



STUBBS PERDUE
ATTORNEYS AT LAW

**Debtor's Handbook
To
Filing Bankruptcy**

TABLE OF CONTENTS

Which chapter do I file?	1
Conversion to a different chapter	2
The bankruptcy court in general	2
The bankruptcy petition	2
The bankruptcy trustee	2
341 Meetings, or first meeting of creditors	3
A debtor's exemption options	4
Recent purchases - Chapter 7	6
Presumption of abuse - Chapter 7	6
Objections to discharge	6
Objections to dischargeability of a particular debt	9
Revocation of discharge	11
Debtor's cooperation with the court	11
Pre-bankruptcy planning	13
Information on Stubbs & Perdue, P.A.	14

DEBTOR'S HANDBOOK TO FILING BANKRUPTCY

The following information is designed to inform you about filing bankruptcy. This information considers matters that you need to know of before you file, during your case administration, and after you have received your discharge. Please read this information carefully and if you have any questions after reading this, do not hesitate to consult your attorney. The person filing bankruptcy is referred to as the "Debtor". The people or entities that are owed money by the Debtor, are "Creditors".

As a result of the filing of your petition, all of your property is now under exclusive jurisdiction of the United States Bankruptcy Court. The term property is used in its broadest meaning and includes all tangible property, intangible property and all rights to receive property such as accounts receivable and tax refunds.

WHICH CHAPTER DO I FILE?

A Chapter 7 Bankruptcy is referred to as a "straight bankruptcy". In Chapter 7, a Trustee takes control of the Debtor's property. Property not claimed as exempt by the Debtor or not abandoned by the Trustee will be sold. Proceeds from the sale will be distributed to creditors. Generally, in a Chapter 7 case where there are little or no assets, the unsecured debt will be discharged. If in fact there are assets to be sold, the Trustee will claim them as property of the estate and will sell them to pay your creditors. Chapter 7 is different from the other Chapters of Bankruptcy.

Chapter 13 is a type of bankruptcy where the Debtor's creditors are paid over a period of time through a Debtor's Plan from earnings rather than the sale of assets. For the Plan to be approved by the Court, the Debtor must pay all of his or her disposable income into the Plan for a period of approximately three to five years. The Plan must also pay secured creditors the value of the collateral, and unsecured creditors must receive as much as they would receive in Chapter 7. You are eligible for Chapter 13 if you have a regular income and owe non-contingent, liquidated, unsecured debts of less than \$383,175.00 and secured non-contingent, liquidated debts of less than \$1,149,525.00.

Chapter 11 is designed primarily for the reorganization of financially troubled businesses. It is also available to consumers and farmers. Creditors vote to approve or reject proposed Plans. The Chapter 11 process is more time-consuming and expensive than Chapter 7 or Chapter 13.

Chapter 12 is designed for family farming operations. Fees for Chapter 11, 12 and 13 are higher than fees for a Chapter 7. Your attorney will advise you of the fee involved in your case. This fee will be determined after a review of your case and it will be adjusted based upon the complexities involved. The filing fee for a Chapter 7 case at this time is \$335.00. The filing fee for Chapter 11 is \$1,717.00, \$310.00 for Chapter 13, and the filing fee for Chapter 12 is \$275.00. These filing fees are in addition to the attorney's fees. After the attorney has discussed with you your assets, income, and the debts involved, a determination will be made of which Chapter best fits your situation.

DEBTOR'S HANDBOOK
PAGE TWO

CONVERSION TO A DIFFERENT CHAPTER

If circumstances change after the filing of the bankruptcy petition, the Debtor may decide to convert the case to another Chapter.

THE BANKRUPTCY COURT IN GENERAL

Filing bankruptcy is a Federal Court procedure. There is a United States Bankruptcy Court for the Eastern District of North Carolina. You will be required to file in the District in which you live. Those persons residing in counties East of Raleigh will file in the Eastern District. There are two Divisions, Raleigh and Greenville.

THE BANKRUPTCY PETITION

The Bankruptcy Petition will list **ALL of your assets and your debts** on certain schedules. It must contain your correct mailing address and a statement showing that the petitioner is qualified to file in the particular district in which it is being filed. The petition will state the Chapter in which the petitioner is seeking relief, and it will have the signature of an attorney for the petitioner and a verified signature of the petitioning Debtor. If the Debtor is a partnership or a corporation, an approved agent or officer must sign the petition.

