

PHILIP S. ABROMOWITZ, ATTORNEY AT LAW
5920 E. PIMA ST., SUITE 150
TUCSON, ARIZONA 85712
PHONE: 318-3200 or outside Tucson 1-800-615-6688
Welcome to DropDebts.com

This is the right place for you if:

- You live in Southern Arizona.
- You are being crushed by your debts.
- You would like to wipe away your debts and get a fresh start.

My name is Phil Abromowitz. I have been a lawyer in Tucson for 34 years. I have handled over 7,000 Chapter 7 Bankruptcies. Those are where a person's debts are basically wiped and they don't have to pay creditors anymore. In every one of those cases my client's debts were wiped out!!! My Tucson bankruptcy practice covers all of Southern Arizona, including Pima, Pinal, Santa Cruz, Cochise, Greenlee, and Graham Counties. I have helped thousands of hard working men and women, and their families, become debt free.

I am designated as a Federally recognized "Debt Relief Agency" as I help people file for Bankruptcy under the Federal Law. I am an "AV" rated attorney by the Martindale Hubbell national rating service. That is the highest rating an attorney can have. In addition, I have been twice honored by the Volunteer Lawyers Program of the Southern Arizona Legal Aid Society and the Pima County Bar Association as the Pro Bono Attorney of the Month (March 1999 and December 2001). You need to know you are dealing with a well established attorney. Through a lot of hard work, I am honored to have a good reputation. My fees are very inexpensive. However, you need to know that in 2005 all lawyers were forced to raise their fees. Please read the next section about the 2005 changes. For a Chapter 7 Bankruptcy, I charge a low flat fee of \$2,000 for all of the legal work to wipe out your debts. Basically, a Chapter 7 Bankruptcy wipes out all of your debts and you can go on with your life debt free.

My office is conveniently located in East/Central Tucson at 5920 E. Pima Street, Suite 150. The easiest way to contact my office to set up an appointment, or get more information, is to call me in Tucson at 318-3200. Out of Tucson, you may call my toll-free number 1-800-615-6688, 9 a.m. to 4:00 p.m. Monday through Thursday and Friday morning. I like to supply my clients with as much basic information as possible. I have put together a nice packet of information. My secretary would be happy to send it to you free of any charge or obligation if you call us.

If you call my secretary, she will need to ask you a few basic questions prior to sending you the free information. Because of changes in the law, she will not be able to answer questions herself. Also I must state that, until you actually hire me and a

simple written Fee Agreement is signed, you are not committed to anything and we do not have a professional relationship. Thank you for visiting my Website. The following information will provide answers to many basic questions about bankruptcy. If you are interested in becoming debt free, please call me at my toll-free number. I look forward to meeting with you to go over your debt situation. Bankruptcy is like a wonderful magic wish. It is a legal opportunity to get a fresh start. Bankruptcy is a legal process. It is important that things be done properly the first time. We want to get through the bankruptcy court process smoothly. It is pretty simple from the client's standpoint! I have set out some basic information that may be of interest to you. When we get together, we can discuss any or all of these matters, plus any other questions you may have. Spending a little time in reading this information and completely filling out some paperwork will really benefit you. I have been helping people get debt free for over 32 years. With a little cooperation from you, you can enjoy life again.

THE 2005 CHANGES TO THE LAW

The bankruptcy Law was radically changed in 2005 after 8 years of lobbying by the credit card industry. I am sad to say that the credit card industry actually wrote the law. They spent over 400 million dollars on campaign contributions to get Congress and the President to pass it. The new law is nasty. It contains many traps for people who need help with wiping out their debt. It has created much extra work. As a result, many lawyers have become discouraged and have stopped taking bankruptcy case. It is now almost impossible for a non-lawyer to file their own case. Lawyers that will keep doing these cases, like me, have been forced to double our legal fees. I don't like it. Even the court filing fee has increased significantly. The credit card companies and our legislatures who passed this law should be ashamed of what they have done. I am going to help people get a fresh start despite these extra hurdles in the new law. However, although it is more expensive, a Chapter 7 "fresh start" bankruptcy is still available to most people. The key is to not let the new law discourage or intimidate you. That is where I come in. I will guide my clients through the procedure with the goal of wiping out their debt. One of the big changes under the law is that you can't have any bankruptcies in the 8 years before we file a new bankruptcy. A second major change is an income test. If you are below these income figures, based upon your household's average monthly income for the 6 months immediately preceding the filing of your bankruptcy, you may qualify without any big problems:

1 earner - \$3,616 per month average ; 2 people in the family \$4,801; 3 people \$5,166; 4 people \$5,988; 5 people \$6,563; 6 people \$7,138. Social Security income does not count. (Guideline numbers as of 10/1/08; these income numbers will be raised from time to time; please check with my office)

WHAT IS BANKRUPTCY?

