

SNEAKY LAWYER TRICKS:

What to know **BEFORE**
you hire a Bankruptcy attorney

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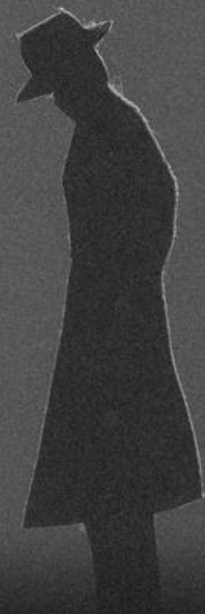


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What this book is NOT

This book is NOT a substitute for legal advice. There is a reason attorneys spend 7 years in higher education and even more years after that being tutored in the law. Law can be very complicated, with many twists and turns. You may find the general information in this book quite helpful and it may even fit your situation exactly, but a change in one small detail could change the outcome. Please keep that in mind throughout this book.

Why I wrote this book

I wrote this book because I don't like seeing people being taken advantage of. When you hire an attorney, you are buying their knowledge of the law. While there are many wonderful attorneys out there who take their responsibility seriously, there are also some that take advantage of clients who don't know they are being taken for a ride. Within only a few weeks of working with bankruptcy attorneys, I saw all of the things that I address in this book and more. While there is no way I could stop attorneys from abusing their clients completely, I wrote this book to do what I can to keep that from happening.

I also wrote this book because I don't want to take time or money from a person with relatively simple problems. I got into this profession to help people, and the most efficient way it to do it is through an ebook. Some problems that would take just a phone call or two to resolve do not need an attorney. I am a huge fan of do-it-yourself. Before I start any project, I do my research to see what I can do by myself and what would be best left to a professional. This book is to help you do that. After seeing a lot of the pitfalls that can occur in Bankruptcy, most of the time I would recommend hiring an attorney; however, this book lets you evaluate if bankruptcy is right for your situation.

This book is intended to give you a basic understanding of Bankruptcy law so you have a better chance of figuring out what is right for you and your situation. Whether your goal is finding the best attorney or fighting for your legal rights by yourself, this book should give you some useful information. No matter what you decide, it is strongly recommended that you consult with an attorney before you start a bankruptcy. An attorney may be able to point out problems you didn't see or be able to show you a simpler way to do something. Many bankruptcy attorneys offer a free consultation, so you are sacrificing only a little bit of time and gas money to have an attorney discuss your situation with you. Hopefully, with the information in this book you will also be able to more readily distinguish between an attorney who is giving you a sales pitch and an attorney who is actually giving good advice.

The Problem

Debt has become a daily reality for most people these days; the average American household has almost \$131,000 in debt, with \$15,762 of that being credit card debt. Debt can be a great tool to help businesses and homes get off the ground or to help families through a hard time; however, when unexpected events happen or when hard times continue, debt can feel like you are swimming alone in the ocean, and the waves are getting the better of you. Sometimes harder is the great emotional toll that financial hardships can take on those around you—that feeling when the weight is so heavy that you don't know if you can ever do better for them.

It's tempting to ignore the situation or to keep scrimping and saving in hopes of getting ahead. Fortunately, the law recognizes that hard times come to good people, and even with the best intentions people can get in over their heads financially. Rather than fall further and further behind, sometimes it is best to just stop the bleeding and move on with a fresh start. Bankruptcy lets you do that.

Another less-mentioned problem is simply that of unscrupulous attorneys, those who give the profession a bad name. I love practicing law. I love helping people see the light at the end of the tunnel.

Though you may feel at the time that your problems are insurmountable, there are steps you can take to restore dignity and hope.



"And if you don't have an attorney, we've got millions of them."

The Solution

Arm yourself with knowledge—at no expense to you!—and get back in the driver’s seat. Depending on your circumstances, I provide two solutions for you to consider.

