

BACK ON TRACK



HOW BANKRUPTCY CAN REVERSE THE FINANCIAL IMPACT OF COVID-19

YOUR GUIDE TO ELIMINATING DEBT AND RAISING
YOUR CREDIT SCORE TO 720 IN WISCONSIN

JAMES L. MILLER

Foreword By Phil Tirone Creator of the 'Get your Credit Score to 720 Program'

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OF COVID-19**

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**BY
JAMES L. MILLER, ESQ.**

Delivering Financial Solutions for thousands of Wisconsin families since 1993

MILLER & MILLER

ATTORNEYS AT LAW

**Back on Track:
How Bankruptcy Can Reverse the Financial Impact of Covid-
19.
Your guide to eliminating debt and raising your credit score
to 720 in Wisconsin.**

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Published by James L. Miller, Esq.
ISBN: 978-164970745-1

Printed in the United States of America.

Editors: Felicia Miller, James L. Miller, and Ellen Fine.
Special Contributions by Todd Miller.

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TESTIMONIALS

“I am extremely happy with Miller & Miller’s efficiency and professionalism, and I am very grateful for their comprehensive credit-building program. It is well worth anyone’s time, and it shows they really care. Their advice and the improved credit score I achieved have truly changed my life.”

—*Daniel K., Milwaukee*

“I finally feel like we have a plan and are on our way to financial freedom. Thank you so much.”

—*Jessica R., Marinette*

“The whole atmosphere of Miller & Miller gives you a sense of well-being rather than the feeling that you are less than anyone else. Financial struggles are sometimes unavoidable, but this firm helped us take control and stabilize our lives.”

—*Annette E., Mount Pleasant*

“In a difficult time, this law firm makes the process become a positive experience. From start to finish, everyone at Miller & Miller was very encouraging to me. I was never made to feel ashamed or guilty. In fact, I feel the best I have in years.”

—*Barbara O., Menomonee Falls*

“I would recommend this company to anyone. All my concerns were addressed by Attorney James Miller. He went above-and-beyond to make sure I had the absolute best customer experience.”

—*Antonio P., Milwaukee*

“Miller & Miller offers sound advice and answered all our questions in a language we could understand. They are definitely looking out for their clients’ best interests, and we highly recommend them.”

—*Kathleen W., Kenosha*

DEDICATION

This book is dedicated to the people in my life who really made it happen. To my wife, Felicia, who is always there for me. To my two daughters, Erin and Hilary, for whom I've tried to set a good example and who I love to watch grow into amazing people. To my sister, Terri, and my brother, Todd, who never fail to inspire me. And to my parents, Harley and Elaine Miller, who made all things possible.

I owe all these people the greatest debt—plus interest!

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PREFACE

Who contemplates a global pandemic? Perhaps scientists, researchers, doctors or philanthropists? I, for one, never gave it much...ok...any... consideration at all. I never thought about a virus taking over the planet in such a way that all of mankind would be affected and, the “cure” would include essentially shutting down the world economy. This is the kind of stuff movies are made of, right? Wrong! Now, it is all of our reality and the impact of the Coronavirus Pandemic has touched each and every one of our lives. Whether you or your loved ones have experienced Covid-19 or have been forced to make other life adjustments under the current circumstances, you are not alone. As we are hearing constantly these days, these are unprecedented times and we really are all in this together.

It is incredible to think how many parts of our lives have been affected or, dare I say, disrupted. Healthcare systems, educational systems, judicial systems, work environments, travel, local, national and international commerce, global markets and even the way we socialize with each other have all been affected and, in every instance, changed. Businesses, especially but not exclusively small businesses, have been hit particularly hard. The hospitality and entertainment industries, including hotels, bars, restaurants, entertainment venues, and the entertainers themselves, will sadly take years to rebound. And, even though global markets have come back a bit from the brink of complete collapse just a few months ago, there is no doubt that we will all be in for a wild financial ride for a while.

The economic disruption caused by the pandemic far exceeds the normal market swings and averages of small business failures. Tens of millions of Americans are currently unemployed and, unfortunately, those numbers are likely to climb. It is important to keep in mind that while there is a long and tough road ahead, there are things that can be done to ease some of the pain and help us all get back on our economic feet. First, remember that you did not cause this problem. None of us did. It is something that happened to us and is well beyond our control. Finger pointing is not productive and does not solve the problem. How we react to this crisis will define our futures and doing something to help ourselves will be the best medicine for both our individual and collective economic health.

So, what can be done? Taking steps to examine the problem is often scary and uncomfortable. Taking those steps is imperative to seeking solutions and implementing a recovery plan. Working with a trusted professional can ease the fear and discomfort associated with taking these necessary steps and give you peace of mind. Having someone by your side to explain options and guide you through a proven process takes the guess work out of recovery and, at a minimum, provides emotional security and stress relief.

Remember, there is no shame in seeking help. In fact, you should take pride in your desire to move your life forward. Engaging the right help is the first step. We know you have worked hard and, filing bankruptcy was NOT part of your life's plan. Neither was a global pandemic. Now that we are all here, let's find ways to help each other.

MY STORY

I love basketball. During my elementary school years in Canton, Ohio, I used to arrive each Sunday at our community center by 1:00 PM, even if my game was not to begin until 4:00 PM. The game only lasted 32 minutes, but I was more than happy to devote an entire Sunday afternoon just to be around the court. (I am sure my parents were more than thrilled to have the afternoon free!) I can still hear the dribbling of balls, the screeching of shoes on the court, and the blast of the buzzer to mark the end of quarters.

The joy the game provided to me as a young player still motivates me today. Though it's less about winning (with some exceptions!), basketball provides me an amazing outlet for stress-reduction, the opportunity to improve my fitness, and a wonderful sense of fellowship with my teammates and friends. Working through a bankruptcy is clearly not a game and has its own unique set of personal and familial challenges. But like basketball, financial independence allows a person to remove a source of high stress from their life and permits them to better focus on the needs of their family and community.

Forty years later, I am still playing basketball. Together with my family, my community, and my business, basketball has been a constant in my life. In writing a second book about bankruptcy, I see so many parallels between my passions for basketball and helping people regain financial security. Improving and “winning” in both spheres requires a commitment to improve, a good plan, deliberate action, and knowledgeable coaching.

A few years ago, I tried out for an amateur master-level team that was going to play in an international tournament. There were many very good players on the team, including some former college standouts. I didn't make the team, but the coach was very encouraging and pointed out areas where I needed to improve, including moving without the ball and finding better defensive positioning. Over the next year, I used pick-up games and my local league games to focus on those improvements areas. I tried out the

next year and was accepted by the team. I see similarities with individuals we work with in my bankruptcy practice. Once our clients are willing to tackle their financial situation, we can help them take the necessary steps to take better control of their lives.

To quote a character in a recent movie, “Hope is not a plan.” From NBA games to playground pick-up games, every team should have a plan on how they are going to win. I have played in many games where the other team had more individually talented players than we did. Our team knew that if we could play strong defense and hold the other team below 50 points, then we could score enough to win.

Similarly, my bankruptcy team works with our clients to help them reach their goals. Yes, the goal is to get rid of debt—but more importantly, the goal is to get our client’s credit score to 720. That 720 credit score empowers our clients to get credit at a fair interest rate. A 720 credit score can be the difference between a \$250 or a \$600 car payment. Just like winning a basketball game, it is important to me that we win for our clients and return them to the financial health they deserve.

Whether in basketball or personal financial management, planning without real, tangible actions will not help a person reach their goals. I have been on many teams where we had a great approach going into a game, but our players weren’t disciplined enough to stay with the plan. For example, our plan with speedy teams was to slow the ball down. But once the game started, we frequently tried to “run” with our opponents. It usually led to a predictable result: Our team lost!

I know that taking the many steps necessary to get to financial health can be challenging. But, once a plan is agreed upon with clients, we break down the process into small, doable steps, and my team does a big part of the heavy lifting to get clients closer to their goals.

An effective coach and coaching staff is critical to any winning effort. At this stage of my playing, most of my adult basketball teams don’t have coaches—and probably fewer wins because of it! Whether in sports or personal financial management, the best “coaches” understand the strengths and challenges of the people

they are working with and make the necessary adjustments. A player may be a great shooter, but doesn't play effective defense. It's up to the coach to put the player in the best position to be successful.

I use the same approach towards navigating a client through the bankruptcy process. Every person is an individual. It's up to me as the "coach" to understand their particular capacities, needs, and concerns, and work with them to achieve their financial goals. In addition, our approach always includes a team of professionals in debt relief, financial planning, and legal strategies for moving clients to financial health.

Over the years, the game of basketball has provided me a fabulous platform for focusing on personal improvement (far beyond my jump shot!), working with teammates towards a goal, and the pure joy of making a winning shot or upsetting a favored team. I have had my own set-backs on and off the court, but the key has always been to refocus and turn a negative into a positive.

I take the same approach with my clients experiencing financial challenges. They may have had a set-back, but my job is to get them quickly back in the game so they can experience all the joys that life has to offer.

Many years ago, my family's retail business—my father's pride and joy—was forced to close. I had just graduated from the University of Wisconsin-Madison and moved back home to Canton, Ohio to learn the business from my dad. Unfortunately, during this time my mother passed away, and following that, my father became very ill. At 22, I was the only one left to run the company. The business went through some hard times and ended up closing in 1988.

As part of the closing, the business went through bankruptcy. I was the company representative, and it was my responsibility to deal with creditors and the bankruptcy court and all bankruptcy issues. This was a very challenging time for me and my family. However, I developed a unique insight into the stress our clients experience and the true relief the bankruptcy laws provide. My experience with financial distress made me want to help others get through their financial difficulties. I had found my passion.

After we closed the business, I went to law school at the University of Miami and focused my studies on business law and bankruptcy. I interned for a federal bankruptcy judge, so I could develop a broader knowledge of all aspects of the bankruptcy process. I graduated from law school in 1991 and moved to Milwaukee, Wisconsin where I worked toward reaching my goal of opening my own law firm. I opened my law firm in 1994, and the focus of my firm was solely on debt relief and bankruptcy.

I take great pride in what I do. It takes more than a thorough knowledge of the law to be successful in this practice. It takes compassion and understanding. It takes hope. And it takes the ability to really understand what people are going through by the time they finally get to me:

- People who have poured their hearts into businesses that haven't been able to survive bad economic downturns.
- People who made one or two careless mistakes that turned into a hundred more just trying to fix them.
- People who became ill, lost their jobs, or got divorced.
- People who started out with good, solid plans—until life had other ones for them.

I know that everyone deserves a second chance. Life is not a straight line, and I know how to navigate the curves after what I have been through and what I have learned. My passion is to share that knowledge, and that second chance, with you.

FOREWORD BY PHILIP TIRONE

After working with hundreds of bankruptcy attorneys across America, I have not met one that is more committed to helping their clients rebuild their life after bankruptcy than James Miller, with Miller & Miller Law in Wisconsin.

When someone is contemplating bankruptcy, they are in a very vulnerable time in their life, and unfortunately, many attorneys prey on that vulnerability. I've seen bankruptcy attorneys treat their clients like dollar signs and, instead of solving their clients' problems, offer a one-size-fits all approach. James Miller is the exact opposite. His goal is to first identify the problem clients are facing, and then help them bounce back from that problem as soon as possible.