The Debtor will also give a summary of his recent financial affairs. This will be done in the Statement of Financial Affairs. Furthermore, in the Chapter 7 petition, the Debtor will state its intentions as to what property it shall abandon, retain, redeem, or reaffirm through the bankruptcy proceeding.

Once the petition is filed, the automatic stay becomes effective. This means that at the same time and date of filing, all creditors must cease their attempts to levy on property, obtain judgment, foreclose, initiate lawsuits, or pursue other claims against the Debtor. The Debtors are protected until the Creditor obtains permission from the Court to proceed with its claim by filing a Motion for Relief from Stay.

The Debtor will be required to file in the petition a schedule of current monthly income and average monthly expenditures. Basically, this establishes the amount the Debtor has on hand at the end of an average month.

THE BANKRUPTCY TRUSTEE

When a Chapter 7 bankruptcy petition is filed, a Trustee will be appointed. The Trustee is another bankruptcy attorney who is appointed by the Court to serve in your case. The Bankruptcy Trustee will review your petition and examine your assets and your debts. The Trustee shall hold all legal title to any property of the Debtor during the administration of the case. All rights and claims payable to the Debtor will be payable to the Trustee. For example, if Debtor is a Plaintiff in a lawsuit, and the Debtor is forced to file bankruptcy, the

DEBTOR'S HANDBOOK
PAGE THREE

Trustee may decide to substitute himself as the Plaintiff. The Trustee will make a determination of whether or not your case should be designated as a "no asset" or "asset case". In the event that your case is designated a "no asset" case, then the unsecured debt will be discharged. In the event that your case is designated an "asset" case, the Trustee will take those assets and offer them for sale by a public auction or private sale. The proceeds of the sale will be property of the estate and will be distributed among the creditors pro-rata according to priorities of the United States Bankruptcy Code.

At this time, when a Chapter 12 petition is filed, either Richard Sparkman or John Bircher is appointed as the Trustee to act as a disbursing agent, receiving payments from the Debtor and making distributions to creditors.

Usually, a Trustee is not appointed in Chapter 11 cases.

A Trustee will also determine whether or not there are grounds to object to your discharge, grounds to avoid a fraudulent transfer, or recover any preferential payments that might have been paid prior to filing bankruptcy. Fraudulent transfers, preferences, and objections to discharge are three items of interest to the Trustee and creditors in bankruptcy. These items will be discussed.

341 MEETINGS, or FIRST MEETING OF CREDITORS

No less than twenty and no more than forty days from the date of the filing of the petition, the Court will schedule a meeting of creditors, also known as a 341 Meeting. This is a Court proceeding held at various locations in the Eastern District. Debtors are required to attend a 341 Meeting. At the proceeding, the Trustee or Bankruptcy Administrator presiding will ask the Debtor questions under oath. At this time, creditors may attend and ask general questions about the Debtor's assets and their intentions regarding the property. In the event that the creditor requires more information, the Trustee or the Debtor's attorney can suggest that the creditor request a Rule 2004 Examination. The 341 Meeting is a Court procedure. Generally, the location of the 341 Meeting will be determined by the Debtor's address.

Although Judges do not preside at the 341 Meetings, it is still a function of the bankruptcy proceeding and certain dress standards must be observed. Tank tops, sleeveless tee shirts, shorts, halter tops, blue jeans, sweat pants, thongs & "flip-flops", military fatigues and utility uniforms are not considered appropriate attire.

341 meetings for Chapter 7 cases may be scheduled in either Greenville, Raleigh, Wilmington, or Fayetteville. The Trustee, not the Bankruptcy Judge, presides over the 341 Meetings. Other hearings will depend on the events of your proceeding. Some of the other hearings are Adversary Proceedings, Hearings on Reaffirmation/Discharge and Show Cause Hearings.

In Chapter 11 cases, the 341 meetings are usually scheduled for Greenville or Raleigh and the Bankruptcy Administrator presides over the 341 meeting. Before the 341 meeting, the Debtor is required to attend an Intake conference with the Bankruptcy Administrator. This meeting enables the Bankruptcy Administrator to get acquainted with the Debtor and its operations. Certain financial data will be provided to the Bankruptcy Administrator by the Debtor before the meeting.

