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**INITIAL CONSULTATION AGREEMENT AND REQUIRED NOTICES**

***Please Note: These documents and disclosures are required by legislation adopted by Congress in 2005. Please rest assured that as long as you are honest and meet the requirements set out under the law, you are entitled to debt relief. We can guide you through all the requirements of filing for bankruptcy, as long as you provide us accurate and complete information.***

Today, I have an initial consultation with Lauren Ross (the “Firm”). I was advised that the Firm is a debt relief agency as defined in the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (“BAPCPA”), and that it helps people file for relief under the Bankruptcy Code. I am considering bankruptcy as an option and have elected to meet with Lauren Ross to discuss this possibility.

**There is no charge for the initial consultation.** The Firm provides the following services at the initial consultation:

- A description of the relief available, the benefits and the risks of filing for bankruptcy under chapters 7, 11, 12 and 13 of the Bankruptcy Code.
- An analysis, based on the information and documents provided by me, if any, of my income, expenses, assets and liabilities. This analysis is only preliminary, since the Firm does not have all of the information and documents that will be required to fully evaluate my situation.
- If it appears from this preliminary analysis that bankruptcy may be an appropriate remedy for me, a discussion of the information and documents I will need to provide the Firm. If it appears from today’s preliminary analysis that bankruptcy may not be an appropriate remedy for me, a discussion of other possible alternatives.

I have been informed and agree that the Firm will not provide any services or bankruptcy assistance to me at this time, other than specifically stated in this Agreement. It is understood that the Firm will not provide any other legal services to me and will not file bankruptcy for me unless and until the Client Intake Forms have been completed, all documents and information requested have been provided, and I have received a certification and budget analysis from an approved credit counseling agency. Should I wish the Firm to provide additional services, including the filing of bankruptcy, I will sign a separate retainer agreement detailing such services and their cost.

DATED: \_\_\_\_\_

\_\_\_\_\_  
[Sign Name]

\_\_\_\_\_  
[Sign Name]



*Lauren Ross, Attorney at Law, is a federally-designated debt relief agency pursuant to Title 11 of the US Code and provides legal assistance to consumers seeking relief under the Bankruptcy Code.*

*Lauren Ross is a Member of the National Association of Consumer Bankruptcy Attorneys*

**BAPCPA REQUIRED NOTICE NO. 1**  
**(§ 342(b)(1) and 527(a)(1) of the Bankruptcy Code)**  
**PURPOSES, BENEFITS AND COSTS OF BANKRUPTCY**

*This discussion is intended only as a brief overview of the types of bankruptcy. You should not decide whether or not to file for bankruptcy relief solely on this information. Bankruptcy law is complex and there are many considerations that must be taken into account in making the determination whether or not to file. Anyone considering bankruptcy is encouraged to make a decision only after seeking the advice and assistance of an experienced bankruptcy attorney.*

Bankruptcy is a legal way to be relieved of debts that you owe to others. In many situations bankruptcy is the only way that you can keep your home from foreclosure, your car from repossession, your possessions from auction and creditors from making your life miserable.

When a person is discharged in bankruptcy, he or she is relieved from liability for most debts incurred before the bankruptcy was filed and protected from future collection of those debts. The purpose of bankruptcy is to give you a "fresh start," and the bankruptcy code is interpreted by the Courts to give effect to these words.

### **Types of Bankruptcy**

The Bankruptcy Code is divided into chapters. The chapters that usually apply to consumers are Chapter 7, where most or all of your debt is discharged, and Chapter 13, which involves a repayment plan.

In most cases, once you file your case, the "Automatic Stay" immediately goes into effect. The Automatic Stay means that a bankruptcy filing automatically stops, or stays, most lawsuits, repossessions, foreclosures, evictions, garnishments, attachments, utility shut-offs, and debt collection harassment. Generally, creditors cannot take any further action against you or your property without permission from the Bankruptcy Court.

**Chapter 7.** Chapter 7 is designed for people who are having financial difficulties and are not able to re-pay their debts.

Under the changes to the Bankruptcy Code that took effect on October 17, 2005, you can usually qualify for a Chapter 7 if your average gross monthly income for the last six months is below your state's Median Income, your gross income less certain expenses is below your state's Median Income, or you can show "special circumstances" that would allow you to qualify for Chapter 7. The filing fee for a Chapter 7 is \$299.00.

Under Chapter 7, you can exempt, or keep, certain of your assets under California law, or, if you have not lived in California for the past two years, under the state's exemption law that

applies to your case. Most retirement accounts and pensions are exempt. Secured property, normally your car and house, may not have any net equity, in which case you can keep it as well. The Trustee liquidates most non-exempt property and uses the proceeds to pay your creditors according to priorities of the Bankruptcy Code.