One way he does this is through our program, *7 Steps to a 720 Credit Score*. Realizing that his clients couldn't afford our credit improvement program at full price, he decided to purchase our program in bulk each month and give it to his clients as part of the service he offers. When I asked why he does this, he responded, "Because if I can help my clients get a 720 credit score in 12–24 months after their financial meltdown, then I can do my part of helping them get their life back on track."

Truly, he's one in a million.

Sincerely

Philip Tirone
Creator and Founder, 720CreditScore.com

SUMMARY

Back on Track: How Bankruptcy Can Reverse the Financial Impact of COVID-19, is Attorney Jamie Miller's third book, and is a guide to recovering from bankruptcy in Wisconsin after a pandemic.

After the success of his first two books, *The Secrets About Bankruptcy They Don't Want You To Know* and *The Truth About Bankruptcy in Wisconsin*, Attorney Miller knew his clients wanted more information about not only filing, but how to fully recover from bankruptcy. Financial concerns are very common and, given today's economic climate, more people than ever are facing some type of financial hardship. These hardships are often the result of circumstances beyond a person's control and might include a divorce, an accident, loss of employment, loss of health insurance, or loss of a business. The stress associated with these events is difficult to bear and is only compounded when bills cannot be paid and collectors or mortgage companies are threatening to take away your house or car.

You may find yourself asking, "What do I do next?"

Filing for bankruptcy often leads to a discharge of many, if not all, of your debts. This lifts a tremendous burden of stress, but the process does take a bit of commitment and determination to keep you moving towards that brighter future you deserve.

This guide will walk you through those important steps. It also goes beyond the courthouse filing and onto the next phase of your new life: solid financial ground with clean credit and the empowering knowledge of how to rebuild your good credit.

That's how the impossible becomes manageable.

The bankruptcy process is designed to provide much needed relief to honest people who find themselves in unfortunate circumstances. This book, while not in any way intended as specific legal advice, serves as a general guide by answering basic questions about the

benefits of bankruptcy, and how to move on after bankruptcy. Your financial future can be brighter. So dream, set goals, and let the steps outlined in this book help you develop your personal plan for getting there.

Let Miller & Miller show you how to reach your goals. Whether your goal is a home or a new car, we continue to be your guide and resource to move you closer to it.

Call Attorney James Miller for a completely free consultation—without any obligations—at (414) 255-3379.
We are here to help.

STEP 1: STOP THE STRESS.

Almost all people who come to our office agree that the first step to financial recovery needs to be to stop the stress being caused by the ever-growing mountain of debt. While recovery is naturally at the back of people's minds, at the forefront is a crisis: bill collectors calling, threats of repossession, threats of foreclosure, threats of garnishment, and the feeling of constantly having empty pockets even minutes after your paycheck is deposited into your account.

However you got to this point, the object now must be to make a plan to stop digging into the hole, and to start digging out. The stress you feel may be preventing you from being able to make decisions, and that is what we are here to help with in *Step 1: Stop the Stress*.

“DON'T PUT OFF UNTIL TOMORROW
WHAT YOU CAN DO TODAY.”

In more than 25 years of practice, I have yet to have a client tell me that they should have waited longer to take charge of their financial life. In fact, without exception, my clients have told me they wish they had acted sooner.

Most people fear change. Change is difficult, and when you are overwhelmed by debt and bombarded with creditor calls or the pressures of unemployment, mustering the strength to take charge of your situation seems impossible. Some people fail to take charge of their situation simply because they are fearful or do not know how or where to begin. For these and many other reasons, most people wait...and wait...and wait to do something about their financial problems. Inevitably, the longer you wait, the worse things get. The worse things get, the more stress you are under. And we all know that stress takes its toll.

An Associated Press-AOL Health Poll found that the stress and worry associated with debt contribute significantly to health problems, including ulcers or digestive tract problems, migraines, anxiety, depression, heart attacks, muscle tension, trouble concentrating, and difficulty sleeping. The impact of overwhelming debt can affect every aspect of your life.

Change requires action, and there is no time like the present. Even taking a few small steps will change your life and improve your physical and financial health. Like Thomas Jefferson said in the building and leading of America, “Don’t put off until tomorrow what you can do today”. Your new and improved financial future can begin now. All you need to do is take the first step—by simply identifying that you need help to pull yourself out of the depths of debt.

Filing for bankruptcy may or may not be your best option. The aim of this book is to help you identify your debt problems, present possible solutions, and introduce the bankruptcy process. After considering all this information, and consulting with an attorney, you will be in a better position to make informed decisions about dealing with your debt and moving toward an improved financial life.

This book should in no way be interpreted, inferred, or taken as offering legal advice. We have worked hard to ensure the accuracy of the information at the time of printing. State and federal laws, however, are constantly changing and may impact the content of these materials. This book is meant as a general guide and not as specific advice pertaining to your situation or circumstances.

Please remember, you are always welcome to contact Miller & Miller and explore your options. You can call me at (414) 255-3379 or email me at jmiller@millermillerlaw.com. You can also view our website for additional information at:

www.milwaukeebankruptcy.com.

We offer completely free, no-obligation initial consultations. We are here to answer your questions, ease your fears, and help you on your way to a brighter future.

CHAPTER I: BANKRUPTCY BASICS

This chapter will introduce the general concept of bankruptcy and discuss the benefits and consequences of filing. Let's start with the definition of bankruptcy.

What is Bankruptcy?

Bankruptcy is a process by which you can request and receive court ordered protection from collection efforts by creditors and, where provided for under the law, be relieved from certain financial obligations. When you file a bankruptcy petition with the court, you are asking the court, first and foremost, for protection from your creditors. Immediately upon the filing of a bankruptcy petition, the court will impose an automatic stay (injunction) on creditors, prohibiting them from engaging in any further collection efforts. Should creditors have grounds to continue attempting to collect the debt, the creditor must first seek the approval of the bankruptcy court.

There are several different bankruptcy protections provided for under the United States Bankruptcy Code. This book will address the two most common forms of consumer bankruptcy: Chapter 7 and Chapter 13.

Chapter 7.

Chapter 7 is the most common form of consumer bankruptcy. Its goal is the outright discharge of debt. In a Chapter 7, the goal is to protect as many assets as possible and discharge as many debts as possible. The law provides specific guidelines as to what assets may be protected and what debts may be discharged. Our clients generally will not lose assets when filing a bankruptcy. The purpose

of a bankruptcy is to get rid of debts and, in most cases, not take anything away from an honest debtor.

A Chapter 7 is most commonly used to address issues related to unsecured debt. Some examples of unsecured debt include credit card obligations, utility bills, medical bills, specific old tax debt, and general unsecured loans. Chapter 7 is a good option for someone who is under the required median income level and has exempt assets. It relieves you of unsecured obligations and gives you a fresh start.

*You are free to choose,
but you are not free from the consequences of your choice.*

Keep in mind that a fresh start is not a clean slate. Filing bankruptcy has consequences, and those consequences can adversely affect your credit for seven to ten years. This does not mean, however, that you will not obtain credit after bankruptcy. It just means that creditors can and will use the fact that you filed bankruptcy as an excuse to charge you higher interest. The truth is, having just filed, you are an excellent credit risk. Chances are that after filing, your only remaining debts would be your car and mortgage payment. The bottom line is: you keep your car, and house, and any associated debt.

A relatively straightforward Chapter 7 takes approximately 90 days from filing to discharge. The process involves assisting your attorney to prepare your petition and schedules by providing detailed information about your debts and assets, reviewing and then signing your petition and schedules under penalty of perjury, completing mandatory credit counseling, filing the petition electronically from our office, testifying at the Section 341 Meeting of Creditors, completing court-mandated debtor education and filing the certificate of completion with the court and, finally, receiving your discharge notice from the court.

Not all debts are dischargeable in a Chapter 7. The law is very specific in this regard. Most commonly, non-dischargeable debts include but are not limited to: penalties and/or forfeitures imposed

by a court, certain types of tax debt, spousal and child support obligations, parking tickets, and student loans.

The law is also very specific about what assets may be protected, and in what amounts. Where applicable, these assets are considered exempt from creditors, and you are allowed to keep them. This is where a good bankruptcy attorney can be of great benefit. To protect as many assets as possible, it is important to know the law and know how to maximize the application of exemptions.

Chapter 13.

Chapter 13 is an income-based debt consolidation and repayment plan which, just like a Chapter 7, provides for court-ordered protection from creditors. Chapter 13 allows for retention of assets and offers a plan for repaying debts over a period of three to five years. A Chapter 13 is typically used when you are behind on mortgage payments or a car loan and would like to keep your house or car.

There are other circumstances where the filing of a Chapter 13 would be more appropriate than the filing of a Chapter 7. Sometimes, you might not be able to adequately protect your assets in a Chapter 7, but would be able to retain the assets and work out a payment plan in a Chapter 13. In other cases, you might be in a position to pay only a small percentage of unsecured debt, while paying off the secured debt in full. When the payment plan is completed, the remaining balance of unsecured debt would be discharged. Whether or not you qualify to repay your unsecured debt at a reduced percentage depends on your income and assets. As every case is different, your attorney will be able to evaluate your situation and formulate a successful plan just for you.

Not everyone qualifies for a Chapter 13. There are certain parameters under which the debt must fall to qualify for eligibility. For example, unsecured debt must be below \$360,475, and secured debt must be lower than \$1,081,400.

Additionally, to file a Chapter 13 you must be employed or have enough regular and consistent income to support payments under the plan. It is important to remember that when you are behind on

a mortgage, for example, the amount you are behind is run through the repayment plan to prevent a foreclosure. You therefore must have sufficient income to make the plan payments and make your regular monthly mortgage payment going forward.

How is this possible? When unsecured debt is being repaid at a fraction of what is owed, presumably some of that money is now free to apply to the mortgage. It may also be the circumstances that caused you to fall behind were temporary, and you are now in a position to make the payments to catch up. Finally, you are allowed 60 months in many cases to make up the missed payments. Outside of bankruptcy, your mortgage company may want to add increments of your missed payments onto your regular monthly mortgage payments and only allow you one year to make up the missed amount.

The proposed Chapter 13 Plan must be filed with the bankruptcy petition or within 14 days of the filing of an emergency petition. A copy or summary of the plan is then mailed to all creditors. Depending on the results of the Means Test and the unique facts and circumstances of each case, payments to unsecured creditors may range from nothing being paid to unsecured creditors to 100% payment to all creditors over three to five years. Factors that shape your Chapter 13 plan will be discussed further in this book.

The Chapter 13 Plan must provide payments of at least as much as unsecured creditors would have received had you filed a Chapter 7. The Plan may also require the payment of unsecured creditors from the debtor's "disposable income" as calculated by the Means Test.

Any priority claim (taxes, tickets, fines, child support obligations, and other generally non-dischargeable debts) must be paid in full and include a plan for paying secured debts during the plan term. Long-term debts, like a mortgage payment or student loans, do not need to be paid off during the plan term, but the plan may provide for the cure of a defaulted note.

The Chapter 13 Plan operates like a consolidation loan. Most often, Plan payments are made directly to the Chapter 13 Trustee through a voluntary wage assignment. While the Chapter 13 Plan may not be confirmed by the bankruptcy court until later, the first

payment is due 30 days after the case is filed. If no payment is made, the Chapter 13 Trustee will file a motion to dismiss the case for failure to commence payments. Therefore, although there is no requirement to do so, it is strongly advised that you execute a voluntary wage assignment to pay the Chapter 13 Trustee at the time your petition is filed.