DEBTOR'S HANDBOOK
PAGE FOUR

341 meetings for Chapter 12 cases are usually conducted in New Bern, Greenville, or Raleigh and the appointed Chapter 12 Trustee presides at these meetings.

A DEBTOR'S EXEMPTION OPTIONS

Knowing what exemptions an individual Debtor is entitled to is one of the most important things the Debtor needs to know when filing bankruptcy. The following is a description of a Debtor's exemption options in North Carolina.

North Carolina General Statute § 1C-1601(a) provides that an individual resident of the state who is a judgment debtor is entitled to exemptions. A Debtor may elect to take his exemptions under N.C.G.S. § 1C-1601(a) or under Article X of the North Carolina Constitution which provides for One Thousand Dollars (\$1,000) in real property and Five Hundred Dollars (\$500) in personal property. Debtors are also entitled to:

1. The noncode federal exemptions; for example, civil service retirement, social security payments, aid to families with dependent children; and
2. Any interest in property which the Debtor has an interest in as a tenant by the entirety or joint tenant, to the extent that such interest as a tenant by the entirety or a joint tenant is exempt from process under applicable non-bankruptcy state law.

Pursuant to N.C. Gen. Stat. § 1C-1601(a) each individual who is a Debtor is entitled to retain free of the enforcement of the claims of his creditors the following property:

1. The Debtor's aggregate interest, not to exceed Thirty-Five Thousand Dollars (\$35,000) in value, in real property or personal property that the Debtor or a dependent of the Debtor uses as a residence, or in a burial plot for the Debtor or a dependent of the Debtor; however, an unmarried debtor who is 65 years of age or older is entitled to retain an aggregate interest in the property not to exceed Sixty Thousand Dollars (\$60,000) in value so long as the property was previously owned by the Debtor as a tenant by the entireties or as a joint tenant with rights of survivorship and the former co-owner of the property is deceased.
2. The Debtor's aggregate interest in any property, not to exceed Five Thousand Dollars (\$5,000) in value, less any amount of the exemption used under subdivision (1).
3. The Debtor's interest, not to exceed Three Thousand Five Hundred Dollars (\$3,500) in value, in one motor vehicle.

DEBTOR'S HANDBOOK
PAGE FIVE

4. The Debtor's aggregate interest, not to exceed Five Thousand Dollars (\$5,000) in value for the Debtor plus One Thousand Dollars (\$1,000) for each dependent of the Debtor, not to exceed Four Thousand Dollars (\$4,000) total for dependents, in household furnishings, household goods, wearing apparel, appliances, books, animals, crops, or musical instruments that are held primarily for the personal, family, or household use of the Debtor or a dependent of the Debtor.
5. The Debtor's aggregate interest, not to exceed Two Thousand Dollars (\$2000) in value, in any implements, professional books, or tools of the trade of Debtor or the trade of the dependent of the Debtor.
6. Life insurance as provided in Article X, Section 5 of the North Carolina Constitution.
7. Professionally prescribed health aids of the Debtor or a dependent of the Debtor.
8. Compensation for personal injury, including compensation from private disability policies or annuities, or compensation for the death of a person upon whom the Debtor was dependent for support. Such compensation is not exempt from the claims for funeral, legal, medical, dental, hospital and health care charges related to the accident or injury giving rise to the compensation.
9. Individual retirement plans as defined in the Internal revenue Code and any plan treated in the same manner as an individual retirement plan under the Internal Revenue Code. For purposes of this subdivision, Internal Revenue Code means Code as defined in N.C. Gen. Stat. §105-228.90.
10. NCGS §1C-1601(a)(10) allows for Funds in a College Savings Plan, as qualified under Section 529 of the Internal Revenue Code, and that are not otherwise excluded from the estate pursuant to 11 U.S.C. 541(b)(5)-(6), (e), not to exceed a cumulative limit of \$25,000. are exempt. If funds were placed in the plan within the 12 months prior to filing, contributions must have been made in the ordinary course of the debtor's financial affairs and must have been consistent with the debtor's past pattern of contributions. The exemption applies to funds used for college or university expenses of the Debtor's child.
11. Retirement benefits under the retirement plans of other states and governmental units of other states are exempt only to the extent that the benefits are exempt under the laws of that state or governmental unit.
12. The debtor's interest in alimony, support, separate maintenance and child support payments or funds that have been received or to which the debtor is entitled is exempt to the extent the payments or funds are reasonably necessary for the support of the debtor or debtor's dependent.

