

## SCHEDULE B CHEAT SHEET

What is a cheat sheet? It is a tool that provides you with quick tips for different assets on Schedule B as it relates to most no-asset, consumer based, bankruptcy cases. Use of this tool will remind you to check and reference the common information needed on this Schedule as well as other areas of the petition so that your petition is more consistent and accurate; but by no means is this material exclusive and applicable to all cases.



### **Cash on Hand**

It is not required in all states to use the “Cash on hand” property type on Schedule B. However, if it is required in your state, make sure the cash on hand amount you list reflects the money left over AFTER the debtor has paid their allowable expenses (rent, mortgage, car, groceries, etc.) as well as their attorney fee.

### **Checking, Savings, etc.**

Make sure the amount for this asset reflects the money left over AFTER the debtor has paid their allowable expenses (rent, mortgage, car, groceries, etc.) as well as their attorney fee.

Also, make sure you check your state exemption allowance to ensure the debtors are fully protected. For example: if the debtor reports \$1,500 in a checking account but the state exemption allowance is \$500, this leaves \$1,000 of unexempt equity. This could cause problems for the debtor as well as the attorney. Not only could the debtor lose the asset but the attorney will spend time defending the matter with the trustee and creditors.

Note: In some states and jurisdictions, bank statements are filed as an Attachment to Schedule B when the bankruptcy petition is filed. The bank statements are required to be current and normally in date order, spanning a period of six (6) months in most cases.

### **Security deposits with landlords**

If the debtors are renting, make sure you include the deposit paid to the landlord on Schedule B. Listing this asset does not take money from the debtor; but not listing it could throw up a red flag to the court that you may have left out additional information.

## **Household goods and furnishings (no lien)**

Every debtor filing bankruptcy has some type of household goods and furnishings, even if it is an empty guitar case where they keep their clothes. In addition, even if the debtor is renting a furnished apartment, he or she will have some type of household goods and furnishings such as a trash can, knives, forks, spoons and bowls, etc. Therefore, this property type needs to always be included on every bankruptcy petition you prepare.

## **Household goods and furnishings (with a lien)**

Any household goods and furnishings with a lien attached to them should be listed separately on Schedule B. Then, if the debtor's intend to keep the asset and has the income to continue making the payments, the monthly payment needs to be listed on Line 13(b) of Schedule J.

## **Books, Pictures, other Art Objects, Collectibles**

99.9% of all debtors will have assets to be recorded under this property type on Schedule B. Standard items I have encountered when dealing with the average no-asset case are Hummel, Tiffany, and Avon collectibles as well as family photo albums. Normally, most of these items are exempted; but if you encounter a situation where the debtors have assets with unexempt equity, the attorney may order an appraisal to protect the debtor.

## **Wearing apparel**

Every person filing bankruptcy will have wearing apparel. However, debtors often do not think their clothing is worth much money and will normally write \$0 as to the value of their clothing when filling out the client intake forms. However, even if the debtor only owns a pair of sneakers, a t-shirt and a pair of shorts, there is at least a value of \$1.00 that is listed under this property type on Schedule B.

One good rule of thumb is to include the number of people in the household when you write the description for this property type. For example:

*Wearing apparel and personal effects for 2 adults, 1 infant and 1 teenager*

Next, make sure these family members are all accounted for on Schedule I of the petition. This also provides backup for the additional expenses you list on Schedule J for such items as baby diapers and formula, school sports expenses, etc.

## **Furs and Jewelry**

If the debtor is married they will normally always own a wedding ring. Therefore, the court will look for this asset to be listed on Schedule B for any married debtor. Of course, you may encounter the rare incident where a married person has no wedding ring, but you need to make sure this information is recorded in the file before you decide not to list it on Schedule B.

## **Firearms and Sports, Photographic and Other Hobby Equipment**

Some assets under this property type can be used to make money. If so, the asset needs moved to Item 29: Machinery, Fixtures, Equipment and Supplies Used in Business.

If the asset is NOT used to earn income; add the words “for personal use only” in the description. Example: *digital camera for personal use only*

## **Interests in Insurance Policies**

Often, you do not know about the term life insurance policy until you get to the paycheck stubs and find the deduction from the debtor’s paycheck. Distinguish between “term” and “whole life” policies for this property type on Schedule B. And because “term” life insurance policies have no cash value you will leave the amount of “\$0” as the market value. However, “whole” life insurance policies will have a market value.

