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## Bankruptcy Welcome and Information Letter

We understand how difficult it is to schedule an appointment and sit down with a professional to discuss financial difficulties. We congratulate you on taking the first step in correcting a difficult situation. We understand how much stress is caused by attempting to face financial difficulties alone.

Throughout the bankruptcy process we want you to feel comfortable with us. We want you to be assured that you can ask questions and that you are entitled to answers.

We are proud to inform you that this law office is designated a "Debt Relief Agency" by the Federal Government. We help people file for bankruptcy debt relief under Chapter 7 and 13 of the United States Bankruptcy Code. We are accredited by the Better Business Bureau.

It is a pleasure to welcome you to our law office. This letter has been prepared to provide you with information we believe you will need to have a successful experience with our office and in obtaining the results you are entitled to when filing either Chapter 7 or 13 Bankruptcy.

Attorney, Jack Berman, has been a licensed attorney in continuous good standing with the State Bar of Michigan since 1972. Bankruptcy law, both chapter 7 and chapter 13, are his primary areas of concentration. Presently 90% of the cases handled by Jack Berman are bankruptcy cases. He earned a Bachelor of Arts from Wayne State University in 1969 and he earned a Juris Doctor from the Wayne State University School of Law in 1972.

In order for a Chapter 7 or 13 Bankruptcy to succeed it is important that you are aware of the requirements of the essential bankruptcy laws and that you have a good understanding as to how you should communicate with your attorney. Our legal assistants are here to help you. They can do much more than take a message. Therefore, tell them what you need. The legal assistants have the attorney schedules in front of them. They can schedule appointments. They can reach the attorneys at Court to address your problems. However, you must tell them what you need so that they can help you by contacting the attorney. It is not enough to say "this is important" or "this is about my case". Please let them help you. Finally, we like to play games as much as anyone else. But, phone tag can become exhausting. Take our calls, if possible, they are about your case. Listen to voice mails, otherwise, how will you know who called you from our office, finally read our TEXTS as all communication is generated to assist YOU in the proper completion of your case. Read your mail. It's about your case. Use Email, it is a quick economical way to communicate.

Finally, it is our goal to eliminate as much stress as possible during this litigation. Therefore, the attorney who meets with you will go to court with you almost 100% of the time. You won't need to re-explain your case to a new attorney who you have never met as is the norm in a large factory law firm. We want to give you PERSONAL service, because you are a PERSON.

#### Credit Unions:

If you have a debt with a Credit Union which is being cancelled, reduced or discharged in bankruptcy you must stop using the Credit Union for banking. You must discontinue all automatic deposits to the Credit Union. You must reduce your account balance with the Credit Union to no more than \$10.00 before filing the bankruptcy. This warning is given because the Credit Union will confiscate (take) all funds on deposit when you file the bankruptcy case if you are reducing, or cancelling a debt with a Credit Union.

#### DTE:

DTE has determined that it will participate in every Bankruptcy case, whether you are up to date or behind. Therefore, we urge clients to stop paying DTE before filing and to be prepared for a security deposit of approximately \$200.00

#### CHAPTER 7:

The purpose of a Chapter 7 Bankruptcy is to cancel your bills and give you a fresh start. It is important to understand that not all bills can be canceled. The following types of bills CAN NOT be canceled by filing a Chapter 7:

- Mortgage – if you wish to retain ownership of the home.
- Car Loan – if you wish to retain ownership of the car.
- Property Taxes – if you wish to retain ownership of the home.
- MOST Income Taxes
- MOST Student Loans
- Criminal Restitution

In order to qualify for a Chapter 7, you must be able to show the Court that your household income from the last six months falls below the median income for a family of your size that lives in your area. If your income is greater than this number, Chapter 13, rather than Chapter 7, is probably a better option for you.

To properly file a case with the United States Bankruptcy Court you must truthfully disclose to your attorney ALL of your income, ALL of your assets and ALL of your debts. The information you provide will become your Chapter 7 paperwork, which will be filed with the Court under penalty of perjury. **ALL OF YOUR BILLS MUST BE INCLUDED IN THE BANKRUPTCY.** You are not allowed to selectively exclude any bills. If you are worried about your relationship with a particular creditor, mention it to your attorney and arrangements may be able to be made to ensure a continued good relationship with that creditor after your bankruptcy.

