

# Seven Things to Know Before Hiring a Bankruptcy Lawyer

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# Introduction

Bankruptcy is never a fun situation. No matter what drove you to start thinking of declaring bankruptcy, I'm willing to bet that you never counted on this happening, right?

Even when you do decide to declare bankruptcy, most people don't really know much about the process. What's the next step? Are there different kinds? What are the advantages and disadvantages of declaring bankruptcy? Is it really the right situation for you at this time?

These are the types of questions, as well as dozens of others, that come up during this time. Not to mention what kind of lawyer to hire, whether or not it's safe to declare bankruptcy online, whether or not you should do it yourself, and more.

The good news is that this report was written for **you**. We put together some bankruptcy information, specifically regarding attorneys, to help you make the best decision possible. We want to make sure that you're happy with the attorney you hire, period.

After all, your attorney is going to be your biggest advocate. Hiring the right one will make the bankruptcy process go much smoother, and you will probably come out a few steps ahead of where you might expect.

On the other hand, hiring the wrong attorney could affect you for a long time to come!

That said, let's get started by talking about something most people haven't heard of before - Bankruptcy Protection.

## What is Bankruptcy Protection?

When someone talks about bankruptcy, what they're really talking about is called "bankruptcy protection." If a person files for bankruptcy protection, they're essentially saying that they don't have the means or assets to pay off all of their debts.

A person can file for one of two types of bankruptcy protection. Chapter 7 is the most common, and this is where a trustee is given the responsibility to see the individual's assets. The money that comes from these assets is used to pay off as much of the debt as possible. The remaining debt is usually just cancelled. This is also called "straight bankruptcy" or "liquidation", since all of the person's assets are being liquidated.

The other form of bankruptcy protection is called Chapter 13. This is also called "wage-earner bankruptcy", and it occurs when the individual proposes a plan to pay off all of their debts interest-free over a 3-5 year period. This is common among individuals who have well-paying jobs but just feel burdened by the debts over their heads. The problem with Chapter 13 is that it requires the plan's approval from a judge.

In a nutshell, that's bankruptcy protection. Is there more to it? **Definitely.** Bankruptcy laws are among the most confusing and complex laws out there. On top of Federal laws, you should also know that each state has its own set of bankruptcy laws. That's why it's important to work with an attorney **in your state**. Chances are high that they'll know the state's laws and can better serve you than an attorney based in another state.

Something else to keep in mind is that some people view bankruptcy as a "back-up plan." Realize that even though it is a wise move in some scenarios, some people are ineligible or will be given harsher terms than they expect. That's another reason why you need to spend time with a good attorney to weight your options.

Because believe it or not, you have a few options available. The next chapter will discuss a few of the most common ones.

## What are the Alternatives to Bankruptcy?

Many people believe that bankruptcy is the only way to deal with a certain situation. Every situation is different though, and some are probably a lot easier (and less expensive!) to resolve than declaring bankruptcy.

For example, let's say that you have some income coming in, but you also have a lot of debt that you're struggling to pay off. In this case, your best bet is to **negotiate with the creditors**.

You'd be surprised how willing some creditors are to negotiate with you. If you can show why you're struggling so much to keep up with the debt, they may be willing to lower your interest rate or even write off some of your debt altogether. Either way, action on their part would lower your monthly payment, allowing you to get back on your feet.

Don't think you can negotiate your way out of a can? That's okay, just get a **credit counseling agency**. These non-profit agencies exist to help people such as yourself get back on their feet. They will negotiate with your creditors for you in an attempt to get you a lower monthly payment. They will use some of the same tactics you can use on your own, but they're much more qualified due to their experience and knowledge of the law.

Or maybe you're getting harassed daily by your creditors. In this case, **read up on your state's debt collection laws on harassment**. Both state and federal law prevents debt collectors from going too far. If you feel like you are being harassed, you may be able to get them to stop. You just have to know how.

Another (surprising) option for many people is to simply sit on your hands and do nothing. This sounds a bit silly, but the idea is that if you're happy with your income and where you live, you could decide to just sit tight and see what happens. The idea is that if you don't make much money and you don't have a lot of assets to lose, why would someone (like a creditor) sue you? It's not like they can get much out of you!

We aren't necessarily saying that's an amazing idea! Most people don't feel comfortable having a mountain of debt, plus just about everyone strives to make more money or live in a nicer home. That's just human nature, and bankruptcy or one of its alternatives can help make that happen. But if you choose to do nothing and let things keep going as they are, chances are you won't be moving up in the world extremely fast!