Bankruptcy is a set of laws that allow people who owe more than they can afford to pay to get a fresh start. You get the protection of the Bankruptcy Court. A Chapter 7 Bankruptcy is the basic bankruptcy whereby most or all of your debts are wiped out, and you go on without having to pay these obligations any more. A Chapter 13 is a wage earners plan. We can discuss the options in my office.

YOU SHOULD NOT FEEL BAD BECAUSE YOU NEED TO FILE BANKRUPTCY

We all try to pay our debts when we can. However, if you have a situation where it will be difficult or impossible to pay back the debts that you have, then Bankruptcy may be a good solution. People need to file bankruptcy for many types of reasons including medical bills not covered by insurance; loss or decrease in income due to losing a job, losing overtime, changing jobs, etc.; problems from a divorce; moving across country; problems with money management where credit card debt has become overwhelming. There are also many other reasons people need to file bankruptcy. While it is important that we take care of our obligations, one of our first obligations is to ourselves, our spouse, and our family. If heavy financial debt is causing you stress, upset, depression, or other problems, then it only makes sense to take the cure. To me, filing Bankruptcy is like a small operation - you would not have one if you didn't need it; but if you do need it, it is not a big deal.

I believe that your self worth and your net worth are not the same!

HOW MIGHT THIS AFFECT MY CREDIT?

If you are now considering bankruptcy, chances are your credit is already poor. Credit is simply the willingness of someone to loan you money. When a creditor or lender is reviewing your request for a loan, they want to know how you are going to pay them back, and when you are going to pay them back. Filing bankruptcy can actually improve your credit for two simple reasons. First, once you have filed bankruptcy, you cannot file again for another six years. Second, the creditors that you now have that are waiting for a piece of each and every paycheck will no longer be there. Therefore, once you file bankruptcy, you are actually a better credit risk because you cannot file again for another six years and you no longer have another group of creditors waiting to jump on your income.

In the real world, you will find that there will be some lenders that will refuse to give you credit after you file the bankruptcy. However, there are many other lenders that are more than happy to extend you credit after you have filed. I have not had one person in about twenty three years of filing bankruptcies ever tell me that it turned out to be a mistake for them. However, I have had many satisfied

clients who called me later and thanked me again. They told me it was the best thing that they had done for themselves and their family. Many of them wish that they had done it sooner.

WHAT ARE SECURED AND UNSECURED CREDITORS?

When it comes to filling out the bankruptcy paperwork, it is important to understand the difference between creditors that “hold security” and creditors that are “unsecured”. The word security refers to whether something has been put up for collateral or security for a loan. An example would be the financing of a car purchase or furniture purchase. If you have purchased a car, or had a car and took a loan out on it, then the car is the collateral or security. If we wipe out the loan in bankruptcy, then the only thing that the creditor can get back is their collateral or security. For example, if you had a loan for a vehicle in the amount of \$10,000.00, and the vehicle was only worth \$6,000.00, we would wipe out the entire \$10,000.00 debt and the creditor would get back the car worth only \$6,000.00. **You would not owe them any more money, even though they may only get \$5,000.00 or \$6,000.00 for the car when they sell it. The debt is wiped out.** The only thing they can get back is the collateral or what was put up for security. There is no deficiency for you to pay if you file for bankruptcy.

An unsecured debt is one where nothing has been put up for collateral. Examples are signature loans, credit cards, most charge accounts (there are some store charges that are secured), medical bills, and judgments for rent, etc. For these types of debts, they are usually completely wiped out, and you do not lose anything.

CAN I KEEP MY HOUSE?

In Arizona, if you have less than \$100,000.00 equity in your home, mobile home, or piece of land upon which you live, you can keep your property as long as you pay any mortgages on it. Equity refers to the difference between the value of an item and what you owe on it. If you have a home that is worth \$80,000.00, and you have a \$50,000.00 mortgage, then your equity is \$30,000.00. The difference between what it is worth and what you owe on it is your equity or ownership value in the property. Arizona allows you to have up to \$100,000.00 of equity. That is the amount of the value over and above any mortgage that you have. However, you must pay your mortgage in order to keep your property.

