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MEMORANDUM AS TO PERSONAL BANKRUPTCY OPTIONS

The purpose of this memorandum is to discuss bankruptcy as an option for individuals who are in debt, and to serve as a guide to the basics of personal bankruptcy proceedings.

Bankruptcy is a method for "discharging" (i.e., canceling) certain debts and obtaining a "fresh start." It is a choice that may help you if you are facing financial problems.

Before filing a bankruptcy case, you should assess its advantages and disadvantages. Before recommending bankruptcy to you, we will consider alternative ways to achieve your goals in dealing with financial distress, such as settlements with problem creditors, deferment of payments and surrender of assets.

Additionally, creditors may have violated your rights; if this is the case, you may have a claim against the offending creditor under the Federal Fair Debt Collection Practices Act or other Federal or State laws.

Although bankruptcy can help with financial problems, its effects are not permanent. If you choose to file bankruptcy after consultation with us, you should take advantage of the fresh start bankruptcy offers you and make careful decisions about future borrowing and use of credit so that you will not need to file bankruptcy again.

TYPES OF BANKRUPTCY CASES

The two principal types of bankruptcy relief available to an individual ("debtor") are: Chapter 7 (liquidation) and Chapter 13 (adjustment of debt for an individual with regular income). The following are the major differences between these two types of relief:

- The typical Chapter 7 debtor has few assets; the debts are usually associated with credit cards, bank loans, store purchases and medical bills. There is generally no distribution of money to creditors in a Chapter 7 case.

- The typical Chapter 13 debtor files bankruptcy because he or she: (a) is in arrears with rent payments, mortgage payments or automobile loan or other secured debt payments, (b) has substantial debts which cannot be discharged in a Chapter 7 case, or (c) has assets which he or she wishes to keep and which may not be possible in a Chapter 7 case. Another reason to file a Chapter 13 case is to protect someone else who may be liable for your debts (such as a co-signer or a spouse) from the claim of a creditor. In a Chapter 13 case, unlike a Chapter 7 case, there is a distribution of money to creditors.

In a Chapter 13 case, creditors are paid out of a debtor's future earnings and a "plan" must be proposed to pay creditors. In order to qualify for a Chapter 13 case, a debtor must be an individual with "regular income." This regular income may consist of wages, commissions, rents, public benefits, social security, unemployment compensation, alimony, child support and pension benefits, or other types of income which can be estimated.

As of the writing of this memorandum, if your non-contingent unsecured debts are less than \$336,900, and your secured debts are less than \$1,010,650, you are eligible to file a Chapter 13 case. If your debts exceed those limits, you may be eligible to file a Chapter 11 case. In the event that your debts exceed such limits, we will be pleased to discuss the Chapter 11 option with you.

TYPES OF DEBT

"Priority debts" are those debts which are paid first in a bankruptcy case. These debts include:

- Federal or State income taxes.
- Alimony, maintenance or support for a former spouse or child if provided for in a court order, property settlement or separation agreement.
- Wage claims - Wages due an employee of yours for work performed within 180 days prior to the filing of a bankruptcy case of up to \$10,950 (as of the writing of this memorandum) per employee.
- Deposits of up to \$2,425 (as of the writing of this memorandum) in a consumer transaction.

"Secured debts" are obligations associated with liens against specific items of property. For example, most home buyers obtain mortgages; if the mortgage debt is not paid in accordance with the mortgage terms, the lender can foreclose on the home which secures the debt. Other assets that are typically encumbered by such security interests are cooperative apartments, condominiums, automobiles and

appliances. Generally, even though a bankruptcy case has been filed a secured debt must be paid in full if you wish to keep the secured asset. A bankruptcy case may discharge debts, but it generally has no effect on liens which creditors can still enforce against secured property. This is so because a bankruptcy discharge cancels only your personal legal obligation to pay the debt. The creditor can still repossess the collateral if you do not pay the debt after receiving a discharge. For this reason, if you want to keep property that is collateral for a secured debt, you will need to "catch up" on the past due payments and continue to make current payments during and after bankruptcy, and keep any required insurance up-to-date. Further, you may have to "reaffirm" the debt. (Reaffirmations are discussed in detail on pages 12 and 13.)

The vast majority of debts in bankruptcy cases are "unsecured debts." These include: credit card debts, utility bills, hospital and doctor bills, unpaid taxes (other than those entitled to priority), student loans, personal injury claims or actions, parking tickets and moving violations, personal loans, auto loans, loans from relatives and friends, and debts as a co-signer.