DEBTOR'S HANDBOOK
PAGE SIX

RECENT PURCHASES - CHAPTER 7

North Carolina law provides that North Carolina exemptions are inapplicable with respect to tangible personal property purchased by the Debtor less than ninety days preceding the initiation of judgment collection proceedings, or the filing of a petition for bankruptcy. Note that this exception does not apply to real estate.

Finally, Debtors will pledge that they would otherwise claim as exempt from creditors as collateral for further loans. In this case, the Debtors may be able to file a Motion to Avoid Lien. This basically provides that the Debtor can avoid the lien on the collateral that they could otherwise claim as exempt if it is a lien that is a judicial lien or a non-possessory, non-purchase money security interest in (a) household furnishings, household goods, wearing apparel, appliances, books, animals; (b) implements, professional books, tools of the trade; or (c) professionally prescribed health aids of the Debtor or a dependent of the Debtor. That impairs the Debtor's right to an exemption.

PRESUMPTION OF ABUSE - CHAPTER 7

Upon notice and hearing, the Court may on its own motion, or on a motion by the United States Trustee, Trustee (or Bankruptcy Administrator) or any party in interest, may dismiss a case filed by an individual Debtor under Chapter 7 whose debts are primarily consumer debts, or, with the Debtor's consent, convert such a case to a case under chapter 11 or 13 if it finds that the granting of relief would be an abuse of the provisions of this chapter. In considering whether granting relief would be an abuse, the court shall presume abuse exists if the Debtor's current monthly income reduced by certain monthly expenses and multiplied by 60 is not less than the lesser of (i) 25% of the Debtor's non-priority unsecured claims in the case or \$7,475.00, whichever is greater; or (ii) \$12,475.00.

The primary purpose for filing the Chapter 7 case is to obtain a discharge. Section 727 of the Bankruptcy Code discharges an individual Debtor from all debts that arose before the date of the order for relief under this chapter and any liability on a claim that is determined under § 502 as if such claim had arisen before the commencement of the case, whether or not a proof of claim based on any such debt or liability is filed under § 501 of this title and whether or not a claim based on any such debt or liability is allowed under § 502 of this title. Section 727(c) provides that the Trustee or a creditor may object to the granting of a discharge.

OBJECTIONS TO DISCHARGE

The ultimate goal in bankruptcy is to receive a discharge of debts. In a Chapter 7 case, a complaint objecting to the debtor's discharge must be filed not later than 60 days following the first date set for the meeting of creditors, or 341 meeting. In a Chapter 11 reorganization case, such complaint shall be filed not later than the first date set for the hearing on confirmation.

Rule 4004(a) provides that a complaint is required to be filed. The court may for cause extend the time if a motion is made before such time has expired pursuant to Rule 4004(b) of the Federal Rules of Bankruptcy

DEBTOR'S HANDBOOK
PAGE SEVEN

Procedure. Burden of proof in a complaint objecting to discharge is on the plaintiff pursuant to Rule 4005 of the Federal Rules of Bankruptcy Procedure.

Mere conversion of non-exempt property to exempt property just before bankruptcy is not enough to deny discharge. In re Tveten, 70 B.R. 529, 533 (Bankr. Minn. 1987).

A denial of a discharge under § 727 will deny the Debtor a discharge as to all debts. The Debtor must have committed one of the following acts:

1. The debtor is not an individual;
2. The debtor, with intent to hinder, delay or defraud a creditor or an officer of the estate charged with custody of property under this title has transferred, removed, destroyed, mutilated, or concealed, or has permitted to be transferred, removed, destroyed, mutilated, or concealed--
 - (A) property of the debtor, within one year before the date of the filing of the petition; or
 - (B) property of the estate, after the date of the filing of the petition;
3. The debtor has concealed, destroyed, mutilated, falsified, or failed to keep or preserve any recorded information, including books, documents, records, and papers, from which the Debtor's financial condition or business transactions might be ascertained, unless such act or failure to act was justified under all of the circumstances of the case;
4. The Debtor knowingly and fraudulently, in or in connection with the case--
 - (A) made a false oath or account;
 - (B) presented or used a false claim;
 - (C) gave, offered, received, or attempted to obtain money, property or advantage, or a promise of money, property, or advantage, for acting or forbearing to act; or
 - (D) withheld from an officer of the estate entitled to possession under this title recorded information, including books, documents, records, and papers, relating to the Debtor's property or financial affairs;
5. The Debtor has failed to explain satisfactorily, before determination of denial of discharge under this paragraph, any loss of assets or deficiency of assets to meet the Debtor's liabilities;
6. The Debtor has refused, in the case--
 - (A) to obey any lawful order of the court, other than an order to respond to a material question or to

DEBTOR'S HANDBOOK
PAGE EIGHT

testify;

- (B) on the ground or privilege against self-incrimination, to respond to a material question approved by the Court or to testify, after the Debtor has been granted immunity with respect to the matter concerning which such privilege was invoked; or
 - (C) on a ground other than the properly invoked privilege against self-incrimination, to respond to a material question approved by the Court or to testify;
7. The Debtor has committed any act specified in paragraph 2, 3, 4, 5 or 6 above, or on or within one year before the date of the filing of the petition, or during the case, in connection with another case under this title or under the Bankruptcy Act, concerning an insider;
 8. The Debtor has been granted a discharge under Chapter 7 or 11, in a case commenced within eight years before the date of the filing of the petition;
 9. The Debtor has been granted a discharge under Chapter 12 or 13, in a case commenced within six years before the date of the filing of the petition, unless payments under the plan in such case totaled at least-
 - (A) 100 per cent of the allowed unsecured claims in such case; or
 - (B) (i) 70 per cent of such claims; and
 - (ii) the plan was proposed by the Debtor in good faith, and was the Debtor's best effort; or
 10. The court approves a written waiver of discharge executed by the Debtor after the order for relief under Chapter 7;
 11. After filing petition, Debtor failed to complete a personal financial management course; and
 12. The Court after a hearing held less than 10 days after the granting of a discharge finds that there is reasonable cause to believe that (a) the Debtor has been convicted of a felony which under the circumstances, demonstrates that the filing of the case was an abuse of the bankruptcy provisions; or (b) the Debtor owes a debt arising from (i) any violation of the Federal Securities laws, any State Securities laws, or any regulation or order issued under Federal securities laws or State securities laws; (ii) fraud, deceit or manipulation in a fiduciary capacity or in connection with the purchase or sale of any security registered under sections 12 or 15(d) of the Securities & Exchange Act of 1934 or under section 6 of the Securities Exchange Act of 1933; (iii) any civil remedy under section 1964 of title 18; or (iv) any criminal act, intentional tort, or willful reckless misconduct that caused serious physical injury or death to another individual in the preceding 5 years. This section shall not apply to the extent that amount of an interest in property is reasonably necessary for the support of the Debtor and any dependent of the Debtor.

DEBTOR'S HANDBOOK
PAGE NINE

EXCEPTION TO DISCHARGE FROM A PARTICULAR DEBT INCLUDE:

1. Certain taxes, whether or not a claim for such tax was filed or allowed.
2. Debts for money, property, services, or extensions, renewal or refinancing of credit obtained by false pretenses, false representations or actual fraud. (A false financial statement must be in writing, materially false and a statement on which a creditor reasonably relies and which the Debtor published with the intent to deceive.) and (i) consumer debts owed to a single creditor of more than \$675.00 for luxury goods or services incurred by an individual Debtor on or within 90 days before filing, or (ii) cash advances on a credit line aggregating more than \$950.00 on or within seventy days of filing.
3. Debts which are not listed or scheduled in the bankruptcy proceeding if the creditor did not know of the bankruptcy case until too late to file a proof of claim.
4. Debts for fraud, or defalcation while acting in a fiduciary capacity, embezzlement or larceny.
5. Debts incurred for domestic support obligations.
6. Debts incurred for willful and malicious injury by the Debtor to another entity or to the property of another entity.
7. A debt which is a fine, penalty or forfeiture payment to and for the benefit of a governmental unit, that is not compensation for actual pecuniary loss other than a tax penalty.
8. Debts incurred as a result of educational loans made, insured, or guaranteed by a governmental unit. There is an exception depending upon an undue hardship on the debtor or the debtor's dependents.
9. Debts that arose from the death or personal injury as a result of the Debtor's operation of a motor vehicle, vessel or aircraft while debtor was legally intoxicated from alcohol, drug or another substance.
10. Debts which were or could have been listed or scheduled in a prior case in which the Debtor waived a discharge or was denied a discharge.
11. Debts provided in any final judgment, unreviewable order, or consent order or decree entered in any court of the United states or of any State, issued by a Federal depository institutions regulatory agency, or contained in any settlement agreement entered into by the Debtor, arising from fraud or defalcation while acting in a fiduciary capacity committed with respect to any depository institution or insured credit union.
12. Debts for malicious or reckless failure to fulfill any commitment by the Debtor to a Federal depository institutions regulatory agency to maintain the capital of an insured depository institution, except that this paragraph shall not extend any such commitment which would otherwise be terminated due to any act of such agency.

