

**FACING EVICTION, FORECLOSURE, AND FINANCIAL DISTRESS:
U.S. BANKRUPTCY COURT OFFERS FREE PROGRAMS TO HELP**



United States Bankruptcy Court
Central District of California

An All Too Common Story

Nadia* is a single mother, works two jobs to support her children, receives no support from her former husband, lives with her mother, and recently filed for bankruptcy. Nadia’s problems began when she wanted to move with her children into their own apartment. There were evictions on her credit report, and she thought that bankruptcy might remove those evictions from her record, so Nadia went to a local Bankruptcy Petition Preparer (BPP) for help. Unfortunately for Nadia, the BPP she went to was not qualified to help with her case. The BPP failed to give her information BPPs are required to give by law, charged her \$680 more than the legal limit for BPP services, and pressured Nadia to lie to Court staff about how much she had been charged. Nadia was not provided the legal advice she needed regarding whether filing bankruptcy actually removes evictions from a credit report, and whether filing bankruptcy may lower her overall credit score. Nadia’s bankruptcy case was dismissed, she lost a lot of money, and her credit report became even worse. Many debtors (people filing for bankruptcy) suffer and are taken advantage of, simply because they could not afford an attorney.

To help people get proper assistance, the U.S. Bankruptcy Court for the Central District of California (CACB), offers several resources free of charge to people of the Central District. Individuals in financial distress can get free legal information from an attorney at a Self-Help desk located in each division. They may also complete their bankruptcy paperwork online from their home or a Court computer. CACB has new community partnerships connecting people in financial distress with appropriate resources.

*The facts in the story above are from a real case, but the name has been changed to respect the debtor’s privacy.

Counties Served by the Central District	
Los Angeles	Orange
Riverside	San Bernardino
San Luis Obispo	Santa Barbara
Ventura	

PEOPLE WHO CANNOT AFFORD A BANKRUPTCY ATTORNEY ARE LESS LIKELY TO BE SUCCESSFUL WITH THEIR BANKRUPTCY, MORE LIKELY TO HAVE THEIR CASE DISMISSED, AND MORE LIKELY TO BE VICTIMS OF FRAUD.

At-Risk Population

Self-represented debtors — people who enter into a bankruptcy case without hiring an attorney — face major challenges in bankruptcy. Their cases are dismissed at a much higher rate than average. While only 3 or 4 percent of cases for debtors with attorneys receive dismissals, nearly a quarter of cases for debtors who are self-represented get dismissed. Should a case be dismissed, the debtor will have spent time and money on their bankruptcy only to have the case fail, in large part, for being unable to afford attorney representation.

Bankruptcy Petition Preparers (BPPs)

