

**WHAT YOU
SHOULD KNOW
ABOUT YOUR
CHAPTER 13
CASE**

TAMMY L. TERRY

CHAPTER 13 STANDING TRUSTEE - DETROIT

REVISED NOVEMBER 16, 2016

WHAT YOU SHOULD KNOW ABOUT YOUR CHAPTER 13 CASE

This pamphlet answers questions that may come up during your Chapter 13 plan. Read this completely to understand your rights and obligations; refer to it when you have questions.

Please put your name and case number on all payments and letters sent to the Trustee.

Case #: _____

The Trustee's address is:

<u>PAYMENTS</u>	<u>LETTERS & INQUIRIES</u>
Chapter 13 Standing Trustee - TLT P.O. BOX 2039 Memphis, TN 38101-2039	Tammy L. Terry Chapter 13 Standing Trustee 535 Griswold Suite 2100 Detroit, MI 48226 (313) 967-9857

Your Attorney is:

KEEP THIS FOR FUTURE REFERENCE!

“REMEMBER THIS . . .”

Start Making Plan Payments Immediately!

Payments should commence with the first income you receive after filing your petition, but no later than 30 days after your petition is filed. *(See pages 5 through 10)*

Send NO Money to the Trustee’s Office!

We do not accept payments in the Trustee’s Office. Do not bring or mail payments to our office. All payments must be mailed to our bank lockbox:

Chapter 13 Standing Trustee – TLT
P.O. BOX 2039
Memphis, TN 38101-2039.

Be sure to write your name and case number on your check or money order before mailing any payment to the Trustee’s bank lockbox. *(See pages 1 and 5)*

Keep in Touch with Your Attorney!

The Trustee’s office does not give legal advice. You must call your attorney if you feel any changes are needed to your Chapter 13 plan. This and other types of legal advice can only be provided by your attorney.

(See pages 1 and 2)

Review your own Case Online!

Make sure the debts listed are your bills! If there is anything that you do not understand, contact your attorney immediately and make sure the issue is resolved.

This FREE service is available to debtors to help you clearly monitor the progress you are making toward your financial recovery. To view your case online, you must register for a Username and Password on the website, www.ndc.org

(See Appendix A, Pages 24 - 29)

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Debtor Chapter 13 Handbook

OFFICE OF THE CHAPTER 13 STANDING TRUSTEE TAMMY L. TERRY EASTERN DISTRICT OF MICHIGAN - DETROIT

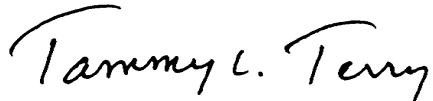
Dear Debtor(s),

You have taken a brave step in filing Chapter 13. In order to complete your Chapter 13 plan successfully, it is going to take a great deal of hard work. I recommend that you read this Debtor Handbook carefully. Acquainting yourself with your rights and obligations will help you understand the Chapter 13 process and will increase your chances of success.

The law is giving you a chance to gain control of your finances. Please stay involved in the Chapter 13 process. If you have a mortgage or tax return requirements in your Chapter 13 plan, please read the sections regarding these issues very carefully. Make sure you discuss the domestic support obligations (if any) and instructional management course requirements to be eligible for discharge. Work with your attorney and keep him/her posted of events in your life.

This Debtor Handbook is also available, at no charge, from our web site – <http://www.det13.net>.

Best Wishes,



Tammy L. Terry
Chapter 13 Standing Trustee

Court and Hearing Room Location

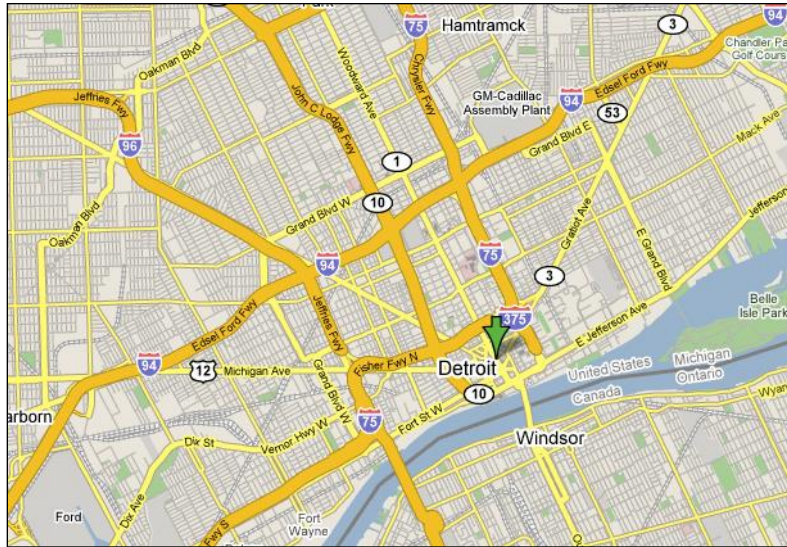


Figure 1 - Downtown Detroit (with Freeways)

First Meeting of Creditors
(Section 341) Location
US Bankruptcy Court
211 W Fort St
Detroit, MI 48226
Room 315