No later than 45 days after the 341 Meeting of Creditors, the bankruptcy judge holds a confirmation hearing to decide whether the Plan is feasible and meets the standards for confirmation as described in the U.S. Bankruptcy Code. Creditors receive notice of the hearing and may object to the confirmation. To receive payments from the Chapter 13 Trustee, the creditor must file a Proof of Claim with the court within 90 days after the first date set for the Meeting of Creditors. The government has 180 days from the date the case is filed to file a Proof of Claim. Failure of a required creditor to file a Proof of Claim may result in the creditor not being paid.

Once the Chapter 13 Plan is confirmed, it binds all the parties to the terms of the Plan. Since your financial situation might change during the time period of the Chapter 13, a Plan may be modified when necessary by order of the court.

Bankruptcy Trustees and the Section 341 Meeting of Creditors.

When you file your petition and schedules with the court, your case will be assigned to a Trustee. The role of the Trustee is to examine your petition and determine whether you have any non-exempt assets for distribution to creditors. A vast majority of Chapter 7 cases are considered no-asset cases. These are situations where your case does not have any non-exempt property for distribution to creditors. In a case where there may be assets, your attorney will advise you of all the potential risks of filing, what assets you might lose as a result, and what—if any—negotiated settlement might be possible. Your attorney might also advise you to file a different type a bankruptcy, most likely a Chapter 13.

The law requires that you appear at the court hearing. This hearing is referred to as the 341 Meeting. It is a legal proceeding

where you—under oath and under penalty of perjury—are examined by the Trustee. The purpose of the hearing is to make certain you have made a full and honest disclosure of all your debts and all your assets. The Trustee is looking to make sure that you are not committing any type of fraud, that you are entitled to relief under the U.S. Bankruptcy Code, and that assets are properly exempted from or subject to distribution.

While creditors are notified of the hearing and allowed to attend and ask you questions, the hearing is typically very straightforward, and creditors are not given much opportunity to ask questions. If a creditor files an objection to your discharge, the creditor can ask that they be given an additional opportunity to examine your situation in greater detail. In a typical no-asset Chapter 7, creditors rarely appear at the 341 Meeting.

The hearing is not threatening, and your attorney will prepare you in advance as to what to expect. Keep in mind that your attorney will be sitting with you at the hearing, and you will be answering, in most cases, the same questions you already answered when you and your attorney filed the case. On occasion, petitions and schedules need to be amended to match with testimony given at the hearing. This usually occurs where something was inadvertently excluded from the original paperwork.

That being said, it is very important to remember that both the paperwork submitted to the court and the testimony given at the hearing are under oath and under penalty of perjury. ANY fraud will not only result in dismissal of the bankruptcy case, but is likely to land you in far greater legal trouble.

The Trustee may have specific questions regarding assets, income, expenses, debts, or transactions. The Trustee may require certain information or documents be presented either before or at the meeting. These documents include bank statements, pay stubs, tax returns, vehicle titles, and land ownership and debt documents. Most of this information should already be in your attorney's possession. You are also required to provide proof of identity, including a government-issued photo ID (such as your driver's license) along with your social security card.

The Means Test.

A basic understanding of the Means Test is fundamental for our discussion of Chapter 7 and Chapter 13 bankruptcy. The Means Test is used to determine whether you are eligible for outright debt relief (Chapter 7) or if you have enough funds to repay a portion of the debt (Chapter 13). If your income is higher than considerable portions of the debt, the law will not permit the misuse of Chapter 7 or Chapter 13 bankruptcy to relieve obligations you have the means to repay. If your income is lower than the state's median income, the Means Test will not apply.

It is important to note that income calculated according to the Bankruptcy Code can be higher or lower than your income at the time the bankruptcy is filed. In addition, the Means Test will not be valid if what is owed is not characterized as consumer debt.

The Means Test actually includes two tests. The first test establishes whether your current income is lower than the state's median income with regard to your family size. You can easily read about current median income figures for your state at the official website of the U.S. Trustee:

<https://www.justice.gov/ust/means-testing>

If your income is found to be lower than the state median, then you are eligible to file for Chapter 7 without taking the complete Means Test. If your family income is higher than the median income, you will need to complete the Means Test worksheet. Once the worksheet is completed, the calculations will determine whether or not you have enough income to repay your unsecured debt—and in what amount.

In the end, you should remember that you may still be eligible for Chapter 7 relief even if you have substantial income. For instance, your secured debts (which are considerations in the Means Test) may be so high that you do not have any resources left to pay back your unsecured debts.

It is also important to know that you can be declared bankrupt even when your family income is higher than the state's median. It is advisable to take the Means Test to best determine which type of bankruptcy is right for you.

While this overview highlights the basic concepts and procedures associated with Chapter 7 and Chapter 13, it is important to keep in mind that every case is different, and it is advisable to consult with an experienced bankruptcy attorney before filing. At Miller & Miller, we offer a completely free, no-obligation initial consultation. This gives you the opportunity to consult with an attorney and make informed decisions about what course of action is best for you and your family.

Objections to Filing Bankruptcy.

There are some situations in which a creditor might object to the discharge of a debt. The objection must be based on certain legal criteria and must be timely filed. Typically, an objection is based on an allegation of fraud. For a creditor to prevail, they must prove the truth of the allegation within 60 days of the 341 Meeting. If the creditor does not prevail or is not timely in filing the objection, the debt will be discharged. There are some debts, such as child support and student loans, that will survive the bankruptcy even if they are not formally objected to by the creditor.

Bankruptcy as a Consequence of Divorce.

In addition to being emotionally trying, divorce can be legally complex and have serious financial consequences. In fact, many bankruptcy filings are a direct consequence of divorce. A divorce settlement might make one spouse or the other financially responsible for certain obligations. If one spouse cannot make the required payments, the creditor is likely to look to the other spouse for payment—even if the parties are divorced. This can be especially problematic if you were not anticipating having to pay that debt and do not have the financial wherewithal to do so.

If you have not yet completed your divorce proceeding, it is often to your advantage to file a joint bankruptcy with your spouse. In eliminating much of your joint debt prior to getting divorced, you avoid having to divide responsibility for certain obligations, and you reduce your exposure after the divorce to pay for something that you

did not agree to in the divorce proceeding. Keep in mind that your creditors are not parties to your divorce and are not bound by agreements made between spouses. A creditor will not think twice about pursuing you for a debt that your spouse accepted responsibility for during the divorce.

A good bankruptcy lawyer will consult with you to determine whether you should get divorced before filing bankruptcy or file bankruptcy before you get divorced. There are several important strategies that will be discussed to help answer this very important question.

The Consequences of Declaring Bankruptcy.

The principal purpose of the U.S. Bankruptcy Code is to resolve debt issues in a way that helps debtors relieve their financial burdens while, where possible, repaying substantial amounts back to the creditors. In this way, bankruptcy also works in favor of the greater economy.

Once a debtor is declared bankrupt, they will be protected by law against any advances by creditors to collect debts. This does not mean, however, that the bankruptcy petitioner is released from *all* debts. Nor does it mean that declaring bankruptcy is without consequences.

Sometimes, people who have a bankruptcy on their credit report may have difficulty finding a job or getting a loan. Section 525 of the U.S. Bankruptcy Code forbids discrimination on the basis of insolvency, but employers have the right to inquire as to an applicant's financial stability, and banks can and will use a record of bankruptcy as an excuse to charge higher interest rates on new loans. In this regard, it is always important to keep in mind that filing bankruptcy provides a fresh start, but not a clean slate.

While the fact that you filed for bankruptcy can remain on your credit record for up to 10 years, the truth is that you are a far better credit risk after filing. Any financial obligations that you incur after filing are categorized as post-petition debt. As you cannot file another Chapter 7 for eight years or another Chapter 13 for four years, you are stuck with your post-petition obligations. It is also

important to remember that after filing you should have relatively little debt. You should therefore be in a position to take on small amounts of debt. Consistently repaying small amounts of post-petition debt is a good way to rebuild your credit after bankruptcy. This idea is explored later in this guide under *Step 3: Rebuild Your Credit and Future*.

CHAPTER II: FREQUENTLY ASKED QUESTIONS

The old saying that “Knowledge is Power” is certainly true when it comes to filing bankruptcy. Many people fear filing because they are convinced that they will lose everything and be embarrassed publicly. There are many myths and misconceptions that may keep you from considering bankruptcy as an option for dealing with your debts. Over the years, we have found that answering the following commonly asked questions helps dispel many of the myths and misconceptions that may keep you from filing for bankruptcy, and it can help you make the decision to take charge of your financial future.

Don't fear moving slowly forward. Fear standing still.

Is There a Minimum Amount of Debt Required to File Bankruptcy?

No. The reality is that there is no debt threshold you must meet to file bankruptcy. This applies for bankruptcy Chapters 7, 11, 12, and 13. The confusion that led to this widespread myth results from the fact that you do have *upper* limits. However, maximum debt limits are also restricted to Chapters 12 and 13, whereas Chapters 7 and 11 do not have an upper limit for debt.

Will I Lose My House or Car After Filing for Bankruptcy?

No. The reality is that a lot of people file for bankruptcy for the very purpose of saving their home from foreclosure or their vehicle from repossession. This is especially true for Chapter 13 bankruptcy. In a Chapter 7, you may have the option to keep your house, provided that you are current on your mortgage at the time you file and are in a position to keep making payments on time. The same is true for

a car note. In a Chapter 7, if you are current on your car payments and want to keep your car, you may have that option—as long as you agree to continue your payments and, in effect, exclude the car from the bankruptcy. Should you fall behind on your payments after filing, however, the bank can pursue you for foreclosure on your house or repossession of your car just as if you had not filed bankruptcy in the first place. Should you choose, you may surrender your house or car to the bank and discharge any balance owed. In other words, you could choose to give up the property and rid yourself of the financial obligation.

In terms of Chapter 13, an “arrearage” can be worked into your repayment plan. This gives you the option to maintain the property (house or car) and continue making regular monthly payments. This is technically called a *reaffirmation of debt*. When developing a Chapter 13 Plan, the creditor may agree to value the property at what it is actually worth, as opposed to what is owed. Your attorney can help with these valuations and negotiations with your creditors. It is important to create a Plan that is truly realistic and workable. It is not in your best interest to agree to a Plan that you cannot complete. If you find you are unable to make the Plan payments, you may need to convert your case to a Chapter 7 and surrender certain property. Should you fail to convert your case and fail to make payments in accordance with the Plan, your case will be dismissed, the automatic stay will be lifted, and your creditors will be able to pursue you for collection.

Will I Be Able to Keep Any Assets Including Retirement Accounts?

Yes. The law provides for you to exempt a good portion of your personal property from distribution to creditors. This includes retirement accounts and other items of value or sentiment. While these exemptions are not without some limitations, a good bankruptcy attorney will be able to apply the exemptions in such a way as to protect as many of your assets as possible. In situations where you have non-exempt assets which may be subject to distribution, your attorney will advise you as to your exposure and

assist in negotiating a settlement. The purpose of the law is not to impoverish an honest debtor. The purpose of the law is to deal fairly with creditors and to give honest debtors an opportunity for a fresh start.

Are Taxes Dischargeable in Bankruptcy?

While you do have to pay certain tax debts, you can discharge *some* taxes—albeit under special circumstances. The law is very specific about what kind of taxes may be discharged. The law is also very specific about the time period during which the tax debt was incurred for it to be eligible for discharge. As tax debt can be complicated, the best course of action is to consult with an attorney to see whether or not the debt is dischargeable.

Are Medical Bills Dischargeable in Bankruptcy?

