

UTAH • BANKRUPTCY • CLINIC

1. **DO NOT** pay back friends and family before filing bankruptcy. Many people use their tax refunds or other resources to pay back friends or family who might have helped them along the way during their financial difficulties. In a chapter 7 bankruptcy the trustee can sue your friends and family to recover that money so it can be divided up equally among all of your creditors.
2. **DO** spend down money in your bank accounts before filing bankruptcy. Any money in your accounts on the day of filing is property you have to give to the bankruptcy trustee. Talk to your attorney about safe ways to spend the money.
3. **DO NOT** spend your tax refund until you talk to your bankruptcy attorney. The bankruptcy trustees LOVE to take tax refunds. It's easy money. Sometimes you can keep some of it—sometimes not—but the quickest way to derail your bankruptcy is to spend the money without checking with your lawyer.
4. **DO** take the time to review the bankruptcy petition your lawyer prepares. That is your last chance to make sure that all of your creditors are listed. In many cases if you fail to list the creditor you will still owe the debt after the case is complete.
5. **DO NOT** give away property to friends or family before filing bankruptcy to make yourself look poor. If the trustee finds out you did that he or she has the legal right to take the property right back. Furthermore, it's illegal and subjects you to huge fines and prison time. It's never, ever worth the risk.
6. **DO** pay attention to documents you get in the mail and stay on top of the events in your case. Be proactive. Call your attorney's office and ask what's next. Although a good attorney will do his or her best to keep you informed about hearings and deadlines, you should work as a team to insure the smooth administration of your case.
7. **DO NOT** talk to the trustee directly. The bankruptcy trustee is not a neutral party like some sort of IRS or DMV clerk there to serve the public. The trustee's job is to make sure that you are paying as much money (or giving up as much property) as the law requires. Any contact you have with the trustee will almost never be helpful to your case. Talk only to your attorney and let him or her do his job of advocating your best interests to the trustee.
8. **DO** keep it short when answering questions at the meeting with the trustee. This is an administrative hearing where the trustee asks some very simple questions such as "what is your name?" and "did you review and sign the papers?" The very best answer 95% of the time is a simple "yes" or "no." Some people fail to heed this advice and want to "tell their story" to the trustee. Bad idea. See tip #7 above.
9. **DO NOT** hide information from your attorney. Your attorney is your advocate and your guide through this process. Your attorney needs the whole picture in order to craft a good bankruptcy plan for you. Your attorney knows how to deal with problems. Spill your guts to your lawyer and don't hide the ball. If there is something in your facts that is unusual your attorney will help you come up with a plan, including possibly a non-bankruptcy strategy.
10. **DO** seriously consider Chapter 13 (payment plan) instead of Chapter 7 (liquidation) bankruptcy. Chapter 13 is way less money to file, gives you the same protection from your creditors as a chapter 7, and unless you are VERY high income earner you only have to pay back a fraction of your total debt. Call us to learn what your monthly bankruptcy payment would be in a chapter 13. I bet you'll be stunned.