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6 **UNITED STATES BANKRUPTCY COURT**
7 **DISTRICT OF ARIZONA**

8 In the matter of:

9 CHAPTER 7 ATTORNEY
10 REQUIREMENTS

GENERAL ORDER 26-1

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12 The Court hereby enters this General Order 26-1 in order to implement certain
13 requirements related to the representation of debtors in Chapter 7 cases in the District of
14 Arizona, as set forth in the Chapter 7 Attorney Requirements attached to this order. This
15 General Order is supported by the following:

- 16 1. General Orders dated and filed August 1, 2018, and December 1, 2022, adopted the current
17 version of Local Rules of Bankruptcy Procedure for the United States Bankruptcy Court for
18 the District of Arizona (hereinafter referred to as the Local Bankruptcy Rules); and
- 19 2. Local Bankruptcy Rule 9029-1(d) authorizes the Court, upon determining that an
20 immediate need exists, to implement an amendment – including a technical, clarifying, or
21 conforming amendment – without prior notice or comment by the bar or the public, with such
22 amendment adopted under this subsection to thereafter be circulated for comment and
23 reevaluated by the Local Rules of Bankruptcy Procedure Advisory Committee and the Court
24 in accordance with the procedures set forth in subsection (c) of that Rule; and
- 25 3. 28 U.S.C. §§ 2071 and 2077, Rule 9029 of the Federal Rules of Bankruptcy Procedure
26 (the “FRBP”), and Rule 83 of the Federal Rules of Civil Procedure (the “FRCP”) authorize
27 this Court to prescribe and implement Local Rules of Bankruptcy procedure, including issuing
28 general orders, not inconsistent with FRBP; and
4. Local Bankruptcy Rule 9010-1(a) requires any attorney representing a debtor to comply
with the Bankruptcy Code, the FRBP, the Local Bankruptcy Rules, and the Arizona Rules of
Professional Conduct; and Local Bankruptcy Rule 9010-1(c) further provides that an attorney
who files a debtor’s bankruptcy petition, or who files a notice of appearance on a debtor’s
behalf, must represent the debtor in all matters, other than adversary proceedings, until the

1 case is closed or the Court enters an order approving withdrawal or substitution of counsel;
2 and

3 5. 11 U.S.C. §§ 526-528 authorize the Court to review the conduct of debtor's counsel for
4 compliance with the Bankruptcy Code, including, without limitation, ensuring that:
5 (1) counsel performs all services agreed to be provided in connection with the case; (2) any
6 waiver by the debtor of any protections or rights afforded by the Code is unenforceable against
7 the debtor but may be enforced against counsel; (3) any contract between the debtor and
8 counsel complies with the requirements of §§ 527 and 528, or is otherwise void and
9 unenforceable; (4) counsel provide the disclosures and information required by § 527; and
10 (5) counsel timely executes and provides the debtor with a written contract that clearly and
11 conspicuously explains all the services to be provided, the fees and charges, and the terms of
12 payment; and

13 6. 11 U.S.C. § 329 authorizes the Court, whether or not counsel seeks compensation, to
14 require the filing of a statement disclosing any compensation paid or agreed to be paid to
15 counsel for services rendered in contemplation of or in connection with the case, if such
16 payment was made within one year before the filing of the petition, including the source of
17 such compensation, and further authorizes the Court to cancel any agreement or order the
18 return of any payment to the estate or to the payor to the extent that the compensation exceeds
19 the reasonable value of the services provided; and

20 7. Rule 2016(b), FRBP, requires that within 14 days after the filing of a bankruptcy petition,
21 every debtor's counsel, whether or not seeking compensation, must file a statement as
22 required by § 329, and must file a supplemental statement within 14 days after any payment
23 or agreement to pay not previously disclosed; and

24 8. Rule 2017, FRBP, authorizes the Court to determine whether any direct or indirect payment
25 or transfer of money or property to an attorney for services rendered or to be rendered in
26 connection with the case was excessive, whether made in contemplation of a bankruptcy filing
27 or after the filing of the petition, and regardless of whether such payment, transfer, or
28 agreement is made directly or indirectly; and

