

# NICK C. THOMPSON

800 Stone Creek Parkway Suite 6

Louisville, Kentucky 40223

502-625-0903 (Toni Secretary) 502-625-0940 (fax) 502-625-0905 (Nick)

[office@bankruptcy-divorce.com](mailto:office@bankruptcy-divorce.com)

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TO CLIENT: copies of the following documents are required to file bankruptcy:

- ☐ **A Chapter 7 requires all the documents a Chapter 13 requires, plus the prior six months of bank statements**
  - ☐ **Bank Statements** for all open bank accounts (including any joint accounts) for the prior six months, not this month
- ☐ **CHAPTER 7 and 13,**
  - ☐ **Household income\*** The Court needs proof of your prior six months of income. Example pay stubs or any benefits letter stating your income (\*household income = husband & wife's income even if only one person is filing)
  - ☐ **Prior two Federal & State Tax Returns. For 2025, these are the 2024 & 2023 filed returns, not a transcript. If you haven't filed taxes, you are unable to file bankruptcy and can't get the discharge until you do.**
  - ☐ **Vehicle Titles for any boats, cars, trailers, or motorcycles in your name, including if your name is on mom's car.**
  - ☐ **A recorded copy of your Deed and Mortgage, showing the Book and Page numbers.** We can get this from the court website for Jefferson County. Many rural counties are not online; go to the court clerk in rural counties.
  - ☐ **Driver's License & Social Security Card**
  - ☐ **Fill in the intake.** We will send you a link to fill out an online intake. She will need your name, and email address to send you an intake. List the name, address, and amount of all your debts (free credit reports are available at [www.annualcreditreport.com](http://www.annualcreditreport.com) Credit reports help provide addresses and amounts.
  - ☐ *List the name and address of any **Child Support or Alimony you pay as a debt.***
  - ☐ **Proof of Large or unusual expenses** (large medical expenses, church contribution, retirement, private school, etc.)
  - ☐ **Credit Counseling Certificate:** We can prepare a case before you take credit counseling. But without it, your case cannot be filed. We recommend <https://prebk.com/>. Do not sign up for credit monitoring. Take the Debtor education class after your case is filed. You must take the second course after filing, or you will not receive your discharge.
  - ☐ *If you have been sued, you may have a judgment lien on any home or real property you own. To strip a 2<sup>nd</sup> mortgage or judgment lien – complete our form, get an appraisal, and pay the additional fees for this motion, or your judgment lien will not be stripped. This causes increased costs and time later, especially at closing.*
  - ☐ **Paying cash gets your case immediately. The 2025 filing fee for Chapter 7 or 13 is \$338.00. The official filing fee for a 13 is 313, plus 25 dollars in mailing costs. In 2025, our normal Chapter 7 Attorney Fee is \$1400.00 for a single person - Joint \$1600.00. If you pay by check or card, we wait until the check or debit card clears due to returned checks and debit card problems. Plus processing takes 5%. It's best to bring cash.**
  - ☐ **Chapter 13 Attorney Fees:** We often collect and hold your first 2-3 Chapter 13 payments in our trust account at filing to show you have the ability and intent to make payments. We are paid through bankruptcy court as you make Chapter 13 payments. The Western KY Court pays a \$4100 flat fee in every Chapter 13 whether you hire the best or worst attorney in town. There is no need to price shop in Chapter 13.
  - ☐ **If you run a small business, you can often file a Chapter 7 or 13 instead of Chapter 11. Only individuals can file Chapter 13. Small business owners are often personally liable and often file a Chapter 13 instead of Chapter 11 and restructure the business. Chapter 11 has a 96% failure rate and Chapter 11 cases are frequently converted from Chapter 11 to Chapter 7.**



A judge or trustee can require other documents. The documents listed above must be gathered before the bankruptcy can be filed. Reading our manual takes about 2-3 hours and will give you a general understanding of bankruptcy. You are not required to provide your email address to download it.