Yes. In fact, medical bills are often the primary reason that people are forced to file for bankruptcy. Millions of Americans find themselves under a huge cloud of medical debt. A recent Harvard study showed that 62% of bankruptcies filed in 2015 were related in some way to medical debt. Despite the Affordable Care Act, thousands of Americans continue to seek bankruptcy relief because of their inability to pay medical bill obligations.

Are All My Debts Eliminated in Bankruptcy?

It depends. While the bankruptcy laws have been devised to help you resolve financial issues, not all debts are dischargeable in bankruptcy. Some non-dischargeable debts include, but are not limited to: debts incurred through fraud, penalties and/or forfeitures imposed by a court, certain types of tax debt, parking tickets, spousal and child support obligations, student loans, and amounts owed for car accidents caused by drunk driving.

Can I Add Creditors to My Bankruptcy Schedules After the Case has been Filed?

Where a creditor is inadvertently omitted from the list filed with the court, that creditor may be added prior to the date of discharge. The debt, however must have been incurred prior to filing your case. You may have to pay additional attorney fees and court filing fees to amend your original paperwork. Typically, a good bankruptcy attorney will do everything possible to make certain that you have included ALL your debts in the original filing. In the unlikely event that you need to add a creditor after your case has been discharged, you will, upon a showing of good cause, have an opportunity to add the debt that was left off your bankruptcy.

Again, much is done to ensure that needing to add creditors after the fact is the exception and not the rule. This is yet another very good reason to hire a capable, careful, attentive law firm. There is no reason to pay the extra fees and endure the extra stress that a hastily-filed petition can bring.

Can I Obtain Credit After Filing for Bankruptcy?

Yes. In fact, you are a very good credit risk after having filed. Exactly how and with whom you should establish credit after bankruptcy is one of the topics explored in *Step 3: Rebuild Your Credit and Future*.

Can I Pick and Choose Which Creditors to File Bankruptcy Against?

No. You must list ALL your creditors on the bankruptcy filings. Failure to list a debt could result in denial of your bankruptcy discharge. There are several different ways that a debt may survive the bankruptcy. As previously discussed, some debts are non-dischargeable under the law.

A debt which you volunteer to repay by executing a reaffirmation agreement with the creditor will also survive the bankruptcy. Sometimes you might want to continue to pay a debt in an effort to save a professional or personal relationship. While this may be

admirable, it may or may not be in your best financial interest. It is advisable to consult with your attorney for the best course of action.

How Often Can I File Bankruptcy?

An individual can file a Chapter 7 bankruptcy every eight years. An individual who has received a Chapter 7 discharge may qualify for a Chapter 13 discharge after four years. A person who receives a Chapter 13 discharge is eligible for another Chapter 13 discharge after two years, and a Chapter 7 after six years of the original Chapter 13 filing date. This question can get complicated, and we always suggest discussing your specific situation with your lawyer to see what option is best for you.

Does My Spouse Need to File with Me?

No. While filing jointly is often advisable, it may not be necessary or in the couple's best financial interest. In cases in Wisconsin where one spouse files for bankruptcy and the other does not, the non-filing spouse may receive a "phantom" or "hypothetical" discharge. The idea of a phantom discharge is the protection of community property which is jointly owned by a petitioner and a non-filing spouse.

Will Everyone Know I Filed for Bankruptcy?

No. Although a bankruptcy filing is public, the truth is that no one will know that you filed for bankruptcy unless they make it their business to go digging in the public court records, they are a creditor who receives a notice of the filing, they get a copy of your credit report, or you tell them that you filed.

In rare instances, a bankruptcy filing will become public when the person filing is a public figure, the business filing has a large number of employees, or there are circumstances or issues of public interest related to the filing. In these rare instances, a local newspaper may report on the case. Again, this is the exception, and is not an issue in the vast majority of filings.

Will I Be Discriminated Against Because I Filed for Bankruptcy?

In terms of employment, it is against the law to be discriminated against because you filed for bankruptcy. No employer—public or private—can terminate your employment or reject your application because you filed for bankruptcy, were declared insolvent before or during a bankruptcy proceeding, or did not repay a debt that was discharged in bankruptcy.

Will I Lose My Inheritance as a Result of Filing for Bankruptcy?

The short answer is, it depends. If you become heir to an estate within the 180 days of filing for bankruptcy, the inheritance becomes part of the bankruptcy and, unless covered by specific exemptions, will be eligible for distribution to creditors. An experienced and skilled attorney can use the law to preserve as much of the inheritance as possible.

What Happens to My Tax Refunds?

In a Chapter 7, it is possible to exempt tax refunds—provided there is enough room under the exemption cap. Refunds over and above what would be allowed in a particular case would be subject to distribution to creditors. In the majority of Chapter 13s, half of any annual tax refund would be paid to the Trustee for distribution to creditors during the term of the repayment plan.

Does Filing for Bankruptcy Keep My Utilities from Being Disconnected?

Yes. In situations where you might be behind on your utility payments, the filing of a bankruptcy will stop utility disconnection. In many cases, filing bankruptcy will get you reconnected if your utilities were disconnected prior to filing.

What Happens to My Student Loan Debt?

Student loan debt generally survives a bankruptcy unless the court grants what is known as a Hardship Discharge. This type of discharge is rarely granted and requires that you specifically ask the court to make a determination that you would not be able to maintain a minimal standard of living for you and your family in the event the debt survives the bankruptcy. This is a difficult burden, and there are many factors the court will consider in evaluating the case.

CHAPTER III: PREPARING FOR BANKRUPTCY

What you do today can improve all your tomorrows.

Assess Your Financial Situation.

Prior to filing bankruptcy, it is important to determine whether bankruptcy is right for you. A good attorney can be of great help in this regard. Everyone's financial situation is different, and there is much to consider before making the decision to file bankruptcy. One of the first things to determine is what assets and debts you have. Valuing both can be somewhat tricky depending on the item.

Collecting your mail is a great first step in gathering information on asset and debt valuation. While facing bills is never fun, you must keep in mind that knowledge is power. Once you open your mail and see who and what you owe, you are armed with much of the information necessary for filing bankruptcy. You need to collect information on assets and debts to present a complete financial picture to the court. Bank statements, pay stubs, property tax bills, and tax returns can be very valuable in this regard.

Bottom line: Don't be afraid to open the mail!

Assets. Tax bills or appraisals can help in valuing real estate. Some assets like stocks, bonds, 401(k), and other retirement or savings accounts have an established cash value. Car valuations are also relatively straightforward based on the make, model, year, mileage, and condition of the vehicle. Other personal items such as furniture, clothing, household goods, or collectibles might be more difficult to value.

Keep in mind we are not talking about replacement value, but rather the value of these items if they were sold at a rummage sale. The court will want to know the used value of your assets.

Problems can arise when people either overvalue or undervalue assets. With the help of the Internet and our office staff, you can easily estimate the value of your assets. You can visit websites like eBay and Craigslist—which are widely used for buying and selling personal items—to get an approximate valuation of your belongings.

Debts. When filing for bankruptcy, it is important to know how much you owe and to whom you owe it. How much you owe has relevance when you are preparing a budget or calculating family income.

You must list *all* your debts when filing bankruptcy. You cannot pick and choose which debts to list. The law requires that ALL your debts be listed on your bankruptcy schedules. To figure out what you owe, we always suggest collecting all your bills that you receive in the mail or online. Over the course of a month, you should receive mail or emails from most of your creditors. Credit reports might not be accurate and might not show your most recent debts or debt balances. Credit reports are useful, and we will not file your case until we have obtained a complete credit report history.

An accurate listing of what you owe is very important and will help successfully relieve you of your obligations. This may seem like a lot of work, but it is well worth your time. Being thorough will benefit you. Only *you* know who you owe, and it is critical to know what you owe prior to filing your case. It can be very costly to discover that a debt was not included in your case after the court has issued a discharge order. Within a certain time frame, forgotten creditors may be added, but this comes at an additional cost in terms of both attorney and court fees.

Income. It is important that you keep track of everything you earn, be it salary, wages, social security, and even tips. You are required to calculate and report ALL your income for the six months prior to filing for bankruptcy. Your payroll department will generally be a great resource to help you obtain this information.

Expenses. An accounting of what you spend will be covered in your monthly budget. However, many people have difficulty estimating

monthly expenses. Utility bills, for example, are not consistent throughout the year, and they can affect your calculations. For maximum accuracy, estimate an average cost.

There are some expenses that people often overlook when itemizing their expenses. For example, food, clothing, and car repairs are not fixed expenses, but they still need to be estimated. Other expenses may include eating out, purchasing gifts, renting DVDs or other entertainment, charitable contributions, and other expenses that may be hard to predict. If some or all of these expenses are part of your regular monthly spending, they have to be recorded in your estimations. Your attorney can help in these calculations based on information you provide.

Credit Reports. Equifax, Experian, and TransUnion are the three credit reporting agencies from which we will request credit reports on your behalf. If you desire to gather this information on your own, you can visit www.annualcreditreport.com to get your free credit report from the three credit reporting agencies.

Finally, when collecting information, please be mindful that for each creditor, you will need to provide the correct address, account number, and approximate balance owed. Accurate information is important. The law requires that the court send notices to your creditors regarding your bankruptcy filing. Failure to provide good information at the outset can cause unnecessary complications for your case down the road.

Consult with a Bankruptcy Attorney.

Times are hard, especially for owners of small businesses, and for consumers who are marred by the dual attack of rising medical costs and loss of jobs. While many have struggled to keep all their creditors at bay for as long as possible, it may be that it is time to make the difficult decision to file bankruptcy. Making sure that you get the best advice in deciding whether to file and during the process is absolutely imperative.

For most people, filing bankruptcy is the last resort. You should weigh all the alternatives to filing, as well as the consequences of filing, before going forward with a bankruptcy. The best way to gather information specific to your personal situation is to sit down with an attorney who is an expert in the field. The bankruptcy laws can be complicated, and it is important that you understand what relief the law will and will not provide. The advice and guidance of an attorney to help you navigate the process and understand the benefits and consequences of filing a bankruptcy is enormously important.

While you do not need an attorney to file a bankruptcy, going through the process on your own is generally not a good idea. Having professional help is always beneficial, especially when your possessions and livelihood are at stake. The paperwork and information required by the court can be complicated, and a good lawyer can explain what is required, complete the necessary steps, and ensure all the details are in order. Filing without the benefit of competent legal counsel can often lead to unnecessary complications and errors that could have been prevented. Hiring an attorney who listens to you and fully explains the requirements gives you valuable support and guidance during bankruptcy, and reduces your stress.

Keep Your Tax Records Updated.

If you decide to file bankruptcy, filing tax returns beforehand is necessary. The law requires that you file your tax returns for the four years prior to filing. Do your best to stay current on your tax payments and tax filings, but understand that your bankruptcy may help you get caught up on tax debt or get rid of your tax liability altogether. The laws in this area can be confusing. Your attorney can advise you accordingly.

The attorneys at Miller & Miller have good working relationships with several area accountants and tax preparers. If you are having difficulty completing your taxes, please bring that up at your free consultation, and we may refer you to a professional that can assist

with getting your taxes filed. If you simply need copies of previously filed taxes, we can help with that, too.

Avoid Transfer or Sale of Your Personal Property or Real Estate.

Many people find themselves in a mess when they try to sell their property to bring in some cash just prior to filing for bankruptcy. This is especially true when seeking relief under Chapter 7 of the U.S. Bankruptcy Code. Before you attempt to sell property or allow someone else to become the owner of your property, even temporarily, you should absolutely consult with a competent bankruptcy attorney. What may be innocent planning outside a bankruptcy may be viewed as fraudulent in the light of a later bankruptcy filing.