9. Historically, debtor's counsel in Chapter 7 cases obtained full payment of the anticipated
cost of representation before the filing of the bankruptcy petition, whether based on a flat fee
or an estimate of hourly fees, and such pre-petition retainer agreements typically encompassed
all services expected to be rendered by counsel during the administration of the case; and

10. § 727(b) permits a Chapter 7 debtor to discharge debts that arose before the filing of the
petition, and if debtor's counsel contracts in a pre-petition retainer agreement to provide post-
petition services with the expectation of enforcing payment under the pre-petition agreement,
such enforcement may violate § 524(a)(2)(prohibiting the commencement or continuation of
any action to collect a debt that has been discharged under § 727); *see also In re Biggar*, 110
F.3d 685 (9th Cir. 1997); and

1 11. Some prospective debtors lack sufficient funds to pay the full cost of legal services
2 necessary to prosecute a Chapter 7 bankruptcy case, including paying the filing fee, before
3 the Chapter 7 bankruptcy petition is filed; in response, counsel developed bifurcated fee
4 agreements, under which debtors pay only the filing fee and little or no upfront amount for
5 the Chapter 7 petition, and are informed that after filing they may either retain their current
6 counsel under a separate post-petition retainer agreement, hire different counsel, or proceed
7 without counsel and represent themselves; and

8 12. Arizona Supreme Court Rule 42, of the Rules of Professional Conduct at ER 1.5(b),
9 requires that the scope of representation and the basis or rate of the fee and any client-
10 responsible expenses be communicated to the client in writing, either before or within a
11 reasonable time after commencing representation, and further requires that any changes to the
12 basis or rate of the fee or expenses be communicated in writing before the client incurs charges
13 at the higher rates; and

14 13. In the Court's view, consistent with the Arizona Rules of Professional Conduct and the
15 disclosure requirements in §§ 526 and 527, debtors must execute a separate post-petition
16 agreement for legal services to be rendered and paid from the debtor's post-petition earnings,
17 and any such agreement must clearly inform the debtor that the resulting obligation is not
18 dischargeable in the pending Chapter 7 case, because it arises from a distinct post-petition
19 obligation rather than from any pre-petition contractual duty, and therefore is not subject to
20 discharge under § 727(b); and

21 14. In the Court's view, to allow counsel to be compensated post-petition from the debtor's
22 post-petition earnings without violating the discharge injunction, to ensure debtors are fully
23 informed of the legal services to be provided, to provide written disclosure of such services,
24 and to ensure compliance with 11 U.S.C. §§ 526 and 527, debtors must execute two separate
25 agreements: one for pre-petition legal services and a second for post-petition services, with the
26 post-petition agreement signed after the date of the order for relief to ensure its enforceability
27 and that the resulting obligation is not subject to discharge; and

28 15. Fees charged for both pre- and post-petition services must be reasonable, the terms of the
agreements must be disclosed in accordance with Rule 2016, FRBP, and counsel may be
required to file supplemental disclosures under subsection (b)(2) of this Rule after the petition
is filed; additional requirements may arise under § 329 and Rule 2017, FRBP, including the
potential obligation for counsel to file contemporaneous time records or other documentation
detailing the time and costs incurred and amounts paid or agreed to be paid, in order to
establish the reasonableness of the fees considering the services provided; and

16. Some counsel attempt to limit post-petition legal services by requiring debtors to agree to
pay separate amounts from their post-petition earnings for each service, based either on
counsel's flat fees or on hourly rates for the provision of those services; and

17. Bifurcated fee agreements may lead debtors to forgo counsel for reasonably anticipated
post-petition legal services due to the additional costs because counsel want to be

1 compensated on a per-service basis, resulting in debtors appearing pro se in bankruptcy court
2 proceedings and contested matters, even though they were represented at the time the Chapter
3 7 petition was filed, a situation that conflicts with Local Bankruptcy Rule 9010-1(c)(1); and

4 18. Some debtors may not be informed that, under the current version of Local Bankruptcy
5 Rule 9010-1, counsel who file a debtor's bankruptcy petition are obligated to provide all legal
6 services necessary for the administration of the case, excluding certain adversary proceedings,
7 regardless of the terms of any pre- or post-petition fee agreement, unless the Court permits
8 counsel to withdraw or substitutes counsel; and