Confirmation Hearings
Judge Tucker
US Bankruptcy Court
211 W Fort St
Detroit, MI 48226
Room 1925

Confirmation Hearings
Judge Oxholm
US Bankruptcy Court
211 W Fort St
Detroit, MI 48226
Room 1975

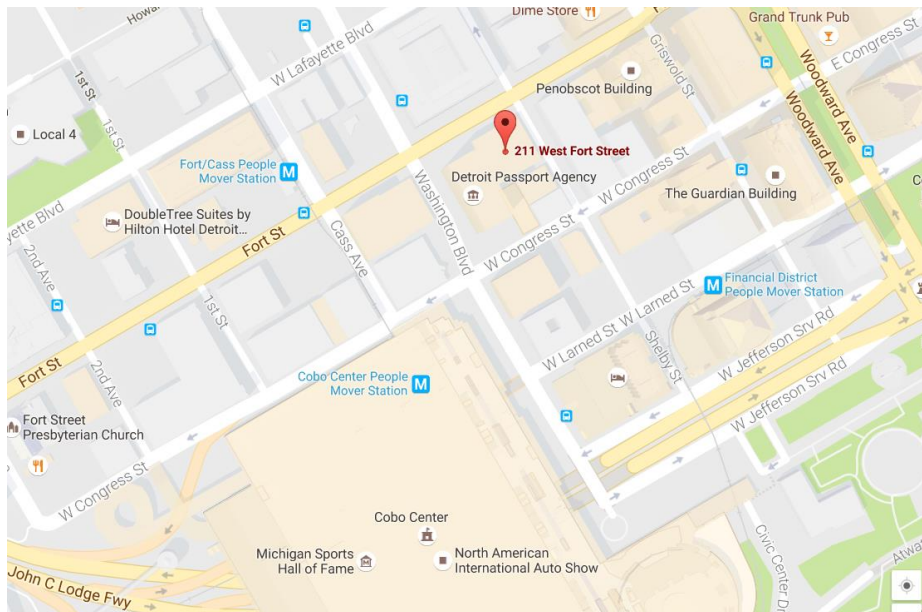


Figure 2 – First Meeting (341) and Confirmation Hearings Locations

GENERAL INFORMATION ABOUT YOUR CHAPTER 13 CASE

INTRODUCTION

Chapter 13 is one method under the Bankruptcy Code to get protection from your creditors, providing that you pay them back as much as you can. It allows you to keep most or all of your property during the time you are paying creditors back. It also lets you modify some contract payments, interest rates and lengths of obligation, if the automatic stay is in effect. The automatic stay prohibits your creditors from contacting you and your employer or directly taking steps to collect on the debt. However, creditors can take action against you *only after* you have had a Court hearing and the judge has allowed it. Chapter 13 has gained widespread acceptance across the country as an attractive alternative to a “straight bankruptcy” (under Chapter 7 of the Bankruptcy Code).

YOUR CASE NUMBER

When your Chapter 13 petition was filed, the Bankruptcy Court gave the case a number. *This number is very important.*

You will need your case number, your current address **AND** the last four digits of your social security number whenever you call the Trustee’s office. If you write a letter to the Trustee’s office, it is important to write your case number on your letter. Also, whenever you make a **payment** to the Trustee put your name and case number on your check or money order.

YOUR ATTORNEY

Under the rules of the Bankruptcy Court, your attorney must continue to represent you for as long as your case is active or until the Judge permits your attorney to withdraw from your case. If you ever have a legal question (concerning your case, a creditor, your rights or your options) ask your attorney first. You should reach a clear agreement with your attorney about the fee for representing you in your case. In many cases, your attorney will be paid his/her legal fee through your Chapter 13 plan.

Be sure that you and your attorney have fully discussed whether additional legal services during your Chapter 13 plan will cost you more money or whether the initial fee will cover all legal services.

Remember that all legal fees must be reviewed and approved by the Bankruptcy Judge. You may change attorneys during the life of your Chapter 13 plan. Your new attorney will have to file the proper documents with the Court advising that they will be representing you on future matters regarding your Chapter 13 case

YOUR NAME, ADDRESS AND EMPLOYER

The Trustee, your attorney and the Court must have your **current** name, mailing address and employer for as long as you are in Chapter 13. All notices, letters, checks, etc. will be mailed to the last known address reflected on the Court’s records. If you have changes to your name, address or employer, notify your attorney as your attorney must submit the information to the Court so your records can be changed to reflect the correct information.

If you ever move, change your name or change your employer, you **must** inform your attorney of this information immediately so your attorney can change your information on the Court’s records. The Trustee cannot change your information until it is updated on the Court’s records first.

Any changes in name, address or *employment* must be reported to your attorney immediately so your attorney can update the Court’s records.

CALLS TO THE TRUSTEE'S OFFICE

The Chapter 13 Trustee's phone number is:

(313) 967-9857

We will only discuss your case with parties associated with your case. We will **not** provide information to any friends, relatives or any creditors that are **not** listed on your case.

