

*Pre Bankruptcy
Telephone Session Guide*



Pioneer Credit Counseling

Dear Participant,

Please find enclosed the **“Pre Bankruptcy Telephone Session Guide”**. You will need to review and study this material for 1 to 2 hours prior to your scheduled Telephone Counseling Session, which you scheduled with a counselor during your initial phone call.

Your Telephone Counseling Session is going to be conducted as a conference call, you will need to call the conference line about 5 minutes prior to the start of the session.

At the time you call in, you will be required to verify personal information that is listed on your personal account through Pioneer Credit Counseling. You will also be required to call in using the phone line which is listed on your Black Hills Children's Ranch, Inc. d/b/a Pioneer Credit Counseling Account. This information will be verified before, during and at the close of your session. The Phone # will also be verified on the following day with our phone system reports.

Please allow up to 2 hours for your counseling session. After the class you will be able to submit your worksheets by faxing them to 605-348-8537.

If you have questions **prior to** your session, please do not hesitate to call **1-866-210-3590**.

Below you will find our bankruptcy disclosures. Review them, then initial the required statement on page 5.

Sincerely,

Black Hills Children's Ranch, Inc. d/b/a Pioneer Credit Counseling Counselor

PIONEER CREDIT COUNSELING BANKRUPTCY DISCLOSURES

1. Client understands and agrees they are receiving a pre-bankruptcy counseling session and/or a personal financial management course through Black Hills Children's Ranch, Inc D/B/A Pioneer Credit Counseling (PCC), 1644 Concourse Drive, Rapid City, SD 57703, a 501(c) (3) non-profit, bonded, consumer credit counseling and educational agency and client hereby authorizes PCC to receive any information regarding client accounts and/or creditors.
2. The fee charged for the briefing will be no greater than the client's ability to pay and no greater than \$35.00 individually. Please send money orders or cashier checks to above address ATTN: ACCOUNTING DEPT. Fee for counseling services are reasonable and PCC will provide services without regard to a client's ability to pay and will not withhold a certificate of counseling because of an inability to pay. This release agreement for information on my account may be copied and the copy of the signature may be deemed to be equivalent to the original and may be used as a duplicate original. Client understands original will be stored in laserfiche.
3. The fee charged for the personal financial management course will be no greater than the debtor's ability to pay and no greater than \$45.00 individually. Please send money orders or cashier checks to above address ATTN: ACCOUNTING DEPT. Fee for counseling services are reasonable and the course is offered to debtor students without regard to debtor student's ability to pay the fee. This release agreement for information on my account may be copied and the copy of the signature may be deemed to be equivalent to the original and may be used as a duplicate original. Client understands original will be stored in laserfiche.
4. The briefing and course are provided through the Internet via an interactive learning module. The course and briefing can be accessed 24 hours a day 7 days a week and 365 days a year, but contact with live counselors is subject to the business hours of 8am to 8pm MST. PCC does not pay or receive fee or other consideration for the referrals.
5. Client understands that these fees are nonrefundable. If you decide NOT to file for Bankruptcy or file Chapter 13 and you have purchased a package product, you may contact us for a full refund of your Personal Financial Management Course fee. To arrange for a refund please send a written request to the address mentioned above in number one, Attention: Refunds.
6. PCC will act upon the information received by client in clients' best interest. Client understands that PCC is in no way offering legal advice. PCC will use discretion when disclosing any information or amount of income, living expenses and debt as necessary.
7. Client understands that PCC is a nonprofit agency and receives support from counseling fees charged to clients but most of our funding comes from voluntary contributions made by creditors. Creditors help PCC with voluntary contributions so that PCC is able to continue the pre-bankruptcy counseling programs and post financial management instructional programs.
8. Client understands PCC is a non-profit third party administrator and is not representing itself as a loan company or insurance company. Client also understands we are not giving any legal advice nor are we attorneys. Client also understands that no promise, warranty, or guarantee has or will be made on the part of PCC to clear client of any debts or make client payments on client's behalf. Client understands that by filing bankruptcy or enrolling in a Debt Management Plan, that the client's credit report may reflect a consumer credit counseling status or that the client has filed bankruptcy and may cause a negative effect on client's credit report for up to 10 years. Client understands that they should consult an attorney for any information regarding bankruptcy. Client understands that PCC cannot repair or prevent any ratings that may appear on this credit report past, present, or future. Client hereby authorizes PCC to obtain clients' credit report solely for the purpose of the pre-bankruptcy counseling session. Client understands this will appear as a soft inquiry on their credit report.
9. Client understands by paying the pre-bankruptcy counseling fee and post financial management instructional course PCC will make available to them the following benefits: on-going consultations with Certified Counselors for review of debts, educational counseling pertaining to basic credit and budgeting.
10. Client understands that PCC follows the Association of Independent Consumer Credit Counseling Agencies (AICCCA) guidelines for certification of Counselors. PCC Counselors are trained and accredited under the Institute for Personal Finance (IPF) and the Association for Financial Counseling and Planning Education.
11. Nothing herein shall apply to actions or claims under the provisions of the United State Bankruptcy Code, 11 U.S.C. § 101 et seq.
12. Client agrees that any dispute between us that cannot be amicably resolved, and all claims or controversies arising out of this agreement, shall be settled solely and exclusively by binding arbitration in Pennington County, South Dakota, administered by, and under the Commercial Arbitration Rules then prevailing of, the American Arbitration Association (it being expressly acknowledged that I will not participate in any class action lawsuit in connection with any such dispute, claim, or controversy, either as a representative plaintiff or as a member of a putative class), and judgment upon the award rendered by the arbitrator(s) may be entered in any court of competent jurisdiction. The interpretation of this agreement will be governed by the laws of the State of South Dakota.

