

(11 U.S.C. 527(a)(2) Disclosure)

This notice and statement is required to be given to you as mandated by Section 527(a)(2), which you have been provided as a separate document . This document is to make you aware of some of your obligations should you file bankruptcy.

Note: This Notice and Statement are required by legislation adopted by Congress in 2005, after intense lobbying by the credit industry. In our opinion they are designed to intimidate people who need debt relief under the Bankruptcy Code, and are based on the erroneous assumption that debtors are dishonest. So long as you are honest and meet the requirements set out under law, you are entitled to debt relief. We can guide you through all the requirements of filing bankruptcy, so long as you provide us accurate and complete information.

1. All information that you are required to provide with your bankruptcy petition and thereafter during a case under this title must be ***complete, accurate, and truthful.***
2. All of your property, whether you possess it or not, and all of your assets and all of your liabilities must be completely and accurately disclosed in the documents filed to commence the case, and you must disclose the replacement value of each asset as defined in 506 of the Bankruptcy Code in the documents you file where requested after you have made a reasonable inquiry to establish such value.
3. After reasonable inquiry, your current monthly income, your actual living expenses, the amounts specified in 707(b)(2), and, in a case under Chapter 13 of this title, disposable income (which will be determined in accordance with 707(b)(2)) must be fully and accurately stated.
4. Information that you provide during your case may be audited pursuant to provisions in the Bankruptcy Code. Failure to provide such information may result in dismissal of the case under this title or other sanctions, including criminal sanctions.

UNITED STATES BANKRUPTCY COURT

**NOTICE TO INDIVIDUAL CONSUMER DEBTOR UNDER § 342(b)
OF THE BANKRUPTCY CODE**

In accordance with § 342(b) of the Bankruptcy Code, this notice: (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.

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.

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.

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

Chapter 7: Liquidation (\$220 filing fee, \$39 administrative fee, \$15 trustee surcharge: Total fee \$274)

1. 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, 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.

2. 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.

3. 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.

4. 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 non-dischargeable 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 (\$150 filing fee, \$39 administrative fee: Total fee \$189)

1. 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.

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2. 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.

3. 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 (\$1000 filing fee, \$39 administrative fee: Total fee \$1039)

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, \$39 administrative fee: Total fee \$239)

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

that kind considering the age and condition of the property at the time value is determined." Do not deduct costs of sale or marketing.

Ex: Price a retail merchant would sell a used, 27" TV same model and year of manufacture...

2. **How to determine current monthly income**

Current Monthly Income is determined by looking at income from all sources received over the six (6) months prior to the filing of the bankruptcy petition. This includes regular income, any amounts received for the benefit of the debtor or dependents of the debtor, any other amounts received during that previous 6 months. The total amount is then divided by six to determine 'current monthly income.'

3. **How to determine the amounts specified in 707(b)(2)**

The IRS standards are available through the US Trustee's website at www.usdoj.gov/ust/. The amounts used are based on your monthly income. These amounts apply only if your yearly gross income exceeds the median income for your state for a household of the same size. The median income may be available on the same web site or through the Census Bureau. Other expenses are actual expenses for the categories listed. Payments for secured debts would include all amounts due over the next 5 years, divided by 60. Same calculation is used for priority debts. The Chapter 13 Administration fee is determined by calculating the disposable income based on Current Monthly Income and the other allowed deductions, multiplied by the % allowed (again, available through the US Trustee's website). If other expenses that are reasonable and necessary are not otherwise taken into consideration in the categories listed, a section is provided to list these expenses (monthly average). An explanation of these other expenses would be required.

4. **How to determine disposable income in accordance with section 707(b)(2) and related calculations (Chapter 13 only)**

To determine disposable income, the above described deductions allowed under 707(b)(2) are subtracted from Current Monthly Income. This amount is finally deducted from the rest of the disposable income to determine the final disposable income. This number is then multiplied by 60 to provide the total amount that is to be paid to unsecured creditors.

5. **How to complete the list of creditors – what is owed and what address should be shown**

The list of creditors should list ALL creditors that you owe. The listed is divided into secured creditors, priority creditors (taxes, child support, alimony), and general unsecured creditors (credit cards, etc.). The amount owed may be gathered from a credit report or on the last statement received. The address used should be the address on 2 pieces of correspondence received from the creditor within the 60 days prior to filing. NOTE: If this address is not used, the creditor may have an address with the court. If neither of these addresses is used, then notice to the creditor may not be effective.

6. **How to determine what property is exempt and how to value exempt property at replacement value as defined in 506**

Exemptions are determined based on the state of the debtor's domicile over the 730 days immediately preceding the date of filing of the petition (2 years). If this has not been one place, then look to the majority of the 180 days prior to those 2 years. If for some reason, this rule prohibits a debtor from taking the state exemptions, then the federal exemptions may be used.

South Carolina uses their state exemptions and can be found in the South Carolina Code of Law. Most exemptions are listed in Title 15. However, other exemptions may also apply (ex: worker's compensation proceeds).

Section 506 applies to secured claims. If a creditor has a claim on property that may be claimed as exempt, the replacement value of the property must be used to determine the value of the creditor's secured status. See above to determine the replacement value.

STATEMENT REQUIRED BY 11 U.S.C. 527(b)

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 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.