## **Alimony, Maintenance, Support and Property Settlements**

ONLY list this asset on Schedule B if the debtor is OWED money. This area of Schedule B is NOT for recording alimony, maintenance and support income from an ex-spouse. Ongoing income that the debtor is receiving for alimony, maintenance or support from an ex-spouse needs to be listed on Schedule I. Only the arrears would be listed on Schedule B under this property type.

## **Other Liquidated Debts Owing Debtor Including Tax Refund**

Tax refunds and “anticipated” tax refunds would only be recorded under this property type on Schedule B if they are received (or to be received) within the next 90 days. Therefore, recording a tax refund in this area is only required during certain months of the year.

## **Automobiles, Trucks, Trailers, and Other Vehicles**

[722Redemption.Com](http://www.722redemption.com) is an excellent resource for debtors who are in need of transportation but are unable to qualify for a loan to get a motor vehicle. Simply refer them to this website where they will complete a short form and submit it to US Bank. A representative will call them, discuss their case and make recommendations. The attorney or law firm does not need to do anything except refer the debtor to: <http://www.722redemption.com>

The 910 Day Rule: Do not forget that if the debtor has been making payments on their motor vehicle for a period of 910 days (about 2.5 years) or longer they may be eligible for a cram down. In other words, the debtor may only need to pay back the market value of the motor vehicle, not what is owed on it; and the interest is normally reduced also. This can save the debtor hundreds of dollars.

Note: The rules surrounding 910 day vehicles are new and the law in this area is still developing. Prior to the enactment of BAPCPA in October, 2005, there were no such rules. Therefore, when you talk with attorneys about this topic they may not have heard of it because they are not up to date as they may need to be. You should also be aware that the rules on 910 day claims vary from state to state.

If the debtor is going to keep the motor vehicle that is in their possession, make sure to include the monthly payment under Item 13(a) of Schedule J.

Motor vehicles that have been repossessed, returned and are no longer in the debtor's possession are NOT recorded on Schedule B. Instead, the debt is listed on Schedule F so that it can be discharged in the bankruptcy. Schedule B is only for assets that are in the debtor's possession.

### **Office, Equipment, Furnishings and Supplies**

A typical use for this property type by the average consumer is a computer and printer. If the debtor uses their computer and printer for business purposes, list it under this property type. If they only use their computer and printer for personal use, the items should be placed under "Household goods and furnishings" instead.

If the debtor does use these items for business purposes, make sure you complete Items 1 as well as 18-25 on the Statement of Affairs as well as recording the income from the business on Schedule I.

### **Animals**

This property type on Schedule B is only for listing animals with market values of \$600 or more including animals that are used to earn an income. If the animal is used to earn an income, that income needs to be reported on Schedule I; and if the income is considered to be a business, Items 1 and 18-25 of the Statement of Affairs needs to also be completed.

### **Quick Tips**

Every time you encounter a lienholder and the debtor's are going to continue paying for the asset, immediately place the monthly payment on Schedule J. This will help you to maintain consistency and accuracy as well as having these portions of Schedule J completed when you

get to this area of the petition. (Of course, if the debtor's are going to surrender an asset and no longer make monthly payments, the payment would NOT be placed on Schedule J.)

Debtors either OVERestimate or UNDERestimate market values for their assets. That is why you need to question every single figure the debtors provide to you.

It is suggested that you wait until you have finalized the petition before you select exemptions for Schedule C. This is because you normally find additional assets as you work through the petition and if there is an asset that needs to share exemptions with another asset, you will be able to distribute them for a more accurate protection of all assets.

## WEB SITE REFERENCES

An excellent blog to read for good information from knowledgeable bankruptcy attorneys is <http://www.bankruptcylawnetwork.com/>

Help When Preparing Petitions  
<http://www.bankruptcylinks.info/about/prepare-petitions>

Free Supplies for Law Firms  
<http://www.bankruptcylinks.info/about/free-supplies>

Free Office Related Supplies for Law Firms  
<http://www.bankruptcylinks.info/about/free-stuff>

Free Bankruptcy Training Videos  
<http://www.youtube.com/user/MsVictoriaRing>

Attorney Marketing Links  
<http://www.bankruptcylinks.info/about/marketing-links>

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