PURPOSE:

This credit counseling session is being provided in accordance with the Bankruptcy Reform Act of 2005 and is required by law as part of the Bankruptcy process. It is important for you to gain the knowledge and skills to be able to make an accurate assessment of your current financial situation and budget and to know all the critical elements of your Financial Summary and to be able to develop a solid foundation for a healthy financial future.

GOALS:

The goals of the credit counseling session are:

1. *Review the Financial Summary*
2. *Review Budget Analysis*
3. *Make you aware of the financial options available*

Upon completion of the credit counseling session you should have a better understanding of your current situation and what the elements of your Financial Summary mean to you in a day to day application so you can begin to develop a healthy financial future.

REVIEW ITEMS:

- | | |
|--|----------------------------------|
| 1. Financial Summary | 2. Financial Options |
| Financial Setbacks and Financial Goals | Using Equity |
| Monthly Income | Borrow from a friend or relative |
| Monthly Household Expenses | Negotiate on your own |
| Cash Flow and Net Cash Flow | Debt Management Program |
| Assets | Debt Settlement |
| Debts: Secured and Unsecured | Bankruptcy |
| Debt to Income Ratio | |
| Net Worth | |

GETTING STARTED:

A description of each review item is provided. Then you will need to complete the financial summary worksheets.

1. Financial Summary

Financial Setbacks and Goals: To get a better understanding of your current financial state, you need recognize the factors/set-backs that may have contributed to your current situation. It is also important to establish short and long term goals to help determine what you value as important in planning your financial future.



Monthly Income: GROSS income is your income before taxes, deductions and allowances have been subtracted. Your NET income is your income after all deductions are subtracted. Net is the actual amount of money received and available for spending. Other sources of income may include: Food Stamps, Supplemental Security Income, Social Security Benefits, Child support or alimony, pension, rent, second jobs, unemployment compensation, interest earnings, Dividends and Royalties.

Monthly Household Expenses: Monthly Expenses are separated into several categories: Housing, Utilities, Transportation, Food, Clothing, Medical, Personal (these amounts can be based on averages).

Cash Flow and Net Cash Flow: Cash Flow is the money that comes in and goes out of your household. It is just another word for Budget and should be reviewed monthly and revised as needed. $\text{Income} - \text{Expenses} = \text{Net Cash Flow}$

Assets: An asset is an item of value that you own.

Debts: A debt is something that you owe such as money, goods or services. A Secured debt is a debt where the creditor has a lien on the asset. Most Common examples would be a mortgage and auto loans. Unsecured debts are debts that do not involve collateral such as medical bills, credit cards, Collection accounts for services such a utilities, phone bills, etc.

Debt to Income Ratio: This is a ratio that shows your monthly debt relative to your monthly income and can determine if you are over extended on debt. To calculate, get your total monthly net income. Add up all your monthly debt payments based on the minimum payments due each month (this should not include rent or mortgage payment). Take your Total debts payment and divide by your total monthly net income and this result will be a percentage, or your debt-to-income ratio. It is recommended to never surpass 20%. A 0-5% Debt-to-Income Ratio or relatively low Debt-to-Income Ratio will provide you better financial stability, appeal to any future lenders and allow you to build savings. Too high of a ratio leaves little for savings, and increases risk of financial hardship.

Net Worth: Your Net Worth is another measure of your financial health. It compares what you own of value with what you owe. $\text{Total Assets} - \text{Total Debt} = \text{Net Worth}$

2. Financial Options

The following are common financial options for paying down debt and are for general informational purposes only and should not be considered legal advice. It is our recommendation that you consult with your legal or tax advisor to determine the best course of action for your specific situation.

Using Equity: If you qualify, borrowing against the equity in your home to pay off debts may be a convenient source of credit that may take you a 10-15 year period to repay.