## Things to do after filing in a 7 or 13 so you don't have to file twice.

1. **If you have a Chapter 13 your mortgage, car, and plan payments started the month you filed.** Your car, or mortgage will normally have a new address where you will send payments. It will take a week or two to transfer your account. They won't accept your payments immediately. If you don't make timely payments, secured creditors file a [motion for relief from stay](#) to repo a car or foreclose. Their attorneys charge \$250 to \$450 per hour for this motion plus a \$300 filing fee. [You may be given time to pay or you may be able to dismiss and refile](#) or you may not. We often file with just one spouse so the other can file later in case of problems. If you don't make plan payments on time the Trustee will file a [motion to dismiss](#). In Western KY Chapter 13, you must also file an annual budget and turnover tax refunds if your plan pays less than 100%.
2. **Take your second class as soon as you get your case number.** A discharge is a permanent court order to prevent collections. The stay is a temporary order that protects during the case. The bankruptcy code requires you to take the debtor education class, to get the discharge. If you fail to take the class before the case closes, you may have to pay the filing fee again to reopen the case and the cost of motions to get the discharge.
3. **If you are stripping a mortgage or judicial lien.** People often don't know they were sued. A judicial lien can be attached to your home if a lender sues you, obtains a judgment, and files the judgment lien. When you refinance or sell a home, that judicial lien will still exist after bankruptcy has been filed unless it is stripped during the bankruptcy. If this lien impairs your [exemption](#) in the property, it can usually be removed. It is much cheaper to remove it while your bankruptcy is going on. If the lien is not removed while the bankruptcy is going on, you must file a motion to reopen the case and strip the lien later. This takes 20-30 days, which means you may lose a property sale or refinancing if you have to wait to get this done. First residential Mortgages cannot be stripped. First mortgages for business, rental, and vacation properties can be modified or stripped. **Second mortgages with zero equity can be stripped in Chapter 13.**
4. **Save your bankruptcy documents.** If you need to buy a home later, you will need a copy of your bankruptcy.
5. **Be sure all your debts are listed.** In a 6<sup>th</sup> Circuit Chapter 7 case with no assets, debts are discharged whether you list a debt or not. Not listing a debt may still cause problems later. If you fail to list a debt in a case that repays debts, you will still owe the debt after the case is over. The case that governs this is In RE Madj.
6. **Pull your credit report at the end of the case.** Your credit report should show accounts as closed after discharge. Discharged debts are not in default. Your FICO score and net worth should go up, not down, after bankruptcy. Wealthy people file to increase their wealth. Poor people live with debt due to emotions of shame and fear. Their families suffer and live without. Three different Federal Reserve studies prove this.
7. **Check taxes and insurance.** If real property is being surrendered, you may not need to continue paying for taxes and insurance. If you surrender a car, be sure the title is out of your name so you don't continue to pay taxes for a surrendered auto after the discharge. You can file an affidavit of incomplete transfer to get a repossessed auto out of your name and not pay taxes. The lender pays taxes & insurance during a foreclosure.
8. **Download & read our manual.** If you understand the process, you will get more from your bankruptcy. Most people who understand the process save thousands by taking 3 to 4 hours to read how to take advantage of all the different tools we have in bankruptcy. My book is boring, but you will understand bankruptcy after reading about the possible issues you may face before, during, and after your bankruptcy.

This is reserved for your notes and questions when you come in for your consultation.

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## CHAPTER 13 ISSUES

1. **Chapter 20** You may file a Chapter 7 before Chapter 13 so your Chapter 13 has no unsecured debt to repay. This saves some clients thousands of dollars. It makes a Chapter 13 affordable when the 13 doesn't have to repay unsecured debts and only has to catch up on a mortgage.
2. The advantage of Chapter 13 is you stop collections and can take time to pay secured creditors up to date. The automatic stay prevents creditors from collecting as long as you live by your plan promises, such as making mortgage and plan payments on time. You can surrender unnecessary property and pay unsecured creditors to make your life affordable but you must make your best efforts to repay.
3. Remember your case number and inform the Trustee, Court, and Attorney of any changes to your contact information. The Western District of Kentucky Chapter 13 trustee is at 502-581-9042
4. Plan payments pay the attorney and trustee fees. You may need payments to put into trust at the start.
5. Payments are made by TFS bill pay or payroll deduction. If you don't make payments, the trustee will file a motion to dismiss the case, or the mortgage lender will file a motion to terminate the stay and foreclose. If you lose income, let your attorney know. **All your payments start the month you file.**
6. If you don't pay a mortgage or car loan your plan promised to pay, the lender will file a motion for relief from stay. If he wins that motion, consider dismissing your case. You may be able to refile, but you may have to show that you will make payments the second time. If you have filed two cases within the prior year, you will be barred from filing again for 6 months. During those six months, your creditor will have the necessary time to repo the car or foreclose and sell the home.
7. A Debtor is responsible for repaying his creditors using his "best efforts." This does not require a debtor to work two jobs. You must file an annual budget if a 13 pays less than 100% in the Western District of Kentucky. An inheritance, lottery winnings, or tax refund gives you income above your budget and requires you to turn over those funds. See our webpage on tax refunds.
8. If insurance lapses on a car, the vehicle can be repossessed within 5 days by a Western Kentucky local rule. Not paying insurance is also a basis for terminating the stay for a mortgage. The mortgage lender can force place insurance, often at a higher cost, and add it to the payment.
9. **CHECK YOUR CLAIMS.** Creditors file claims to be paid. Creditors have filed claims that did not belong to the debtor. Your attorney will file a list of all the claims, and if you do not dispute a claim, it is allowed and paid. If creditors fail to file claims, the percentage may increase, but this doesn't mean your payment increases. If you underestimate the amount it takes to catch up on a mortgage, your payment will increase. Plans that pay less than 70% will keep you from filing a Chapter 7 for 6 years.
10. A co-debtor's stay protects cosigners if a plan repays 100% of the debt.
11. You have to get court approval to sell or borrow for a car or home in Chapter 13. You cannot modify your 1<sup>st</sup> residential mortgage. You can't modify a car loan that is less than 910 days old. You can modify (lower) the interest rate on your car loan to prime plus 1%.
12. You will get notice when you complete your plan. You can dismiss a Chapter 13 case. However, a lien will typically only be stripped if you complete the plan. You can pay off a plan early.
13. 30% of all Chapter 13 plans fail, but 70% of plans are completed. Completing the plan requires budgeting and saying no to some expenses, so you get through this.
14. Your spouse may not have to file with you in a 7 or 13. We often only file a Chapter 13 in one spouse's name. If the plan fails, we can refile a 7 or 13 in the other spouse's name to stop a foreclosure.
15. Three things control your plan payment amount: The amount of disposable income you have (affordability and best efforts), the amount of excess equity (a Chapter 13 must repay what a Chapter 7 would have paid), and the amount of secured and priority debt you are forced to pay back (you have to catch up a mortgage during the 13). A good attorney will make this affordable for you.