INFORMATION FOR THE BANKRUPTCY PETITION

All of your debts must be listed in the bankruptcy petition, even though some of them might not be discharged. (More details are set forth later in this Memorandum as to non-dischargeable debts.) It is crucial that a creditor receive notice; therefore, each creditor's address must be accurately listed. In addition, account numbers for each creditor must be included. It is unlawful to intentionally omit a creditor; however, you are permitted to file an amendment to the petition to add a creditor if one is omitted. If the amendment is timely filed, the omitted creditor is added and is subject to being discharged. This is time-consuming so it is better to be thorough the first time. Also, there is a Court filing fee for the amendments and there may be additional legal fees.

Your bankruptcy filing must include a list of all your assets, which will become part of your "bankruptcy estate." These assets include any interest you may have in: real estate, including homes, condominiums, time-shares, cemetery plots and investment property; cooperative apartments, funds on hand in banks, savings accounts, checking accounts, credit unions, certificates of deposit and in safe deposit boxes; household goods and furnishings, including appliances, television sets and related equipment, radios, stereo systems and components, computers and furniture; antiques, art objects and collectibles; wearing apparel, jewelry, sports equipment and other personal effects and possessions; motor vehicles, including automobiles, trucks, mobile homes, motorcycles and snowmobiles; boats and equipment; business assets, such as office equipment, inventories, receivables, farm animals and equipment, patents and copyrights; investments in stocks and bonds, including government obligations (such savings bonds and Treasury bills, notes and bonds); any interest in insurance policies. (**Note:** if you are the beneficiary of a life

insurance policy and the insured dies within six months after you file, the proceeds will be included as your asset); profit sharing plans, annuities, Individual Retirement Accounts ("IRAs"), "Keogh" plans and other types of retirement plans; personal injury or other claims and actions you may have against others; any interest as a beneficiary of the will or estate of another person who has died or as the beneficiary of a trust (**Note:** if someone dies within six months after you file, any inheritance which you are entitled to receive will be included as your asset); tax refunds; security deposits; property interests acquired within six months after you file as a result of a property settlement agreement with your spouse or as a result of a divorce decree; and any other property wherever located. The above list is not intended to be totally inclusive of all property interests; if there are any other items of property owned by you, they must be disclosed.

EXEMPTIONS

The law allows every debtor to protect certain property from creditors even if the value of the assets is greater than the debts.

The Bankruptcy Code specifies that various items of personal and real property belonging to a debtor cannot be taken in order to satisfy creditors' claims. Such items are "exempt" property. Under the Bankruptcy Code, each state may specify what type of property its citizens may claim as exempt. New York State has done so, and the following exemptions apply to New York State residents:

- Property owned and used as a primary residence, including a house, land, a condominium, a cooperative apartment or a motor home-up to \$50,000 of "equity." (Equity is the current value of the property less the amounts due on all mortgages and other liens.) This is sometimes called the "homestead exemption."
- A cemetery plot.
- Cash totaling up to \$2,500, unless a homestead exemption is claimed. This includes cash, savings accounts, checking accounts, credit union shares, certificates of deposit, U.S. Savings Bonds and the right to receive a Federal or State income tax refund.
- Clothing and household goods, such as household furniture, a stove, refrigerator, radio, television, cookware, tableware, sewing machine, books, pets worth up to \$450, a family bible, pictures and school books, other books worth up to \$50, a wedding ring, a watch worth up to \$35 and work tools worth up to \$600.
- Security deposits for landlords and utilities.

- A motor vehicle having a value of up to \$2,400 in excess of any secured amount owed for the vehicle.
- Proceeds of a life insurance policy, but only if someone other than the debtor is the beneficiary.
- The right to receive certain awards and benefits, including social security, unemployment compensation, public assistance, veteran's benefits, disability benefits, crime victim's awards and personal injury awards (up to \$7,500, not including pain and suffering and actual monetary loss).
- Property needed for future support, such as alimony and support, and wrongful death awards to dependents.
- Pensions, retirement plans, Individual Retirement Accounts and most annuities.

If you are filing a joint bankruptcy case with your spouse, each of you may claim these exemptions.