Borrow from a friend or relative: Your relationship will determine the amount borrowed and how formal the agreement will be. Make sure to put the terms of agreement in writing.

Negotiate on your own: One of the first strategies you should consider, when you are having trouble paying what you owe, is to contact your creditors to determine whether they are willing to negotiate with you.

Debt Management Program: A program providing a monthly payment that will consolidate unsecured debts and negotiates lower interest rates and an affordable payment schedule to satisfy creditors.

Debt Settlement: A program providing a way to settle unsecured debts with a structured monthly re-payment plan. Typically settles at 50-60% of what you originally owed and targets to pay the debt off within 24-36 months.

Bankruptcy: May provide you immediate protection from the collection actions of your creditors by granting you an automatic stay. Chapter 7 is a liquidation of your debt and may be appropriate if you do not have sufficient income to pay what you owe even with a reduced repayment plan to the creditors. Chapter 13 is a reorganization of your debt that provides you a way to hold on to some or all your non-exempt assets by giving you the opportunity to reduce your debt payments and pay off past due debts with a payment plan lasting from three to five years.

The form on the right will be further explained by the counselor conducting your class.

The information entered in red is a hypothetical example only to demonstrate how to use the form. As you can see in the example the Housing expense falls within the recommended guidelines according to their monthly take home income of \$1800.

Family Income Percentage Guide:					
MONTHLY TOTAL BY CATEGORY			Acceptable Limits		
Based on Net Monthly Income		\$1800	%		Amount
Category	Monthly Totals	Lo	Hi	Low	High
HOUSING	\$600	25	35	\$450	\$630
UTILITIES		5	10		
FOOD		5	15		
TRANSPORTATION		10	15		
CLOTHING		5	10		
MEDICAL/HEALTH		5	10		
PERSONAL		5	10		
RECREATION		5	10		
DEBTS		5	10		
*This is only a recommended guideline					

Pioneer Credit Counseling

Please fill in all information and send in with your completed worksheets. *(Please use pen)*

APPLICANT NAME:

(First) _____ (MI) _____ (Last Name) _____

CO-APPLICANT NAME (if applicable):

(First) _____ (MI) _____ (Last Name) _____

ADDRESS:

(City) _____ (State) _____ (Zip) _____

PHONE NUMBER:

(_____) _____ - _____

E-MAIL:

ACCOUNT NUMBER:

_____ (Applicant initial here) _____ (Co-Applicant initial here)

By initialing you hereby acknowledge that you are in receipt of the Pioneer Credit Counseling Bankruptcy Disclosures of this packet and agree in the same.

******You will need to send the completed worksheets to Pioneer Credit Counseling before you will be issued your certificate:***

For Quickest return:

Fax your worksheets to: **605-348-8537** Attn: Pre BK Class

You can also scan and email your completed worksheets to:

pccbkc@pioneercredit.com

FAX: 605-348-8537

Mail completed sheets to:

Pioneer Credit Counseling

Attn: Pre BK Class

1644 Concourse Dr

Rapid City, SD 57703

(please allow 5-8 business days for mailed worksheets to be processed.)

Make a copy of your worksheets for your own records.



FINANCIAL SUMMARY PAPERWORK TO COMPLETE:

Worksheets **MUST BE COMPLETED** and returned to Pioneer Credit Counseling in order to receive certificate.

Financial Setbacks and Goals

Please check all the factors that may have contributed to your current situation. Also, check all the goals that you would like to achieve in establishing a more solid financial future.

Financial Setbacks/Factors: (please check all that apply)

- | | |
|---|---|
| <input type="checkbox"/> Loss of Employment | <input type="checkbox"/> Death in Family |
| <input type="checkbox"/> Credit Card Debt | <input type="checkbox"/> Birth In Family |
| <input type="checkbox"/> Poor Money Management | <input type="checkbox"/> Divorce |
| <input type="checkbox"/> Health Issues/no medical insurance | <input type="checkbox"/> Marriage |
| <input type="checkbox"/> New Business | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Investment Losses | <input type="checkbox"/> Gambling/Addictions |
| <input type="checkbox"/> Reduced Hours | <input type="checkbox"/> High College Tuition |
| <input type="checkbox"/> Other | |

Financial Goals: (please check all that apply)

- | | |
|---|--|
| <input type="checkbox"/> Establish Financial Stability | <input type="checkbox"/> Eliminate Credit Card Debt |
| <input type="checkbox"/> Live on a Household Budget | <input type="checkbox"/> Save for Retirement |
| <input type="checkbox"/> Increase Savings for Emergencies | <input type="checkbox"/> Save ahead for holidays and vacations |
| <input type="checkbox"/> Build more equity | <input type="checkbox"/> Increase Net Worth |
| <input type="checkbox"/> Save for College Tuition | <input type="checkbox"/> Other |