The Trustee's office is open Monday through Friday from 8:30 a.m. to 4:30 p.m. If you have a question you may call the Trustee's office during those hours. You will not need to talk to the Trustee personally. The staff understands the policies and guidelines in Chapter 13 and is well qualified to discuss any problems or questions that may arise.

The Trustee and the Trustee's staff cannot give legal advice.

You should direct all legal questions to your attorney. If you are having difficulty contacting your attorney, please contact us by phone, e-mail or letter and we will try to help you to make contact with your attorney.

REPORT OF CHAPTER 13 PLAN ACTIVITY

Once a year you will receive a Report of Receipts and Disbursements from the Trustee. This report includes the financial activity on your case. It will itemize all the payments which the Trustee has received from you in the last twelve months and summarize all the payments the Trustee has made to creditors on your behalf. The information that appears on this report may require an audit by the Trustee's staff. If you have any questions regarding the information on the report, please contact your attorney.

CHAPTER 13 PLAN LENGTH

It is important to remember that the plan length is only a close approximation at the beginning of your Chapter 13 plan. Counting the months remaining in the length of your Chapter 13 plan begins with the effective date in which your Chapter 13 plan was **confirmed** by the Court, not the date your case was filed with Bankruptcy Court or the date your payments began. The plan length is dependent on many factors which may change during the course of your Chapter 13 plan.

There are several reasons for this:

- 1) Interest, which may or may not be paid to your creditors depending on your particular plan, adds length and dollars to your Chapter 13 plan. Interest rates may change.
- 2) It often happens that a creditor files for a larger amount than you thought you owed.
- 3) You may have forgotten to list a creditor which must be added to your Chapter 13 plan.
- 4) You may have incurred additional attorney fees.
- 5) If unsecured creditors are being paid back less than 100% of their debt, and that payback percentage is reached before your time has ended, the percent to your unsecured creditors may be increased.

No plan is allowed to exceed 60 months in length.

Time limit for completion allowed by the Court is 60 months. If your Chapter 13 plan should exceed 60 months in length, your attorney can help you in resolving this problem.

CHAPTER 13 FOR A BUSINESS

Debtors who file a Chapter 13 as small businesses are subject to the same requirements, restraints, and jurisdiction as debtors filing as individuals. Since self-employed persons have no employer, it is necessary for them to make payments directly to the Trustee in the form of a cashier's check, personal check or money order.

Small business persons are required to file quarterly reports and summaries of their business operations with the Trustee and the Court.

You should contact your attorney if you have any legal questions regarding filing a Chapter 13 as a small business.

PAYMENT INFORMATION

PAYMENTS

Your first payment should be sent to the address listed below the first time you receive income after your petition is filed, or by the 30th day after the petition is filed, whichever comes first. You will need to write your name and case number on all documents and payments to the Trustee. **You are responsible for making any payments that your employer does not deduct from your paycheck.**

Forward all payments to:

**Chapter 13 Trustee-Tammy L. Terry
P.O. BOX 2039
MEMPHIS, TN 38101-2039**

Money Orders, Cashier's Checks and Personal Checks must include:

- 1) Your **NAME**
- 2) Your **ADDRESS**
- 3) Your Chapter 13 **CASE NUMBER**

Make sure you include **your return address on the outside** of your envelope. This will help us track your payment if you forget to write your case number or write the wrong case number.

**DO NOT MAIL CASH OR BRING PAYMENT
DIRECTLY TO THE TRUSTEE'S OFFICE OR COURT HEARING**

If your personal check ever "bounces" (is returned to us because of insufficient funds), we will require that all future payments be made in the form of a cashier's check or money order. Most Chapter 13 payments are made through a payroll deduction at your place of employment. Only in unusual circumstances does the Court allow plan payments to be made by you directly to the Trustee. This makes it easier to ensure that you pay the Trustee on time because the payments are automatically made on a regular basis by your employer.

PAYROLL DEDUCTION ORDERS

At the time you filed your Chapter 13 petition, your attorney probably submitted a payroll deduction order to be served on your employer. This order tells your employer to deduct your Chapter 13 plan payment from your paycheck and send it to the Chapter 13 Trustee. This order prohibits your employer from honoring any garnishments while you are under Chapter 13, including back taxes.

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The only exceptions are ongoing child support (domestic support orders), repayments of 401(k) loans and other special circumstances provided in the order. *It is important that both you and your employer understand that a payroll deduction order is NOT a garnishment.* A garnishment or attachment can only come from someone to whom you owe money. You do not owe the Court or the Trustee any money.

You are responsible for making any payments that your employer does not deduct from your paycheck. You voluntarily filed and gave the Court exclusive jurisdiction over your future pay while you are under Chapter 13. The Trustee is just carrying out their duty to administer the plan.

It may be helpful if you speak to someone in your payroll department to make sure they understand that:

- The Court order stops garnishments;
- The Chapter 13 plan deduction should not be listed as a garnishment or Friend of the Court Payment

Most employers understand that you are making a serious effort to repay your debts, and think more highly of an employee who seeks to repay his/her debts than of one who avoids repaying his/her debts.