Solution 1—for when you may not need to file Bankruptcy

1. Stop Collection Calls yourself
2. Handle Small Debt

Solution 2—for when Bankruptcy may be your better choice

1. Learn the Lingo
2. Know the difference between Chapter 7 and Chapter 13
3. What you can discharge so you no longer owe the debt and what you can’t
4. Know your Timing
5. Sneaky Lawyer Tactics
6. Getting Ready for Bankruptcy

If, after reading this brief book, you still can’t decide, I can help you with that, too.

I know the pitfalls to avoid so you can rest assured you are making the best decision for your future.



WARNING—DANGER AHEAD

Q. How many lawyers does it take to change a light bulb?

A. Fifty four. Eight to argue, one to get a continuance, one to object, one to demur, two to research precedents, one to dictate a letter, one to stipulate, five to turn in their time cards, one to depose, one to write interrogatories, two to settle, one to order a secretary to change the bulb, and twenty-eight to bill for professional services.

The good news? —You may not need to file bankruptcy at all!

Solution 1

Stop collection calls yourself

So many bankruptcy attorneys advertise that they can “Stop Collection Calls,” and they can, but you don’t need an attorney to get a collection agency to stop calling you. Once you send a letter to the collection agency, they can no longer call you except in certain circumstances. For more information, request our ebook “Stopping Creditor Calls Yourself.”

While it may be nice to no longer have to avoid those annoying phone calls, this doesn’t do anything to get rid of the debt. Debt ignored doesn’t go away; instead, it gets bigger. The debt is still there accumulating more fees or penalties, and the creditors can still garnish your wages or take property. This does nothing to let you have a fresh start, and it isn’t the most responsible or workable long-term solution either; however, it might just give you a quick breather you need so you can figure out what you are going to do next.

Handle small debt

Bankruptcy may not be right for you if you have only a small amount of debt to a couple of creditors. \$10,000 in debt may feel like a million dollars to you, but in the debt world that is a relatively minor amount. Debt can often be negotiated down, and you may only have to pay half or less of the original debt, depending on the creditor. You may be able to negotiate with the creditors directly to pay a smaller amount with a lump sum. A caution, though: it only takes a single creditor to refuse to negotiate with you for this not to work, so this method isn’t recommended if you have more than a couple of creditors. Also, you need to have some cash available to be able to pay the creditors upfront. If you don’t have access to the cash, this won’t work. To see if negotiating with creditors will work for you, request our ebook “Stopping Creditor Calls Yourself.”



Still considering Bankruptcy? —Here's what you need to know.

Solution 2

Learn the lingo

First things first. Bankruptcy assigns very specific meaning to some otherwise very common words. How Bankruptcy uses words can make it sound like a completely different language, and if you don't know the lingo you can be left without some very important information.

If you already know these--great! This will just be a quick review. If any of these are new, take the time to make sure that you understand each term completely.

Asset property that has monetary value. It can be money in a bank account, your car, or even a pearl necklace. While technically an asset is anything that can be sold for money, the Trustee often is concerned with only those assets that are worth a certain amount of money.

Automatic Stay stops creditors from attempting to collect on their debts and stops most other legal actions. It often automatically goes into effect the second you file a bankruptcy, and no other legal action is needed (thus called 'Automatic Stay'). As soon as you file a bankruptcy creditors can no longer try to collect debt from you without asking the court for permission. This also stops many different civil court proceedings; however, the Automatic Stay will not stop certain criminal, domestic, or tax proceedings.

Debt money that you have agreed to pay, usually when you buy something.

Debtor the person who owes money.

Discharge to relieve a personal liability for a debt. Discharging a debt does not actually get rid of the debt; rather, it simply means the company can't try to collect the debt from you, so in a lot of ways it is as though the debt goes away. The difference is for anyone who may have cosigned the debt. In that case, the company could

still collect from the person who cosigned, even if your responsibility for the debt is discharged.

Exemptions property that can not be seized to pay debts. By law, creditors can't leave you destitute on the street or with only an empty barrel for clothes--fortunately those old cartoons were wrong. The law makes sure that you are left with enough to be able to make a fresh start financially. Exemptions are those belongings, or property, that a creditor can't take or sell if they are below a certain value. In AZ, there are exemptions for your home, cars, clothing, wedding rings, work equipment, and even a sewing machine.