Once filed, your case will be assigned to a trustee and you will be given a Court date. The purpose of the Court date is to give creditors and the trustee an opportunity to ask you questions regarding your income, assets, and debts.

You will be provided with a written notification regarding the time and location of their Court date. It is your responsibility to attend this Court date as it is mandatory. Failure to attend could result in the dismissal of your case. One of our attorneys will be in Court to represent you at all Court hearings.

In order to properly prepare your bankruptcy paperwork and satisfy the requirements of the law you must supply the following documents to us before we can properly file your case with the Bankruptcy Court. Of course, these documents do not need to be supplied if they do not exist. For example, if you do not own a car you do not need to provide a car title.

- Proof of Income for the 6 month period prior to filing.
- Car Titles
- Car Insurance Policy
- Copies of 401K/Pension Statements
- Copies of Recorded Mortgages, Deeds or Land Contracts
- Copies of all Security Agreements
- Tax Returns for the past two years including W-2's
- Copies of Life Insurance Policies
- Current Property Tax Statement
- Copies of unexpired Lease Agreements
- Divorce Decrees/Judgment and any Property Settlement Agreements
- Bank records for 6 month period prior to filing for bankruptcy

### CHAPTER 13:

Chapter 13 is a financial reorganization under the supervision and protection of the United States Bankruptcy Court. This type of case protects individuals from collection efforts by creditors. For example a mortgage company cannot complete a foreclosure sale if the case was filed with the Court before the sale was conducted. An automobile finance company cannot repossess an automobile after the filing of the case and if the automobile was repossessed before the filing of the case it must be returned to the buyer subject to certain conditions. Credit card companies, other creditors, such as

Judgment Creditors including the Internal Revenue Service and the Friend of the Court are prohibited from collection unless they obtain the permission of the United States Bankruptcy Court.

It is important that you understand that if you have previously filed a Chapter 13 bankruptcy, you may not be entitled to this protection; if the previous case was dismissed less than 12 months before filing the new case.

In order to properly file a case with the United States Bankruptcy Court you must truthfully disclose to your legal representative all of your income, all of your assets and all of your debts. This information will be inserted into the documents that are to be filed with the Court under penalty of perjury. It is of great importance to your attorney and the Court that you take the time to read your papers carefully prior to signing and that you review your papers several times after your copy is mailed to you. If you find errors prior to signing they should be brought attention of your attorney and if you find errors after your papers are mailed to you they should be brought to the attention of your attorney.

It is a local requirement that all tax returns required by law must be filed with the appropriate taxing authority (Federal, State and Local) or a Chapter 13 Bankruptcy cannot be confirmed by the Court. The case can be filed, however, the "missing" returns must be prepared within thirty days and delivered to your attorney with original signatures for processing with the appropriate taxing authorities and the Court.

You must understand that the plan payment for the Chapter 13 payment plan is subject to change based upon the actual bills presented to the Court by creditors; and after a full review of the debtor's income and expenses.

You must understand that it is your responsibility to make the Chapter 13 payments to the Trustee. In most cases the payments will be taken directly from your paycheck. However, as there is often a delay in processing a pay-roll deduction order, and as the first payment is due no more than 30 days after filing, you usually must make the

first one or two payments on your own. Written instructions will be provided to you for the making of these payments immediately after an account number and trustee are assigned to the case.

You will be provided with a written statement regarding the two Court Hearings required to succeed in a Chapter 13 Plan of Reorganization. It is your responsibility to record the Court dates and attend the hearings as scheduled. One of our attorneys will be in Court with you.

You are required to bring proof of payments made to the Trustee to all hearings. Proof of payment is defined as money order receipts, pay stubs, canceled checks and check registers.

You must understand that homes and automobiles must be fully insured. In other words, even if payments are being made a home or automobile can be forfeited if proper insurance is not maintained.

You are advised that the legal assistants employed by the attorney are trained to communicate with you and to assist you. You should discuss all questions with the legal assistants who will determine whether or not the participation or input of the attorney is required. For example, it is not necessary to speak to the attorney to schedule an appointment or verify a Court date. You should not be concerned about privacy when communicating with the legal assistants as they prepare all documents for the attorney and are held accountable for maintaining the client's privacy, as is an attorney. Please consider that you are retaining a group of people to work on your case, not just an attorney. The legal assistants have the ability to contact the attorney in Court regarding matters that warrant his attention.

