

[REDACTED]

DATE

CHAPTER 7 ENGAGEMENT LETTER

CLIENT
CURRENT MAILING ADDRESS

Dear CLIENT,

This letter confirms the terms of the engagement of the [REDACTED] (the "Firm") to represent CLIENT and CLIENT (individually or collectively, the "Client") in connection with the evaluation, preparation, and filing of a Chapter 7 Bankruptcy Case in the United States Bankruptcy Court for the Southern District of Texas. The material matters of the engagement are as follows:

1. **SCOPE OF SERVICES.** The Client has requested the Firm to undertake representation in connection with the following matters:

Representing the Client in preparing and filing a Chapter 7 bankruptcy under the United States Bankruptcy Code (the "Case") including, among other matters, reviewing and becoming familiar with the Client's assets, advising on how such filing would work, under what chapter(s) of the Bankruptcy Code the Client is eligible to file, what assets are and are not protected from creditors in a bankruptcy, separate and community property problems, identifying (with the Client's help) potential creditors who may have objections to the discharge of their debt and attending hearings as needed. The retainer paid hereunder does not include the cost of services necessary to represent the Client in any ancillary case that might arise.

OUR REPRESENTATION WILL NOT INCLUDE LITIGATION OVER DISCHARGE, DISCHARGEABILITY OF DEBTS TO INDIVIDUAL CREDITORS, DEBT REAFFIRMATION MATTERS, DISCOVERY PROCEEDINGS, ACTIONS TO CLEAR TITLE TO EXEMPT PROPERTY, OBJECTIONS TO EXEMPTIONS, 2004 EXAMINATIONS, ANY LITIGATION THAT IS FILED AGAINST THE CLIENT BY THE TRUSTEE OR A CREDITOR. SUCH REPRESENTATION WILL NOT BE UNDERTAKEN WITHOUT DISCUSSION WITH THE CLIENT REGARDING THE EXPENSES OF ANY LITIGATION AND ARRANGEMENTS FOR PAYMENT OF SUCH FEES AND COSTS.

The Firm does not specialize or practice tax law and the Firm is not qualified to give advice in this field except with respect to the dischargeability of certain tax liabilities.

2. **PERSONNEL PERFORMING LEGAL SERVICES.** [REDACTED] will be the attorney-in-charge. Other attorneys may work on various matters as required. The Firm may engage other professionals as special counsel and special counsel may enter into separate engagement letters as appropriate.

3. **FEES.** The Firm will undertake this engagement, as described above, on a flat fee basis for the Case. The Firm's fees are consistent with the standards of the legal profession and with the Houston marketplace for similar, quality legal services, subject to adjustment in light of special time constraints and complexity. Current billing rates for services begin at \$135.00 per hour and range upward to \$450.00 per hour, depending upon the experience of the attorney and the nature of the work involved:

[REDACTED]	\$450.00 per hour
Associate(s)	\$220.00 per hour

Other office personnel (law clerks, paralegals, etc.) have substantially lower billing rates and will be performing as much work as possible in order to keep fees at a minimum.

The Firm's rates are subject to change from time to time consistent with the Houston market for the type and quality of the services rendered at the Firm's sole discretion. The nature and dates of the services rendered will be described in the Firm's monthly statements that will be mailed to the Client at the address mentioned above, if appropriate.

The Firm keeps accurate time records from which it derives its fees. All time spent prior to the filing of the Case will be billed against the fee. In the event the fee is significantly depleted prior to the time the case is filed an additional fee will be assessed. The attorney-in-charge is responsible for reviewing all fees in order to insure that they are fair and reasonable.

To compensate the Firm for reasonable and necessary legal services and costs incidental to filing a Chapter 7 case and seeking a discharge, the Client and the Firm agree that the Client shall pay the Firm the following amounts:

Minimum Attorney's Fee*:	\$5,000.00
Filing Fee:	\$ 306.00
Expenses and Costs:	\$ 180.00
Credit Report (s) Fee:	\$ 30.00 or 50.00
Total:	\$ _____
Amount Due to Retain the Firm:	\$ _____
Amount Due to File the Chapter 7:	\$ _____ .00

The Firm estimates the fees in connection with the Case to be approximately \$_____ for up to fifty (50) creditors. In addition to Minimum Attorney's Fee, the Client is responsible for the filing fee and costs associated with the Case. The filing fee for a chapter 7 bankruptcy is \$306.00 and expenses, which are further discussed below, are estimated to be under \$180.00 which includes accessing a credit report, postage, copies and parking. In the event the number of creditors exceeds fifty (50), there will be a fee of \$10.00 per each additional creditor. The fees must be paid in full prior to our filing of the Case.