If your employer does not honor the payroll deduction order (meaning your Chapter 13 plan payments are not deducted from your check), tell your attorney so that appropriate action can be taken. If your employer has any questions, he or she may call our office for an explanation.

Note: It may take several weeks for your employer(s) to start your payroll deduction(s). In the meantime, be sure to make your regular payments directly to the Trustee (See “Remember this” at beginning of booklet). The Judge’s willingness to approve your Chapter 13 plan will depend on the good faith effort you demonstrate by your payment record prior to the confirmation hearing.

If your employer fails to make a payroll deduction, you must tell your attorney that the deduction was not made and you must send the plan payment to the Trustee by personal check, money order, or cashier’s check.

If your employer is deducting the payments, but is not sending them to the Trustee’s office, contact your payroll department and your attorney immediately.

ONLINE PAYMENT OPTION

The challenge to surviving your bankruptcy is making payments on time and keeping accurate records. TFS provides an easy-to-use online payment for your monthly bankruptcy payments. It’s cheaper than other options and hassle-free.

The service is free to debtors to help you conveniently make payments on your case. Please consult your attorney for more information or visit our website at <http://www.det13.net/tfspay.shtml>

OBLIGATION TO PAY

Even though the Court will usually order your employer to deduct your Chapter 13 plan payments and send them to the Trustee, **you must remember that you have the obligation to make sure payments are made.**

The law requires that your payments start *no later than 30 days after your petition is filed.* The Trustee's office expects you to begin making payments if the payroll deduction is delayed. The sooner you start making payments, the greater chance you have of successfully completing your Chapter 13 plan. The Trustee does not have the capability to use payment coupon books or to send monthly statements. Therefore, you must keep your own record of payments.

We strongly urge you to keep your pay stubs to prove that the payroll deductions have taken place, or copies of money orders or personal checks to show you made the payments.

In the event there is ever any discrepancy in your payment history, you will have complete records showing the deductions that were made. Bring all pay stubs, copies of cancelled checks, cashier's check receipts or money order receipts to Court hearings. Please remember, ***if you ever receive a regular paycheck in which the Trustee's payment was not withheld, you should immediately mail the payment yourself.*** It is your responsibility to pay the plan payments, even when you are not working. If you become unemployed, you can amend your Chapter 13 plan or take other necessary action. Talk to your attorney about your options.

TAX RETURN AND TAX REFUND REQUIREMENTS

Your Chapter 13 plan may require you to submit copies of all State and Federal tax returns for EACH YEAR you're in the Chapter 13 plan. You may also be required to submit all or a portion of all tax refunds you are eligible to receive while you are in the Chapter 13 plan to pay your creditors. If you owe taxes and are not eligible for a refund, you still have to send copies of the tax returns to the Trustee.

Discuss this issue with your attorney and make sure you follow the guidelines in your Chapter 13 plan. If the IRS keeps your refund to apply to other taxes you owe, or another creditor (for example, Friend of the Court), you may still be responsible for paying the refund amount to the Trustee – contact your attorney!

Your Chapter 13 plan may require you to submit copies of all State and Federal tax returns to the Trustee each year. Your Chapter 13 plan may also require you to submit all or a portion of your tax refunds each year. If you receive your refund directly from the IRS or State Government, you are responsible for making the refund payment to the Trustee yourself. Failure to do so could result in the Trustee filing a motion to dismiss your case with the Court.

Send the amount you are obligated to pay into your Chapter 13 plan in a personal check, cashier's check or money order to the payment address for the Trustee, Chapter 13 Trustee – TLT, P.O. Box 2039, Memphis, TN 38101.

Include your name and case number, and clearly mark the tax year the amount covers ("20__ income tax refund).

If you are not eligible for a refund and you **owe money** (taxes), copies of your tax returns still must be sent to the Trustee.

ADJUSTMENTS OF PAYMENTS

It is extremely important for you to let your attorney know if something interrupts your pay and makes it impossible for you to make payments to the Trustee. In some cases, adjustments may be made to prevent undue hardship. Whether or not you will be able to adjust your Chapter 13 plan payments will depend on how long your Chapter 13 plan has been running and on the kinds of creditors you have.

If you require a permanent payment adjustment, please contact your attorney to review and revise your Chapter 13 plan.

FAILURE TO PAY

If the Trustee's office fails to receive payments on your Chapter 13 plan, either the Trustee or a creditor will seek to have your case dismissed. If something happens to your job, you become disabled, you get fired, you get laid off or you are otherwise made incapable of continuing your current payments, consult your attorney at once. Your attorney should be able to counsel you on the best way to protect yourself during such time.

Your Chapter 13 plan requires you to send your Chapter 13 payments to the Trustee no matter what happens to your job, unless the Judge allows you to stop or reduce payments.

If you are temporarily without work, be sure that as soon as you return to work the payroll deduction starts again. The Trustee's role as administrator of Chapter 13 cases requires her to protect the interests of both debtor and creditors alike.

Whenever you are substantially behind in payments under the plan, the Trustee will review the case for dismissal.