Do Not Pay Unsecured Debts.

Unsecured debts—debts for which there is no collateral—should not be paid just prior to or during the term of your bankruptcy. The goal of a Chapter 7 bankruptcy filing is to discharge as much unsecured debt as possible. Therefore, it may not make sense to continue payments on debts like credit card bills, medical bills, unpaid utility balances, and personal loans. This is advice that is given with the utmost caution, as a debtor who fails to make these payments and fails to file bankruptcy is setting themselves up to be sued by creditors.

If you choose not to make payments on unsecured debts, it is important that you promptly file your bankruptcy. The filing of a bankruptcy will stay any further collection efforts of creditors and allow you to complete the bankruptcy process, ultimately discharging the debts altogether.

However, you should also note that there are some unsecured debts which will not be discharged by your bankruptcy filing. Examples of non-dischargeable debts include some taxes, loans induced by fraud, student loans, family support, child support, tickets, fines, citations, restitution, and other debts that may involve

the government. You may still have to pay these types of debt. Sometimes, payment plans with the IRS or student loan companies can be negotiated. This is when it is especially important to have the best legal representation.

Another area of concern involves debt incurred within 90 days prior to filing your petition. Such debts may not be dischargeable since they were incurred in such close proximity to your bankruptcy filing. The law presumes that, within that time frame, you knew or should have known that you were not in a position to repay the debt and, therefore, you may be responsible for having to repay it. There are many other intricacies of the law that may or may not pertain to your particular case. Again, that is why hiring the right lawyer is so vitally important.

Continue Payments on Assets to be Retained.

If you want to keep your car, home, timeshare, or motorcycle even after filing bankruptcy, you must continue paying on these obligations.

Obtain Credit Information.

Sometimes people do not know how much they owe. Some are not even completely clear about to whom they owe money. However, when it comes to bankruptcy, you need to provide as much information as possible about what you owe and to whom you owe it. That means gathering all your financial data.

As noted earlier, we will obtain your credit reports for you. Your credit reports will accurately list your debts, and they are absolutely critical in preparing accurate bankruptcy schedules for the court.

While we can help you collect some of the necessary information, it is still extremely important that you do all that you can to supply a complete picture of your assets and debts to your attorney. You may have some bills at home that do not yet appear on the credit reports. Details are important in the bankruptcy process and, in this situation, the more detail the better. We will

work with you to make sure that your bankruptcy contains a complete listing of all your debts, assets, and liabilities.

Examine Your Income and Expenses.

In taking a good, hard look at your spending, you may be able to see the problems that have led to your bankruptcy. Sometimes, the loss of employment or an illness may trigger events that lead to bankruptcy. No matter the reason, we will ask that you provide us with a complete and accurate list of all your income and expenses.

Do Not Make Premature Withdrawals.

When you file a bankruptcy, many of your assets—such as your retirement savings—will be exempt or protected. Many people mistakenly withdraw money from their 401(k) or spend all their money to pay off debts prior to filing their case. This is generally a bad idea, because you are still in a position to file bankruptcy and rid yourself of the debt without depleting your assets. In assessing your complete financial situation, your attorney will help you to determine the likelihood of successfully declaring bankruptcy before spending from your retirement fund or borrowing against it.

Declare Income from Self-Employment.

Another necessary procedure is accounting for income from self-employment or from 1099 Miscellaneous income. This also falls under the Means Test that calculates your income for the six-month period prior to filing. The test is used to determine whether or not you have sufficient earnings to pay your creditors in a Chapter 13.

Avoid Illegal Practices.

Fraud tarnishes your legal standing. One of the most common “shortcuts” many claimants take is transferring money or other assets away from themselves—most likely to family members or friends. These types of transfers are presumed fraudulent within a

certain period of time of the filing of a bankruptcy and may serve as a basis for creditors or the court to object to your bankruptcy discharge.

It is understood that you are in a tough financial position. But even in such times, honesty is the best policy. Be fully transparent about your debts, assets, and current income—especially to your attorney. Remember: We are on your side! The bankruptcy Trustee and the court will thoroughly scrutinize your file, and any traces of dishonesty will prove extremely problematic.

Stop Using Your Credit Cards.

You should not use your credit cards if you are planning to file bankruptcy in the near future. Such usage includes taking cash advances and making regular charges. If credit card debt was incurred within the 90 days prior to filing your petition, it is presumed that you knew or should have known that you were not in a position to repay these debts, and those debts may not be discharged.

If it is found that you went on a spending spree and incurred credit card debt just prior to filing bankruptcy with the intention of discharging the debt, the court will consider this fraud, and you can be charged with a crime.

Avoid Preference Payments.

In bankruptcy, there is a term known as the “Preference Doctrine”. The Bankruptcy Code permits a trustee to recover payments made to friends or relatives shortly before the bankruptcy filing. This can also include payments to other general unsecured creditors. The purpose of the Preference Doctrine is to keep a level playing field for all creditors. It is inherently unfair for certain creditors to be preferred over others. The doctrine also keeps creditors from taking advantage of you during a stressful and vulnerable time.

Avoid Debt Consolidation Companies and Payday Lenders.

Debt consolidation plans can help you out of an economic crunch. However, once you have decided to file bankruptcy, there is no point in signing up for debt-relief programs. Bankruptcy will relieve most of your debt obligation, so signing up with a debt consolidation company will unnecessarily cost you valuable time and money.

The same is true for payday loans. These may appear to be an attractive option, but debt from payday loans in limited situations may not be discharged in bankruptcy. The best practice is to simply avoid taking a payday loan in the first place. Remember: Whatever it is you are attempting to pay may be a debt that is discharged when you file bankruptcy! Again, talking to a competent attorney is crucial prior to filing a case.

Finally, also avoid taking a home equity loan to pay off your credit cards or other unsecured debts. Most of your unsecured obligations are likely to be dischargeable in bankruptcy.

Complete Credit Counseling and Debtor Education.

When you file for bankruptcy, you are required to complete courses in both credit counseling and debtor education. These are relatively easy to complete, cost very little, and may be taken online or over the phone. Once completed, the course will issue a certificate which will be filed with the court. Your bankruptcy cannot be filed until the first part of the course is completed.

After filing and before you get your discharge, you must complete a second course in debtor education. The court cannot issue a discharge order unless the debtor education course has been completed and a certificate of completion is filed. While you will need to take the credit counseling and debtor education courses, our firm will file those certificates with the court on your behalf.

CHAPTER IV: ALTERNATIVES TO BANKRUPTCY

Tough times don't last, tough people do.

As bankruptcy is typically a last resort, it is important to consider whether there are appropriate and effective non-bankruptcy options. We highly recommended that you prepare budgets and assess your financial position thoroughly before making any decisions regarding bankruptcy. You may, in fact, not even need a bankruptcy and can resolve your debt issues through managing expenses and generating extra income.

In some cases, financial issues can be resolved through debt negotiation. There are also certain circumstances which might require some pre-bankruptcy planning. To legally preserve your assets, it is important to consult with a bankruptcy attorney who can advise you before, during, and after your case is filed. An experienced attorney can help you determine the best course of action for your particular situation.

In this chapter, we will discuss the most common alternatives to bankruptcy.

Ignoring Debts.

More often than not, when people fail to make their payments on time, they respond with general denial. This “do nothing” approach is natural, as debt is usually a result of a loss of employment, divorce, or a significant health condition. In these situations, it is stressful enough to deal with the circumstances causing you to fall behind on your financial obligations, much less having to deal with creditors, too.

Ignoring your debts can have serious consequences. Credit card companies can raise your balance as well as set a default interest

rate, which is higher than the regular rate you were previously paying. Additionally, failing to make credit card payments negatively affects your credit score.

Many creditors are very aggressive in their attempts to collect a debt and can hound a debtor with phone calls and letters. Sometimes creditors even call family members, friends, and employers. There are certain laws to keep creditors from harassing debtors, but these calls and letters are never welcome and are almost always unpleasant.

When a creditor's request for payment goes unanswered, they often refer the debt to a third-party collection agency or attorney. This often leads to lawsuits and can result in enforceable judgments against the debtor. Creditors can take many steps to enforce judgments: putting liens on your property, seizing your property (for example, repossessing a car or forcing you to move from your home), and garnishing your wages—just to name a few.

The bottom line: Do not ignore your debts.

Debt Consolidation.

Debt consolidation is a growing industry, but its effectiveness has been the subject of much controversy. Not all creditors participate; and the payments arranged with those creditors that *do* participate can be very high. If all your unsecured creditors do not participate, you still have unsecured debt to deal with over and above the consolidated monthly payment. Additionally, these consolidation plans typically do not cover secured debts, tax liability, student loans, or payday loans.

When weighing debt consolidation as an alternative to bankruptcy, it is important to remember that even though you are attempting repayment, participation in these programs will still negatively impact your credit rating, and failure to complete the proposed plan will result in the reinstatement of all interest and penalties, as if you took no action in the first place.

Debt Negotiation.

Debt Negotiation is the process whereby an attorney negotiates a client's debt to a payoff balance less than the original amount owed, which is acceptable to the client and their creditor. During the debt negotiation process, your lawyer can stop you from receiving harassing phone calls at home and at work, and deal with your creditors on your behalf.

Beware of debt negotiation companies that guarantee huge reductions in your debt and want you to pay them directly instead of your creditors. Most of the time, you are paying these companies service and representation fees in installment payments over several months and not paying down your debt.

While debt negotiation is not for everyone and often is not worth the stress, there are some situations where it can be extremely beneficial. Miller & Miller has had great success, for example, in the area of student loan debt negotiation, especially where private student loans are concerned. Student loans are not dischargeable in bankruptcy, except in rare cases. But that doesn't mean you are stuck with a garnishment or creditor harassment forever. Because Miller & Miller is concerned with your complete financial recovery, we have trained our lawyers and staff to deal with non-dischargeable as well as dischargeable debt. Government student loan programs, as well as negotiation strategies with private lenders, are additional areas of expertise at Miller & Miller.

Renegotiating debts without the assistance of a qualified debt negotiation lawyer, however, is a risky venture. The possible downsides range from simply being unsuccessful to becoming the victim of a scam. For important legal and financial advice, it is important to contact a lawyer with experience in debt negotiation. At Miller & Miller, we have attorneys that specialize in debt negotiation, and we have a proven track record of success.

Chapter 128.

Chapter 128 is a unique section of the Wisconsin Statutes that allows for repayment of unsecured debt under a payment plan over a period

of three years. It is a great alternative for people who have unsecured debts that are relatively small but nonetheless unmanageable, and who do not want to file for bankruptcy. It is very important to speak with a local attorney if you are interested in or eligible for this relief, since out-of-state attorneys will most likely not be familiar with the ins and outs of this state statute.

If your Chapter 128 plan is approved, your creditors must accept it, and creditors will not be able to bother you while you are in the plan.

When you file for Chapter 128, the court appoints a trustee. The trustee receives your payment and is responsible for distributing money to creditors. Payments to the trustee can be direct, or through a voluntary wage assignment. The trustee is compensated based on the total amount due your creditors.

There are many benefits to filing a Chapter 128. The costs associated with filing—in terms of both attorney fees and court costs—are generally less than that of filing for bankruptcy. Additionally, the process is typically less complicated, and a hearing is not usually required. Most importantly, Chapter 128 can be far less traumatic in its social implications than bankruptcy. You can repay your debts under this process and avoid the stigma associated with bankruptcy.