So again, you have a few options. You could talk to a credit counseling agency, negotiate with creditors yourself, or just keep letting things go as they already are. But if you ultimately decide to file for bankruptcy, let's move on and talk about whether or not you can do it yourself.

# Can I File for Bankruptcy Myself?

The short answer is... yes. You can choose to represent yourself in bankruptcy court.

**But it is very, very highly recommended to get a good bankruptcy lawyer instead.**

Remember that declaring bankruptcy has long-term consequences. These consequences affect your finances for the rest of your life. Because finances are one of the biggest stressors we have in our lives, you need to make sure that it's done right the first time.

If you don't hire a lawyer, chances are it won't be done right.

Period.

For example, a debtor who is declaring bankruptcy must bring all of their debts forward to the court. Any debts *not* brought forward will probably not be discharged.

Some people think it's a good idea to hide some of their debts! That's not a good idea, and if you actually commit bankruptcy fraud by destroying certain pieces of evidence or paperwork, **that's a serious crime.**

Something else to keep in mind is that you usually can't get into bankruptcy court without first working with a credit counseling agency. You have to start working with one of these agencies at least 180 days before going to court. This is to give you as many options as possible to get out from under the debt. The agency will help you negotiate with your lenders to get a more affordable monthly payment.

If you don't work with an agency before you go to court, the judge will probably immediately dismiss your case.

**Unable to pay your monthly mortgage?** That doesn't necessarily mean that you have to file for bankruptcy and foreclosure. There are other options available, and you can often foreclose on the house without having to declare bankruptcy.

Even after all of this, let's say you still decide you want to file for bankruptcy by yourself. Get ready to do a LOT of paperwork, which takes a lot of time. Likewise, you probably won't understand all of the paperwork and forms the first time you see them. Now you have to go do a bit of research, which takes up more of your precious time.

Obviously we're a little biased... but at the end of the day, the general consensus is that you should get a bankruptcy lawyer. The law is a very tricky and complex thing, and a lawyer should always come into play. Otherwise, you'll probably cost yourself more in the long run, both financially and time-wise.

# Would it be Safe to Hire a Virtual Bankruptcy Lawyer?

In an effort to save both time and money, some people try to do EVERYTHING online these days.

And you can't really blame them. When it's easy to purchase everything from law services to cars over the internet, why bother take the time to drive out to a law office or car dealership?

The thing is, there are advantages and disadvantages of both methods. Without going too far down the rabbit hole, let's talk about the advantages and disadvantages of using a virtual bankruptcy lawyer.

## Advantages

The biggest advantage in my opinion is the cost savings. A virtual bankruptcy lawyer probably has less overhead to deal with, as they can probably get by with a smaller office. Even if they still use the same-sized office and staff, they can usually cut costs because they require less one-on-one time with you. It's almost always a longer process meeting face-to-face than just talking over the phone or via email.

Another advantage, as I just mentioned is time savings. If you do everything online and over the phone, you don't need to spend time driving to your lawyer's office, waiting in the lobby for them to become available, etc. Instead you can just do everything when it's convenient for you. This is especially important this day and age where both many households have both spouses working.

Now let's talk about a few of the disadvantages that come with using a virtual lawyer.

## Disadvantages

The main disadvantage is that you may not have anyone representing you in court... besides yourself! That means if the court has any legal questions for you, it can be difficult to answer since you won't have much help.

Another disadvantage is that you won't get to know your lawyer as well. Talking over the phone or via email is okay, but it's easier to form a relationship when you're meeting face-to-face. That relationship is really what helps allow the lawyer to understand your situation and feelings, which is important to ensure that you make the best decision.

Finally, it can be difficult to find reviews and testimonials from the customers of virtual bankruptcy lawyers. It's still a relatively new method of filing for bankruptcy, so don't be surprised if you have difficulty finding one that you like. Most law offices just don't offer it yet because it's still being developed!

To sum it up - there are advantages and disadvantages either way. We won't necessarily say that it's unsafe to go with a virtual bankruptcy lawyer, but we don't recommend it. It's better to stick with what's tried-and-true.

# What do I Need to do to Prepare for the Lawyer

The best thing I can tell you is that it's better to come over-prepared than under-prepared! A bankruptcy lawyer is going to know just about EVERYTHING regarding your financials. Not only that, but they'll also learn a lot about your personal and business life.

Don't worry about it though. Bankruptcy lawyers deal with these types of cases every day. They won't think any less of you as a person just because you've had a few hiccups financially. Regarding how to prepare - be sure to bring the most recent financial statements you have. This includes bank accounts, pay stubs, credit card statements, insurance, everything.

