



BANKRUPTCY TERMS ADDENDUM

The following information, notices and additional terms are attached and incorporated into the Agreement.

1. Credit Counseling and Financial Management Courses Required:

Before the Firm can file Client's Bankruptcy petition, Client must complete an online Credit Counseling Course, at Client's expense. This course must be completed and time-dated before the petition is filed. After the Bankruptcy case is filed Client must complete an online Financial Management Course, at Client's expense. Failure to complete the Financial Management Course can result in a completion of the Bankruptcy without discharge. If Client fails to complete the course, it will then be the Client's responsibility to reopen their case and file the necessary documentation showing completion of the course. Both courses must be from an approved organization under the Bankruptcy code. Vendors offering such courses are in no way affiliated with the Firm.

2. Other Debts and Financial Information Required:

Client agrees to provide Firm with any information regarding debts, liens, judgments, or the like that have been incurred by the Client or executed against the Client. This includes, but is not limited to: any debts incurred that may not have been reported to a credit bureau; federal or state tax liens; information regarding shares or ownership in a business; business names that are still active (regardless of whether the business is operating or generating revenue); expected tax returns; expected settlements or judgments (for or against the client); active and pending lawsuits; all retirement funds; all domestic support obligations owed by or owed to the Client (alimony/spousal support/spousal maintenance, child support, etc.); HOA fees; insurance; property taxes; insurance policies; executory contracts or ongoing contracts (residential, commercial, utility, cellphone, car lease, etc.). Client also agrees to disclose all individuals living in the dwelling with the Client, their age, and whether the Client depends on the other person for purposes of the Means Test for Bankruptcy. **Any debt not properly listed by the Client(s) may not be discharged in the Bankruptcy.** Priority debts (IRS, alimony/spousal support/spousal maintenance, child support, etc.) and student loans are generally not dischargeable and any obligation the Client has to these debts may continue after Bankruptcy.

3. Repossessions and Auto-Drafting:

If Client has just experienced a repossession, Client must provide the information of the creditor to the Firm. While not guaranteed, there is a chance that the Firm may be able retake possession of the collateral in question after repossession if the collateral has not already been sold. If Client has a creditor that auto drafts payments from an account, Client should notify the creditor to stop the auto draft once the petition is filed.

4. Payments to Chapter 13 Trustee:

Payments to the Bankruptcy Trustee must begin within thirty (30) days following the filing the payment plan. Failure to make payments according to the payment plan could result in the Trustee filing a motion to dismiss the Bankruptcy case. Although Client may not receive notice or request for payment from the Trustee, Client understands that payments must be made by the due date of each month.

If payments are to be made directly to a creditor outside of the Bankruptcy plan, Client understands that these payments are to be made promptly prior to their due dates. If a default occurs on these payments, the Court may lift the automatic stay that protects Client from repossession or foreclosure by the creditor.

5. Client Obligations:

Client agrees to review all documents for accuracy and completeness before they are filed and agree to sign and or initial as required. Client further understands that all information and opinions made to Client are based on information provided to Firm by Client. If the information is neither true nor accurate then Firm's opinion regarding legal issues or Bankruptcy proceedings may significantly change.

6. Secured Debts (Chapter 7):

It is recommended that the Client bring current any secured debts (vehicles, tax liens, mortgages, HOA dues, any debt secured by physical collateral, etc.) before filing a Chapter 7 Bankruptcy if the Client intends to keep the collateral. If the Client does not intend to keep the collateral and wishes to surrender it in the Bankruptcy, they do not have to bring the collateral current before filing.

7. Bars to Discharge:

Successive Chapter 7 cases: Client must wait eight years after the filing date of the first Chapter 7 case before filing the second case.

Successive Chapter 13 cases: Two years must elapse between filing dates before Client could be entitled to receive a second Chapter 13 discharge.

8. Exemptions:

The Firm will analyze all applicable exemptions under both Texas and federal exemptions. The Firm will endeavor to maximize all available exemptions that Client is entitled. The Firm will analyze and discuss applicable exemptions with the Client before a Bankruptcy is filed.

9. Valuation of Assets:

Unless provided with a certified appraisal, the Firm will use the county appraisal district of the Client's residence to determine the fair market value of their homestead. For vehicles, the firm will use the Kelly Blue Book (trade in value) to determine the fair market value. All other values are to be provided by Client, but at a reasonable and practical rate. For luxury or extraordinary items (large jewelry collections, exotic cars, aircraft, boats, recreational vehicles, etc.), Firm may request that Client obtain an appraisal of the asset in question. Cost of any such appraisal is Client's responsibility.

