or theft, or from a willful and malicious injury, the bankruptcy court may determine that the debt is not discharged.

Chapter 13: Repayment of All or Part of the Debts of an Individual with Regular Income (\$235 filing fee, \$75 administrative fee: Total fee \$310)

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

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

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

Chapter 11: Reorganization (\$1,167 filing fee, \$550 administrative fee: Total fee \$1,717)

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

Chapter 12: Family Farmer or Fisherman (\$200 filing fee, \$75 administrative fee: Total fee \$275)

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

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

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

WARNING: Section 521(a)(1) of the Bankruptcy Code requires that you promptly file detailed information regarding your creditors, assets, liabilities, income, expenses and general financial condition. Your bankruptcy case may be dismissed if this information is not filed with the court within the time deadlines set by the Bankruptcy Code, the Bankruptcy Rules, and the local rules of the court. The documents and the deadlines for filing them are listed on Form B200, which is posted at http://www.uscourts.gov/bkforms/bankruptcy_forms.html#procedure.

§527(a) Disclosure

I am considering retaining Crowley, Liberatore, Ryan & Brogan, P.C. to represent me in connection with a bankruptcy case that may be filed on my behalf.

(1) All information that I am required to provide with a petition and thereafter during a case under this title must be **complete, accurate** and **truthful**.

(2) All of my property, whether I possess it or not, and all of my assets and all of my liabilities must be **completely** and **accurately disclosed** in the documents filed to commence the case, and I must disclose the replacement value of each asset as defined in §506 of the Bankruptcy Code in the documents I file where requested after I have made a reasonable inquiry to establish such value.

(3) My current monthly income, my actual living expenses (the amounts specified in §707(b)(2)), and, in a case under Chapter 13 of this title, all of my disposable income (which will be determined in accordance with §707(b)(2)) must be fully and accurately stated after I have made reasonable inquiry.

(4) I understand that information I provide during my case may be audited pursuant to this title, and that failure to provide such information may result in dismissal of the case under this title or other sanction, including criminal sanctions.

(5) A person who knowingly and fraudulently conceals assets or makes a false oath or statement under penalty of perjury in connection with a case under title 11 of the US Code shall be subject to fine, imprisonment; or both.

(6) All information supplied by a debtor in connection with a case under this title is subject to examination by the Attorney General.

Name

Date

§527(b) Disclosure

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

If you decide to seek bankruptcy relief, you can represent yourself, you can hire an attorney to represent you, or you can get help in some localities from a bankruptcy petition preparer who is not an attorney. **THE LAW REQUIRES AN ATTORNEY OR BANKRUPTCY PETITION PREPARER TO GIVE YOU A WRITTEN CONTRACT SPECIFYING WHAT THE ATTORNEY OR BANKRUPTCY PETITION PREPARER WILL DO FOR YOU AND HOW MUCH IT WILL COST.** Ask to see the contract before you hire anyone.

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

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

If you choose to file a chapter 7 case, you may be asked by a creditor to reaffirm a debt. You may want help deciding whether to do so. A creditor is not permitted to coerce you into reaffirming your debts.

If you choose to file a chapter 13 case in which you repay your creditors what you can afford over 3 to 5 years, you may also want help with preparing your chapter 13 plan and with the confirmation hearing on your plan which will be before a bankruptcy judge.

If you select another type of relief under the Bankruptcy Code other than chapter 7 or chapter 13, you will want to find out what should be done from someone familiar with that type of relief.

Your bankruptcy case may also involve litigation. You are generally permitted to represent yourself in litigation in bankruptcy court, but only attorneys, not bankruptcy petition preparers can give you legal advice.

By signing this, I assert that I have read and understand the above information provided to me.

Date

CERTIFICATE

By signing my name below, I am certifying that I received the following documents from Crowley, Liberatore, Ryan & Brogan, P.C.:

- (a) 11 U.S.C. §342(b) notice
- (b) 11 U.S.C. §527(a) disclosure
- (c) 11 U.S.C. §527(b) disclosure

Date

Date