DEBTOR'S HANDBOOK
PAGE TEN

13. Debts for any payment of an order of restitution issued under title 18, United States Code.
14. Debts incurred to pay a tax to the United States that would be nondischargeable pursuant to paragraph 1 above; (a) incurred to pay a tax to a governmental unit, other than the United States, that would be no dischargeable under paragraph 1; and (b) incurred to pay fines or penalties imposed under Federal election law.
15. Debts incurred in the course of a divorce or separation or in connection with a separation agreement, divorce decree or other order of a court of record, not of a kind outlined in paragraph 6 above.
16. Debts for a fee or assessment that become due and payable after the petition is filed to a membership association with respect to a debtor's interest in a unit that has condominium ownership in a share of a cooperative corporation, or a lot in a homeowners association, for as long as the Debtor or the Trustee has a legal, equitable, or possessory ownership in such unit, such corporation, or such lot, but this does not discharge the debtor for a membership association fee or assessment for a period arising before the filing of the petition or subsequent bankruptcy case.
17. Debt for a fee imposed on a prisoner by any court for the filing of a case, motion, complaint, or appeal, or for other costs and expenses assessed with respect to such filing.
18. Debts owed to a pension, profit sharing, stock bonus, or other plan established under sections 401, 403, 408, 408(a), 414, 457, or 501(c) of the Internal Revenue Code of 1986, under (a) a loan permitted under section 408(b)(1) of the Employee Retirement Income Security Act of 1974, or subject to 72(p) of the Internal Revenue Code of 1986; or (b) a loan from the Thrift Savings Plan permitted under subchapter III of chapter 84 of title 5, that satisfies the requirements of section 8433(g) of such title; however this does not provide that any loan made under a governmental plan under section 414(d), or a contract or account under section 403(b), of the Internal Revenue Code of 1986 constitutes a claim or a debt under this title.

Three exceptions to discharge require affirmative action on the part of the creditor to prevent their discharge. They are:

1. Debts for money, property, service, or extensions of credit obtained by false pretenses, false representations or actual fraud. (A false financial statement must be in writing, materially false and a statement on which a creditor reasonably relies and on which the Debtor published with the intent to deceive.)
2. Fraud or defalcation while acting in fiduciary capacity, embezzlement or larceny.
3. Willful and malicious injury by the Debtor to another entity or to property of another entity.

A creditor seeking to have his particular debt declared nondischargeable under § 523 must commence an adversary proceeding under Rule 4007(c) not later than sixty days after the first date set for the first meeting of creditors. The Court may for cause extend the time for filing the complaint, but the request for an

DEBTOR'S HANDBOOK
PAGE ELEVEN

extension must be made within the original sixty day time period. Rule 4007(c).

If a creditor is unsuccessful in having a debt for money, property, services or extensions of credit obtained by false pretenses, or by false representation declared non-dischargeable, and if the court determines that the position of the creditor was not substantially justified, then the Court in its discretion may award reasonable attorneys' fees for counsel for the Debtor. Note that the award of attorneys' fees only applies in this one instance.

Only a creditor may file a complaint under 523. It is the creditor who is requesting that his specific debt be excepted from a general discharge of 727 and an extension of time sought by the Trustee will no inure to the benefit of creditors.