10. Statement of Intentions for Secured Items: Reaffirmation:

Reaffirmation is the process wherein Client agrees to remain responsible for a debt so that Client can keep the property securing the debt (collateral). Client and the lender enter a new contract—usually on the same terms—and submit it to the Bankruptcy court for approval. Client can seek reaffirmation of a secured item within the course of the Bankruptcy. While the Client can list choices in their Statement of Intentions, a creditor cannot require or force a Client to sign a reaffirmation agreement. Any oral promise by a creditor may not be enforceable. The Firm recommends to Client that Client not reaffirm any unsecured debt. If the Client wishes to reaffirm secured collateral, Client must make this clear to the Firm, in writing, before the Bankruptcy petition is filed. Client understands (other than home mortgages) that if a secured item is not reaffirmed, there is a chance the creditor may seek repossession, collection, or foreclosure of the collateral because the Bankruptcy itself severs the contract between the Client (as a borrower) and the creditor.

11. Statement of Intentions for Secured Items: Redemption:

Client can seek redemption of a secured item, which entails the Client paying to the creditor a lump sum payment for the value of the collateral in satisfaction of the debt. The Client can only redeem personal property and not any collateral used for business. The collateral to be redeemed must also be tangible (no stocks, investments, bonds, etc.) and it must be exempted or have been abandoned by the Trustee. If the Client wishes to redeem secured collateral, Client must make this clear to the Firm, in writing, before the Bankruptcy petition is filed.

12. Statement of Intentions for Secured Items: Surrender:

Client can surrender secured items in a Bankruptcy. Choosing to surrender is generally an accord and satisfaction of the debt—meaning any remainder is thereby discharged. Not all debts are able to be surrendered without an outstanding deficiency. If the Client wishes to surrender secured collateral, Client must make this clear to the Firm, in writing, before the Bankruptcy petition is filed.

13. Plan Percentage Payments (Chapter 13):

The Firm will work with Client to reach a workable and viable Chapter 13 plan payment for the Client. While, in some case, Client may not have to pay 100% of unsecured debt, Firm will make a plan to pay for at least 2% of all unsecured debt, so that if any creditor files a proof of claim seeking a higher amount than provided for in the Chapter 13 plan, the original plan can cover the overage without having to change the plan payment. The Firm strives to obtain the lowest Trustee plan payment, but no result is guaranteed. The percentage return to unsecured creditors depends on various requirements of the Bankruptcy Code. Client understands that even if they file Bankruptcy, they may have to pay all debts, including all unsecured debts. In addition, Client understands that by filing a Chapter 13 Bankruptcy, their Trustee payment can vary after filing depending on factors and objections brought up by the Bankruptcy Trustee, creditors, or the court.

14. Wage Deduction:

Client understands that their monthly Trustee payment will be made by a court ordered wage deduction, unless otherwise required. Payments will be deducted the on the same basis as wages are paid (monthly, biweekly, semi-monthly, weekly, daily, etc.). Client understands that the first payment may not be deducted from wages and that it may have to be paid online via the Trustee’s website. For Clients with certain financial situations (self-employed, receiving fixed government income with no wages, etc.) their payments to the Trustee will be made via electronic funds transfer (EFT) to the Trustee via the Trustee’s website. Client understands that their first Trustee payment will be due thirty (30) days after the date of filing.

15. Means Test:

The Firm will use the Means Test to determine whether the Client can file under certain chapters of the Bankruptcy Code. The Means Test, as required under the federal Bankruptcy Abuse Prevention and Consumer Protection Act considers all income received by the Client in the previous six (6) months preceding the month of filing, not including social security payments. These numbers are compared to the median income levels predetermined by the United States Trustee. Client is required to disclose any and all payments, income, or monies received, which include but are not limited to: wages, salaries, bonuses, payouts from retirement accounts, sales from a homestead, sale of any item of value, money received as rent, family contributions received, money received as a gift, money received from a pension, money received from any domestic support obligation (alimony/spousal support/spousal maintenance, or child support, and any insurance proceeds received during the six month period. Client understands that any mock or predicted Means Test performed during consultation (that is not done with the Bankruptcy software at the time the physical petition is created) is only an estimate, and that if the Client does not provide all information to the Firm, that Client risks losing eligibility to file under certain chapters of the Bankruptcy Code.

16. Meeting of the Creditors and Hearings:

All individuals filing Bankruptcy will need to attend a Meeting of the Creditors (“the Trustee meeting”) at the federal courthouse. At this meeting, a Bankruptcy Trustee will ask several questions regarding your financial history, details about your petition, and reasons for filing Bankruptcy. Client acknowledges that it is their duty to (1) show up early to court for their scheduled Trustee meeting at the time designated by the attorney, (2) to apprise the Firm of any changes that may have occurred since filing but before the Trustee meeting, (3) to make any necessary arrangements with their job/employer and child/dependent care to make it to the meeting, and (4) to be honest about any questions asked by the Trustee at the

meeting, as Client will be sworn in under oath and penalty of perjury. Client also understands that they will be required to bring both a photo identification and their social security card. Failure to bring either will likely result in a reschedule of the meeting by the Trustee. This meeting cannot be waived or skipped, and it will be recorded by the Trustee under oath. Client is admonished to follow all instructions by the Firm and the Trustee carefully as failure can result in the Trustee moving to dismiss their case. Client agrees to disclose all assets (including, but not limited to all tangible and intangible property owned by Client) so that it may be properly accounted for in Client's Bankruptcy schedules.