When the Trustee seeks to have your case dismissed, you will be advised in writing. You should then contact your attorney immediately to discuss your options.

DISMISSAL

If your case is dismissed you might not be eligible to re-file a Chapter 13 petition for six months, if you can re-file you may lose the benefit of the automatic stay or if you can re-file you may not be able to obtain a discharge of your debts. Discuss this with your attorney.

The Trustee's office has no authority to allow you to miss a payment or pay less than the amount stated in your Chapter 13 plan.

Only the Bankruptcy Judge can change the terms of a plan. If you feel you cannot meet the obligations of your Chapter 13 plan contact your attorney to review your options which may include modifying your Chapter 13 plan with Court approval.

PAYING MORE THAN REQUIRED

If your Chapter 13 plan requires you to repay creditors 100%, paying the Trustee more than what your Chapter 13 plan requires you to pay may decrease the length of time it will take your Chapter 13 plan to complete.

If you ever wish to increase your Chapter 13 plan payments, contact your attorney. If you wish to make a single extra payment, you may do so by sending a money order, personal check, or cashier's check to the payment address. (See page 3 for address)

If your Chapter 13 plan requires you to repay less than 100% and you wish to complete your Chapter 13 plan payments before the confirmed length of your Chapter 13 plan has run, you must contact your attorney.

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Due to the legal issues involved, the Trustee's office will **not** provide "payoff" information directly to you. **Information for "pay off" of your Chapter 13 plan can only be provided to your attorney at your attorney's request on your behalf.**

ACCESS YOUR CASE INFORMATION ONLINE

A FREE website resource has been made available by your Chapter 13 Trustee and National Data Center (NDC) to give you the latest information as you carry out your Chapter 13 payment plan.

The service is free to debtors to help you clearly audit your case and monitor the progress you are making toward your financial recovery. To view your case online, you must register for a Username and Password at <http://www.ndc.org>.

CREDITORS

CONTACT BY CREDITORS

The creditors that you listed on your Chapter 13 petition may be under an automatic Restraining Order, also called the “Automatic Stay.” The automatic stay prohibits your creditors from contacting you, your employer or directly taking steps to collect on the debt, unless they have a Court order.

If you get notices in the mail from your creditors, send them to your attorney.

Late notices from creditors need not cause you any great concern. If you receive a more personal, direct contact from a creditor, however, (such as a telephone call, personal letter, a summons or a visit in person) you should immediately tell them that you are under Chapter 13 and give them your case number. Then, give them the addresses and names of both the Trustee and your attorney. You should immediately contact your attorney.

You should not discuss any debts with creditors in any manner. Be sure to tell your attorney the name of the representative for the creditor, and phone number of the person who contacted you, so that your attorney can contact the representative.

By the same token, *you should not contact your creditors.*

BILLS YOU STILL PAY AND “BOUNCED” CHECKS

You are still responsible for paying your regular monthly household bills such as insurance, utilities, groceries, etc (see schedule J in your Chapter 13 paperwork) while you are in Chapter 13. It is important that you are very careful and only write checks your bank can honor. Although you are in a Chapter 13 plan, writing a bad check is still a criminal offense.

A creditor may hold a check which you wrote that was not honored by your bank. This is called a “Non-Sufficient Funds” or a NSF check. Because the bank did not honor the check, the creditor remains unpaid. After you have filed a Chapter 13, the creditor has two options for obtaining the money that you owe.

The holder of the “bounced” check may:

- 1) Join the plan as a creditor or
- 2) Prosecute the transaction as a crime

But they may not do both.

The creditor must file a claim to collect money through the Chapter 13. However, writing a bad check is a criminal offense and the creditor may decide to prosecute.

The automatic Restraining Order in your Chapter 13 case does not stop criminal prosecution, domestic support obligation proceedings, certain eviction proceedings or collection for repayment of 401(k) loans.

If the creditor did decide to prosecute, the debt would become a fine and you would handle the fine directly, outside of the Chapter 13. Please contact your attorney for further assistance if you find yourself in this situation.

BALANCE DUE CREDITORS

You may not deal with a creditor, just as a creditor may not deal with you. You cannot pick and choose particular creditors and pay them “on the side”. All of your creditors must be paid per the Chapter 13 plan as confirmed by the Court. If you have an immediate reason to know how much money you still owe to one creditor or to all creditors at any time during your Chapter 13 plan, you may request by phone call or in writing

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from the Trustee's office a copy of the accounting of your case. You may request a 'detailed account ledger' every six months. This document should not be used to determine the "payoff" of your case.

If you are considering paying off your case, you should contact your attorney immediately because important legal issues are involved. The Trustee automatically mails you a summarized copy of your case report once a year. See the section titled, "Report of Plan Activity." (See Table of Content for page number).

CLAIMS OF CREDITORS

Keep track of the account numbers of all of your creditors.

On a separate sheet of paper;

- 1) List each creditor by name;**
- 2) The address where payments were sent; and**
- 3) The account number.**

Put this list in a safekeeping place in case you need to refer to it later. Eventually, creditors will stop sending you notice of bills due. Periodically, the checks issued by the Trustee are returned with a request for an account number or more information. We may need your help to verify information to make sure a creditor receives payment.