Once your Chapter 7 case is over, you receive a discharge. The discharge prevents your creditors from taking any steps to try to collect their unsecured debt. They cannot call you, write you, sue you, or take any steps that could be considered an attempt to collect a debt. If you want to keep property that has a lien on it, you must keep your payments current, and may be required to reaffirm your debt. Some debts can not be discharged. Typical examples are child support, alimony, and other domestic support obligations, most taxes, student loans, criminal restitution, and debts for death or personal injury caused by operating vehicles while intoxicated with alcohol or drugs.

**Chapter 13.** Chapter 13 is a valuable tool that lets you catch up overdue mortgage or car payments, taxes and domestic support obligations. It also applies where you have the ability to repay some or all of your debts over time. You must have less than \$336,900 in unsecured debt (such as credit cards and doctor's bills) and less than \$1,010,650 in secured debt (such as mortgages and car loans) to qualify for Chapter 13. The filing fee for a Chapter 13 is \$274.00.

Under Chapter 13, you keep all of your property, both exempt and non-exempt, as long as you resume making your regular payments on secured debt and keep current under the repayment plan that you propose. A repayment plan can last for up to five years. After finishing your payments, most of your unsecured debts are discharged.

**Chapter 11.** Chapter 11 is designed primarily for business reorganization, but is also available to consumer debtors. Its provisions are quite complex. In the vast majority of cases, Chapter 11 is impractical and too expensive for most consumer debtors. The filing fee for Chapter 11 is \$1,039.00.

**Chapter 12.** Chapter 12 lets family farmers repay their debts over a period of time, and is in many ways similar to a Chapter 13. The filing fee for a Chapter 12 is \$239.00.

**Credit Counseling.** Reputable credit counselors can advise you on managing your money and your debts. They may also be able to develop a plan to repay your debts. Under the changes to the Bankruptcy Code that took effect October 17, 2005, you are required to take two short credit counseling courses, one before you file bankruptcy, and one after you have filed. We will refer you to a reputable credit counselor who has been approved by the United States Trustee Department for these courses.

**BAPCPA REQUIRED NOTICE NO. 2 (§ 342(b)(2) of the Bankruptcy Code)  
FRAUD & CONCEALMENT PROHIBITED**

If you decide to file bankruptcy, it is important that you understand the following:

1. Some or all of the information you provide in connection with your bankruptcy will be filed with the bankruptcy court on forms or documents that you will be required to sign and declare as true under penalty of perjury.
2. A person who knowingly and fraudulently conceals assets or makes a false oath or statement under penalty of perjury in connection with a bankruptcy case shall be subject to fine, imprisonment, or both.
3. All information you provide in connection with your bankruptcy case is subject to examination by the Attorney General.

**BAPCPA REQUIRED NOTICE NO. 3 (§ 527(a)(2) of the Bankruptcy Code)**  
**NOTICE OF MANDATORY DISCLOSURE TO CONSUMERS WHO CONTEMPLATE**  
**FILING BANKRUPTCY**

1. All information that the assisted person is required to provide with a petition thereafter during a case under this title is required to be complete, accurate and truthful.
2. All assets and all liabilities are required to be completely and accurately disclosed in the documents filed to commence the case, and the replacement value of each asset as defined in 11 USC §506 must be stated in those documents where requested after reasonable inquiry to establish such value.
3. Current monthly income, the amounts specified in 11 USC §707(b)(2) and, in a case under chapter 13 of this title, disposable income (determined in accordance with 11 USC§ 707(b)(2)), are required to be stated after reasonable inquiry; and
4. Information that an assisted person provides during their 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 a criminal sanction.

**BAPCPA REQUIRED NOTICE NO. 4 (§ 527(b) of the Bankruptcy Code)  
IMPORTANT INFORMATION ABOUT BANKRUPTCY ASSISTANCE SERVICES  
FROM AN ATTORNEY**

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. An attorney can help guide you through this intricate process, making it easier and less stressful for you.

Before filing a bankruptcy case, either you or your attorney should analyze your eligibility for different forms of debt relief available under the Bankruptcy Code and which form of relief is most likely to be beneficial for you. Be sure you understand the relief you can obtain and its limitations. To file a bankruptcy case, documents called a Petition, Schedules and Statement of Financial Affairs, as well as in some cases a Statement of Intention need to be prepared correctly and filed with the bankruptcy court. You will have to pay a filing fee to the bankruptcy court. Once your case starts, you will have to attend the required first meeting of creditors where you will be questioned by a court official called a "trustee" and, much more rarely, 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. It may not be in your best interest to reaffirm a debt.

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, if held, 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. However, please be advised that in most cases, you will only be concerned with chapter 7 and chapter 13.

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.

## **EXPLANATION RE: OPTIONS ON DEBTS SECURED BY YOUR VEHICLE AND OTHER PERSONAL PROPERTY ITEMS**

Under the new bankruptcy laws which took effect on October 17, 2005, you are required to do one of three things on any secured personal property debts which you have. I will give a brief explanation of each of these below, and then explain what other options you have.

