

PRESCRIBED INFORMATION

Your options to deal with unmanageable debt

Talk to your creditors: Some creditors could give you more time to pay, agree to renegotiate repayments or accept a smaller payment to settle the debt. Some creditors have hardship provisions which you can use to vary the terms of your contract. You should call your creditors and ask about their hardship provisions.

Lodge a *Declaration of Intention to Present a Debtor's Petition*: This stops your creditors, the bailiff or sheriff taking action to recover unsecured debts for a period of 21 days. You could use that time to speak to your creditors, consider other options or seek advice.

Propose a Debt Agreement (DA): A Debt Agreement is a legally binding arrangement between you and your creditors which must be accepted by the majority of your creditors. The agreement is administered by a debt agreement administrator who will charge a fee. Your debts, assets and income must be under a certain limit* to propose a DA. You can offer to pay your creditors by instalments or in a lump sum which may be less than the full amount of your debts. You will be released from debts covered by the agreement once you have completed all obligations and payments in your agreement. Your name will be on the public register (NPII) forever and on a commercial credit reference record for 7 years even if you have completed your agreement. See the paragraph '**Your ability to obtain credit and certain services may be affected**' at the bottom of this page for additional information and obligations.

Propose a Personal Insolvency Agreement (PIA): A PIA is also a legally binding arrangement between you and your creditors which must be accepted by a majority of your creditors. The PIA must be administered by a trustee who will charge a fee. There are no debt, asset or income limits. You can offer to pay your creditors by instalments or in a lump sum which may be less than the full amount of your debts. You will be released from debts covered by the agreement once you have completed all obligations and payments in your agreement. Your name will be on the public register (NPII) forever and on a commercial credit reference record for 7 years even if you have completed your agreement.

Sources of further information: You can ask for help from a financial counselling service, registered trustee, registered debt agreement administrator, lawyer or an accountant. They will talk to you about your options and may speak to creditors on your behalf.

You can get more information about the above options or sources of financial guidance by contacting AFSA on 1300 364 785 or at www.afsa.gov.au. You should read the AFSA publication titled *Personal Insolvency Information for Debtors*.

Consequences of proceeding with a petition for bankruptcy

A trustee will administer your bankruptcy: You may ask a registered trustee to administer your bankruptcy. If you do not choose a trustee, AFSA may ask a registered trustee to become your trustee, otherwise the Official Trustee (AFSA) will become your trustee. Your creditors can change your trustee. You must assist your trustee at all times. You must immediately notify your trustee in writing of any change in your personal circumstances (including name, address or income). Your trustee can extend the 3 year period of bankruptcy to 5 or 8 years under certain circumstances. Usually a trustee will take his/her fee for administering your bankruptcy out of the assets or income they recover.

Your assets may be sold: You will be able to keep ordinary household goods, tools (up to a certain value)* used to earn an income and a vehicle (up to a certain value)* but other assets - including your house - can be sold by your trustee. You cannot conceal, remove or dispose of any property inside or outside Australia. If you do, you may be subject to criminal prosecution.

Your income, employment and business may be affected: If your income exceeds a set limit*, you may be required to make contributions from your income. You cannot be a director of and/or manage a company. Some professional/licensing bodies may restrict or prevent you from continuing in that trade or profession. You may not be able to hold certain public positions. If you are in business and trade under a business name different to your own, you must tell everyone you deal with that you are bankrupt. If you don't, you may be subject to criminal prosecution.

You may not be released from all debts: You are released from most of your unsecured debts (eg credit cards, personal loans, store cards) once you are discharged from bankruptcy. Some types of debts are not covered by bankruptcy, eg debts incurred by fraud, penalties/fines and child support debts - you have to continue paying those debts. If a debt is secured against an asset (eg mortgage on a house or a car) and you do not maintain repayments that creditor can repossess and sell the asset; however the shortfall, if any, will be covered by bankruptcy.

Your ability to travel overseas will be affected: You will not be able to travel overseas without the written permission of your trustee and you may be asked to surrender your passport to your trustee.

Your name will be on the public register (NPII) forever: Your name will be on the public register (NPII) forever and on a commercial credit reference record for 7 years even if your bankruptcy has been discharged.

Your ability to obtain credit and certain services may be affected: You may find it hard to borrow money and buy things on credit. You may find it hard to rent, get electricity, water or the telephone connected without paying a bond. Some banks may not let you operate an account or may restrict how you can use your account. If you obtain credit of \$3,000 or more* then you must tell the credit provider that you are bankrupt or subject to a debt agreement. If you enter into a hire purchase agreement or a contract for the hiring or leasing of any goods whereby the amount is or totals \$3,000 or more* then you must tell the seller or the property owner that you are bankrupt or subject to a debt agreement. If you obtain goods and services by giving a bill of exchange, cheque or promissory note whereby the amount is or totals \$3,000 or more* then you must tell the supplier of the goods or services that you are bankrupt or subject to a debt agreement. If you obtain goods and services by promising to pay an amount of \$3,000 or more* then you must tell the supplier of the goods or services that you are bankrupt or subject to a debt agreement. If you obtain money or payment of \$3,000 or more* by promising to supply goods or render services, you must tell the purchaser that you are bankrupt or subject to a debt agreement. If you don't disclose your bankruptcy or that you are subject to a debt agreement in these circumstances, you may be liable to criminal prosecution.

*This is an indexable amount and therefore increases periodically (see s304A of the Bankruptcy Act). For the current monetary amounts see Current Amounts at www.afsa.gov.au or call AFSA on 1300 364 785 for a copy.

Acknowledgement: I have read and understood this Prescribed Information.

Name: _____

Signature: _____

Date: _____