It is extremely important that you make sure to disclose to us all of your debts and assets before we file your bankruptcy petition. If you have property which will not be protected by an exemption, it may be sold by a trustee if you file a Chapter 7 case, and the proceeds are used to pay your creditors. (This does not apply in a Chapter 13 case, the purpose of which is to allow a debtor to keep his or her assets.) **Note:** Any attempt to switch a non-exempt asset to an exempt asset may be scrutinized by the trustee, the Bankruptcy Judge and your creditors. It is therefore suggested that any such transaction you may contemplate be discussed with us prior to undertaking same.

YOUR BUDGET

The bankruptcy schedules must include a detailed budget of your current sources of income and regular expenses as they will be after you have filed. This is very important. In a Chapter 13 case, the amount that you will have to pay monthly under your Chapter 13 Plan is based upon your budget. Any change in your income or expenses during your case must be disclosed. Under normal circumstances, your employer need not find out about the filing. Only the creditors listed in your bankruptcy schedules and the federal and state taxing authorities (to which the Bankruptcy Court automatically sends notice) receive notice of your filing. Of course, your filing becomes a public record available to anyone wishing to check the Court's files (such as a credit bureau).

STATEMENT OF AFFAIRS

An important part of the bankruptcy schedules is the "Statement of Affairs." Its purpose is to disclose various elements of your financial

affairs which might not be apparent from the other schedules. The types of information which must be provided therein are:

- Your place of employment, your occupation and your income for the last two years.
- Any partnerships or businesses with which you have been associated within the prior six years.
- Payments to creditors to a creditor within the prior ninety days.
- Repossessions, foreclosures or transfers of property within the prior six years.
- Closed accounts in your name within the last year, such as accounts in banks, certificates of deposit, in credit unions, in brokerage accounts and in pension funds.
- Whether you have maintained books and records of your financial affairs and their location.
- Property you are holding for someone else, or property someone else is holding for you.
- Transfers of assets within the prior six years.
- Casualty losses or gambling losses within the prior year.
- Payments to, or payment agreements with, attorneys or with any budget or credit counseling service within the prior year.
- Safe deposit boxes.
- Any prior addresses within the last two years, with dates at each address.

OTHER SCHEDULES

In connection with the filing of a Chapter 7 case, and in addition to the previously-mentioned schedules, the Court must be provided with a statement as to what you intend to do with assets which secure any debts, such as an automobile which secures a loan. This is called a "Statement of Intention" which must disclose whether you intend to surrender the asset or retain it. Generally, if you wish to retain such an asset you must continue to pay for it. You may choose to "redeem" the property, which means that you can arrange to pay the particular creditor the full current value of the property in one lump sum even if the debt is higher. You may need to reaffirm the debt, which means you agree to continue to make payments until the debt has been paid in full. (Reaffirmation is

further discussed in detail later in this Memorandum.) You may also surrender the property to the creditor and owe nothing further with respect to that particular creditor.

If another individual is a co-debtor on any of your debts, that person's name and address must be provided. You should, but are not required to, notify any co-debtor that you are filing since the creditor may now try to pursue its claim against them.

WHAT HAPPENS AFTER THE BANKRUPTCY CASE IS FILED?

From the moment your bankruptcy petition and related papers are filed, all of your creditors will automatically be stayed (i.e., enjoined or stopped) by the "automatic stay" from commencing or continuing any legal proceedings against you. For example:

- Telephone calls and correspondence from collectors must stop.
- If there are any lawsuits that were brought, or could have been brought, against you prior to your filing, those lawsuits are automatically stayed unless the Bankruptcy Judge orders otherwise upon application by the creditor.
- If there was a "garnishment" (also known as an "income execution") against your salary, that must stop.
- If a foreclosure action, or even a scheduled foreclosure sale, is pending against your home, it must stop unless the Bankruptcy Judge should order otherwise upon application by the lender.
- If your landlord is trying to evict you, that action must stop unless the Bankruptcy Judge orders otherwise upon application by the landlord.
- If your automobile or other property is about to be repossessed for missed payments, the automatic stay prevents the repossession unless the Bankruptcy Judge orders otherwise upon application by the lender.

The automatic stay will not stop a criminal proceeding, nor does it prevent a spouse or former spouse from collecting alimony, maintenance or support from property that is not exempt.

If a creditor violates the automatic stay, that may be an act of contempt of a Court order and the Court may award actual damages, including attorneys' fees, and in appropriate circumstances, punitive damages to an individual injured by a violation of the automatic stay.