17. Imposing and Extending the Automatic Stay:

If Client is seeking Bankruptcy for the second time within a year of having the first Bankruptcy dismissed by the court (regardless of the chapter), the automatic stay protecting Client from collection, repossession, foreclosure, etc. will only be effective for 30 days after filing, rather than the full duration of the Bankruptcy. Firm will have to file a Motion to Extend the Automatic Stay to seek permission from the court to extend the automatic stay through the remainder of the Bankruptcy. Client hereby acknowledges and understands that they will need to appear in court for this motion, and that they will give testimony regarding their reasons seeking a subsequent Bankruptcy. It is not guaranteed that the court will grant the motion.

If Client is seeking Bankruptcy for the third time within a year of having the first Bankruptcy dismissed by the court (regardless of the chapter), the automatic stay protecting Client from collection, repossession, foreclosure, etc. will not be effective upon filing. Firm will have to file a Motion to Impose the Automatic Stay to seek permission from the court to impose the automatic stay through the remainder of the Bankruptcy. Client hereby acknowledges and understands that they will need to appear in court for this motion, and that they must give testimony regarding their reasons seeking a subsequent Bankruptcy. Client understands that if they file a Bankruptcy that requires a Motion to Impose the Automatic Stay and foreclosure is imminent; Bankruptcy will not prevent the sale until the court grants the motion.

If Client files a Bankruptcy that requires a Motion to Impose to undo a repossession, if the collateral is sold before the court grants the motion, Client acknowledges that the vehicle may not be able to be retrieved and that Firm may not be able to compel the creditor to return the vehicle.

18. Lawsuits in other Courts:

Firm requests that Client give notice to any and all outstanding and currently pending lawsuits either brought by or against the Client at the time the petition is filed so that (1) it can properly be reflected in Client's Bankruptcy, and (2) so that Firm may file a Suggestion of Bankruptcy in the pending case. Firm does not extend its Bankruptcy representation to the Client into any other pending case by filing the Suggestion of Bankruptcy. It merely sends notice to the applicable court that the Client has filed Bankruptcy and suggests that the court should abate (or pause) the case until the Bankruptcy is otherwise completed or dismissed.

19. Changes in Circumstances:

If there are any changes in circumstances (lottery winnings, divorce, death, inheritance, etc.) during the course of the Bankruptcy, Client agrees to bring this to Firm's attention so that any necessary changes to the petition can be made. Client understands that any money received after the petition has been filed may be subject to collection by the Bankruptcy Trustee.

20. Representation after Completion or Dismissal:

Firm's representation of Client automatically terminates on completion of the Bankruptcy, whether through dismissal or discharge. If Client seeks to file an additional Bankruptcy, Client will have to sign a new Retainer and pay all applicable fees.

21. Non-Dischargeable Debts – Examples:

The following debts may not be discharged through Bankruptcy:

- a. Certain types of tax debts, including income tax debt

- b. any debt incurred through fraud
- c. undisclosed debt
- d. debt owed for fraud or deflection while acting in a fiduciary capacity
- e. debt owed to spouse, former spouse, or child (domestic support obligations)
- f. debt owed for willful and malicious injury to another or property of another
- g. government fine, penalty or forfeiture
- h. debt owed for death or personal injury due to operating of a vehicle while intoxicated
- i. debt that could have been discharged in another prior case of the debtor, or was denied discharge in a prior Bankruptcy case of debtor
- j. debt owed for fraud or defalcation while acting in a fiduciary capacity, associated with a depository
- k. debt owed for malicious or reckless failure to fulfill any commitment owed to a federal depository institution
- l. restitution owed under title 18, United States Code
- m. any debt owed that was incurred to pay tax debts
- n. debt related to court costs
- o. student loan debt

22. Bankruptcy Fraud

Any person who knowingly, intentionally, or fraudulently conceals assets, makes false statements under oath, or seeks to further or perpetrate a fraud under the Bankruptcy Code shall be subject to fine, imprisonment, or both, and any information provided to the attorney in connection can be accessed and examined by the United States Attorney's Office. If charged with any crime under the Bankruptcy code, Firm's representation does not extend to any criminal charges, allegations, convictions, or the like.

WE ARE A DEBT RELIEF AGENCY. WE HELP PEOPLE FILE FOR BANKRUPTCY
RELIEF UNDER THE BANKRUPTCY CODE.