

## **JUDGE MUND INFORMATION REGARDING REAFFIRMATION AGREEMENTS**

You have signed a reaffirmation agreement with one of your creditors. It is not valid unless you come to Court and I approve it. You can still decide not to reaffirm this debt, so it is important for you to understand what the effect of the reaffirmation agreement is.

Your discharge in bankruptcy relieves you of a legal liability to pay debts that are discharged. You may decide that you voluntarily want to pay a debt that has been discharged and there is no prohibition against you doing this. You are not required to reaffirm any debt or sign any agreement regarding a debt that has been or will be discharged in your bankruptcy.

Even though the discharge means you do not have to pay the debts that are discharged, sometimes a creditor will have a security interest in some property the creditor will be able to take in you do not pay the debt. A creditor can have a security interest in real property or in personal property (such as your furniture, or car). Often, for example, a merchant who sells you something on its credit card has a security interest in the item or items purchased.

If a creditor has a security interest, it can enforce that security interest if the loan is in default. Usually that means it can foreclose or “take” whatever it is that is the subject of the security interest. Just going into bankruptcy in not a default that a creditor can enforce. Defaults usually arise out of missed payments or lack of insurance or something of that nature.

If I approve this reaffirmation agreement, the debt that you are reaffirming will not be discharged in the bankruptcy. You will be stuck with the payments. If you can’t make the payments, the creditor can repossess the property in which it has a security interest (the collateral), can sell it, and may sue you for a judgment for the difference between the amount that is receives on the sale and the amount that you owe on the loan. If there is no collateral for the loan, the creditor can sue you and obtain a judgment for the balance owed and this is not effected by your bankruptcy discharge. For this reason, the bankruptcy law requires me to conduct an inquiry with you as to whether you understand what you are agreeing to, whether you are likely to be able to keep up with the agreement, whether the payments will be a hardship to you and your reason for reaffirming this debt.

Therefore, I need to know the answer to those and some other questions to help me decide whether to approve your agreement or not. At the hearing I will ask you several questions. I will want to know if the creditor with whom you have made this reaffirmation agreement holds some kind of security for the debt. If so, I will want to know what is the security interest in. Do you still have the property that is collateral for this debt? If so, do you want to keep it? Why? How much is it worth?

If the creditor does not have collateral for the debt, I will want to know why you want to be legally obligated to pay it. What do you think you will get out of it? Has the creditor made any promises to you? If so, are they in writing?

Whether there is collateral for the debt or not, I will want to know whether you know what the terms of your agreement are? Do you know the interest rate? Do you know how long it will take you to pay off the debt you are reaffirming? Has the creditor filed suit against you to declare this debt non-dischargeable or has it threatened to file such a suit?

If you do not come to Court for the reaffirmation agreement hearing, I will deny the motion to reaffirm the debt. If I deny the motion to reaffirm the debt, you are under no legal responsibility to pay the creditor, but the creditor can seek to repossess the collateral (if there is any). However the creditor cannot obtain a judgment against you for the amount you owe on this debt.

GERALDINE MUND, *Bankruptcy Judge*

**NOTICE TO ALL DEBTORS APPEARING FOR  
REAFFIRMATION AGREEMENT HEARINGS**

The Los Angeles County Bar Association has created a Debtor Assistance Program to provide free legal assistance to bankruptcy debtors who cannot afford an attorney. An attorney from this program will be available, free of charge, to answer questions which you may have regarding whether or not it is in your best interest to enter into the reaffirmation agreement. Please report to Courtroom 303 at 8:00 a.m. on the day of the scheduled reaffirmation agreement hearing.

Debtor's Name/Joint Debtor's Name:	FOR COURT USE ONLY
<b>UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA</b>	CASE NO.:
Creditor's Name and Address:	DATE: TIME: CTRM: FLOOR:
Loan/Account Number of This Debt:	<b>NOTICE OF HEARING RE: REAFFIRMATION AGREEMENT</b>

**NOTICE IS HEREBY GIVEN** that a Reaffirmation Agreement between the above-named Debtor(s) and a creditor was filed in the above case on \_\_\_\_\_ (date).

**YOU ARE HEREBY NOTIFIED** that a hearing to consider whether to approve the Reaffirmation Agreement pursuant to 11 U.S.C. § 524(c)(6) will be held on the date, time and at the courtroom location noted above.

<b>Hearing Location:</b>	
<input type="checkbox"/> 255 East Temple Street, Los Angeles	<input type="checkbox"/> 411 West Fourth Street, Santa Ana
<input type="checkbox"/> 21041 Burbank Boulevard, Woodland Hills	<input type="checkbox"/> 1415 State Street, Santa Barbara
<input type="checkbox"/> 3420 Twelfth Street, Riverside	

If the Debtor(s) choose(s) not to appear at the hearing noted above, the Reaffirmation Agreement will be disapproved and declared unenforceable.

Jon D. Ceretto  
Clerk of Court

### CERTIFICATE OF MAILING

I hereby certify that the within notice was mailed to the persons and entities on the attached service list on (specify date):

By: \_\_\_\_\_  
Deputy Clerk, United States Bankruptcy Court

This form is mandatory by Order of the United States Bankruptcy Court for the Central District of California.