Keep track of your account numbers and payment address for each creditor. We may need your assistance if a check is returned.

The creditors you list on your Chapter 13 schedules are given an opportunity to file a claim for payment. These creditors are allowed 90 days from the Meeting of Creditors to file their claim. Governmental units are allowed 180 days to file their claim.

If a creditor does not file a claim within the time allowed, but you want that creditor paid in your Chapter 13 case, please have your attorney file a claim for that creditor.

After you have been under Chapter 13 for about seven months, the Trustee's office will send you a complete list of every creditor who has filed a claim in your case and the amount of money they claim to be owed. This list is called a Notice of Intention to Pay Claims. **You should read and examine this list very carefully.**

If a creditor is listed incorrectly or any amount claimed seems incorrect, you should contact your attorney at once. Unless your attorney objects to a claim, we will pay the amount the creditor requests rather than the amount listed on your Chapter 13 plan and schedules.

MORTGAGE ESCROW CHANGES

If your mortgage payment changes at any time while you are in Chapter 13, you should contact your attorney immediately to determine if your Chapter 13 plan payment to the Trustee should change to allow the new payment to your mortgage company.

Failure to adjust your Chapter 13 plan payment to cover your new mortgage payment could interfere with your ability to complete your Chapter 13 plan as proposed. This could cause dismissal of your case or cause your mortgage company to file a legal action against you.

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If your mortgage payment changes, your Chapter 13 plan payment may have to be adjusted. You should contact your attorney immediately. Mail, fax or email all escrow change letters to the Trustee as soon as you receive them. See the “Who Does What at the Trustee’s Office” on our web site at <http://www.det13.net> for email addresses and fax numbers.

LATE CLAIMS

As noted above, most creditors generally have 90 days (180 days for governmental units) to file a claim. Creditors might not be entitled to payment if they file their claim after that date. **Tax claims are an exception to this rule.** If you do not want to pay a late claim, contact your attorney and request that an objection be filed with the Court and request that the claim be disallowed. If a late claim is not objected to, it may be paid.

Unless you object to paying a late-filed claim, the Trustee may pay the claim, even though it was filed late.

If the Court enters an order disallowing the claim, the claim will not be paid. If you complete your Chapter 13 plan, most claims (except some taxes, student loans or domestic support obligations) that are disallowed or not filed will be discharged upon the completion of your Chapter 13 plan. However, speak with your attorney if you have questions regarding certain disallowed, unfiled or unpaid claims.

Student Loans and Domestic Support Obligations (child support or alimony) may not be discharged upon completion of your Chapter 13 plan. If you have these issues, make sure you discuss these issues thoroughly with your attorney.

CREDITORS NOT LISTED

If you do not list all of the creditors you owe when you file for Chapter 13, it can cause a lot of problems.

There are two kinds of creditors who are absent from the original list:

- 1) Those creditors whom you owed money before filing your Chapter 13 plan, but forgot to list in your petition (*unlisted pre-petition creditors*), and
- 2) Those creditors who loaned you money after you filed (*post-petition creditors*) your Chapter 13 plan.

If you discover an *unlisted, pre-petition creditor* that you owe, after filing, you must let your attorney know the details of the debt **immediately** so it can be added to your Chapter 13 plan.

Your attorney may include this *unlisted creditor* in your Chapter 13 plan to protect you from collection procedures. Time is very important in terms of protecting you, so **do not delay** if you discover an unlisted creditor.

Post-petition creditors are rare because you are not allowed to accumulate a debt over \$1,000 while under Chapter 13 unless you received Court permission to do so. (Contact your attorney if you have a need to borrow money over \$1,000 – see provisions below.) Occasionally, however, unusual or emergency situations may arise.

Post-Petition debts should be brought to the attention of your attorney so your Chapter 13 plan can be reviewed and possibly adjusted.

If extra debts are added to your original plan, the Trustee may request that your Chapter 13 plan payments be adjusted to handle the extra debts.

CREDIT CARDS AND POST-PETITION DEBTS

Once your Chapter 13 plan is confirmed, the Judge's order may prohibit you from acquiring any debt greater than \$1,000 for as long as you are under Chapter 13.

This means that you cannot:

- charge anything that costs more than \$1,000,
- run up a bill over \$1,000,
- sign an installment note for over \$1,000 or
- use a credit card over \$1,000.

This applies to any member of the family that is supported by the debtor under Chapter 13, whether or not they themselves are under the jurisdiction of the Court. This is because the person under Chapter 13 may be responsible for any debts the dependent acquires.

If you ever feel that it is important for you to buy something in installments that costs more than \$1,000, you must obtain the Judge's permission to do so.

The Judge will generally grant you permission if you are paying regularly into your Chapter 13 plan, there is a good reason to incur debt and your ability to make plan payments is not threatened by the additional debt.

Remember: You must first contact your attorney, if you need to incur additional debts.

OBTAINING CREDIT WITHOUT PERMISSION

Obtaining credit without permission of the Court is a violation of the Court's rules and is, therefore, subject to reversal by the Court.