## CHAPTER 7 ISSUES

1. The advantage of Chapter 7 is it is much quicker and far cheaper than Chapter 13. However, you have to pay the attorney fees upfront in Chapter 7. You probably have to file a 13 if you:
  - a. Have disposable income that makes a meaningful repayment to creditors (see means test)
  - b. Have filed a Chapter 7 within the last 8 years and obtained a discharge.
  - c. Have too much equity in a home or other property without enough [exemptions](#) to cover it or:
  - d. You have debts that you must repay over time, such as:
    - i. Taxes less than 3 years old you should repay in a 13 or
    - ii. A foreclosure, you must catch up
    - iii. If you have either of these debts consider filing a Chapter 7 before you file Chapter 13
2. People who file Chapter 7 must pass a means test that uses the prior six months of household income to determine if you make more than the average income for your family size. Even if you make more than the average income, you may still pass the means test if your reasonable and necessary expenses do not leave enough disposable income for a meaningful payment in Chapter 13. Find a lawyer who will look for and include the often-forgotten necessary and allowed expenses, so you qualify.
3. If you file Chapter 7, the Trustee can sell a property if you have too much equity in a home or car. Once you file Chapter 7, you cannot dismiss it without the approval of the Chapter 7 Trustee. Remember, the Chapter 7 trustee is paid about 25% of what he sells. He probably won't let you dismiss or convert to a 13. Transferring property before you file makes it more likely you will lose it. You cannot exempt property that does not belong to you. You can generally dismiss Chapter 13 at any time. This makes Chapter 13 the safest option if you have too much equity in a property.
4. In Chapter 7, if you have a secured debt such as a mortgage or car loan, you must choose one of three options to keep your home or car.
  - a. **Surrender.** In Chapter 7, you can always let the car go back if you cannot afford it or it is a lemon. If you surrender a car in Chapter 7, you will not pay the deficiency. In Chapter 13, the deficiency will sometimes be filed as a late claim but paid back between 1% to 100%.
  - b. **Reaffirmation.** You can keep the car and continue to make the payments on time, maintaining full coverage insurance and taxes on a home or car. Signing a reaffirmation agreement returns you to being liable for the debt. Your credit will not improve by reaffirming, and if your payments and insurance are up to date, most lenders will not repossess or foreclose. The lender sends your attorney the reaffirmation agreement, depending on whether they want to reaffirm. You must surrender, reaffirm, or file a motion to redeem within 15 days after the 341 meeting or the stay terminates. Ford and Toyota claim they require a reaffirmation. You can't force the lender to reaffirm, but I can't remember any lender refusing to send a reaffirmation. A finance company may negotiate a reaffirmation lowering your payments. Ford will not. Mortgage lenders may do a modification depending on whether you qualify.
  - c. **Redemption.** If you owe far more for a vehicle than it is worth, you may be better off filing a motion to redeem the auto. Redemption pays the lender the NADA retail value of the car, and the lender is required to release their line. You cannot redeem real property (land). You can redeem personal property such as a vehicle, ATV, furniture, or trailer.
  - d. **Ride through** Many lenders will allow you to continue paying, insure the car, and keep the property without a reaffirmation agreement. If your budget shows you have no disposable income, a reaffirmation agreement may not be possible. This may be what the lender and you do, but you won't find it in the bankruptcy code as an official option.