

# The Bankruptcy Process: Initiation And Consultation

*This is the first in a five part series giving an overview of the bankruptcy process from start to finish. This is just a general overview and it should be remembered that each case is different and has its own intricacies.*

## Five Steps to Success – Part 1: Initiation and Consultation

### Take the Initiative

You have hit rock bottom. You cannot meet your monthly payment obligations and you are falling behind on your bills. You are starting to receive harassing phone calls threatening legal action. Even worse, you are in [foreclosure](#), there is a lien on your bank account and/or your wages are being garnished. It is extremely important that you do not sit idle and bury your head in the sand.

I know it is painful, but the first step is admitting that you have a financial problem that you cannot fix. It takes courage, but you must take action. Hopefully this is done early before things get out of control or before you liquidate exempt assets in an attempt to stay above water.

It is important that you consult with a bankruptcy lawyer before making any drastic financial decisions.

### The Selection Process

I recently discussed my ideas on [selecting the right bankruptcy lawyer](#). If you follow these five suggestions, you should be able to navigate the murky waters and find a competent and compassionate bankruptcy lawyer to help you. If you feel overwhelmed and need advice on selecting an attorney, there are resources. You could contact your local bar association or the [National Association of Consumer Bankruptcy Attorneys \(NACBA\)](#). The NACBA website provides a [directory of local bankruptcy lawyers](#).

You should contact more than one lawyer in your search. Make sure the lawyer you end up hiring meets your criteria and always go with your gut.

### The Consultation

The initial consultation is perhaps the most important part of the bankruptcy process. It is the jumping off point to future financial freedom. So, if a lawyer does not offer an initial, free consultation, do not hire that lawyer. This initial consultation is an important meeting where you get to interview the lawyer and the lawyer gets to interview you. Invaluable information is passed back and forth at the initial consultation.

It is important to come prepared. Most lawyers will advise you on what needs to be brought to the initial consultation. Some will have you complete a pre-consultation intake form to provide them with necessary information. At a minimum, you should bring the following documents with you to the initial consultation:



- Copies of your previous two (2) filed Income Tax Returns;
- Copies of your pay advices (or proof of income) for the previous six (6) months;
- Copies of your monthly bills (utility bills, credit card statements, mortgage statements, etc.);
- Copies of bank statements for the previous three months; and
- Any other relevant documentation.

Of course, every lawyer will have slightly different requirements, but you should always come organized and prepared.

It is important to be completely honest, cooperative and share everything. Remember that the attorney/client privilege applies to the initial consultation so all communications with your potential lawyer will be protected. Speak freely and disclose everything as one tiny detail omitted could impact the outcome of your case.

As the debtor, you play an active role in your bankruptcy case and just as you rely on your lawyer, your lawyer relies on you to communicate all information in a truthful and forthcoming manner.

It is also important that you ask questions and get as much information as you can. You should leave the initial consultation with a solid understanding of the bankruptcy process and whether you will be filing [Chapter 7](#) or [Chapter 13](#).

Finally, you should leave the consultation with a clear picture of what your bankruptcy filing will cost you. Some lawyers still bill by the hour and this creates confusion and uncertainty. Most bankruptcy lawyers today utilize flat billing fees where you are billed a set fee for your entire case. This is a clean, concise and easily understood billing model.

If you do decide to sign an engagement agreement and pay a retainer fee, be sure to read the retainer agreement. Ask questions, understand it and make sure you have a clear idea of how much you will be billed and for what services.

Remember, initiate and take action before it is too late and make the most of your consultation as it is the first affirmative step to getting out of debt and achieving future financial freedom.

***Next up, Part 2: Credit Counseling and Petition Preparation***

*Image courtesy of [Buddawiggi](#).*