Any credit purchase you make without the approval of the Court might be illegal. The goods may have to be returned to the original owner and you probably would lose any payment you made on the purchase.

You would also place your Chapter 13 plan in serious jeopardy if you obtained credit without approval and your case may even be dismissed.

HOW CREDITORS ARE PAID

The Trustee pays your bills as directed by Court orders entered by the Court. The money you pay to the Trustee is used to pay all the expenses of administering your case, including any attorney fees to be paid through the plan, and the debts to all your creditors. After you have filed a Chapter 13, you cannot choose some particular creditor and pay him "on the side" because all of your debts must be dealt with through the Court.

Any payment you make independently to a creditor may be illegal. By law, all of your creditors are required to be paid under the authority of the Court.

Payments from the Trustee are disbursed to creditors once each month.

There are four basis types of claims: 1) administrative, 2) secured, 3) priority, and 4) unsecured.

Confirmed plans often require that the Trustee begin paying priority and unsecured creditors only after administrative and secured claims are paid. For this reason, it could be several months before the first payment is made on priority and unsecured claims. Please refer to your Chapter 13 plan for the order of payments to your creditors.

You may decide, however, that you want priority and/or unsecured creditors to also receive payments simultaneously with secured creditors. If you choose this option, please discuss it with your attorney.

Remember: secured claims may accumulate interest under Chapter 13, but unsecured creditors are not allowed to accrue interest after the date when you filed your petition (except for unusual circumstances). Thus, it may be more advantageous for you to pay off the debts accumulating interest first, rather than trying to pay all your creditors at once.

MISCELLANEOUS

CO-SIGNERS AND CO-MAKER

A co-signer, co-maker, or guarantor on any of your consumer debts is generally protected from contact by the creditor as long as you remain under Chapter 13. This automatic protection applies only in Chapter 13 cases. If the co-signer, co-maker, or guarantor has given collateral for the loan, the creditor must request a hearing before the Judge in order to reclaim the property. However, *this co-debtor protection will only protect co-signers, co-makers, and guarantors for the amount of debt your Chapter 13 plan proposes to pay. Your co-signer may be liable for the difference that you do NOT pay.*

If your Chapter 13 plan is not scheduled to pay the creditor in full, the creditor may obtain permission to collect the percentage of the debt that your Chapter 13 plan is not going to pay from the co-debtor.

SELLING PROPERTY

You cannot dispose of any of your property, including land, without Court approval while you are under Chapter 13. If the Court allows you to sell any of your property for a profit, the Court will decide where the profit will go. Some or all, may have to be applied to your Chapter 13 debts.

If you sell your property without permission from the Judge, the transaction may be revoked and your case could be dismissed. This includes re-financing your home or other property.

See your attorney for exact details regarding selling property.

CREDIT RATING

Your credit rating during and after completion of Chapter 13 will be, as it always has been, the personal opinion of any credit grantor who looks at your record. A credit rating is not a rank or number; it is a record of all your past credit performances. This record is made available to credit grantors who make up their own minds, using their own standards, whether or not they will grant credit to you. Lawsuits, collections, attachments or garnishments, straight bankruptcies (Chapter 7) and Chapter 13 bankruptcies are all indications of credit problems. However, after a number of years of operation and a number of successfully paid in full Chapter 13 cases, we find that many credit grantors look with respect upon those who have paid their debts in full under the Chapter 13 plan. Of course, any credit record that has been blemished by a problem must be gradually rebuilt. The Trustee does not provide any information to the credit reporting agencies before or after your Chapter 13.

FREE ANNUAL CREDIT REPORT

Free annual credit reports are now available upon request pursuant to the Fair and Accurate Credit Transaction Act of 2003. Reviewing your credit report for accurate information will help to reduce incidents of identity theft.

You can order your free annual credit report online at annualcreditreport.com, by calling 1-877-322-8228, or by completing the Annual Credit Report Request Form and mailing it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

SOURCE: "Your Rights: Credit Reporting" link at <http://www.ftc.gov/credit>

INCOME TAX INFORMATION

The Trustee's office is not in a position to advise you on how to file your income tax return, or the amount of interest paid to creditors. We will, upon written request, provide you with a copy of a report which will include the names of creditors that received money, or check your case on the Internet per the instructions shown on the inside of the front cover.

We will automatically send you a report once a year, but you may wish to know if any additional creditors were paid during the latter part of the year. Normally creditors to whom we paid interest will send you a statement of how much interest was paid to them on your behalf.

Unfortunately, the expenses of your Chapter 13 plan are not deductible for Federal Income Tax purposes.

INCOME TAX RETURNS AND REFUNDS

A different office of the Internal Revenue Service, called Special Procedures Section, processes Federal tax returns filed by Chapter 13 debtors. The IRS does this to help them avoid accidentally issuing notices in violation of the automatic restraining order. However, it often results in tax refunds being delayed.

To be certain that you receive any refund in a timely manner, you should file your tax returns each year as early as you possibly can. If you owe any taxes for prior years, the refund may be kept by the IRS. If this happens, discuss it with your attorney immediately.

