

Bankruptcy, what are the logistics of filing bankruptcy? Bankruptcy is a fairly straight forward process for many people. There are exceptions, as with any situation, but generally, the process involves accounting for assets (what you own), income (what you make) and expenses (what you spend). The number one problem that I encounter with clients is disorganization. In many cases bankruptcy is a result of some extraordinary event outside of the control of the individual. Those events could be loss of employment, unexpected medical expenses not covered by insurance, no medical insurance or marital discord and/or divorce. However, for others bankruptcy protection is sought because of poor personal management or failure to properly track income (paycheck, child support, disability and such) and expenses (rent, car payments, credit card payments, utilities and other living expenses). A good practice for every consumer, not just those in or contemplating bankruptcy should be to regularly track income and expenses. Tracking your monthly income and outflows, and looking at exactly where you spend your money, puts into perspective areas that can be managed better or reduced.

That being said, the number one thing that a potential bankruptcy client can do is to get organized. Chapter 7 and Chapter 13 bankruptcy, which are the two most common types the average consumer can use, require that the debtor fully disclose all of their assets (what you own), income (what you make) and expenses (what you spend). Getting organized is the most important thing to do to make sure your experience in bankruptcy is efficient and effective, allowing you to get back on the track to a fresh start.

There are no magic methods for getting organized; whatever system works for you is fine, so long as you take the necessary actions. Even though you are paying a Bankruptcy Attorney to represent you, they cannot know all the details of your particular financial situation. You will have to provide that information to them, and remember, if you do not disclose it (a debt), it probably will not be discharged in bankruptcy.

A good way to start is by opening all of your mail and sorting it by company and then by debt type. For example, you should sort all of your bank statements by date, from most recent to oldest and have at least six months' worth of statements. Six months is good practice for all of your statements and bills. You can put them in different folders or get an expandable folder and sort them that way, but whatever the method, you should have six months of **every bill** you receive. Break them down into categories; Mortgage/Rent, Utilities, Credit Cards, Car Payment, Signature Loans, Bank Statements, Investment Accounts, Pay Stubs and Misc. If you have a bill where you do not receive monthly statement make sure you write down the account number and address for the creditor on a separate sheet of paper and include that in the appropriate category.

If you are in collections and are receiving collection calls, it is important to track them. You should keep track of when exactly the collection agency is calling, who you are talking to and also their address, phone number and the account number that they have assigned you. The best way to handle a collection call is to ask them questions about their practices. Ask them their name, manager's name, company name, address, phone number, account number, balance,

payoff and any other information that you think will help you disclose the debt to the bankruptcy court.

Once you have your statements and bills in hand, a great way to continue to track your expenses is with an online or software based program. One example of a software based system is Intuit<sup>®</sup>'s [Quicken<sup>®</sup>](#). This program has a lot of power and many functions to track and view income and expenses. The downside for this program is that it costs money to purchase the program and to get the most out of it you will need an internet connection. Most major lenders and banks have the ability to sync up or download your transactions so that you do not have to enter every transaction. On the free side there is a web based application, also from Intuit, called [Mint.com](#). Mint.com is like a trimmed down Quicken. It has many of the same features, such as linking with your financial institutions and budgeting, but is all web based and will require an internet connection. The nice thing about Mint.com is that it is free and even provides helpful hints as you use it.

There are many of these types of programs for the average consumer and you do not need to be a computer genius to use them. Many have handy tutorials that help with the learning process.

No matter what program or system you use, the most important thing is that you use one. Financial management is one of the most important steps a consumer can do to get a handle on their spending and lifestyle.

Last thing to keep in mind, when you hire a Bankruptcy Attorney, you are hiring them for their experience and legal training to help guide you through the process. You are ultimately responsible for what is disclosed in bankruptcy. You the client have to sign the petition stating that everything is true and accurate. As your attorney, we do not know what your assets are or what you debts are. If you fail to inform your attorney of a loan, say an internet or a payday loan, in many cases we will not know. Those companies do not report on your credit report and there would be no way for your attorney to know. Keep in mind that if you do not report the existence of the debt along with a good mailing address, it likely will not be discharged in bankruptcy.

For more information about bankruptcy, Chapter 7 or Chapter 13, contact Dennis Jay Sargent Jr, at 919-654-4545 or visit us on the web at <http://www.SargentLawNC.com>. Dennis Jay Sargent Jr is a North Carolina attorney that focuses his practice in consumer bankruptcy. The Law Office of Dennis Jay Sargent Jr, PLLC is a debt relief agency, helping people file for Chapter 7 or Chapter 13 bankruptcy relief under the United States Bankruptcy Code. We are also a proud member of the National Association of Consumer Bankruptcy Attorneys and the American Bankruptcy Institute.