**Section 527 Disclosures:**

All information that the you provide with a Bankruptcy Petition and thereafter during the Bankruptcy Case is required to be complete, accurate and truthful.

All assets and all liabilities are required to be completely and accurately disclosed in the documents filed to begin the case, and the replacement value of each asset that you own must be stated in the Bankruptcy documents where requested after a reasonable inquiry to establish the value of assets.

Current monthly income, which is defined in the Bankruptcy Code and, or, disposable income for Chapter 13 are required to be stated after reasonable inquiry.

Information that a person who files Bankruptcy provides during that persons case may be audited, and failure to provide, or cooperate, with the audit may result in Dismissal of the Bankruptcy Case and such other sanctions, including criminal sanctions, which are provided for by law.

**"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 a 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 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".

#### **MANDATORY COMMUNICATION REQUIREMENT:**

Client(s) agree to return ALL phone calls and to respond to emails, letters and texts. Attorney agrees to same, please call mobile number (248) 548-6000 if you are having a hard time reaching the attorney.

#### **Internet and Email Communication:**

Please visit us at [jackbermanlaw.com](http://jackbermanlaw.com) for more information or Email us at [jackberman72@gmail.com](mailto:jackberman72@gmail.com) .

#### **Preferences:**

Whether you chose to file under Chapter 7 or Chapter 13 the court and the bankruptcy Trustees will be curious as to whether or not you made preferential payments. A preferential payment is a payment of \$600.00 or more to a regular creditor during the 90 day period prior to filing the case, however, a preferential payment can also be any payment made during the 12 month period prior to filing the case to friends or relatives, the legal term being "insiders".

Essentially, bankruptcy law has determined that it is unfair to prefer certain creditors, friends or relatives over the other creditors whose bills are being canceled in Chapter 7 or reduced in Chapter 13. The Bankruptcy Court, through its Trustee, reserves the right to collect back any preferential payments for a fair distribution to all creditors of the debtor in the case. Therefore, if you have made any payment to a regular creditor of \$600.00 or more during the 90 days before filing this case or if you have paid any money

back to a friend or relative during the 12 month period prior to filing this case you should report that matter to the attorney and we will look at steps to correct this significant problem.

**Mandatory Credit Counseling Requirement:**

Every individual who files bankruptcy is required to go through a mandatory credit counseling process. The creditor counselor used by this office is ACCESS and their telephone number is (888) 234-7209 and their website address is [www.AccessBK.org](http://www.AccessBK.org). They are available by phone Monday through Thursday from 8:00 a.m. to 9:00 p.m.; Fridays from 8:00 a.m. to 5:00 p.m. and Saturdays from 8:00 a.m. to 4:00 p.m.

Please note, if you complete your credit counseling online after you complete the payment section you will be offered an opportunity to fill in a non-billing code. My office will only receive the required credit counseling certificate if you insert my attorney non-billing code section which will appear immediately after the payment section; if you do not have a debit card to pay them you can pay through this office and receive a pre-paid code.

Please note, we cannot successfully process bankruptcy paperwork without the required certificates. If you pay for the certificate through my office the code my office provides will automatically generate a copy of the certificate to my office.

The credit counseling portion of bankruptcy is separate from the attorney and court portion of bankruptcy. It is mandatory that the credit counseling portion of bankruptcy be accomplished by the individual in the bankruptcy case or the bankruptcy case will not properly complete

Therefore, if you intend to file bankruptcy and if you intend to have a successful case which obtains a discharge (the goal of every bankruptcy case) you must communicate with the credit counselor prior to filing bankruptcy under either Chapter 7 or Chapter 13.

In a Chapter 7 bankruptcy case you must complete the second phase of credit counseling which is called Financial Management or Debtor Education approximately two weeks before the scheduled court date. This will be approximately four weeks after signing the paperwork for the filing of the bankruptcy with the attorney.

If you are filing under Chapter 13 the second phase of the credit counseling does not need to be accomplished until six months after the filing of the case. This extended time is available in Chapter 13 because Chapter 13 is a long term case typically lasting from three to five years.

I have read this welcome and information letter and I understand my responsibilities in order to have a successful Chapter 7 or 13 Bankruptcy.

Signed: \_\_\_\_\_ Dated: \_\_\_\_\_

Signed: \_\_\_\_\_ Dated: \_\_\_\_\_