9 19. Some of the retention agreements used by debtors' counsel are not clear and conspicuous,
10 and the Court believes that counsel attaching a copy of the Chapter 7 Attorney Requirements
11 to retention agreements would foster more transparency and better inform debtors of their
12 rights and of counsel's duties; and

13 20. The Court has observed that debtors who enter bifurcated fee arrangements and agree to
14 pay from their post-petition earnings for legal services often pay more than debtors who pay
15 the full amount for the same services at the outset of counsel's representation; and

16 21. Some counsel use factoring agents or third-party lenders to finance Chapter 7 cases,
17 raising concerns regarding: (1) the reasonableness of the total fees charged; and (2) the
18 adequacy of disclosure of the financial arrangements, including the difference between the
19 amount the debtor agrees to pay the factor for counsel's representation and the amount the
20 factor agrees to pay counsel, the full disclosure of all fees and charges imposed on the debtor
21 under any factoring agreement as required by §§ 526–528, and the consequences that should
22 be imposed on counsel if such disclosures are deemed inadequate; and

23 22. Some factoring agreements attempt to characterize the funds advanced by the factor to
24 counsel as a loan from the factor to the debtor, creating an apparent borrower-lender
25 relationship with the debtor promising to pay the factor directly, even though the debtor never
26 met with or agreed to borrow funds from the factor and no funds were ever actually loaned to
27 the debtor by the factor; and

28 23. Prior to 2018, a Local Rules of Bankruptcy Procedure Advisory Committee (the
"Committee") was formed and appointed by the Chief Judge, and the Committee, among
other responsibilities, reviewed and approved the promulgation of Rights and Responsibilities
Agreements ("RARAs") – detailing the duties of counsel to Chapter 7 debtors and the duties
of debtors in Chapter 7 cases – as a new Local Bankruptcy Rule in the District of Arizona;
and

24. The Committee-approved RARAs included, among other provisions (1) a Mandatory
Attorney Declaration (Counsel must file a signed declaration within seven days of case
commencement attesting that specified non-delegable duties were personally performed
before filing); (2) Pre-Filing Attorney Duties (Counsel must personally meet with the debtor
before accepting fees or filing, review the debtor's financial situation, and explain bankruptcy

1 and non-bankruptcy options, chapter consequences, fee arrangements, ethical fee standards,
2 discharge of unpaid pre-petition fees, limits on withdrawal for non-payment, and counsel's
3 obligation to continue representation); (3) Required Debtor Advisements (Counsel must
4 advise the debtor regarding disclosure obligations, exemptions, pre-petition transfers and
5 debts, non-dischargeable debts, creditor scheduling, pre-bankruptcy planning, credit
6 counseling and financial management requirements, trustee cooperation and § 341 meeting
7 obligations, tax filing and payment duties, and insurance requirements); (4) Document
8 Review and Filing Responsibilities (Counsel must obtain and review all necessary
9 documents, advise of risks if documents are unavailable, retain records per ethical rules,
10 review completed filings with the debtor, ensure signatures under oath, protect personally
11 identifiable information, timely file accurate documents, and provide the debtor copies of all
12 filings); (5) Post-Filing Non-Delegable Duties (Counsel must attend § 341 meetings (or
13 arrange permitted substitute counsel), advise on trustee requests and turnover duties, and
14 represent the debtor through closure of the administrative case); (6) Scope of Ongoing
15 Representation (Representation includes docket monitoring, creditor and trustee
16 communications, amendments, reaffirmation matters and hearings, defense of objections,
17 assistance with document requests and Rule 2004 exams, and advising the debtor of
18 continuing obligations after discharge); and (7) Fees and Withdrawal Limitations (Limited
19 additional fees are permitted in specific circumstances (e.g., continued § 341 meetings or
20 debtor-caused amendments), but non-payment generally does not justify withdrawal; and