ALL PAYMENTS MUST BE IN CASH, CASHIER'S CHECK OR MONEY ORDER

UNLESS OTHERWISE AGREED AND ANNOTATED BY THE FIRM ON THIS AGREEMENT

The filing of a chapter 7 bankruptcy will be reported to all of the major credit reporting agencies and will become a part of the Client's credit report for ten (10) years from the date of the filing. After ten (10) years, it will be up to the Client to contact the credit reporting agencies to seek the removal of any debt that is still being reported that has been discharged in the Case. During the next ten (10) years the Client should retain a copy of the schedules and discharge order. The Client should present these documents to any potential lender in order to show that all "bad" debt on credit reports has been discharged.

Approximately three to four weeks after the filing of the Case, the Bankruptcy Court will schedule a meeting with the Trustee assigned to administer the Case. Creditors are also invited to attend this meeting which will be held at the offices of the United States Trustee at 515 Rusk, Suite 3401, Houston, Texas. During this meeting, the Client will be sworn-in and the testimony will be under oath and penalty of perjury. The Client must be truthful. Failure to be truthful, may constitute a bankruptcy crime and may jeopardize the Client's ability to obtain a discharge. If the Client and his or her spouse have jointly filed for bankruptcy, both Debtors must attend this meeting.

The Client understands that:

(a) The Case may develop unexpected complications and that Minimum Attorney's Fee may not cover services for additional work required to resolve those issues;

(b) The Client will be responsible for additional fees incurred in connection with the Case based on an hourly basis (included with this engagement letter is a list describing various events that may increase fees); and

(c) Every effort will be made to contact the Client before any action is taken resulting in additional fees; however, some actions in bankruptcy cases require immediate response and in such instance the Firm will take necessary steps to protect the Client's interests.

The Client specifically authorizes the Firm to take any action in the Case which is needed to preserve the Client's rights or to respond to any action brought by a creditor or trustee.

The Client acknowledges that the following items are very important to the smooth progression of the Case and that failure by the Client to do any of the following may cause very serious problems, including the dismissal of the Case and possible criminal charges against the Client.

The Client understands that:

(a) The Client must fill out the worksheets provided as completely and accurately as possible;

(b) Complete information about each creditor, including any co-signers or guarantors,

is essential to proper prosecution of the Case. In particular, The Client must provide:

- i. the last three (3) statements or communications from each creditor;
- ii. complete list of creditors with correct addresses including city, state, zip code and account number (if there is one); and
- iii. complete and accurate list of the Client's assets.

(c) Failure to disclose all assets may lead to bankruptcy criminal charges against the Client and the Client may be denied a discharge of all debts;

(d) If the Client makes careless errors on the schedules that are determined to be misleading, the Client may be denied a discharge of all debts;

(e) If the information is not on the worksheets or is not listed correctly, the Firm is not responsible for any omissions or consequences for failure to accurately disclose. The Client specifically authorizes the Firm to disclose this engagement letter to any appropriate party if a question is ever raised regarding the reasonableness of any investigation of the Client's financial circumstances;

(f) Failure to provide a complete and accurate address, account number, and the last three (3) received communications or statements from each creditor, may result in a substantial possibility that the creditor will not receive adequate notice of the bankruptcy and that the debt owed to that creditor will, in all likelihood, not be discharged and the Client will still be responsible for its payment after bankruptcy;

(g) Failure to disclose any information or provide information that is pertinent to the Case, may require amendments in the Case and additional fees and costs. Further, failure to list information on the worksheets that must be subsequently added to the petition and schedules after being filed, may result in additional costs and fees;

(h) If the Client has a house, land, and/or car that the Client wants to keep, the Client must continue to make the regular monthly payments and any related tax payments directly to the lienholder in accordance with the Client's original agreement with the lienholder. The Client understands that these payments are not made by a Trustee and that the Client must make the payments in a timely manner and on a regular monthly basis (as applicable) directly to the lienholder. The Client acknowledges that if the Client does not continue these payments, the Client will lose the property/collateral. The Client further understands that the Client should retain and have readily available documentation evidencing such payments, such as original canceled checks, money order receipts, or cashier's check receipts. The Client understands that even though the Client may not receive statements and/or payment coupons for the mortgage or property payments as a result of the bankruptcy filing, the Client must continue making the monthly payments on a timely basis;

4. **EXPENSES.** The Client is responsible for all out-of-pocket expenses incurred by the Firm on the Client's behalf. These expenses include, for example, all court costs where litigation is involved, all filing fees, reproduction charges, courier and messenger fees and long distance telephone charges incurred on the Client's behalf. If appropriate, these expenses will be stated separately from legal fees on our monthly statement, and will be deducted from the retainer. Where possible, the Client may incur and pay expenses directly, e.g. copy expenses incurred by the Firm, etc. However, that is a decision to be directed by the Firm with the Client's input.