NOTE: Exemptions don't override a voluntary secured debt on the item. For example, if you do not make your car loan payments, then the company *can* take your car. Doesn't the car exemption stop that? Nope, since you chose to take a car loan, the car exemption doesn't apply. But if your car is worth \$10,000 and you owe \$5,000 on a car loan, a car exemption will keep the Trustee from selling your car and giving the \$5,000 in equity to the creditors. The same is true of your house. Some exemptions only go up to a certain pre-determined money amount, so property over that amount isn't protected. For example, if you own a \$1,000,000 home free and clear, you may have a problem because the homestead exemption only goes up to \$150,000 in Arizona. In that case, the Trustee may be able sell your home, give you the \$150,000 for the homestead exemption, and use the rest to pay off creditors. See Appendix for list of Arizona Exemptions.

Filing Date the date that your Bankruptcy Petition was filed. This is a very important date that will be used a lot to decide your rights.

Liability the responsibility to pay a debt.

- Lien* the legal claim a creditor has on your property until the debt has been paid back. People who have gotten a judgment against you in court will often place a lien on your house until they are paid back.
- Means Test* the test that calculates if a person can file a Chapter 7 bankruptcy. The Means test looks at your income for the last 6 months, your monthly expenses, and your secured debt to calculate if you are able to file a Chapter 7 bankruptcy or if you have to file a Chapter 13. It is a pretty complicated equation. I have even heard bankruptcy judges say they don't entirely understand it, so don't feel bad if the calculation is not clear to you. A qualified attorney can help you wade through this.
- Secured Debt* a debt that has an item attached to it that can be taken if you do not make the scheduled payment. For example, a car loan is a secured debt. If you don't make your car payments, they can repossess your car.
- Trustee* the government representative for the creditors in a bankruptcy. The Trustee's job is to make sure that the creditor's best interest is looked after, and your attorney's job is to make sure your best interest is looked after. Both are necessary to make sure the bankruptcy is fair for everyone. The Trustee's main job is collecting the assets and giving it to the creditors.
- Unsecured Debt* debt that does not have an item attached to it. For example, credit cards. If you don't make your credit card payments, they can't take any of your property without suing you. Because they are unsecured, these debts typically have higher interest.

Know the difference between Chapter 7 and Chapter 13

The two most common forms of bankruptcy are Chapter 7 and Chapter 13. These are very different processes for very different needs, and choosing the right Chapter is very important.

Chapter 7

What it is

Chapter 7 is sometimes called a 'liquidation' bankruptcy. It means that you will basically be able to say "Nice knowing you" to some creditors and never hear from them again about that debt. This isn't a get out of jail free card, though. The Trustee (the creditor's representative in the bankruptcy) can take personal items that are worth money and sell it to try to give your creditors some money back. Most people don't have to get too worried about what you will lose. The law limits what the Trustee or creditors can and can't take through exemptions. (See Appendix for a list of exemptions.)

Why do it?

Chapter 7 is suitable for people who have a lot of dischargeable debt such as credit card or medical debt and not a lot of valuable property.

The exemptions in Chapter 7 are designed to keep you from losing everything, and they do a good job of protecting you. For example, in Arizona there is a \$150,000 homestead exemption. This means that if you have less than \$150,000 equity in your home, then creditors can't force you to sell it. Because of these exemptions, a majority of the Chapter 7 Bankruptcy's filed in this country are Zero-asset cases, meaning the Trustee didn't take any of the person's property.

Chapter 7 isn't for everyone. If you make over a certain amount of money, you may not be eligible to file a Chapter 7 by law. Also, if you are behind on your mortgage payment and want to save your house, or if you have valuable family heirlooms, then Chapter 7 is likely not the right answer for you. Lastly, if you own interest in a business (including a LLC), the Trustee may be able to sell your interest to pay your creditors.

Chapter 13

What it is

Chapter 13 is often called a 'work around' bankruptcy. Under Chapter 13, you have to make a payment based on all your excess money for 3-5 years. You won't be able to miss any payments, but at the end of the 3-5 years, any extra money that you owe certain creditors will be discharged. This is much harder to accomplish than a Chapter 7, so why would anyone choose to file a Chapter 13?