21
22 25. The bankruptcy bench in the District of Arizona, in 2018–2019, elected not to adopt the
23 RARAs proposed by the Committee and described above, concluding that the enactment of
24 Local Bankruptcy Rule 9010-1 alone should be sufficient to inform practitioners of their
25 duties and responsibilities to Chapter 7 debtors; and

26
27 26. The District of Arizona has observed: (1) violations of Local Bankruptcy Rule 9010-1;
28 (2) widespread use of bifurcated fee agreements by counsel, including failure in some cases
to utilize written post-petition fee agreements; (3) attempts by counsel to limit their duties
and responsibilities in contravention of Local Bankruptcy Rule 9010-1; (4) charges exceeding
the amounts disclosed in the filings made with the petition and schedules; and (5) inadequate
compliance by counsel with §§ 526–528 and Rules 2016 and 2017, FRBP; and

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30 27. General Order 26-1 implements limited, specific technical, clarifying, and conforming
31 changes to the Local Bankruptcy Rules without including all prior Committee-approved
32 requirements for counsel under the RARAs, and requires only that counsel: (1) perform a
33 defined list of minimum pre- and post-petition services and obtain the debtor's execution of
34 a written fee agreement detailing these services in compliance with §§ 526–528 and Rule
35 2016, FRBP; (2) perform a defined list of post-petition services and obtain execution of a
36 separate post-petition fee agreement in compliance with §§ 526–528 and Rules 2016–2017,
37 FRBP, if counsel intends to be compensated from the debtor's post-petition earnings and
38 asserts such fees are not dischargeable; and (3) file a copy of the written fee agreement(s) at
the outset of the case and provide supplemental disclosures consistent with the Code and
Rules.

1 Based upon the foregoing,

2 IT IS HEREBY ORDERED that General Order 26-1, and the attached Chapter 7
3 Attorney Requirements, shall take effect on March 31, 2026, and shall govern all bankruptcy
4 cases and proceedings commenced or converted to Chapter 7 thereafter.

5 IT IS FURTHER ORDERED that the Clerk shall post a copy of this Order in the
6 Clerk's office and on the Court's website at www.azb.uscourts.gov, indicating that copies
7 shall be made available upon request.

8 DATED and FILED this 11th day of March, 2026.

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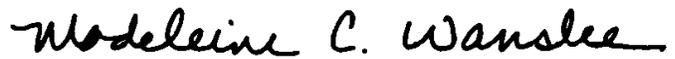
10 Honorable Eddward P. Ballinger, Jr., Chief Judge

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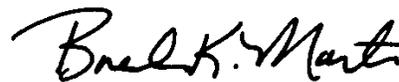
12 Honorable Daniel P. Collins

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14 Honorable Brenda Moody Whinery

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16 Honorable Madeleine C. Wanslee

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18 Honorable Brenda K. Martin

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20 Honorable Paul Sala

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22 Honorable Scott H. Gan

Chapter 7 Attorney Requirements

(a) Initial Disclosures. Counsel’s initial disclosure of attorney compensation (the “Initial Disclosure”) must identify the terms and total amount of compensation to be paid to the attorney representing the debtor. Counsel shall file their retention agreement(s), or file a motion to file a redacted agreement, with counsel’s Initial Disclosure.

(b) Minimum Required Services. Unless otherwise ordered by the Court, attorneys who file a voluntary Chapter 7 case in this district must provide the following legal services pertaining to the debtor’s bankruptcy case (the “Minimum Required Services”):

- (1)** Reviewing financial documents and information;
- (2)** Consulting, planning and advising, including office visits, email and telephone communications regarding the Minimum Required Services;
- (3)** Providing advice regarding pre-filing credit counseling;
- (4)** Preparing/filing the bankruptcy petition, statement of social security number, schedules and summary of assets and liabilities, statement of financial affairs, statement of intention, means test forms, payment advice declaration, master mailing list, and declaration re: electronic filing;
- (5)** Preparing/filing amendments to the petition, schedules, and statements, if appropriate;
- (6)** Preparing/filing an application for a waiver of the filing fee or to pay the filing fee in installments, if appropriate;
- (7)** Notifying parties in pending court or tribunal actions of the bankruptcy filing, if applicable;
- (8)** Appearing at the § 341 meeting of creditors and continued meetings;
- (9)** Assisting debtors in fulfilling their obligations under Local Rule 2003-2, including completing Local Form 2003-2(a)(2), and responding to requests from the Chapter 7 trustee;
- (10)** Preparing/filing motions to vacate a dismissal order, provided the dismissal order was not caused by the debtor’s action or inaction;
- (11)** Preparing/filing motions to extend the stay, if appropriate, and attending related hearings;
- (12)** Preparing/filing reaffirmation agreements, if appropriate, and attending related hearings;