If a creditor requests relief from the stay, and proves that the interest of the creditor in an "estate asset" is not "adequately protected", or you have no "equity" in the property, the Court may

grant relief from the automatic stay, which could then allow the creditor to repossess, or foreclose on, the collateral.

You may not be discriminated against simply because you have filed a bankruptcy case. In addition, no government agency is supposed to refuse, revoke or suspend a license, permit or other public benefit, including student loans, solely because you filed. A utility is not supposed to terminate service even if it is a past due creditor, but it can insist upon a new, reasonable deposit for future services.

A "trustee" is appointed by the Bankruptcy Court to administer your case under both Chapters 7 and 13. The trustee may request additional information, such as copies of tax returns, appraisals of property, pension statements, pay stubs, insurance policies, bank statements, car title and registration, deeds, mortgages and security interests. We will, of course, assist you in responding.

The notice the Bankruptcy Court mails to you, your creditors and to us after your case is filed is extremely important because it gives a great deal of information, including: your case number; the date your case was filed; the name of the Bankruptcy Judge and trustee assigned; the dates and times of your Court appearance(s); a statement regarding the automatic stay; when, and how, creditors must file claims (if required); in a Chapter 7 case, when objections to your discharge or to the dischargeability of a particular debt must be filed; and, if you are filing a Chapter 13 case, the details of the plan to repay your creditors.

On the date scheduled for the "first meeting of creditors" you (and your spouse in a joint filing) must appear in court with an attorney from this firm. At that meeting, the trustee will review the papers you filed, and may question you under oath regarding your assets and debts, income and expenses, employment and family obligations and transfers and payments you may have made. The purpose for such questions is so that it can be determined if the information provided is correct and whether the trustee (in a Chapter 7 case only) will be able to locate any non-exempt assets which might be available to be liquidated for the benefit of your creditors. Creditors may also appear at the first meeting of creditors and ask you questions under oath regarding your debts, assets and budget.

After the questioning is completed, the first meeting will be "closed" or it may be adjourned to another date to permit you, with our assistance, to provide the trustee or creditors with further items or information. When the first meeting is closed, this generally means in a Chapter 7 case that no further Bankruptcy Court appearance is necessary. If you have filed a Chapter 13 case, a "confirmation hearing" will be scheduled approximately four months after the first meeting of creditors (which you must attend with an attorney from this office). **Note:** a debtor in a Chapter 13 case must start making Chapter 13 plan payments to the Chapter 13 trustee within 30 days after the filing of the plan. At the confirmation hearing, the Bankruptcy Judge may, upon the recommendation of the trustee, "confirm" (i.e., approve)

your plan to repay your creditors based upon your record of payments and your compliance with other Chapter 13 requirements.

In a Chapter 7 case, in certain circumstances (for example, if a debtor has improperly transferred property or "run up" debts in contemplation of filing) a creditor or the trustee wishing to challenge the debtor's right to a discharge, or a creditor wishing to challenge the dischargeability of a specific debt, must start a lawsuit against the debtor in the Bankruptcy Court (called an "adversary proceeding"). This proceeding must be started within 60 days after the date set for the first meeting of creditors. Of course, a debtor may, with the assistance of this firm, oppose the relief sought. For example, creditors, a trustee challenging a debtor's right to a discharge, or a creditor challenging the dischargeability of a specific debt, may claim that a debtor committed a theft or fraud in their dealings or otherwise acted wrongfully.

When directed by the Bankruptcy Court, creditors must file claims if they want to have their debts paid. In a Chapter 7 case, they will be paid only out of funds that the trustee obtains from non-exempt assets. Most Chapter 7 debtors have no non-exempt assets with which to pay creditors since generally the available exemptions are greater than their assets and, therefore, creditors receive nothing and are not directed to file claims. In Chapter 13 cases, priority and secured creditors who file claims must be paid in full, and unsecured creditors who file claims will receive a percentage (or, in some cases, full payment) of their claims since a debtor must pay the Chapter 13 trustee (on behalf of the creditors) what the budget shows he or she can afford to pay over the period of the Chapter 13 plan. A creditor in a Chapter 13 case who does not file a claim or for whom a claim is not filed by a debtor (which a debtor is allowed to do under the Bankruptcy Code) will not be paid. In addition, if a creditor files a claim which is for the wrong amount, or is otherwise objectionable, we will assist you in filing an objection to the claim.