Why do it?

Some people may not have a choice—they may not be eligible for Chapter 7. Following are some of the reasons why:

- **Too much money or a history of bankruptcy**

Under the law, if you make too much money then you may be required to file a Chapter 13. The idea of the bankruptcy law is to help people who are having a hard time financially with very little ability to pay the money back. If you make over a certain amount, the law figures you can pay at least some of it back even if you can't do it all. Also, if you had filed a Chapter 7 within the last 4-8 years, you won't be able to file a Chapter 7 again and will have to file a Chapter 13.

- **To save a house.**

If you are behind on your mortgage, you may choose to file a Chapter 13 to try to save your home. Under a Chapter 13, you have 3-5 years to 'cure' or pay back the back-mortgage payments so you can continue your home loan.

- **To save a car.**

If your car has been repossessed but not yet sold to pay the debt, you may be able to get the car back and have 3-5 years to pay the vehicle off. Also, if your loan is from over 910 days, you may be able to reduce the overall amount that you owe on the car.

- **Pay non-dischargeable taxes.**

If you owe income taxes from over two years before the filing date, these taxes may be able to be discharged under Chapter 7 or Chapter 13; however, some taxes (including taxes due less than 2 years before

the filing date) can't be discharged. Filing Chapter 13 may still help with these taxes because they would stop the interest from continuing to accrue, and that would lower the total tax bill.

- **Protect non-exempt assets.**

If you have property that isn't exempt, such as a race horse, or if your property is worth more than the exemption amount, then you may be able to protect the property in Chapter 13. Under Chapter 13, you can pay the amount the property is worth to the Trustee and keep the property. For example, if you own your great-grandmother's pearl necklace, a Chapter 7 may force you to sell it to pay your creditors. In a Chapter 13, you can pay for the value of the pearls and keep them.

- **Strip-off second mortgage.**

If your house is worth less than what is owed on the first mortgage, you may be able to get rid of the second mortgage through Chapter 13. For example, if your home is worth \$150,000 and you have a first mortgage of \$175,000 and a second mortgage of \$20,000, since the house is worth less than the amount of the first mortgage, the second mortgage could be discharged.

What you can discharge (so you no longer owe the debt) and what you can't

Learning what debts you can eliminate is a very important part of deciding if bankruptcy is right for you and which Chapter you should choose. For example, if you have mostly credit card debt then Chapter 7 may help you get back on your feet; however, if most of your debt is from tax debt and you haven't filed your tax returns for the last 10 years because of the tax debt, Chapter 7 likely won't help you much at all since taxes are exempt from bankruptcy proceedings. Also, if you owe only back Child Support or Alimony, bankruptcy might not help—those, too, are exempt. Under Bankruptcy laws, you still have to pay the support and some of your property might be sold to pay the bill.

Remember that the exemption categories are very general. There are always exceptions within the law, and something that is usually able to be discharged may no longer be just by changing some facts. For example, there isn't usually

much question about credit card debt, it is usually discharged; however, if it appears that you knew you were going to file bankruptcy and decided to live it up a bit with your credit card with the plan that you can eliminate the debt through bankruptcy, then there could be a problem. For instance, if you spend more than \$600 on luxury items in the 90 days before a bankruptcy, that debt will likely not be discharged. The law contains a number of exceptions like this, so be sure you consult with an attorney about the particular facts of your case. Also, only the most common categories of debts are listed. If you have a debt that you don't see listed, ask a bankruptcy attorney how to handle your debt.

Some things that likely CAN be discharged.