1. **Reaffirm Debt**: This requires you to promise to repay the full balance owed on the debt, despite the bankruptcy case. In other words, if you decide later (after your bankruptcy case is over, for example) that you cannot afford to keep your car and you decide to return it, you will still be obligated for any deficiency balance. Whereas if you do NOT do a reaffirmation agreement, you could just return the car (or computer, or furniture, or whatever is secured) without owing a cent. In order to reaffirm the debt, you must contact the creditor in question and have them prepare an agreement, obtain a court hearing, and you need to sign the agreement and appear at the court hearing where the Judge will determine whether or not you can really afford to enter into the agreement. In general, this office discourages reaffirmation agreements and will not sign off on them (see below). You are free, as explained above, to pursue them on your own and let the court decide if it is feasible in your case. If you choose to do this, you must enter into the agreement no later than **30 days** after the first date set for your meeting with the Trustee in your case.

Typically, you can reaffirm on somewhat better terms than you originally had, for example a lower interest rate, or lower total balance, but this is all subject to negotiation. Generally it is the current fair market value of the collateral which controls the amount.

2. **Redeem Debt**: This allows you to retain the property (car, etc.) if you agree to pay the current fair market value of the collateral in a lump sum (creditors will often give a discount because they are receiving everything in a lump sum). Since most people don't have this amount available in ready cash, this often means borrowing money to do so. Sometimes a motion needs to be filed to determine the appropriate value to be paid. Additional fees would be required to do that. This also must be done no later than **30 days** after the first date set for your meeting with the Trustee.

3. **Surrender Collateral**: This is the simplest. You just agree to give back whatever the secured property is that you're holding without further obligation.

**The effect of you not doing one of the above within the specified time frame is uncertain. However, from a legal standpoint, what will happen is that the automatic stay, which prevents creditors from seeking to repossess or take other actions which they are entitled to do under state law, will terminate shortly after the 30<sup>th</sup> day. This may or may not be significant. If you are current on the payments to the creditor, they technically have no right to repossess your vehicle or other collateral. However, they MIGHT be able to use clauses in your contract with them (if they have them) which say that filing a bankruptcy constitutes a default in the agreement, thereby allowing them to repossess.**

The realistic outcome of all this is likely to be that as long as you maintain the current monthly payments on the vehicle, the creditor will be happy and not do anything about it. If you want “certainty”, however, you will have to either reaffirm or redeem the debt, and each of those comes with the costs of doing so.

The Law Offices of Lauren Ross will not represent the Client(s) in any reaffirmation hearings where the filing of such agreement constitutes an undue hardship. A reaffirmation agreement is a legally valid contract that if the Client(s) defaults post-discharge he/she could lose the collateral that is the subject of the agreement. The reaffirmation of a debt is a serious financial decision. A debt that is reaffirmed is not discharged in your bankruptcy case. This means that if the Client(s) defaults on a reaffirmed debt after the Client(s)’ bankruptcy case is closed, the Client(s)’ creditor may be able to take the Client(s)’ property or wages. The Client(s) has 60 days after an agreement is filed with the Court to rescind said agreement. If the Client(s) desires to reaffirm a debt the Client(s) must file a proper motion with the Court. The Client(s) may do this without an attorney. If the Client(s) does not have a separate attorney to sign the certification then the Client must get the Court to approve the agreement. If in the rare case where the Law Office of Lauren Ross considers the signing of a reaffirmation agreement in the best interest of the Client(s), and if the statement filed under section 524(k)(6)(4) shows that an undue hardship presumption does not arise, then the Client(s) will be required to pay an additional fee of \$250.00 for such representation. **THE LAW OFFICE OF LAUREN ROSS WILL NOT CERTIFY ANY REAFFIRMATION AGREEMENTS WHERE THE 524(k)(6)(4) STATEMENT SHOWS THAT THE CLIENT(S)’ MONTHLY INCOME IS LESS THAN THE CLIENT(S)’ MONTHLY EXPENSES, REGARDLESS OF ANY OTHER CIRCUMSTANCES.**

Please sign below to acknowledge that you have read and understood the above.

Dated:

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Sign name]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Sign name]

**ACKNOWLEDGMENT OF RECEIPT**

I acknowledge that I have received from Lauren Ross, Attorney at Law, a copy of all of the following documents:

- 1. **Initial Consultation Agreement**
- 2. **Notice Mandated By Section 342(b)(1) and 527(a)(1) of the Bankruptcy Code**
- 3. **Notice Mandated By Section 342(b)(2) of the Bankruptcy Code**
- 4. **Notice Mandated By Section 527(a)(2) of the Bankruptcy Code**
- 5. **Notice Mandated By Section 527(b) of the Bankruptcy Code**
- 6. **Reaffirmation Disclosure**

If my spouse was not present when I received a copy of these notices, I hereby also acknowledge receipt of said notices on behalf of my spouse, and promise to provide my spouse with either a copy of these notices or the opportunity to read and review the copy I received.

Dated: \_\_\_\_\_  
Prospective Client

Dated: \_\_\_\_\_  
Prospective Co-Client (if present)

Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No: \_\_\_\_\_