- (13) Responding to non-adversary proceeding creditor motions and objections, and attending related hearings if the debtor objects to the motion;
- (14) Responding to motions for stay relief (including filing a statement of no objection), and attending related hearings if the debtor objects to the motion;
- (15) Responding to motions for turnover (including filing a statement of no objection), and attending related hearings if the debtor objects to the motion;
- (16) Preparing/filing redemption motions, if appropriate, and attending related hearings;
- (17) Preparing/filing § 522(f) lien avoidance motions, if appropriate, and attending related hearings;
- (18) Preparing/filing motions for abandonment, if appropriate, and attending related hearings;
- (19) Responding to objections to claimed exemptions (including filing a statement of no objection), and attending related hearings if the debtor objects to the motion;
- (20) Drafting and mailing any necessary correspondence;
- (21) Filing debtor changes of address; and
- (22) Providing advice regarding the need to obtain and, if necessary, filing a post-filing education course certificate.

(c) Bifurcated Fee Agreements for Minimum Required Services. A Chapter 7 debtor and counsel may agree to bifurcate counsel's services and debtor's payment obligations for the Minimum Required Services into pre-petition and post-petition agreements only as follows:

- (1) Counsel and the debtor must enter into a pre-petition agreement that provides, at a minimum, that counsel shall provide the services identified in paragraphs (b)(1) through (b)(12) above.
- (2) Counsel must provide the debtor an opportunity to enter into a post-petition agreement under which counsel shall provide all of the services identified in paragraphs (b)(13) through (b)(22) above.
- (3) To be effective, the post-petition agreement must be:
 - (A) Entered into by the debtor and counsel post-petition;

- (B) Filed with the Court; and
 - (C) Disclosed under 11 U.S.C. § 329 and Fed. R. Bankr. P. 2016(b).
- (4) If the debtor decides not to enter into a post-petition agreement, counsel may file a motion to withdraw as counsel.
 - (5) The pre-petition and post-petition agreements are subject to Court review for reasonableness, including with regard to the reasonableness of the allocation of counsel's fees to pre-petition and post-petition services.
 - (6) Notwithstanding the terms of any pre-petition agreement limiting counsel's responsibilities, counsel shall timely provide all of the Minimum Required Services until the Court enters an order, after hearing and for cause, excusing such performance or authorizing counsel to withdraw.

(d) Other Post-Petition Fee Agreements. The debtor and debtor's counsel may agree to separate post-petition fee agreements for legal services in a Chapter 7 bankruptcy case that are not included in the Minimum Required Services. All such agreements must be filed with the Court, disclosed under 11 U.S.C. § 329 and Fed. R. Bankr. P. 2016(b), and are subject to Court review for reasonableness.

(e) Third-Party Financing. In any case involving agreements with third parties for financing or factoring of fees earned or to be earned in a Chapter 7 bankruptcy case, debtor's counsel must attach signed copies of any such financing or security agreement(s) to: (i) counsel's Initial Disclosure; or, (ii) a separate notice filed with the Court within ten business days of such financing or security agreements being entered into. This subsection does not pertain to the general financing of an attorney's assets or law practice.

(f) Duty to Supplement Disclosure. Counsel must timely file any supplemental statements required by Fed. R. Bankr. P. 2016(b)(2) and attach a copy of all related compensation agreement(s) to such statements.

(g) Notice to Debtors. Counsel shall provide a copy of these Chapter 7 Attorney Requirements to all debtor clients within three business days of entering into any fee agreement. Failure to timely provide a copy of these Chapter 7 Attorney Requirements may result in the voiding of a fee agreement and an order to disgorge all fees received.