On the other hand, there are some situations that a Chapter 128 will not alleviate. For example, federal tax debt cannot typically be paid through a Chapter 128, and a Chapter 128 will not prevent utility shutoff in Milwaukee. Your attorney should know prior to filing whether this is a solution that will work in your particular circumstances.

Non-Bankruptcy Options for Real Estate Debt.

There are many non-bankruptcy options for dealing with real estate debt. Most of these options can be complicated and generally require the expertise of an attorney. Some alternatives which your attorney might discuss with you include: loan modification, short sale, short refinance, deed in lieu of foreclosure, lien stripping, and forbearance. All these options are somewhat complicated and

situation-specific. To best determine whether any of these non-bankruptcy options will provide appropriate relief, consult with an attorney.

Which of These Options are Better for Your Credit Than Bankruptcy?

The answer is, “It depends.” Often, people come to our office with interest in alternatives to bankruptcy in hopes of “saving” their credit. Sometimes, alternatives can do that. But other times, the credit has already been damaged, and a bankruptcy alternative cannot necessarily save it. It also would take longer to fix the situation than it would with a bankruptcy case. Finally, a person could end up paying good money toward the debt and legal representation to avoid credit problems, when that very money could have been saved to build future credit.

This is another reason why we urge you to come in and meet with our attorneys who can help to make the pro/con list for you regarding these alternatives. Bankruptcy is certainly not for everyone; but if you decide against bankruptcy, it should be for the right reasons: to ultimately keep more money in your pocket, not less.

STEP 2: CLEAN YOUR CREDIT

CHAPTER V: LAYING THE NEW FOUNDATION: CREDIT REPAIR

*Small successes inevitably lead to larger ones.
Start where you are. Use what you have. Do what you can.*

Understandably, most reluctance to file bankruptcy comes from the fear of the unknown. Most of our clients want to know how filing a bankruptcy will impact their credit prior to making the decision to file. They are genuinely concerned that filing a bankruptcy will make their credit even worse. This is simply not true. As discussed in Chapter 3, more often than not, you are a better credit risk after having filed. This is because, in most cases, a client looking to file bankruptcy has a tarnished credit history. While prior to filing you may have bad credit, after filing you have no established credit history. That's the "clean slate" people refer to when filing bankruptcy, and it puts you in a better position to establish a new history than you were when the "bad" entries were the first things a lender saw when pulling your report.

Prior to filing a bankruptcy case, we can look at your current credit score and the impact of filing on that score. In almost all cases, we find that the score is improved post-filing. The impact on your credit score is an important consideration when determining whether or not to go forward with the process. It is important to remember that while filing for bankruptcy will not haunt you forever, the fact that you filed can remain on your credit report for up to 10 years. But even with a bankruptcy on your record, your improved credit score will help set you on your way to an improved financial life.

There are a great many strategies for repairing credit after a bankruptcy. We firmly believe that part of our responsibility in helping you through this process is to provide you with good

information and resources for re-establishing credit after filing for bankruptcy. Many good books have been written on the subject of post-bankruptcy credit repair. There are far too many strategies to detail in this general guide, but this book offers some common suggestions and a glimpse into how Miller & Miller’s “3-Step Process” employs them.

What to Do After Discharge of Debts.

Updating your credit report is important so you can truly move forward into a brighter financial future. You have eliminated your debts, and your bankruptcy is now complete.

Sometimes, unfortunately, the slate is not clean even when it should be. For example, the debts were discharged in your case, and your case is listed on your credit report. But individual creditor accounts that were discharged are still reporting as late or otherwise delinquent rather than discharged. Or perhaps one of the credit reports has removed the negative accounts, but the others have not. The blackboard, so to speak, has not been fully erased.

Make Correcting Errors on Your Credit Report a Top Priority.

Correcting errors on your credit report can be time-consuming, but it is well worth the effort. It is absolutely imperative that the information upon which potential creditors will set eligible loan amounts, interest rates, and other loan terms is 100% accurate. Often, credit reporting errors can be corrected on your own by filing disputes online. Furthermore, Miller & Miller provides systematic assistance in pointing out errors to the bureaus as a part of our 3-Step Process.

Fix the Highest-Priority Errors.

Protect your valuable time, your time with work, family, and life, by fixing high-priority errors only—those that can boost a score 10, 20, 50, or even 100 points.

Know Your Rights Under the Fair Credit Reporting Act.

The credit reporting agencies have a specified amount of time to correct errors under the Fair Credit Reporting Act. If they do not comply with your requests to change inaccurate information in the specified amount of time, they can be in violation of the FCRA, which carries federal penalties. If the dispute process proves too daunting, or if the agencies are failing to comply with the FCRA, our firm offers an attorney who specializes in credit repair to assist you in setting things right.

Step 2 of Miller & Miller’s 3-Step Process Streamlines the Dispute Process.

As we discussed, the process of contacting the credit reporting agencies can be time-consuming. We have found that our clients are eager to get on with their new financial lives and often do not have a systematic approach to communicating the correct information to the bureaus. So, Miller & Miller decided to fix that problem.

Step 2 of our 3-Step Process recognizes that unfortunately, there isn’t much of a relationship between the bankruptcy courts and the credit reporting agencies in practical terms. The agencies are required to follow the law, of course. But they are still private companies, not government ones. So, they don’t always do things quickly or correctly—just like most people and companies! But, they also respond better to direct instructions.

As part of our 3-Step Process, Miller & Miller works to make sure the credit reporting bureaus are starting off your new life correctly. When you are applying for credit for a new vehicle, your future car lender should not see an old lender reporting late payments. If your credit report still has negative and inaccurate information, it must be updated.

We have worked with clients that had filed bankruptcies in the past that didn’t “work” to help them with credit. A closer look revealed this was because they did not restore their credit correctly; more specifically, because entries were never corrected on their credit reports from those prior cases.

Once your bankruptcy is discharged, we keep a close eye on all three credit bureaus, making sure that each is now reporting your past debts as discharged in bankruptcy rather than still showing as late or delinquent. In most cases, our approach dramatically accelerates the update of your reports, because our communications with the credit bureaus are proactive, letting them know exactly how they can be in compliance with the law and how long they have to do it.

The Credit Bureaus definitely sit up and take notice. And that is what gets things accomplished.

Miller & Miller knows you have waited long enough to start your new life. We consider it part of our services to go the extra mile to help make sure the credit bureaus are not standing in your way after discharge. This additional step is too often ignored and can make all the difference in the world in building your credit. We don't leave you on your own to figure out what to do, rather, our planned approach notifies you of the exact steps to take to make sure all three of your credit reports are accurate following the bankruptcy, eliminating any hassle or stress.

**STEP 3:
REBUILD YOUR CREDIT
AND YOUR FUTURE**

CHAPTER VI: BUILDING YOUR NEW CREDIT REPORT

When you stop chasing the wrong things, you give the right things a chance to catch you.

Should you try to obtain credit after bankruptcy, or live on a cash basis? Once your case is completed, you should be left with little or no debt. Any debt you acquire *after* filing, you are obligated to repay. This is part of what makes you a better credit risk after filing than before. After bankruptcy, most people rebuild their credit by paying utility bills on a timely basis and saving for retirement. Taking on small amounts of debt and making consistent payments is also a good way to rehabilitate credit after filing bankruptcy. Finally, after you have spent some time improving your credit, buying a home or automobile may become another option that will improve your credit once you establish a history of consistent, on-time payments.

As mentioned earlier, depending on the bankruptcy chapter you choose, a bankruptcy can remain on your credit report for up to 10 years. However, you can begin getting credit with decent interest rates as soon as a year after your discharge. It may be true, however, that although you are a good credit risk, some lenders will use your bankruptcy as an excuse to charge you higher interest rates.

So, how can you change that? In this chapter, you will learn the important steps to rebuilding your credit—and your life—after bankruptcy. It was a big step forward you took, or are considering taking. But if you are wondering where to go from there, or are concerned you might end up right back where you started, this is the section you need to read.

While it may have been circumstances beyond your control that led you to seeking options in bankruptcy, we all know there are traps for the unwary out there that can make staying on track difficult.

High interest loans or credit cards can seem like good options when you are in a pinch, and in this day and age, it is easier than ever (even after filing a bankruptcy) to overspend beyond your means with tempting, shiny, easy credit cards. The third step in Miller & Miller's 3-Step Process aims to teach you how to build your credit wisely, while helping to safeguard against costly credit mistakes.

Financial recovery is possible through correct credit rebuilding and healthy life habits we can instill to create solid financial ground, money management, and a brighter future. It all starts with an optimal credit standing, which helps you weather storms rather than create them.

Getting to 720.

Now that your old debts are no longer negatively affecting your report, we say the report has been "cleaned". While that is a necessary start, it isn't the only thing you need to do. Your credit score needs to be at an optimal level to secure financing in the future, and maybe even more importantly, to secure the kind of financing with reasonable interest rates so you can actually afford to repay those debts over time.

That optimal score, according to several experts, is about 720. That score is the difference, for example, between a \$450 per month car note and a \$250 per month car note—for the same vehicle.

The third and final step in Miller & Miller's 3-Step Process is enrollment in an online strategy class to specifically raise your credit score to 720 or better within just one to two years.

This score takes work to achieve. It doesn't "just happen" after you file, or even after you "clean" your report. But there is a systematic approach to getting there, and *7 Steps to a 720 Credit Score* shows you exactly how. Here we will outline just a few of the strategies you will learn in this amazing program.

If you rebuild your credit, your score will improve years before a bankruptcy, foreclosure, or late payments fall off your credit report. Beat the banks at their own game and be a moving target to predatory creditor companies that want to pull you down.

Start with a Secured Credit Card.

Getting a secured credit card is a great way to re-establish credit. A secured credit card requires a cash collateral deposit which becomes the borrowing limit for your account. For example, if you deposit \$300 into the account, you can charge up to the same amount. To increase the credit line, the deposit must increase. Usually, all companies require an initial deposit of \$300 to \$500.

In some cases, it is possible that, due to good credit practices, the bank can add to your credit line without any additional deposits. Be aware that not all banks issue secured cards, and some only issue them to people who are applying for credit for the first time. Although the very purpose of these cards is to help you improve your financial position, there are cases where users ended up paying a high annual fee without even using the card. Furthermore, some of the banks that issue these cards may not report to the credit bureaus. If they don't, you may as well NOT be using it. In other words, your new credit is only as good as what a lender can see.

It is best to consider a few different options when applying for a secured credit card. Compare all the terms and conditions carefully. Generally speaking, you can qualify for an unsecured card after making timely payments for about a year.

Our program, *7 Steps to a 720 Credit Score*, helps you to navigate the secured credit card waters by detailing what to ask your bank, and which cards are likely good choices when starting to rebuild your credit. This is just one of the many ways Miller & Miller is still there for our clients after their discharge: offering guidance in making good choices for rebuilding and the future.

Make Your Utility Payments on Time.

After having filed for bankruptcy, any past due amounts owed to utility companies are likely to have been discharged. Therefore, you should be able to start fresh with a zero balance. Again, making timely payments consistently for an extended period of time goes a long way in re-establishing credit.

Make Timely and Consistent Payments on Debts You Reaffirmed.

If you chose to continue paying on a car note or a mortgage, make those payments on time each month. It seems so obvious, but failure to make consistent payments on debts which were voluntarily maintained can do a lot of damage to your credit after a bankruptcy. A good attorney will help you determine whether it is in your best interest to retain the property and continue the financial obligation. It may be impossible or impractical to keep your house or car.