5. **BILLING.** To the extent issues arise in the Case for which the Firm would bill at the then applicable hourly rate, the Firm would bill the Client monthly. The monthly statement will be mailed to the Client as an indication of the extent of services performed and will set forth the legal services rendered, the individual involved, the date of the service and the fee for the service. The amount due will be deducted from the retainer on hand. Once the retainer is exhausted, the Client will be expected to pay the amount billed within 30 days from the date of the invoice.

6. **COOPERATION.** Full and timely cooperation is integral to the Firm's representation. Therefore, the Client must promptly respond to all requests for information, and on occasion personnel must be physically present at depositions, trial, etc. The Client agrees that all such requests will be responded to in a prompt and complete fashion.

7. **POTENTIAL CONFLICTS AND RIGHT TO WITHDRAW.** The Firm is unaware of any potential conflicts of interest related to the representation of the Client at this time. Certain matters may arise, as set forth in the next paragraphs of this section, which might cause a conflict. The Client has been advised that should an actual conflict of interest arise, the Firm may withdraw from representation of the Client.

Such conflict includes, but it is not limited to, a separation and/or divorce between the clients. If such conflict arises, the Firm will not continue to represent either client and each client, if the client so desires, will have to retain new counsel. The Client reserves the right to terminate the Firm's representation, and the Firm reserves the right to withdraw from representing the Client subject to obtaining any necessary approval by appropriate judicial or other governmental bodies if applicable. If the Client no longer wants the Firm to represent the Client, the Client must communicate such desire to the Firm in writing immediately. The Firm will make every effort to avoid withdrawal in a manner that might prejudice the Client's interest and will only do so in the event the dictates of the legal profession require withdrawal or if circumstances should arise in which the Firm feels it can no longer effectively represent the Client. Should the Client terminate the representation by the Firm or should the Firm withdraw, the Client will be responsible for all fees and expenses through the date the representation terminates. The Firm will, of course, provide reasonable cooperation with any successor counsel the Client may designate, and will, upon the Client's request, assist the Client in locating substitute counsel. The Firm would expect, however, to be compensated for the Firm's time in doing so, unless, in the Firm's judgment, compensation is not appropriate under the circumstances.

Finally, the Firm represents the Client, not any other individual or entity. The Firm's object will be to obtain the best results for the Client consistent with the Firm's duties under the Bankruptcy Code. If the Case is a joint filing case involving two married debtors, the Firm represents both debtors as the Client, not one client individually. If the Firm determines that the relationship between the two debtors creates a conflict such that Firm cannot adequately represent both debtors, the Firm will have to withdraw as counsel of both debtors.

8. **TERMINATION OF EMPLOYMENT.** The Firm reserves the right to terminate its representation of the Client at any time for cause such as failure to pay for legal services rendered and cost incurred and/or to cooperate with the Firm in the prosecution of the Case. The Client agrees not to contest the Firm's withdrawal from representation and to immediately obtain substitute counsel.

9. **TEXAS LAWYER'S CREED.** The Firm strives to meet the guidelines enumerated in the Texas Lawyer's Creed.

10. **STATE BAR ACT NOTICE.** Pursuant to the Texas State Bar Act, The Firm gives its clients the following information concerning the grievance process:

NOTICE TO CLIENTS

The State Bar of Texas investigates
and prosecutes professional misconduct
committed by Texas attorneys.

Although not every complaint against or
dispute with a lawyer involves professional
misconduct, the State Bar Office of General
Counsel will provide you with information
about how to file a complaint.

For more information, please call
1-800-932-1900.

This is a toll-free phone call.

11. **GOVERNING LAW.** The laws of the State of Texas shall govern the validity, construction, and enforcement and interpretation of this engagement letter. This engagement letter contains the entire agreement between the Client and the Firm regarding the matters described herein, and the fees, charges and expenses to be paid relative thereto, and supersedes all prior oral or written agreements in respect thereof. This engagement letter may only be amended in writing by the Client and the Firm and the Firm's respective legal representatives, successors and assigns. This engagement letter may be executed in multiple original counterparts, each of which shall be deemed an original, and together shall constitute the same agreement.