REPORT OF PLAN ACTIVITY

Every year you will receive from the Trustee a Report of Receipts and Disbursements, which includes all the financial activity on your case during the previous twelve months. This report will itemize all payments the Trustee has received from you, and summarize all payments the Trustee has made to creditors on your behalf. If you have any questions regarding this report, please contact your attorney.

STOPPING PAYROLL DEDUCTIONS

It is the Trustee's policy to cease payroll deductions as quickly as possible when a plan is completed, dismissed or converted. As soon as all claims are paid in full, or a case is converted or dismissed, the Trustee will notify your employer to stop the payroll deduction.

It often takes some time for employers to process these instructions so your employer may make one or two extra payments, these funds will be returned to you in full. It generally takes ten to sixteen weeks from initial review to completion of closing out cases that are paid in full. Any funds on hand after the case is closed will be returned to the debtor once the process is finished.

Debtor Chapter 13 Handbook
ENDING YOUR CHAPTER 13 CASE

DISCHARGE

The Trustee monitors a list of cases that appear ready for discharge (i.e., all plan terms have been successfully completed). A review of the Court's records is performed to ensure that the Trustee has paid all claims filed by creditors. Occasionally the Court may have received a claim which the Trustee did not. Consequently, the Trustee did not pay that creditor. If this happens, these claims will be added to your case for payment according to the terms of the Order Confirming Plan.

Before you can receive a discharge order you must complete an instructional course concerning personal financial management approved by the United States Trustee. Please contact your attorney's office for information on how to enroll for this course.

When it appears that your case is completed, the Trustee's office will stop your wage assignment. Any checks received from you or your employer once your Chapter 13 plan has been completed will be refunded to you. Once all checks to you or your creditors from the final disbursement have been negotiated, the Trustee can send a "Final Report" to you, your attorney and the Court.

The entire discharge process (cases completed – paid in full) usually takes about ten to sixteen weeks but could take longer if checks to your creditors are not negotiated timely.

You will also be required do several things to obtain a discharge:

- 1) Domestic Support Obligations: Certify that child support or alimony has been paid and up-to-date.
- 2) Instructional Course in Financial Management: You will be required to take an instructional course concerning personal financial management approved by the United States Trustee. Please contact your attorney's office for information on how to enroll for this course.

If you are required to pay a domestic support obligation, you must certify that all amounts due have been paid before you can receive a discharge order.

The discharge means that your case has been closed because it has been completed and all creditors have been paid. The Court, *not the Trustee's office*, will issue a Discharge Order approximately 30 days after receiving the Trustee's Final Report. **This discharge also may act as an injunction against your creditors, prohibiting them from taking unauthorized action against you after your case is ended.**

Please consult your attorney to be sure that all requirements have been satisfied to receive your discharge order.

REQUEST FOR DISMISSAL BY YOU

Federal Bankruptcy law allows you to request that your Chapter 13 case be dismissed at any time. No one can force you to remain under a Chapter 13 plan.

If you desire to dismiss your case, contact your attorney. Understand, however, that a dismissal will reactivate all: unpaid or disputed debts, interest, finance charges, and late filed charges which the Court did not recognize as debts to creditors who did not file their claims, and if you re-file you may not have the benefit of the automatic stay and may not be eligible for a discharge.

You will be forced to deal with these creditors on their own terms, not yours or the Court's. **The request for dismissal of your Chapter 13 plan must be in writing** and filed with the Court. We urge you to give careful consideration to such a decision, and discuss it with your attorney.

CONTACT BY CREDITOR AFTER COMPLETION OF A CHAPTER 13

When a creditor has had their claim paid by Chapter 13, they should send the paid-in-full papers to you. If the creditor fails to do this, it is not necessarily a problem; the official Court records show that your Chapter 13 plan is completely paid and would overrule most claims the creditor might make for additional money. **If you receive any request for additional money after your Chapter 13 plan is completed, contact your attorney!**

ONE FINAL WORD

Complying with a Chapter 13 plan is not easy. You have to make a substantial sacrifice to meet the obligations of your Chapter 13 plan and to live within your Chapter 13 budget. Success is possible. Many families have already successfully completed their Chapter 13 plans.

They have the satisfaction of knowing that they have resolved their debt problems without filing straight bankruptcy and that they have paid most, if not all, of their obligations to their creditors. Good Luck!

-NOTES-

Debtor Chapter 13 Handbook

Please put your name and case number on all payments and letters sent to the Trustee.

Case #: _____

The Trustee's address is:

<u>PAYMENTS</u>	<u>LETTERS & INQUIRIES</u>
Chapter 13 Standing Trustee - TLT P.O. BOX 2039 Memphis, TN 38101-2039	Tammy L. Terry Chapter 13 Standing Trustee 535 Griswold Suite 2100 Detroit, MI 48226 (313) 967-9857

Your Attorney is:

KEEP THIS FOR FUTURE REFERENCE!

This Debtor Handbook is available, at no charge,
on our web site – <http://www.det13.net>.