IF I HAVE A SECOND MORTGAGE ON MY HOUSE, CAN I WIPE IT OUT IN BANKRUPTCY?

A second mortgage has the same legal effect as a first mortgage. Whether a first or second mortgage (sometimes called a Deed of Trust), the legal set-up is the same. The bank or lender has loaned you money. The lender wants to be in the

position of a secured creditor as discussed above. They want you to use your ownership in your house as collateral. For a car, putting up for collateral is done by a lien on the car title. For a house, it is done by a Mortgage or Deed of Trust that “secures” the Promissory Note. The Note is the obligation to pay back the loan that you sign.

Unfortunately, lenders have been very slick and have gotten people to put second mortgages on their house to secure their loans, like bill payer or consolidation loans. For example, a person has a \$60,000 first mortgage on a house that’s worth \$80,000. They have a need for money and they go to a lender (the bank, credit union, loan company). The lender requires them to give the lender a second mortgage (or second Deed of trust) on the house for \$20,000. They now have a total of \$80,000 of loans against the house that’s only worth \$80,000.

CAN I KEEP MY CAR OR TRUCK?

The Arizona law allows each person to protect up to \$5,000 equity in a vehicle. In the case of a husband and wife, they can lump together their exemptions to protect up to \$10,000 equity in a vehicle. For physically disabled persons, the exemption is \$10,000. **I AM VERY PROUD OF THE FACT THAT I STARTED THE BALL ROLLING TO GET THIS LAW CHANGED AS OF AUGUST 2001. THE LAW HAD BEEN ONLY A \$1,500 EXEMPTION.**

Many people have vehicles on which they owe more than the vehicle is worth. For example, you owe \$10,000.00 on a truck, and it is really only worth \$6,000.00. You then have several choices: (1) You might be able to keep paying on the truck even though you are paying more for the truck than it is worth; (2) You can give back the truck, and wipe out the debt (in this example, \$10,000.00). Whatever the creditor sells the truck for, that is what they get - you don't owe any more money!; (3) Sometimes a creditor might be willing to negotiate. If you owe \$10,000.00 and the truck is only worth \$6,000.00, then the creditor might get even less than that at a wholesale auction. In some cases, the creditor might be willing to reduce what you owe. Every case is different, and we can talk about it when you come in.

DOES THE BANKRUPTCY COURT CARE HOW MY DEBTS CAME ABOUT OR WHAT I TRIED TO DO TO HANDLE THEM?

The answer is generally no. The Bankruptcy Court does not care how much or how little you have sacrificed in order to pay your bills in the past. While some people have made great sacrifices in order to try to pay bills in a hopeless situation, that is not a concern of the Bankruptcy Court. Some people file bankruptcy when they are current with all their bills; but just have too much debt to continue paying on in the future. Other people don't file bankruptcy until they have creditors threatening them, suing them, or even garnishing their wages.

The Bankruptcy Court does not make you justify or explain how you got your debts. The only issue is whether you owe more than you can afford to pay, based upon your current income. The only real exception is if you are trying to wipe out certain debts that were created by fraud or something like that. If bankruptcy is appropriate for you, no one is going to judge whether you have suffered enough, or whether you need to suffer more. That is simply not the issue in Bankruptcy Court.

WHAT ABOUT INCOME TAX REFUNDS?

If you may get an income tax refund, you should understand how bankruptcy could affect it. If you are not getting an income tax refund, or it is less than about \$500 combined State and Federal, you have nothing to worry about. The Trustee in bankruptcy is almost never interested in taking in less than \$500 in refunds. However, if you think you might get a combined State and Federal refund totaling more than \$500, you should discuss that with Mr. Abromowitz.

Typically, the Trustees in bankruptcy are only concerned with refunds for cases filed between September and April. The reason for the interest is that many people who need bankruptcy protection and cannot pay their bills, will still sometimes get a good size refund. That is because they had a considerable amount of income tax withheld. If the refunds will come in while the case is being processed, the Trustee will want that money. It only happens one time. For most of my clients, losing a refund is not a big deal compared to the relief that they're getting from their burdensome debts through bankruptcy. However, there are a number of things that you can do to protect your refund.

One thing many people do is delay filing their bankruptcy until after they received the refund. Obviously, the timing has to be right. Sometimes delaying for the sake of getting a refund is foolish, when creditors are driving you crazy and the refund is not very big. Another legitimate approach is to simply adjust your withholding with your employer. For example, let's say that last year you received a \$2,000 income tax refund. Assuming your income this year to be approximately the same, if you have less withholding taken out (and take home more in your paycheck), then at the end of the year the amount of withholding held for taxes may not be much more than the taxes you owe. You will get a much smaller refund, which you'll be able to keep.