The object of filing a bankruptcy case is to obtain a "discharge in bankruptcy." The "discharge" means that no creditor with a dischargeable debt may in the future make any effort to collect that debt. The issuance of the discharge is usually routine, but in extreme cases the Bankruptcy Court may deny it for a number of reasons. The discharge may be denied if a debtor: (a) failed to comply with directives of the trustee or orders of the Court; (b) concealed, destroyed or transferred property with the intent to hinder, delay or defraud creditors; (c) intentionally destroyed records of financial dealings unless good reason can be shown for doing so; (d) lied under oath at the first meeting of creditors or at any other Court hearing; or (e) failed to adequately explain a loss of assets.

The discharge is the debtor's alone; it does not affect anyone else's obligations. For example, if someone co-signed for one of your debts, the discharge will not eliminate the co-signer's liability. Unless you have agreed to pay the debt in full, the creditor may pursue the co-signer. Also, if one spouse files a bankruptcy case and

the other does not, the spouse who did not file will still be liable for any joint debts.

NON-DISCHARGEABLE DEBTS

Certain debts will not be discharged in a Chapter 7 case even though they may be listed in the bankruptcy schedules. (As to Chapter 13 cases, see the note at the end of this section on page 12). This means that they will have to be paid despite the fact that a bankruptcy case has been filed. The major non-dischargeable debts are:

- Federal and State taxes and tax penalties for each of the last three years. Also, if a tax return was not filed, or was filed fraudulently, the tax debt will not be discharged. Further, if the return was filed late, the tax debt will not be dischargeable for two years after the return was filed. Finally, if there is a new assessment of a tax, the tax debt will not be dischargeable if a bankruptcy case is filed within 240 days of the assessment. For example, if the Internal Revenue Service learns after a tax return is filed that the taxpayer did not report income properly, it may determine that additional taxes are owed. In addition, debts incurred (such as credit card charges) to pay non-dischargeable tax debts are non-dischargeable. The effect of a bankruptcy case filing on tax claims must be determined on a case-to-case basis because of the complexity of the law. We will be pleased to further discuss these complexities if the circumstances warrant.
- Alimony, separate maintenance and child support due to a child or former spouse.
- Student loans and grants made, guaranteed or insured by a government agency or a non-profit institution. This includes student loans from the New York State Higher Education Services Corp., National Direct Student Loans, Guaranteed Student Loan programs, loans made directly by government supported schools and loans made by private schools or banks which are federally or state guaranteed.
- A debt obtained by fraud, false pretenses, a false representation, or a false written statement regarding financial condition. For example, if a debtor intentionally fails to disclose in a loan application that he or she had other debts, and obtains credit based on that misrepresentation, that debt may not be discharged.
- Debts for luxury purchases (over \$550.00 at the writing of this memorandum) within 90 days before a Chapter 7 case is filed or cash advances (over \$825.00 at the writing of this memorandum) within 90 days before such a case is filed.

In a Chapter 7 case, a creditor trying to deny the discharge of a debt based upon fraud, a false financial statement or written representation, luxury purchases, embezzlement or larceny must take

action within 60 days of the meeting of creditors by filing an adversary proceeding against the debtor in the Bankruptcy Court (as discussed earlier in this memorandum).

Note: In a Chapter 13 case, the only debts which are non-dischargeable are those for: alimony, support and separate maintenance; restitution or a criminal fine included in a sentence for the conviction of a crime; student loans or grants; debts arising from driving under the influence of alcohol or drugs; and non-dischargeable priority claims (such as taxes). This means that after the Chapter 13 debtor has completed the repayment plan, the discharge is broader than the Chapter 7 discharge.

REAFFIRMATION OF DEBT

In a Chapter 7 case, you may be required to enter into a written agreement to "reaffirm" a debt. If you are required to, or choose to, reaffirm, you are legally obligated to pay the debt despite bankruptcy. If you reaffirm, the debt is not canceled by bankruptcy.

A reaffirmation agreement must be in writing, contain a certification by an attorney and be filed with the Bankruptcy Court before the conclusion of your case. Any other reaffirmation agreement is not valid.

Reaffirming means that you are agreeing to make payment every month and to face the consequences if you do not.

It is almost never a good idea to reaffirm a credit card debt. Reaffirming means you will pay bills that your bankruptcy would normally wipe out. That can be a high price to pay for the convenience of a credit card.