12. **FILE RETENTION.** All of the Firm's work product is owned by the Firm. Subject to the Firm's obligations in the event of its withdrawal, and further subject to casualties beyond

its control, the Firm will attempt to retain and maintain all major and significant components of the files relative to its legal representation (as solely determined by the Firm) for a period of four (4) years following the conclusion of such legal representation, and during such time will afford the Client reasonable access to such files. Thereafter, such files may, at the Firm's sole discretion and without notice to the Client, be destroyed

If the Client agrees with the terms of representation, the Client should indicate his or her agreement by signing at the bottom of this letter and returning it to the Firm. The second copy of this letter is for the Client's records.

By execution of this engagement letter the Client acknowledges and affirms that all information provided by the Client for inclusion in the schedules and statement of affairs is true and correct. If the Client fails to list a creditor, the debt to that creditor will not be discharged. If the Client fails to disclose all of the Client's assets, the Client may be charged with a bankruptcy crime. Last, but of significant importance, if the Client makes careless errors on the schedules that are determined to be misleading, the Client may be denied a discharge of all debts.

Effective this _____ day of _____, 2012.

Very truly yours,

The Firm

By: _____

Accepted and Agreed to this _____ day of _____, 2012.

CLIENT, the Client

UNUSUAL ITEMS WHICH MAY INCREASE FEES

The fee set out in the engagement letter the Client has signed can be affected if some fairly unusual things happen in the Case. All lawsuits, including the Case, contain some element of uncertainty and things sometimes do crop up which are not anticipated in the beginning. With that in mind, the following is a list (not all-inclusive) of the complications the Firm has run across most often and an estimate of associated fees.

Resetting the meeting of creditors

In the event the meeting of creditors must be reset, the fee to reset it is \$150.00.

Additional creditors before filing

The amount of the fee quoted to the Client during the first conference is based on the number of creditors the Client tells the Firm the Client has at that time. Each additional creditor added to the list after the first conference is an additional party to whom the Firm must send notices during the Case. This action increases the cost to the Firm of handling the Case. The Firm charges \$10.00 per creditor for each creditor the Client adds to the Case after the Firm has quoted the Client the basic fee, but before the Case is filed. The Firm urges the Client to list all creditors even if it costs an extra \$10.00 each to do so. Remember, if a creditor is not listed, the debt will not be discharged and the Client will still be responsible for payment of the debt to the creditor.

Additional creditors after filing

The situation here is similar to the one above, but it is complicated by the fact that the Bankruptcy Clerk charges an additional filing fee for adding creditors after a case has first been filed. Because of these extra costs, the Firm charges \$150.00 plus the filing fee of \$30.00 for adding up to five (5) creditors after the Case has been filed with the court. This filing fee is subject to change.

Please keep in mind that there is a **time limit** in which to add creditors. Creditors must be added to a case no later than sixty (60) days after the first meeting of creditors. The Client should have all creditors added to the Case no later than eighty-five (85) days after the Case is filed.

Additional creditors more than 85 days after filing

If the Client finds that a creditor has been left off and it is more than eighty-five (85) days after the case has been filed, the Client should make an appointment to come in to the office. The Firm will discuss the options available to the Client free of charge. There is no guarantee that the Court will allow the Client to add an additional creditor or creditors.

Reaffirmation Agreements

To the extent the Debtor chooses to reaffirm a secured debt, there will be a need to request, review, and prepare a reaffirmation agreement. The fee to process a reaffirmation agreement is \$250.00 per reaffirmed debt. If there is a need to attend a hearing on a reaffirmation agreement, the fee to process the reaffirmation will increase to \$450.00 per reaffirmed debt.

Pending Lawsuits not previously discussed

It is possible (though not very likely) that one of the Client's creditors may have sued the Client before filing the Case and the Client is not aware of it when the Firm filed the Case. Should the Client become aware of such a situation, the Client must notify the Firm in writing as soon as possible so that the proper pleadings may be filed to stop the proceeding. The fee for this service is \$200.00.

Motions to Avoid Judgment Liens not previously discussed

On occasion, following the initial consultation at which the Firm's basic fee for handling the Case is quoted, a client may discover that a judgment has been taken against the Client that the Client was not be aware of during the initial meeting. If the Client discovers that a judgment has been taken against the Client, the Client should immediately notify the Firm in writing and set up an appointment to discuss the Client's options. Depending on the circumstances, some judgments and the liens created by the judgment may be avoided on exempt property. A fee of \$400.00 will be charged for filing the documents necessary to begin a proceeding to remove the judgment and any liens created. If the creditor asks for a court hearing on the motion, the Client will be charged hourly at the then applicable hourly rates for any hearing or other action necessary to conclude the matter. *See* Paragraph 3. It is fairly unusual for a creditor to ask for a hearing on this kind of motion. Nevertheless, it is highly recommended that the Client set up an appointment with the Firm to discuss the Client's options should this issue arise.