- Some taxes older than 2 years that were filed on time
- Credit Card debt
- Medical debt
- Most liens
- Past due utility bills
- Some second mortgages (in Chapter 13)
- Some student loans (in rare circumstances)
- Repossession deficiency balances
- Auto Accident Claims (exclusions apply)
- Civil Court Judgments
- Social Security or Veterans Assistance Overpayment
- Veterans Assistance Loans

Some things that likely WON'T be discharged

- Support payments such as Child Support or Alimony. The government takes these very seriously--not only are these not going to be discharged, but they will be paid first.
- Taxes that are newer than 2 years old or were filed late.
- Most student loans
- Fines or penalties due to government agencies, including criminal restitution
- Any debt that was "obtained by false pretenses, false representations, or actual fraud other than a statement respecting the debtor's financial condition." If you have debt because you lied, cheated, and stole, then this may be debt that you keep.

Timing is Vital

Timing is VERY important when filing bankruptcy—it can make or break your bankruptcy. There are a number of rules about timing that can affect the outcome of your case including your income, which debts can and can't be discharged, whether the Trustee can get money returned that you may have already paid to someone, and what money the Trustee can and can't take.

Don't wait too long. One of the comments I have heard bankruptcy judges say is that most people wait too long to file a bankruptcy. While it is admirable that you want to get yourself out of debt on your own, sometimes it is better to not wait until you hit rock bottom financially.

Instead of throwing money down a bottomless pit of increased interest, sometimes it is best to stop the financial bleeding and use that money to rebuild your financial future on a secure foundation.

The following conditions are among the more important timing considerations:

- **Time lived in Arizona.**

If you moved to Arizona within the last 2 years (730 days), this may affect the exemptions you can take in bankruptcy.

- **Income.**

The Means test looks at your average income for the last 6 months. If your income has changed in the last 6 months, you may need to take this into consideration. For example, pretend you had a job making \$144,000/year or \$12,000 per month. If you lost your job 4 months ago, the Means test would look at the last 6 months of income, and say that you have made \$24,000 over the last 6 months, or an average of \$4,000 a month. The Means test will assume that you are continuing to make \$4,000 a month, even if you haven't found another job. If you are in a Chapter 13 bankruptcy, you would still be expected to make payments as though you are making \$4,000 a month.

- **Payments to creditors.**

If you have made any large payments to a creditor in the last 90 days, the Trustee may be able to take those payments back. This is to keep people from making a big payment to the creditor they like the most, leaving very little for other creditors during the bankruptcy. Keep this in mind

when you decide to file bankruptcy, you can't just make a big lump payment to one creditor before you file. A "payment" includes transferring property or other payment or security rights, as well as selling an item for significantly less than its actual value.

- **'Insider' payments.**

If you have transferred money or property to a friend or family member within the last year, the Trustee may be able to get that property back. An "insider" includes a person who a relative or a business partner of the person filing bankruptcy. This is to keep people from hiding assets by putting them in a family members name during the bankruptcy, or to keep people from paying off their family members at the expense of other creditors. If you gave your children your vacation home in a fit of generosity 11 months ago when times were good, you may want to reconsider filing bankruptcy at this time. The same thing applies if you decided to sell your classic car to your son for half of its value.

- **Recently bought items.**

If you knew that you were going to have to file bankruptcy soon, and decided to enjoy some of the high life in the last months of having a credit card, you may want to reconsider filing bankruptcy. The law recognizes the need for a fresh start, but it is not willing to help those who abuse the system. Because of that, if you have purchased over \$650 of luxury items in the last 90 days, these will likely not be discharged. Also, if you buy items without the intent to pay for them, this could be considered fraud and cause other problems.

- **Cash advances.**

If you got a cash advance in the last 70 days before a bankruptcy, that could cause a problem. Cash advances include cashing out or taking loans against your 401(k), pension or other retirement payment plan. Also, avoid taking a home equity line of credit right before bankruptcy.

- **Inheritance and other income.**

After you file bankruptcy, the Trustee can still take certain types of income. If you have a reason to believe that you are going to receive an inheritance within 6 months, you may want to reconsider filing bankruptcy right now. There are other income, such as a settlement from

a lawsuit, a repayment of a loan you made to someone else, or a significant income tax refund that the Trustee may be able to take in the bankruptcy.