You can change your mind after you reaffirm a debt by canceling any reaffirmation agreement within sixty days after it is filed with the Bankruptcy Court. It can also be canceled at any time before your discharge is granted. No reason need be given, and once you have canceled the creditor must return any payments you made under the agreement.

DISADVANTAGES OF FILING A PERSONAL BANKRUPTCY CASE

Filing a bankruptcy case is not without disadvantages:

- The most serious is the damage it does to a credit rating. The fact that you have filed a Chapter 7 case can continue to be listed in your credit report for ten years from the date you file. (The time period for a Chapter 13 case is seven years.) This will usually mean that you may not be able to obtain credit for a substantial period of time.

- When a Chapter 7 discharge is granted, another Chapter 7 discharge cannot be obtained for eight years from the date of filing of the first Chapter 7 case.
- Any co-signers will continue to be liable even if a Chapter 7 case is filed unless they also file for similar protection. Under certain circumstances, if in a Chapter 13 case you agree to pay in full a debt with a co-signer, the co-signed creditor may be able to be prevented from pursuing the co-signer on the debt.

CREDIT LIFE AFTER BANKRUPTCY

It is important to keep in mind that filing for bankruptcy is not the "end of the story." As stated above, your bankruptcy filing may remain on your credit rating for up to 10 years. That may sound like a long time, but there are things you can do to rebuild a positive credit history. **Note:** There is no "quick fix." Companies that propose to create a "new credit history" for you or to erase accurate entries in a credit file should be avoided. In fact, if one knowingly includes false information in a credit file, that may be a violation of Federal law.

After your case is completed, if you cannot qualify for a regular credit card, you may be able to obtain a "secured credit card" (i.e., one backed by a savings or similar account). Once you obtain the card, do not use it for frivolous purchases. Use it only for essentials and, when you do, be sure to make the payments on time; that will get you started on building a positive credit rating. For a list of lenders which offer "secured credit cards" see www.kiplinger.com, and click on "Savings and Borrowing," then "Credit Cards", and then "Secured Credit Cards."

After about a year, you may be able to persuade the bank to convert your secured credit card to an unsecured one. If you have been consistent in making payments, and have been building your savings or similar account, the bank may make the switch immediately. If not, they should be able to estimate when the change could take place. In the second year, you may begin to apply for additional credit and gradually build up to a more normal status. You should only apply for one card at a time. An attempt to obtain numerous cards may be a mistake. Any applications that are rejected will be reflected in your credit file and will make it harder to get additional credit in the future.

After the first couple of years, it should get easier to obtain credit. By then, potential lenders will be able to see that you have been consistent in paying your bills. You might even be able to get an automobile loan or a home mortgage without an unusually high deposit or interest rate. The key is to remember that a lender's primary concern is being repaid. It wants to know whether your bankruptcy is a one-time event or whether it is a sign of someone who

cannot handle credit properly. The way to demonstrate that you are worthy of credit is to handle it properly.

You should also check your credit rating at least once a year to ensure that the information in your file is up-to-date. Some credit bureaus provide a free annual copy of your credit history. Credit bureaus are required to give you a free copy of your report within 60-days whenever you have been denied credit; otherwise, there will be a nominal charge. When requesting a copy, you will need to provide relevant certain personal information, including your Social Security number, date of birth and addresses for the last five years. You may reach three of the leading credit agencies as follows:

- Experian: P.O. Box 2002, Allen, TX 75013; 1-800-682-7654.
- Equifax: P.O. Box 105873, Atlanta, GA 30348; 1-800-685-1111.
- Trans Union: P.O. Box 1000, Chester, PA 19016-1000; 1-800-916-8800.

Once you receive your credit report, review it for errors and make sure that it does not show that you are indebted on accounts which were discharged in your bankruptcy case. If you find any errors, notify the agency in writing and include any backup materials, such as copies of canceled checks and your bankruptcy discharge.

NOTE: THIS MEMORANDUM IS NOT INTENDED TO GIVE SPECIFIC LEGAL ADVICE. YOUR PARTICULAR CIRCUMSTANCES SHOULD THEREFORE BE DISCUSSED WITH US BEFORE TAKING ANY ACTION BASED UPON THE STATEMENTS MADE HEREIN.

REICH REICH & REICH, P.C.
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