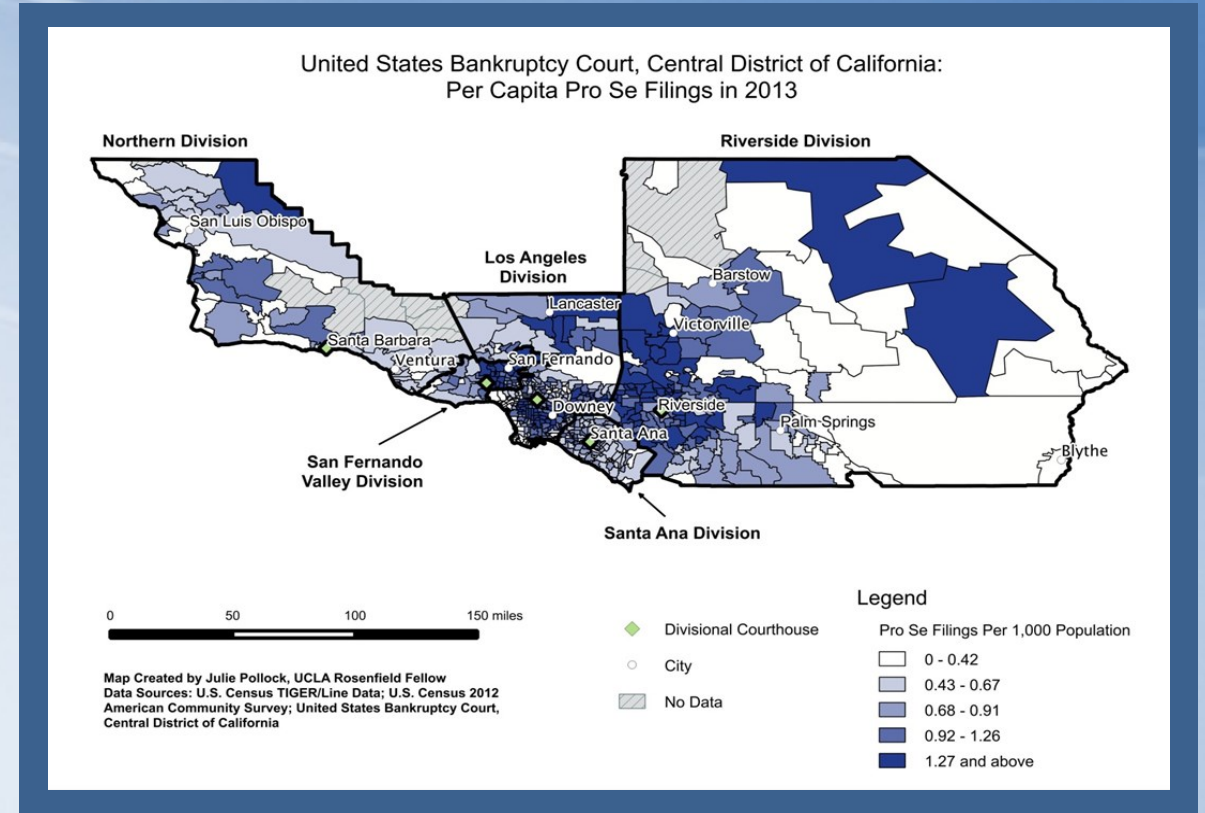
The difficulties for self-represented debtors are often made worse when they look for help from non-attorney services. BPPs can be negligent in how they submit a debtor’s case documents, such as by filing the case under the wrong type of bankruptcy altogether. In more extreme cases, BPPs will commit fraud in the debtor’s name. Twenty-five percent of self-represented debtors have reported hiring a bankruptcy petition preparer to fill out their bankruptcy forms.

Many unlicensed document preparers, such as notarios, assist people in filing bankruptcy. These BPPs frequently ignore the limitations imposed on them by law, taking advantage of financially distressed individuals. This is a significant problem in the Central District and for the debtors that hire these BPPs. They can seriously misguide people who cannot afford attorneys when free legal help is available at the Court.

Another problem with BPPs is their cost. Disclosed BPP services typically cost approximately \$200, but debtors have been charged as much as \$1,500 by a non-lawyer simply to prepare a bankruptcy petition—an amount that may impose an undue hardship on men and women who are already suffering from financial distress.

Non-profit Partners

The Court is fortunate enough to partner with Public Counsel, the Public Service Law Corporation, the Legal Aid Foundation of Santa Barbara County, the Public Law Center, and Neighborhood Legal Services to staff self-help desks at each Court division throughout Southern California. These self-help desks are run by staff and volunteer attorneys who provide information on Chapter 7 and Chapter 13 bankruptcy, the forms necessary to file for bankruptcy, as well as referrals for additional legal assistance. The services they provide are free to income-qualifying individuals, and provide invaluable aid to people considering bankruptcy. The hours and locations of these self-help centers are available at www.cacb.uscourts.gov/dont-have-attorney.



Electronic Self-Representation (eSR)

The electronic Self-Representation (eSR) program allows debtors to enter their information into easy to understand text boxes, similar to online tax preparation software. The program then uses that information to populate the many forms necessary to start a bankruptcy case, and gives the debtor the option to submit their bankruptcy paperwork online. While the debtor must still submit a handful of forms in person or by mail, eSR now gives debtors a streamlined alternative without having to seek the assistance of a bankruptcy petition preparer. Additionally, the self-help desks at each Court location provide guidance on using eSR, and allow eSR users to have their legal questions answered—given that Court staff, unlike volunteer attorneys, are not permitted to provide legal advice.

Conclusion

Even with the Court’s continued efforts to better serve men and women who cannot afford an attorney, partnerships with community organizations are necessary to inform the public that these support programs are available. The Court has a series of informational presentations ready to share upon request from interested community members. With your help, we can prevent individuals who are thinking about starting a bankruptcy without the help of an attorney from being victimized by unscrupulous bankruptcy petition preparers.

For more information

Call us toll free at (855) 460-9641
Visit our website www.cacb.uscourts.gov
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