Do not over-obligate yourself. Think long and hard before choosing to keep a secured debt. It may be difficult to give up your property for now, but it may truly be in your long-term best interest.

Again, our third step in the 3-Step Process will help you find new areas to improve your credit that are manageable if your house or car payments are not. Rather than obligate yourself to high monthly payments you cannot afford, our program points out smaller credit items that carry lower monthly payments, so you can be on time and build your score. This way, you establish the background for a new car or home in the future, at payments you can afford.

Replace Old Credit.

Credit bureaus consider recent information to be the most important. If your recent credit activity is bad (late payments, a bankruptcy, etc.), then your score will be low. But if you give the bureaus newer and better information by re-establishing credit and paying your bills on time, your score will start to improve regardless of your history.

Again, our *7 Steps to a 720 Credit Score* program helps here, too. While it's important to establish some credit following bankruptcy, *too much* credit is a trap that many fall into. This is one of the ways you can end up in the same situation that led to your filing. Our program works with you to avoid “trap” credit cards and marketing ploys that are better for creditors than they are for you. There is a way to have the optimal amount of credit—not too much, not too little—to get your score to 720.

Understand the Scam: Be a Moving Target.

Beat the banks at their own game. When you raise your credit score, you can demand lower interest rates. This is why banks won't help you. And since the banks pay the credit bureaus billions of dollars each year, the credit bureaus won't help you either. If the bureaus made it easy to fix your score, they would hurt their best clients (the banks). Avoid the predatory credit card offers that aim to pull you back down into the pit of credit debt with them. Be a moving target!

Ignore the Size.

You need credit to get credit, but this does not mean that you mean need *big* credit lines to have 720 credit scores. You can build a great credit score with *small* lines of credit.

Avoid the Pitfalls Back into Debt.

Watch out for the big pitfalls that could pull you back into the deep pit of credit debt. Don't ignore the problem. Your score won't rebuild until you intentionally rebuild it.

With this in mind, watch out for:

- **The Banks:** They want you to think time is the only thing that will heal your score. The truth is: The longer your score is low, the longer you will pay higher interest rates.
- **The Bureaus:** No credit is just as dangerous as bad credit. Your score will stay low if you have no history, even after the bad marks fall off in seven to ten years. It's a good idea to give the credit bureaus new information to replace the old information, so they can judge your creditworthiness long before the seven to ten years are up.
- **The Creditors:** Know your rights, and don't trust all creditors. Almost half of credit card companies incorrectly

report credit limits, which causes a score to drop 40 points or more! Correcting these errors is important, as discussed in *Step 2*. Collection companies may also lie and continue to harass you. These are often legal violations that can be actionable. When you know your rights and articulate them, you take your credit future into your own hands.

- **The Trap of Traditional “Credit Repair” Programs:** Don’t try to trick the credit reporting bureaus. You could spend thousands on credit repair, but the “bad stuff” will eventually come back if it’s accurate. The Federal Trade Commission states, “No one can remove ‘accurate’ negative information from your credit report. It’s illegal.”
- **Payday Loans:** The interest rates are astronomical, and these loans are designed to multiply and ruin your credit while making the lenders a ton of money. Look into other ways to pay unexpected bills, such as payment plans or reorganizing current expenses.

CHAPTER VII: BUILDING NEW BEHAVIORS

Knowledge is power: Break the pattern of entitlement mentality.

We've discussed how to clean your report, and the proper way to accurately rebuild it following a bankruptcy. But there are life behaviors that must be changed as well. Complete recovery comes from a concerted effort to maintain your good credit report, but also from a change in behavior patterns that may have made a strong credit report an impossibility in the past.

Perhaps circumstances beyond your control brought you to the point of filing your case, but to maintain a financial stability that can keep you afloat during difficult or unexpected times, often a change in mentality is helpful. What kinds of behaviors could have been contributing to your financial issues even before things were at their worst? And what new habits can you form now, so you are better able to weather storms in the future?

Break the Entitlement Grip.

The entitlement grip is the idea that you deserve to have lavish things in life and a high standard of living. You are definitely entitled to have a good life, but it's in the definition of a good life that we sometimes go wrong. You are entitled to a fulfilling life, and a financially grounded one, and one where the stress of money is not a constant thought because you have given in to immediate temptations and purchased things on credit you could not necessarily afford.

Learn to define your self-worth by how you use your talents, serve others, and give of yourself instead of defining it by possessions. Self-worth is also defined by your ability to resist the cycle of temptation that brings us to regret. Breaking the

entitlement habit of spending starts with gratitude and contentment. Be content with what you have now, and be truly grateful for the things you have been given, along with the people in your life. This pattern of thinking and being is very freeing and sets you on that brighter path to your hopes and dreams.

Set New Goals, and Use This Clean Slate.

Once the slate is clean, you can start to make new goals. Your goal before might have been to get out of debt. But behind that goal was the real goal: to travel more, to buy a home, to save for college, or to start a business.

Now that you have taken the crucial step of starting over, it's time to establish exactly what will make that goal come true before you just relax and hope it happens. And as frustrating as starting over can be when an unexpected event may have thwarted your original plans, now you have the advantage of making a new plan that perhaps anticipates some unexpected downtime in income.

So, how much savings will it take to get to the beginning of your goal? How much to get to the end?

Then, work backwards. If the cost of your initial goal is \$5,000, that is \$417 per month for one year. What can you do to save that amount every month? If you can save half of that, then you have a two-year plan.

The important thing is not how long it takes, but that you have a plan to get there. The plan not only gets you what you want, but it keeps you steady and on-track all the way there. It helps you make decisions when your momentary impulses might not.

Budget, Budget, Budget.

No one can truly live a financially stable life without a budget. When you make a budget, you are in control. When you don't, your bills seem to control you, because you wonder where your money went when your paycheck is gone.

Budgeting helps you set goals and establish priorities. It also gives your family a shared goal, so that you can work together rather

than argue about what has gone wrong when bank accounts seem almost empty. If everyone understands and accepts the budget, then individual decisions are guided by a common goal. And that makes finances—and families—stronger.

Simply match your income to your expenses. If you don't have enough income to meet expenses, see what you can eliminate or how you can increase your income.

If the budget looks good on paper, but doesn't work in reality over time, that budget can be altered with your new knowledge.

If you don't have a budget, you are simply asking for trouble. Money in our pockets can feel so good that we let our relaxed elation dictate what we do with it. Once in a while, that's fine. As a regular occurrence, it leads to financial disaster and depression. The feeling of "how did I get here" can be controlled if we proactively budget.

If you have a family, make sure everyone understands the budget and signs it. If they don't, you will have a losing battle on your hands. Everyone must be able to live on it, or one person will destroy it for everyone else.

Start Saving.

Many people worry they will not have anything for emergencies once all their credit cards are gone. But these people have forgotten about savings accounts, the real emergency funds. Make sure you put a place in your budget for savings, under the "expense" column. It's definitely a necessary expense. Now more than ever, most of us have realized the need for a safety net for that "rainy day".

Consider this: Without having to pay monthly minimums every month, you could save hundreds—if not thousands—of dollars. Consider the \$40 minimum you used to pay on a card prior to bankruptcy. Invest that amount or more each month in a savings account you can draw on for emergencies. You'll have \$240 six months from now, a good start for an emergency situation.

You might start another savings account for other purchases, or use the same one. Take the \$50 you used to pay toward a past-due utility bill and invest it in your "for fun" savings account. In a year,

you'll have \$600 to buy something you really wanted, without using credit at all!

Incidentally, the good credit you will establish after following our program can help you save \$200 per month on car payments or home payments due to more favorable interest rates. If you put that amount in a savings account, you would have \$2,400 you didn't have before, and be driving the exact same car as someone with a lower credit score. Just food for thought.

Save credit for non-emergencies and non-luxuries, when you can. Use that secured card on a "fixed" payment each month, such as groceries or gas—something you can pay off every month, and that you can easily budget for. Emergencies and luxuries are not something you can budget for and therefore should be paid for from savings, rather than credit.

Big Purchases.

Even with budgeting and saving, sometimes things come up that cost more than we have saved. And sometimes it's hard to decide whether this is one of those exceptions to the rule that we should stretch ourselves for.

A good rule of thumb is to not make these decisions alone. If you are married, consult with your spouse. If you are not married, consider appointing a trusted friend to be your budget consultant in these times. (Or, if the item is a gift for your spouse, use this person to keep the surprise!) As the old saying goes, two heads are better than one. Not only that, but sometimes the sheer act of sharing something with another person brings to the forefront whether or not it is actually of major significance.

Needs vs. Wants.

Remember that advertisers want you to believe that wants are needs. But deep inside, you know the difference. A need is already in your budget. A want is just that. It can be difficult to resist the urge to buy that new gadget or clothing item, but it IS possible. Consider the fact that you don't *need* instant gratification. You may be able to

afford that “want” if you stick to your budget and keep that savings account going, just not immediately.

Further, the gratification we get from purchasing a want is often achievable in another way. A used item, a DIY project, or a family outing might give you the same “rush” as an imprudent purchase, without the negative consequences.

The Co-Signer Guilt Trap.

You may have had first-hand experience with this prior to your bankruptcy. You were well-meaning and cared about the person who asked you to co-sign for their car note—maybe it was a dear friend, or even your son or daughter! Don't fall into this trap again. You can care about a person without obligating yourself to a debt they cannot pay.

Look at it this way: If they could pay it, the lender would have already given them the loan without asking for a co-signer. Help them find a carpool. Help them get their credit back by loaning them this book. But don't co-sign the loan unless you personally have enough money to pay it all back. You made a difficult choice to change your life. Don't go back down that road.

Too Much House, Too Much Car.

When it comes time to think about buying a home or a car, consider needs and wants again. Better yet, consider how many wants you will need to give up for this one big-ticket item. A home is a very expensive investment, as is a vehicle. The basics are to provide a shelter in a safe neighborhood, or to get you from point A to point B when you can't walk, bike, or take public transportation.

But there is a lot more to life. There is travel. There is entertainment. There are hobbies. There are gifts and clothing and toys. If your shelter or your vehicle costs over half of your take home pay each month, it won't be worth it in the end, because you will need to deny yourself so many other things.

Worse yet, those things will be purchased on credit, and think about where that puts you in just a few months or years if you can't pay it back. So, step away. Think twice. Rent in the nice neighborhood before you buy. Ride your bike in the summer and carpool in the winter. You might even find environmental and social reasons that support the good financial decision NOT to bite off more than you can chew in these critical areas.

Do What You Love.

We all want to love what we do for a living. But how does that relate to better credit and saving money? Many people feel trapped in jobs they dislike for financial reasons. While it's true we all need money, we don't need feelings of dread driving into work in the morning that are so severe, we buy what we can't afford to try to achieve happiness: new clothes, new gadgets, even trips.

When you love what you do, you will spend less money trying to escape where you are in life. True, you will probably still want to travel, but you will also be a much happier person once you get there. Because you are starting a new financial journey, why not take the opportunity to make your transformation complete? Have you been thinking about pursuing your dreams, but put them off because you were saddled with debt? You've got one less excuse now. There's no time like the present to do what you have always wanted to do!

Teach Your Children.

As is true with everything else, they are watching you. You might have had to explain a little to them while you were going through your filing, and it may have been embarrassing. But often, kids don't get to learn as much about credit or money as they should. It's either not presented to them or it doesn't make any sense to them until it's too late.