MONTHLY INCOME

Employee Salary Wages:

1st Net Income: \$ _____

Spouse or 2nd Income: \$ _____

Other Sources:

SSI: \$ _____

Alimony/Child Support: \$ _____

Social Security: \$ _____

Unemployment: \$ _____

Interest/dividends/royalties: \$ _____

Pension/retirement: \$ _____

Other: \$ _____

Total Monthly

Household Net Income: \$ _____ (A)

Monthly Household Expenses (monthly averages)

HOUSING:

Mortgage/Rent: \$ _____

(If paid separate from the mortgage payment)

Homeowner's insurance: \$ _____

Property Taxes: \$ _____

Homeowner Dues: \$ _____

Condo Association Fees: \$ _____

Parking Fees: \$ _____

Maintenance/Repairs: \$ _____

Total Housing Expense: \$ _____

UTILITIES:

Electricity: \$ _____

Gas: \$ _____

Water: \$ _____

Trash: \$ _____

Phone: \$ _____

Cable: \$ _____

Cell phone: \$ _____

Internet: \$ _____

Total Utilities: \$ _____

(cont. next page)

TRANSPORTATION:

Vehicle Payments: \$ _____
 Vehicle Insurance: \$ _____
 Fuel: \$ _____
 Maintenance/repairs: \$ _____
 Parking fees/tolls: \$ _____
 Registration Fees: \$ _____
 Driver License Fees: \$ _____

Total Trans Expense: \$ _____

CLOTHING:

Children: \$ _____
 Adults: \$ _____
 Cleaning/Laundry: \$ _____
 Shoes: \$ _____

Total Clothing Expense: \$ _____

PERSONAL:

Life Insurance Premium: \$ _____
 Child Care: \$ _____
 Toiletries: \$ _____
 (if separate from groceries)
 Child Support/Alimony: \$ _____
 School Supplies: \$ _____

Total Personal Expense: \$ _____

RECREATION:

Entertainment: \$ _____

Total Recreation: \$ _____

FOOD:

Grocery: \$ _____
 Eating Out: \$ _____
 Lunches: \$ _____

Total Food: \$ _____

MEDICAL/HEALTH:

Disability Ins. \$ _____
 Health Ins. \$ _____
 Medication: \$ _____
 Optometrist: \$ _____
 Doctor Bills: \$ _____
 Dentist: \$ _____

Total Medical: \$ _____

School Fees: \$ _____
 Subscriptions: \$ _____
 Tithes: \$ _____
 Savings: \$ _____
 Haircuts: \$ _____
 Student Loan: \$ _____

Vacation: \$ _____

Total Income: \$ _____
Total Monthly Expenses: (-) \$ _____
Remaining: (+/-) \$ _____ = Net Cash Flow



ASSETS (Estimated values)

REAL ESTATE:

Home: \$ _____
Other Properties: \$ _____

PERSONAL PROPERTY:

Automobiles: \$ _____
Household goods/furnishings: \$ _____

Total Assets: \$ _____

OTHER ASSETS:

Cash: (Cash on Hand) \$ _____
Checking/Savings: \$ _____
Pensions: Vested Portion
of Company Plan
/401K/IRA: \$ _____
Securities: Stocks,
Bonds, mutual funds: \$ _____

DEBTS (liabilities)

SECURED DEBT:

Real Estate:
Balance Owed on Home Mortgage: \$ _____
Second Mortgage: \$ _____
Balance owed on other property: \$ _____

Auto Loans:
Vehicle 1: \$ _____
Vehicle 2: \$ _____
Vehicle 3: \$ _____

Total Secured Debt Owed: \$ _____

UNSECURED DEBT: (enter total owed for each category)

Medical Bill(s): \$ _____
Credit Card Bill(s): \$ _____
Student Loan(s): \$ _____
Attorney: \$ _____

Collection Account(s): \$ _____
Installment Loan(s): \$ _____
IRS/Taxes: \$ _____
Other: \$ _____

Total Unsecured Debt Owed: \$ _____ multiply by .03 = _____ (B)

DEBT-TO-INCOME RATIO:

Unsecured Debt Payments (B): \$ _____
divided by
Monthly Net Income (A): \$ _____ =

% _____ **Your Debt to Income Ratio**

NET WORTH:

Total Assets: \$ _____
Total Liabilities: (-) \$ _____
Remaining: (+/-) \$ _____ = **NET WORTH**



Pioneer 
Credit Counseling
www.pioneercredit.com

1644 Concourse Drive
Rapid City, SD 57703

Important Information from PCC!

PLEASE OPEN IMMEDIATELY