You need to show the lawyer how much money is coming in versus what's going out. This is important to allow your lawyer to give you the best advice on which path to take. To be a bit more thorough, here's a list of what to bring:

- Tax returns
- Pay stubs
- Detailed expenses (utilities, food, gas, mortgage, car, insurance, etc.)
- Assets (mutual funds, bonds, stocks, real estate, precious metals, etc.)
- Drivers license
- Social Security card
- Wage garnishment paperwork (such as alimony or child support)
- Repossession paperwork
- Judgment paperwork
- Loans you've cosigned
- Assets in trusts
- Monetary transfers or gifts given to people over the last 12 months

This isn't a 100% complete list, but you get the idea! The more information you can tell your lawyer, the better-off you'll be.

# Where Should I Start Looking for a Reputable Bankruptcy Attorney?

You don't want just any run-of-the-mill bankruptcy attorney, right? I mean, this is a decision and process that will affect the rest of your life... for better or worse. That's why it's important to do your due diligence and research before deciding on the best attorney for your situation. This section will help you do that.

## Where to Start - The Internet

The first place to start looking for a good attorney is online. There are probably a few bankruptcy attorneys in your area to choose from, and looking with a quick search on Google will help you quickly find most of them. But just finding the attorney's website isn't all that you're looking for. Instead, what you're *really* looking for is some reviews or testimonials from their customers. Sometimes they'll have these testimonials on their website, or you may find them on review sites like Yelp or Angie's List. These reviews aren't a perfect representation of how good the attorney is, but it does reflect how much their customers liked them!

## Second - Ask for Recommendations

Once you've found a few good attorneys this way, think about whether or not you know someone who has filed for bankruptcy. You may not know anybody, or you may know several people. If you *do* know a few, ask them which attorney they used and if they would recommend that you go to them. If you end up hearing someone that already looked good when you searched the Internet, you may have found a winner.

## Third - The Experts

Another place you should look is your state bar association. If you give them a call, they should be able to point you towards a few good bankruptcy lawyers in your area. This is a good way to go because the bar association should know the lawyer, especially if they're good at what they do! And finally, check with your local bankruptcy court. They see bankruptcy cases all day long, and can easily tell you who they think the best attorneys are. Granted, the best attorneys are probably not the cheapest, but when it comes to something as important as bankruptcy, you want the best handling your case, right?

Hopefully this gives you a good idea of where to find some good attorneys. The next section will help you select the best one based on a few questions you ask.

# Important Questions to Ask a Bankruptcy Lawyer

Remember that when you start talking to bankruptcy lawyers, you should pay attention to 2 things: what they say and *how they say it*. You don't want to work with someone who isn't polite or seems to be very rushed, right? Likewise, you don't want someone who seems unsure or lacks confidence. That said, here are a few questions to help you get started with your first interview:

- 1) Are you a member of the National Association of Consumer Bankruptcy Attorneys?
- 2) What are the benefits of filing for bankruptcy?
- 3) What are the negative consequences of filing for bankruptcy?
- 4) How long have you been practicing law as a bankruptcy attorney?
- 5) How much of your practice is devoted to bankruptcy?
- 6) What's the best way for me to contact you? Email? Phone?
- 7) Will you represent me in court?
- 8) What is your fee?
- 9) What is included in your attorney fee?
- 10) Can I have a written fee agreement?
- 11) Based on my situation, do you recommend that I file for bankruptcy?
- 12) If so, should I go for Chapter 7 or 13?
- 13) If I go for Chapter 13, what do you think my monthly payment might be?
- 14) How many bankruptcy cases have you completed over the last five years?
- 15) What sort of relationship do you have with the local court system?
- 16) Do you know the people who will review my case?
- 17) Do you have malpractice insurance?
- 18) Have you ever been sued for malpractice?
- 19) If you took my case, what would be our game plan?
- 20) Will you do all of the work on my case, or assign it to someone else?

Remember, this is just to help you get started. There are a lot of other questions you can ask regarding costs, the experience/size of the attorney's staff, etc.

## Conclusion

Bankruptcy isn't fun... but you can take certain steps to make it go as smoothly as possible. Hiring the best lawyer you can find, being upfront with them and always giving them what they need ASAP is pretty much the best thing we can recommend.

Are there alternatives to bankruptcy? Definitely. And we recommend looking into them first. But if it looks like bankruptcy is your only option, don't feel guilty or ashamed. Tens of thousands of people, especially in today's economy, have declared bankruptcy due to circumstances outside of their control.

We hope that this report helps prepare you for what's to come.