Don't worry if this is a little confusing. You can always discuss it with Mr. Abromowitz, or one of the staff.

HOW THE PROCESS WORKS

Once you have returned all the completed paperwork to my office, and all the attorneys fees and filing fee are paid, your bankruptcy papers will be finished up. We will then need to make arrangements to have you sign your bankruptcy papers. Within a few days of your signing, they are filed with the Bankruptcy Court. The day they are filed is very important. After that date, your creditors cannot do anything to collect the debt from you. Generally, the only problem areas are where the creditor might have a claim of fraud. This rarely happens. My experience is that it only comes up 1 of 50 cases. Even in those situations, something can usually be worked out.

Within a few days of filing your papers in court, the Bankruptcy Court will send out a notice. This notice goes to you, me, and each of your creditors. It confirms that you have filed bankruptcy, and that your creditors are prevented from taking any steps to collect any debts or judgments against you. It also provides us notice of something called the First Meeting of Creditors or the "341 Hearing." This is no big deal. This is nothing to worry about. This first meeting of creditors is very informal. There is no judge there. There is a person called a Trustee who conducts a hearing. It is more like a ceremony. As I have been reassuring my clients for many years, the hardest part about the whole thing is finding a place to park! Seriously, there is nothing to worry about.

I will be at this meeting with you. I will send you a letter several weeks ahead of time reminding you of the meeting and sending you a map and instructions. At this meeting, there will be other bankrupt people. The role will be taken, and then the Trustee will call you up to the table where I will ask you a few basic question such as your name, how long you have lived in the State of Arizona, if you have ever filed bankruptcy before, and if everything in the filed paperwork is true and correct. Although it may take a number of months after the First Meeting of Creditors to get your final Discharge in Bankruptcy, everything is over with for all practical matters after the First Meeting of Creditors.

WHAT DOES BANKRUPTCY COST?

As a consumer oriented Lawyer, who has received 2 awards from the Bar Association for helping people, I keep my fees low and am upfront about what they are. Bankruptcy is very cheap compared to the debt load you will wipe out. However, it does take some money.

Most Lawyers will not quote you a fee unless you come into their office. Some of them are charging up to \$3,000 for a chapter 7 case. Let me layout the fee and costs; and I will tell you how many clients handle paying for it. I charge a low flat fee of \$2,000. There is also a \$299 court filing fee. So the entire bankruptcy, to wipe out all your debt, costs \$2,299. There are no hidden or extra costs that some

lawyers charge. That is a very small price to pay to wipe out \$20,000, \$30,000 or more in debts!

I allow my clients to pay the fees and cost over a period of up to 90 days before I file their case. That works well for many people. I do not charge to review your worksheets. After I review the paperwork you return to my office, I will tell you if you qualify. Most people do qualify. If you do qualify, then you know your case should go through.

Once people know that they qualify to file bankruptcy, many people then stop paying creditors they are going to wipe out and use that money to pay for their case. For example, if you have been paying the credit card companies or other creditors \$600 per month, and you use that money for the retainer, then in 3 more months your case is paid for. That is too short a period for most creditors to do much, other than to call you. Of course it is important to continue paying creditors for items you are going to keep, such as a house or vehicles.

While many people will put aside this money to pay it all at one time, you do not have to pay the fees and costs all at once. You can retain me with as little as \$500 to get started. You may then pay the remainder of the fees and costs over 90 days. You can start investing in a **solution**; rather than continuing to throw money away.

Under the new law there is also mandatory special type of credit counseling (don't worry - its easy) before your case is filed; and after filing, there is debtor education class. They each cost \$50. The approved companies that do the counseling and debtor class charge them same for an individual or couple. You can thank the credit card industry's friends in Congress and President Bush for all these extra attorney fees and costs.

Keep in mind that even with all these extra costs, the filing fee is the same, whether a husband and wife file together; or there is only a single individual.

I take good care of my clients and their bankruptcies go through smoothly. **My clients' debts have been wiped out in each of the over 7,000 bankruptcies I have filed.**

Don't worry, if you call me and I take your case, you will be well treated. My Secretary and I get many complements and thank you cards. I like helping people get a fresh start. This is an important decision. Give my office a call if I can help.

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