Motion to Avoid Security Interest not previously discussed

On occasion, following the filing of a case, a client may discover or a creditor may notify the Firm that it has a security interest in the Client's personal exempt property. Under certain limited circumstances, these security interests are avoidable (removable). A fee of \$300.00 will be charged for filing the documents necessary to bring an action to avoid a security interest in the Client's property. If the creditor asks for a court hearing on the motion, the Client will be charged hourly at the then applicable hourly rates. *See* Paragraph 3 of the Engagement Letter), for any hearings or other actions necessary to conclude the matter.

Selling a house or other real property while in bankruptcy

Bankruptcy cases can sometimes be lengthy proceedings, lasting sometimes up to six months for Chapter 7. If the Client wants to sell the homestead or other real property during the bankruptcy proceeding, the Client should make an appointment to discuss it with the Firm. It is usually possible to obtain the authority to complete the sale with a little advanced planning. The Firm's

fee for this service ranges from \$600.00 to \$1,000.00, depending on the circumstances and complexities of the transaction.

Motions to Dismiss the Case

On occasion the Trustee or a creditor may file a Motion to Dismiss a bankruptcy case. If the Client receives such a motion, the Client must contact the Firm immediately and schedule an appointment to discuss options.

Trustee's motion to dismiss:

If the Client fails to comply with the responsibilities of a Chapter 7 debtor, the trustee may file a motion to dismiss. Some of the common reasons a motion to dismiss is filed by the Trustee are: (i) failure to appear at the meeting of creditors; (ii) failure to provide bank statements for three (3) months prior to the case being filed, including the month the case is filed, or (iii) failure to file all applicable tax returns within 30 days following the bankruptcy filing. In the event a motion to dismiss is filed in the Case, the Firm will charge the Client a fee of \$150.00 to defend it. An immediate response to such a motion is required. The Firm will make every effort to contact the Client in advance. However, for the Client's protection, the Firm will respond to and request a hearing on every motion to dismiss received on the Case. Because of the critical nature of a motion to dismiss, even in the event a motion to dismiss is resolved, the Firm will attend the hearing to ensure that the Client's interests are protected.

Creditor's motion to dismiss

A motion to dismiss filed by a creditor is usually more difficult to overcome than those filed by the Trustee. As such, the Firm may elect to charge for services at the then applicable hourly rates.

Motion to Lift Stay

Every once in awhile, a secured creditor (creditor who has collateral such as a house or car, etc.) will file a motion seeking court authority to foreclose on the collateral. These motions usually arise in Chapter 7 cases where the client wants to give up the collateral anyway. The Firm must take immediate action to preserve the Client's rights in these instances. There is an initial charge of \$350.00 for each motion to lift stay is filed in the Case. This amount may be the entire charge if the Client intends to surrender the property. In the event a hearing is held and an agreement is worked out with the creditor there will be an additional charge of \$150.00. If the Client and the Firm get into "a knock down, drag out fight" with a creditor, the Firm will charge for legal services at the then applicable hourly rates.

Discharge and Dischargeability litigation (Adversary Proceedings)

A nondischargeability proceeding is unusual, however, it is very time consuming and normally occurs in a Chapter 7 or 11 proceeding. If the Firm determines that the Client has a potential

problem with getting a discharge or receiving a discharge of a certain debt, the Firm will discuss options prior to the filing of the Case. If the Firm receives a motion or complaint to determine dischargeability in the Case, the Firm will immediately contact the Client and attempt to set up an appointment to discuss options. The fees for defending these actions will include a minimum retainer which will be billed against at the then applicable hourly rates.

2004 Examinations (Depositions)

This examination is a type of discovery proceeding typically undertaken by a creditor involved in a state court proceeding. A deposition is taken under oath before a court reporter and continues from day to day until completed. Initiation of this type of discovery proceeding is generally done through a Subpoena *Duces Tecum* and/or Notice of 2004 Examination (deposition). In the event this occurs, the Firm will contact the Client immediately and attempt to set up an appointment concerning the documents to be produced and the deposition testimony. The Client should be represented by counsel. Fees for the Firm's legal services will be charged at the then applicable hourly rates.

The Client should keep in mind that dealing with potential problems early on will more likely result in a better outcome than waiting and having the problem escalate. The Client should keep the Firm informed concerning any possible problems as these problems arise.