Sneaky lawyer tricks

A Reasonable Fee

*A man phones a lawyer and asks,
"How much would you charge for
just answering three simple
questions?"*

*The lawyer replies, "A thousand
dollars."*

*"A thousand dollars!" exclaims the man. "That's very expensive isn't it?"
"It certainly is," says the lawyer. "Now, what's your third question?"*



One of the most unethical tactics attorneys use with people already in financial hardship is suggesting the wrong type of bankruptcy for their needs. In general, Chapter 7 is a good option for most people. It gives them the option to start over without too many hoops to jump through.

There are a number of very good reasons to file a Chapter 13 bankruptcy, but if someone suggests that you do a Chapter 13 bankruptcy for any reason that isn't previously listed, look very carefully at what they are saying and why.

The following are some of the common reasons attorneys may try to convince you to file a Chapter 13 even though it isn't needed:

- **To make extra money.**

As horrible as it sounds, some attorneys suggest a Chapter 13 because they can make extra money on the case. Because of the work involved, an attorney can charge up to twice as much in legal fees for a Chapter 13 than a Chapter 7. Some attorneys will put clients into a Chapter 13, even knowing that about 75% of the people who start a Chapter 13 won't be able to complete it. That way they collect the extra fees for the Chapter 13, and then when you can't complete your Chapter 13, they make you pay again to complete your Chapter 7. Not only are you paying the extra

fees for the attorney, but you are also paying the extra money that you paid to your creditors during the Chapter 13. If you had filed for a Chapter 7 to begin with, then all of that extra money you had paid could have gone to your savings account or to get you back on your feet.

- **To secure their payment.**
What happens if you don't have the \$2,000-\$2,500 upfront to pay for a Chapter 7? Some attorneys will suggest you file Chapter 13 instead, where the attorney's fees are rolled into the monthly payments that you make. While this does allow you to start a bankruptcy right away, Chapter 13 is much more difficult to complete, takes 3-5 years, and often isn't the best option to choose—but it secures your payments to the attorney. Once the attorney is paid off, they often suggest switching over to a Chapter 7.
- **To avoid work or they are lazy.**
Some attorneys don't take the time to run the numbers on the Means test before deciding that you will have to do a Chapter 13. If they see a large income or a large asset base, they will automatically assume that you have to file a Chapter 13. Don't get sucked into a Chapter 13 just because of your attorney's laziness.

What can you do to protect yourself from being taken by an unscrupulous lawyer? If you are told that you have to file a Chapter 13, ask to see the result of the Means test to verify whether Chapter 13 is truly the best option for you.

Getting ready for Bankruptcy

DON'T

- **DON'T pay off family members/creditors.**
Lump sum payments to creditors within 90 days may have to be returned, making your creditors very unhappy with you. Any payments to insiders (family members or business partners) may be required to be repaid within 1 year, which can cause a whole host of additional problems.

- **DON'T pull money out to put away.**

You will likely have to show bank statements for at least the last 3 months. Auditors will see the money and want to know what was done with it. The Trustee has seen every trick in the book and knows what to look for. You may have known someone get away with some slight of hand, but if you try it and get caught then that may cause a lot of problems for your case; it can also cause huge problems for your attorney, who is, by representing you, essentially vouching for your honesty.

- **DON'T run up credit cards.**

If you recently took out a cash advance or bought luxury items worth over \$600, then you could still have to pay for those.

- **DON'T cash out or take loans against your assets.**

This includes your 401(k), pension, or some other retirement payment plan. Retirements are generally exempt anyway, and taking money out could create a problem. Also, avoid taking out an equity line of credit against your house; this could also cause problems in your bankruptcy.

DO

- **DO put money into exempt property.**

The courts recognize the legality of bankruptcy planning, but make sure and discuss this with an attorney. (See Appendix a list of Arizona Exempt Property).

- **DO Talk with an attorney.**

You need to know the difference between proper bankruptcy planning and fraudulent transactions you may be tempted to make to avoid creditors.

- **DO gather your information.**

You will need to bring with you or at least have easy access to the most recent:

- paystubs and any other income information- 6 months
- bank statements- 2 months
- tax returns- 2 years
- retirement account statement- 2 months
- mortgage statement
- vehicle statement
- driver's license
- a current list of the following:

- creditors
- any possible claims anyone may have against you
- copy of lawsuits or judgments
- who has you on their bank account as co-owner or co-signer—this is BIG ONE! If you are on another person's bank account as a signer, there could be problems for them.