Here's your chance to show them how to live a happy and fulfilling life without going overboard or keeping up with the Joneses. Maybe even more importantly, here's your chance to show them how mistakes don't have to ruin your life, how starting over is possible, and how real change can be accomplished. Are there any better lessons to learn?

CHAPTER VIII: WHY CHOOSE MILLER & MILLER?

*You know it's time to do something about your financial situation.
But why choose us?*

Law Firm Philosophy.

Choosing the right attorney is no small matter. At Miller & Miller, we have dedicated ourselves to creating the best client experience possible. All our attorneys and staff believe that our primary purpose is to serve our clients, and to do so with the utmost professionalism. Our clients are important to us, and our actions communicate that—from the moment you contact our office, until the day your case is completed.

At Miller & Miller, you are not “just another case”. You deserve to be treated with dignity and respect. We diligently provide the highest level of service to all our clients, and we have built our practice on the primary mission of client satisfaction.

To take it one step further, attorneys James and Felicia Miller know that considering bankruptcy or other debt relief requires our clients to face complicated issues in their financial lives. Coming to terms with harsh financial realities, and the often unpleasant consequences that accompany them, is difficult and can be downright frightening. The attorneys and staff at Miller & Miller truly understand these challenges and help to make going through a bankruptcy as painless as possible.

This is a new beginning for you, and we want to help you on your path to financial freedom. Many lawyers can file a bankruptcy case, but the trusted firm of Miller & Miller is the one that should file yours. We know this process is more than just your bankruptcy. It is the start of your new financial life.

Years of Experience.

Experience and expertise in a specific area of practice is one of the most important factors to consider when choosing an attorney to represent you. Bankruptcy can be a complicated and detailed process. In many instances, the failure to have good legal representation may serve as a serious disadvantage.

Even in the most straightforward case, it is important to be well-represented. An experienced bankruptcy practitioner will offer essential advice on pre-bankruptcy planning and post-bankruptcy credit restoration. Maximizing exemptions to preserve and protect property is a skill. Attorneys who engage in a casual practice of bankruptcy may not be well-versed enough to most effectively protect your assets.

Attorneys James and Felicia Miller have a combined forty years of experience in bankruptcy law. Miller & Miller has been serving Wisconsin families since 1993. On average, our firm files over 900 bankruptcy cases each year, making us one of Wisconsin's most trusted and experienced bankruptcy firms.

Excellent Reputation.

Reputation matters—especially when it comes to your bankruptcy case management. At Miller & Miller, we take pride in our reputation for competent, caring, and zealous representation. James Miller is Board Certified in bankruptcy law, making him an expert practitioner. Our firm has earned a reputation for excellence among the bankruptcy courts in both the Eastern and Western Districts of Wisconsin, the Chapter 7 and Chapter 13 panel trustees, the Office of the U.S. Trustee, firms representing creditors, and other local bankruptcy attorneys.

Having a good reputation lends instant credibility to a bankruptcy filing and can carry great weight when negotiating settlements. Most importantly, we have developed a reputation in our community for providing the highest quality service to our clients and for treating all our clients with dignity and respect. We

have been selected as Best Bankruptcy Lawyers in Milwaukee by Shepherd Express for several years!

Specialized Service.

Over the past 20 years, we have distinguished our firm by specializing solely in the practice of bankruptcy. Because we focus exclusively on Chapter 7, Chapter 13, and debt settlement cases, we have developed an expertise in handling even the most complex cases. We can take on emergency filings to prevent immediate foreclosures, repossessions, utility disconnections, and wage garnishments, as well as cases that involve significant pre-bankruptcy planning.

No matter what your particular situation may be, we are here to help. Please let us show you the way to financial freedom. Visit our website at www.milwaukeebankruptcy.com, follow us on Facebook at facebook.com/millerandmillerlaw, or call us at (414) 255-3379.

Proven Track Record of Success.

Miller & Miller has been successfully helping people resolve financial problems since 1993. We have a proven track record of success and a history of client satisfaction. We are proud to say that we are often the choice of other legal professionals who refer their clients for financial advice. This speaks volumes about our practice, the way we treat our clients and our reputation for being experts in the areas of bankruptcy and debt negotiation.

You can learn more about our firm by visiting www.milwaukeebankruptcy.com, following us on Facebook at facebook.com/millerandmillerlaw, or calling (414) 255-3379 to set up a free, no-obligation consultation.

Complete Financial Recovery, Options, and Our Unique 3-Step Process.

Over the years, the practice of bankruptcy has evolved. Since we have been in business, our nation and our community have gone

through several revamps of bankruptcy law, a housing and lending catastrophe, and a great recession. Miller & Miller has evolved as well, by branching out into related legal areas that help our clients with non-dischargeable debts, and by dedicating our practice to your life AFTER bankruptcy rather than just your case at hand.

While we certainly have not moved away from expertise in the field, we have added expertise in credit repair and restoration, areas where we saw our clients desperately needed help. Too many attorneys do the bare minimum of filing your case, and then leave you to your own devices with respect to accurate credit reporting or correctly rebuilding your credit. At Miller & Miller, we take great pride in what we feel is our responsibility to you as clients.

Yes, we help fight the credit bullies, and make them go away. But we are also there to pull you back up to your feet with programs that will truly clean the slate as well as build you up to the benchmark credit score of 720 or better in one to two years. We don't do this by throwing out a few words of wisdom. We do it by engaging you in actual programs that give you a step-by-step plan to secure your score, and with it your financial future.

Payment Plans.

At Miller & Miller, we offer opportunities for payment plans prior to filing your case and may not require that the full fee be paid in advance of filing. In a Chapter 13, we generally require that a small portion of the attorney fees be paid in advance of filing, and the balance of the fees be paid through the Chapter 13 repayment plan.

In addition to attorney fees, there are filing fees paid to the court to administer the case, as well as the credit report. These fees are different for Chapter 7 and Chapter 13. We offer a completely free, no-obligation initial consultation, and we would be happy to discuss payment arrangements with you at that time.

CONCLUSION

Managing debt is a complex and daunting task. Financial problems can create a huge mental burden, making everyday life feel stressful. Not knowing how to deal with debt can make the stress even worse. When each paycheck is being garnished and creditors are calling you, your friends, and your family, it can be a relief to simply know your next steps.

At Miller & Miller, we understand the need to file bankruptcy is often circumstantial and can provide real help to people who need it. This book aims to empower you by providing basic information about bankruptcy and other methods of debt management.

We hope this book's basic overview of bankruptcy has armed you with enough knowledge to know that you do have the power in what can seem like a powerless situation. But even with this overview, each person's financial situation is unique. This is your life—your kids, your house, your car, your FUTURE—and that makes your work with us different than anyone else.

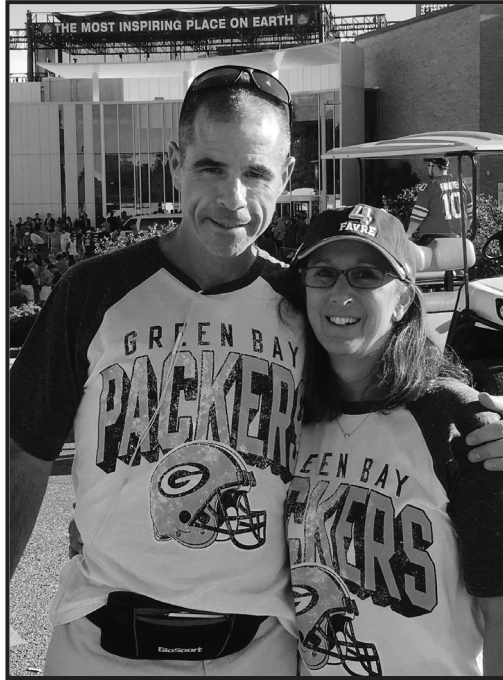
That is why we encourage you to come in to the office for a free consultation, where we can talk about YOU, not just about bankruptcy. We will take the time to answer your questions with compassion, learn YOUR priorities, and put together a plan to eliminate debt that works for YOUR individual circumstances. That is the difference between Miller & Miller and other bankruptcy firms, and we look forward to providing you a chance to experience it.

Please call us at (414) 255-3379 today to set up your free consultation. And get ready to experience the feeling of relief that comes with knowledge, a plan, and the right lawyer.

Talk to you soon!

At Miller & Miller, our goal is to offer genuine hope and proven, practical assistance, over and above what you might find at other law firms, to get you back on solid financial ground—in your home, or in the position to purchase one.
Your brighter future is ahead!

ABOUT THE AUTHOR



Attorney James Miller, “Jamie” to his clients and friends, has practiced law for more than 25 years. He attended the University of Wisconsin-Madison (1986) for his undergraduate degree and then graduated from the University of Miami-School of Law in 1991. After relocating to Milwaukee, Jamie and his wife Felicia formed Miller & Miller in 1994. Felicia is a fellow UW-Madison graduate (1986) who also obtained her law degree from the University of Miami (1990).

Jamie and Felicia have built their law practice on caring, competent, personal service. Every member of the firm is committed to the highest quality client service. No two clients are alike, and every case presents its own set of unique issues. Jamie and Felicia understand how important it is to treat clients with the respect and

dignity they deserve. Their goal is to help relieve your stress and set you on a path to a brighter financial future. That is why Miller & Miller focuses on your future, rather than your past. The firm's entire focus is on eliminating your debt and improving your credit so that your recovery is complete.

Attorney James Miller is licensed to practice law in the State of Wisconsin, the Eastern and Western District Courts, and the Seventh Circuit Court of Appeals. He is Board Certified in the practice of bankruptcy. Jamie's professional affiliations include membership in the American Bankruptcy Institute, the National Association of Consumer Bankruptcy Attorneys, and the Milwaukee and Wisconsin Bar Associations.

Outside of the firm, Jamie is an active member of the Milwaukee community, serving on many boards as both an officer and a director. Jamie and Felicia enjoy spending time with their two daughters and traveling, and they are sports enthusiasts. Jamie is an avid runner and basketball player. He has completed marathons in Chicago, New York, and Milwaukee.

HOW BANKRUPTCY CAN REPAIR THE FINANCIAL IMPACT OF COVID-19

These are unprecedented times. Living through a pandemic has meant changes to almost every part of our lives, and for many, it has also exacerbated financial problems due to stress, job loss, and mounting bills. But what if bankruptcy could turn around the financial effects of Covid-19 and make your “new normal” a debt-free one with a 720 credit score? In *Back On Track: How Bankruptcy Can Reverse the Financial Impact of Covid-19*, Attorney James Miller gives you a simple, easy-to-follow path to eliminating your debt AND achieving the kind of credit score that moves you forward – to lower interest rates, building your savings back up, and a secure financial future no matter what comes along. Read this book and come back from uncertainty stronger than ever. You’ll find it’s not as tough or complicated as you think!

I now have my own apartment, a new car with 4.9% interest rate, several credit cards, a nice savings account, and a happy life. I get excited seeing my credit score go up each month and I have already reached 720 status!

– Kirsten

It is incredible how our life has changed since our bankruptcy. We no longer have any debt except for our cars and home, and all of the revenue from my painting business is going to retirement and our kids’ college funds. Thank you, Jamie!

– Adam

I appreciate James Miller’s ability to make me feel calm during a very stressful time. He never made me feel bad for asking questions and took the time to answer them. He went above and beyond to resolve any of my concerns. I now have hope because of Miller & Miller’s awesome team.

– Carrie



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ISBN 978-164970745-1



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