The filing fee to commence an adversary proceeding is \$350.

REVOCAION OF DISCHARGE

Under certain circumstances, after a discharge has been granted, the Court may revoke the discharge after notice and hearing, and a determination that one of the three events occurred:

Request for revocation must be made within one year after the discharge was granted for

1. Discharge obtained through the fraud of the Debtor and the requesting party did not discover such fraud until after the discharge was granted;

Request for revocation must be made before the later of (i) one year after the granting of such discharge and the date the case; and (ii) the date the case is closed

2. if the Debtor acquired property that was property of the estate, or became entitled to acquire property that would be property of the estate, and knowingly and fraudulently failed to report the acquisition of or entitlement to such property or to deliver or surrender such property to the Trustee; or,

3. if the Debtor refused, in the case to (i) obey any lawful order of the court, (ii) on the ground of privilege against self-incrimination, to respond to a material question approved by the court or to testify, after the debtor has been granted immunity with respect to the matter in which such immunity was invoked or (iii) on a ground other than the properly invoked privilege against self-incrimination, to respond to a material question approved by the court or to testify.

DEBTOR'S COOPERATION WITH THE COURT

(1) All of your property should be kept at one location. Any property in the possession of another person or at a different location should be identified for the trustee.

(2) You should deliver to your attorney any tax refunds you receive after your petition is filed. A copy

DEBTOR'S HANDBOOK
PAGE TWELVE

of your current tax returns should be furnished to the trustee.

(3) Do not transfer any property or surrender possession of any property to any person, firm or corporation, other than your attorney or the trustee appointed by the Court, without a specific order of this Court authorizing the same.

(4) Cooperate with the trustee and the Court appointed appraiser or auctioneer.

(5) If a complaint is filed against you or if you are served with any papers regarding your case which you do not understand, contact your attorney and let him advise you.

(6) **KEEP THE COURT INFORMED OF YOUR CURRENT MAILING ADDRESS AT ALL TIMES.**

(7) If no complaints are filed against you objecting to your discharge generally or if no extensions of time have been granted for the filing of such complaints, your discharge will be entered within approximately 60 days of the initial meeting of creditors. You should receive your discharge in the mail at the end of the 60 day period.

(8) Failure to keep adequate insurance coverage on any motor vehicle could result in the Court entering an order that the vehicle be stored at your expense until proof of insurance is furnished to the Court and the creditor involved.

(9) If no objections are filed to the claim for exemptions within 30 days after the initial meeting of creditors, they will be allowed as claimed.

NOTE: Failure to comply with any of the instructions set forth herein could result in a dismissal of your case or denial of your discharge.

If any emergency situation arises where you find yourself unable to comply with the order requiring your appearance at one of the meetings above indicated, contact your attorney immediately. Failure to appear at a hearing could result in an order being issued to dismiss your case or deny your discharge without further notice.

If you have any questions regarding the use or disposition of your property or the administration of your case, contact your attorney and let him advise you.

DEBTOR'S HANDBOOK
PAGE THIRTEEN

PRE-BANKRUPTCY PLANNING

There are some tips that a Debtor may use prior to filing bankruptcy. We ask that a Debtor be current on his car payment or on payments for any other item that is financed that a Debtor wants to keep. This will avoid reaffirming the debt through the bankruptcy and avoid a possible deficiency judgment in the long run in the event the Debtor defaults.

If you have an account at a bank or other savings institution and you have a loan with that institution or owe money to that institution, you should transfer all funds from those accounts to avoid a set-off or freezing of the accounts. A person should not pay past due bills if they are not in the ordinary course of business. A Debtor may pay current bills prior to filing. However, a Trustee may recover monies paid on past due accounts ninety days prior to filing if it was made to outsiders. The Trustee will look to see whether or not any payments have been made to "insiders" (family, corporate principals, etc.) within a year of filing. A Trustee will also look into whether or not title to certain assets have been transferred prior to filing. Transfers of property within one year of filing to "insiders" for less than adequate consideration can constitute grounds for denial of your Bankruptcy Discharge. Transfers made within the prior four years of filing may be avoided by the Trustee if they were fraudulent transfers.

**DEBTOR'S HANDBOOK
PAGE FOURTEEN**

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