Once you begin the bankruptcy process, you may find comfort knowing you are not alone.



THANK YOU for your time!

I hope this small book has given you a better understanding of the basics of bankruptcy and what to look for. Having money problems can be an incredibly stressful time, and filing Bankruptcy may be a good way to help you restore your health, your dignity, and your hope.

Let me know if there is any way I can help. I would be glad to help you get back on your feet. In fact, that is my commitment to you.

Always,

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Some Levity

Isn't it a shame how 99% of the lawyers give the whole profession a bad name.

* * *

Q: Why do sharks never attack lawyers?

A: Professional courtesy.

Q: What's the difference between a catfish and a lawyer?

A: One's a dirty, scum-sucking bottom feeder, and the other's a fish.

Q: What's the difference between a skunk and a lawyer in the middle of the road?

A: There's skid marks front of the skunk.

Q: How does an attorney sleep?

A: First he lies on one side and then on the other.

Q: Why don't lawyer jokes work?

A: Lawyers don't think they're funny, and no one else thinks they're jokes.



* * *



Two Kinds of Lawyers

There are two kinds of lawyers: those who know the law and those who know the judge.

Mark Twain Notes...

"It is interesting to note that criminals have multiplied of late, and lawyers have also; but I repeat myself."

* * *

Minister and Lawyer in Heaven

A minister and a lawyer arrived at the pearly gates, Saint Peter greeted both of them and gave them their room assignments. "Pastor, here are the keys to one of our nicest efficiency units. And for you, sir, the keys to our finest penthouse suite."

"This is unfair!" cried the minister. "Listen," Saint Peter said, "ministers are a dime a dozen up here, but this is the first lawyer we've ever seen."

Appendix A

Arizona Exemptions

This list of exemptions is not complete, and it is not guaranteed. There may have been updates to the law since this book was published. Make sure to check the with an attorney to insure the list is accurate.

In general, the exemption list gives the amount exempt per person. The amount listed is usually doubled if spouses file bankruptcy together. However, the homestead exemption can NOT be doubled.

FMV is Fair Market Value.

Category	Description	Amount	Statute
Homestead	Property in which you reside	Up to \$150,000 , can't be doubled	A.R.S. § 33-1101
Personal Property	Furniture, electronic, appliances	Up to \$6,000 FMV	A.R.S. § 33-1123
	Personal Food and Fuel	Up to 6 month supply	A.R.S. § 33-1124
	Clothing	Up to \$500 FMV	A.R.S. § 33-1125 (1)
	Musical instruments	Up to \$400 FMV	A.R.S. § 33-1125 (2)
	Domestic pets, horses, cows, poultry	Up to \$500 FMV	A.R.S. § 33-1125 (3)
	Engagement and Wedding Rings	Up to \$2,000 FMV	A.R.S. § 33-1125 (4)
	Books, manuals	Up to \$250 FMV	A.R.S. § 33-1125 (5)
	Watch	Up to \$150 FMV	A.R.S. § 33-1125 (6)
	Typewriter, Computer, Bicycle, Sewing Machine, Family Bible, Burial Plot, or Shotgun or Rifle or Pistol	Up to \$1,000 FMV	A.R.S. § 33-1125 (7)
	Car	Up to \$6,000 FMV	A.R.S. § 33-1125 (8)
	Wheelchair, professional proscribed prosthesis	No limit	A.R.S. § 33-1125 (9)
Tools and Equipment	Tools, equipment, books, ect used to develop a trade or business	Up to \$5,000 FMV	A.R.S. § 33-1130 (1)
	Farm machinery, tools, feed, ect IF primary income is from farming	Up to \$2,500 FMV	A.R.S. § 33-1130 (2)
	All arms, uniforms, ect law requires debtor to keep	No limit	A.R.S. § 33-1130 (3)
	Equipment used for school instruction for youth	No limit	A.R.S. § 33-1127
	All Equipment of a recognized fire company or department	No limit	A.R.S. § 33-1128

