

\$0 Down Bankruptcy!

Is it a Scam?



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Have you seen online advertisements for \$0 Down Bankruptcy and wondered whether it was on the up and up or a scam?

Well, the answer is both "yes" and "no."

I offer the financing option on a Chapter 7 bankruptcy. But while others call this a \$0 Down Bankruptcy, I refuse to call it that. My reason is not because this program is a scam, but because I think this claim lures people in with misleading and incomplete information and as a result, it is unethical.

The \$0 Down Bankruptcy only refers to the legal fee. Costs associated with filing bankruptcy have to be paid "up front." These expenses include:

The court filing fee - \$338.

The "due diligence" credit report of \$37 (per person).

The cost of mandatory pre-bankruptcy credit counseling, \$24, more or less.

Those costs add up to at least \$399. You must pay them to file your case. If you find an attorney willing to front these out-of-pocket costs for you, you have to wonder why the attorney would do this.

Is it honest to say \$0 bankruptcy you must pay costs of at least \$399?

This claim may not precisely be a scam. Still, is it ethical marketing? Can you trust an attorney posting misleading advertisements that hide the requirements of the cost of court fees and other cash expenses?

How the so-called \$0 Down Bankruptcy works.

First, you pay the attorney the court fees and other cash expensed. I request that my clients pay \$450, not \$399. After all, I have overhead and living expenses. By paying me a modest \$51, it shows me you value my work. Heck, if you can't come up with \$51 for stopping your wage garnishment, why should I believe you can afford to pay the balance you owe for my work after I file your case?

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With the low-down bankruptcy, the attorney uses a loophole to file your case with only a basic amount of information. Attorneys call this "filing a skeleton." The bones are there, but little else. Typically, the paperwork filed includes your name, address, social security number, and a list of your debts. Your attorney doesn't provide a lot of legal work, but you immediately receive powerful protection from the bankruptcy court. The simple act of filing this skeleton petition stops wage garnishment, repossession, and tax collection. Once your creditors realize you filed bankruptcy, they must stop trying to collect from you.

However, like most loopholes, there is a catch. Actually, there are several "catches." Your attorney must prepare and submit the rest of your legal paperwork within 10 days. Preparing this paperwork requires that you provide financial documents, and doing so involves a lot of technical legal work. If you miss deadlines, your case can be, well, dead.

So using this method is risky.

- 1. Your budget must show that you are eligible to file bankruptcy, and*
- 2. You must immediately provide your attorney with many financial documents and your attorney must hustle to prepare your remaining legal paperwork. Unfortunately, when any work is rushed, there is an increased chance to make mistakes.*

Unless you meet BOTH requirements and give your attorney enough time to prepare the remaining paperwork before the deadline expires, your case will be dismissed. You won't get your money back for the filing fee or other costs, and typically, you will have to wait at least 180 days to file another bankruptcy case. I hate when that happens!

Getting your financial records may not be as easy as you expect, and it can be time-consuming. If your finances don't meet into the requirements of bankruptcy, or if you incorrectly estimated certain matters, when your attorney analyzes the details, your case could fail. But your attorney can't be sure if you qualify for bankruptcy without going over all your financial records and performing time-consuming detailed calculations, which the attorney can't afford to do without getting paid for this work.

Your bankruptcy paperwork is typically at least 80 pages long. It can take several days to prepare it. Your attorney will be under a lot of pressure submit these papers within 10 days. As a result, if you don't provide the required paperwork to your attorney within a day or two, your attorney may seem to turn into a monster .

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Reasons you need a "\$0 Down Bankruptcy."

- 1. Wage garnishment - filing your case will stop an expensive wage garnishment;*
- 2. Vehicle repossession - filing your case can delay repossession of your ride; and*
- 3. Tax liens - filing bankruptcy prevents the IRS from filing a tax lien.*

If these reasons don't apply, here some reasons why you wouldn't want a \$0 Down Bankruptcy.

A \$0 down bankruptcy comes with risks. Some of the risks are:

- 1. Your case might fail.*
- 2. You forgot some crucial information that affects your case.*
- 3. You might lose property because you didn't tell your attorney about it.*
- 4. The \$0 down program is more expensive.*

You see, the \$0 Down program requires your attorney to jump through hoops. You cannot owe your attorney any money at the time your case is filed. Otherwise, your attorney would be one of your creditors and included in your bankruptcy. As a result, most of the work on your case must be performed after your case is filed. Because the most of the work is done after filing, you cannot eliminate the fee in your bankruptcy.

The work to complete your bankruptcy is time-consuming. Oddly, it typically takes more work to complete a bankruptcy than to prepare it in full at the outset. And the attorney cannot do most of this work until you provide every required document. In a \$0 Down Bankruptcy, your attorney usually must also provide you additional services to resolve your emergency problem(s).

For example, if you are being garnished, you will want your attorney to immediately stop the garnishment

In addition, the company collecting your legal fees in the \$0 program charges the attorney to do this. This cost is passed along to you. While the monthly payment for legal fees is affordable, the total cost of a \$0 Bankruptcy is higher. How much higher will vary from attorney to attorney.

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When someone needs a \$0 Down Bankruptcy, this program is a lifesaver, well worth the extra cost and risk. To someone losing \$150 or more per paycheck in a garnishment, it is a huge savings. And the payments you make on the \$0 Down program will appear on your credit report, helping you rebuild your credit.

If you can wait to file bankruptcy, many lawyers, including my office, will accept monthly payments from you for no additional fee. Once you have paid for your case in full, your complete bankruptcy can be prepared, you can take the time to carefully review it, and only when you know it is perfect will it be filed.

While you are making payments, most attorneys will take the calls from your creditors. You can use this time to obtain the many documents your attorney needs.

To give you detailed and accurate answers in your free initial consultation, I ask you to complete an online assessment at www.cricketdebt.com. Sign up using my access code - 687098. With this code, you won't have to pay the \$24 fee, and I will have most of the information I need to accurately evaluate your case.

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