

# 36 THINGS NOT TO DO

## When Preparing to File a Bankruptcy

By Darren J. DiMarco, Esq.

- 1 Don't use your credit cards after you've met with your bankruptcy attorney.
- 2 Don't purchase things that may be considered "luxury" items or services.
- 3 Don't borrow money.
- 4 Don't take credit card cash advances.
- 5 Don't use convenience checks.
- 6 Don't take out "payday loans."
- 7 Don't take out a second mortgage, or do a "cash-out" refinance home loan. Consult with your attorney if these are considerations.
- 8 Don't tell a creditor that you intend to pay.
- 9 Don't share unnecessary information with your secured creditors unless you're prepared to suffer the consequences, i.e., don't tip off your car lender that you're going to file bankruptcy – this may prompt them to send out the Repo Man right away. (Your bankruptcy case has to be already filed to hold them off.)
- 10 Don't write bad checks.
- 11 Don't do balance transfers with credit cards or personal loans.
- 12 Don't bank where you owe money, otherwise there is a risk that the bank may temporarily freeze your account. You may want to close the account and reestablish an account somewhere else. (Remember to consider direct deposits and electronic withdrawals already set up.) If you are pressed to file, clear out the account as soon as the deposit hits the bank. Be advised: Wells Fargo Bank may freeze an account (after filing bankruptcy) even if you don't owe them money.
- 13 Don't gamble.
- 14 Don't pay money to your family or friends.
- 15 Don't pay more than \$600 on a past due bill - this does not refer to payments on secured debt (e.g., car or home loans) when you intend to keep the collateral.
- 16 Don't give or gift property to anyone.
- 17 Don't transfer/sell property to anyone.
- 18 Don't cash-out retirement plans or 401k's.
- 19 Don't attempt to hide assets or debts.
- 20 Don't leave assets off of your paperwork. Note: review our reference sheet titled, "Commonly Forgotten Assets."
- 21 Don't put your money in your kids' (or parents') bank accounts.
- 22 Don't file a Chapter 7 petition if your income is greater than your expenses as shown on the bankruptcy budget forms.
- 23 Don't file bankruptcy if you are about to receive a tax refund or inheritance; Discuss the timing with your attorney first.
- 24 Don't fail to list in your bankruptcy paperwork each and every bank, brokerage, credit union, and retirement account.
- 25 Don't omit listing a credit card balance, even if you plan on "saving" that credit card for after your bankruptcy.
- 26 Don't fail to list in your bankruptcy paperwork debt owed to family or other "insiders."
- 27 Don't fail to list debts with co-signers, like debt you personally guaranteed for your corporation or children.
- 28 Don't fail to list money owed to you, or that you have the right to receive such as insurance claims, accounts receivables, deferred compensation, sales commissions, etc.
- 29 Don't fail to tell your attorney about your small business, partnership, LLC, corporation (even if it's a hobby).
- 30 Don't fail to tell your attorney about unpaid judgments and any debt that may have created a lien on your real estate.
- 31 Don't fail to appear at State court hearings, court trials or proceedings; Coordinate with your attorney.
- 32 Don't make major financial decisions without first talking to your attorney.
- 33 Don't purchase a home shortly before filing bankruptcy without first consulting your attorney.
- 34 Don't get married before filing if your spouse-to-be has an income; consult with your attorney first.
- 35 Don't misrepresent facts to your attorney.
- 36 Don't neglect providing your attorney's office with your up-to-date address, phone # and email.



*This List is Not Intended as Legal Advice. It is only intended to give you information that you should know and speak about with your attorney.*