Income, Benefits, Proceeds	Certain life insurance payments	Up to \$20,000	A.R.S. § 33-1126 (A)(1)
	75% of disposable income (50% for support payments). Chapter 7 only	No limit	A.R.S. § 33-1131 (B), (C), (D)
	Minor Child's Earnings (unless debt was contracted for benefit of that child)	No limit	A.R.S. § 33-1126 (A)(2)
	Child support/spousal maintenance	No limit	A.R.S. § 33-1126 (A)(3)
	Bank Deposit (exclusions apply)	Up to \$300	A.R.S. § 33-1126 (A)(9)
	Employer health, accident, disability insurance benefits	No limit	A.R.S. § 33-1126 (A)(4)
	Fire insurance proceeds	No limit	A.R.S. § 33-1126 (A)(5)
	Cash surrender value of certain life insurance policies	No limit	A.R.S. § 33-1126 (A)(6) & A.R.S. § 20-1131 (D)
	Certain annuity contracts	No limit	A.R.S. § 33-1126 (A)(7)
	Claims for damages to certain exempt property	No limit	A.R.S. § 33-1126 (A)(8)
	ERISA-qualified Retirement Benefits (exclusions apply)	No limit	A.R.S. § 33-1126 (B)
	Pre-paid rent (only for residence if no Homestead exemption claimed)	Up to \$2,000	A.R.S. § 33-1126 (C)
	Group life insurance policy/proceeds	No limit	A.R.S. § 20-1132
	US Service Member's service deposit when on permanent duty outside of the U.S.	No limit	10 USC § 1035 (d)
	Servicemen's group life insurance benefit	No limit	38 USC § 1970 (g)
	Veteran's benefits	No limit	38 USC § 5301 (a)
Pensions	Arizona Board of Regents Member Pension Benefits, ect	No limit	A.R.S. § 15-1628 (I)
	IRA's	No limit	In re Herrscher, 121 B.R. 292 (D. Ariz. 1990)
	Police Officer's Pension	No limit	A.R.S. § 9-931
	Fire Fighter's Relief and Pension Fund (exclusions apply)	No limit	A.R.S. § 9-968
	Arizona State Retirement System-survivor benefits before retirement	No limit	A.R.S. § 38-762
	Public Safety Personnel Retirement	No limit	A.R.S. § 38-850 (C)

	System		
	Arizona Rangers' pension	No limit	A.R.S. § 41-955
Public Benefits	Unemployment benefits if not mixed with other funds (exclusions apply)	No limit	A.R.S. § 23-783
	Workers' compensation benefits	No limit	A.R.S. § 23-1068
	Welfare assistance benefits	No limit	A.R.S. § 46-208
Retirement	Social Security benefits	No limit	42 USC § 407
	Government employees' retirement	No limit	5 USC § 8346 (a)
	Armed Services annuities	No limit	10 USC § 1440
	Foreign Services Employees	No limit	22 USC § 4060 (c)
	Armed Services Special Pension	No limit	38 USC § 1562 (c)
	Veterans' Administration benefits	No limit	38 USC § 3101
	Railroad Retirement Act of 1974 benefits	No limit	38 USC § 231 (m)
	CIA Retirement benefits	No limits	50 USC § 403
Survivor Benefits	Military Survivor Benefits Plan	No limits	10 USC § 1450 (i)
	US Federal Courts Survivor Plan	No limits	28 USC § 376 (n)
	Lighthouse Service Survivor	No limits	33 USC § 775
Death & Disability	Federal Government Employees, as a result of work injuries	No limits	5 USC § 8130
	75% of earned but unpaid wages	No limits	15 USC 1673
	Longshoremen's and Harbor Workers' Compensation Act payments	No limits	33 USC § 916
	War Hazards Compensation Act payments	No limits	42 USC § 1717
Public Property	Property belonging to a public agency	No limit	A.R.S. § 33-1129
Waiver	Waiver of exemption void except as provided in statute		A.R.S. § 33-1132