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MISSION STATEMENT:

The Mission of Debtor Orientation is to educate debtors about the Chapter 13 Bankruptcy process and the protections afforded to them under the Bankruptcy Code. The Chapter 13 Trustee in Canton, Ohio, Toby L. Rosen firmly believes that education is a key factor in successfully completing your plan. This belief has been the driving factor in the Trustee's development and initiation of this program.

Welcome

*Please allow me to share with you that this trusteeship understands the trying and difficult circumstances that led to your filing of your Chapter 13 bankruptcy case. Unfortunately, bad things can sometimes happen to good people. My entire staff and I empathize with your situation and we pledge to work with you toward the successful completion of your plan. Tomorrow **can** be better for you if we work together.*

Communication, understanding, and attentiveness are important factors in all relationships. The financial relationship that now exists between my staff and you is no exception. I cannot stress more forcefully that maintaining good lines of communication is the key to reaching the goal of successfully completing your plan.

This booklet is designed, written, and created to help you understand your responsibilities in the Chapter 13 bankruptcy process. Some of the information contained in this booklet is unique to this district of the Bankruptcy Court and to our Chapter 13 office. As you will discover, the Canton jurisdiction provides a number of opportunities for your financial benefit, growth, and awareness. Not only do we want you to realize the protections afforded to you during the term of your plan, but we also want to help you avoid the pitfalls that made you seek that protection in the first place. Make sure you keep this booklet in a convenient place as a handy reference when questions arise over the life of your plan. Please note, however, that this book is not meant to replace the advice of your attorney.

I want to commend you for the responsible choice you have made in dealing with your financial crisis. You have selected the chapter of the Bankruptcy Code that is about the business of "paying back" as well as providing you with a financial fresh start. Once your plan is confirmed, you will have reached a very positive turning point in your financial life, and by completing your plan, you may look forward to a bright financial future. Once again, my staff and I remain committed to helping you reach your goal of successfully completing your plan.

Yours very truly,

Toby L. Rosen

MY CHAPTER 13 CASE

MY NAME _____

MY CASE NUMBER _____

MY ATTORNEY _____

MY ATTORNEY'S PHONE NUMBER _____

**SEND PAYMENTS TO: Chapter 13 Trustee
P.O. Box 616
Memphis, TN 38101-0616**

CASE COMMUNICATIONS

1. Open all mail about your case.
2. Failure to respond to communications in your case may cause the case to be dismissed.
3. Contact your attorney if you receive any communications that you do not understand.
4. Before going to court, contact your attorney and find out if you should go.

TOBY L. ROSEN
CHAPTER 13 TRUSTEE
400 W. Tuscarawas Street, 4th Floor
Canton, OH 44702

Phone No: (330) 455-2222

Fax No: (330) 455-1240

TRUSTEE STAFF/EXTENSION LIST:

Pay Orders	Heidi Ext. 29
Accounting, Payoff balances and questions regarding 6 months reports	Donna Ext. 27
Dismissals, Delinquencies, debtor inquiries, and Debtor Education	Vanessa Ext. 25
Office Manager, Creditor inquiries, and Bankruptcy Link information	Jody Ext. 22
Staff Attorney, Robert P. Harbert, Esq.	Extension 28

YOU CAN ACCESS YOUR CASE INFORMATION ON THE TRUSTEE'S WEBSITE AT www.chapter13canton.com In order to access your case information you will need to fill out the form on the Trustee's website (i.e. register for Bankruptcy Link).

Chapter 13 Frequently Asked Questions

Who is my Trustee and how do I contact her office?

Toby L. Rosen has been the Chapter 13 Bankruptcy Trustee in Canton, Ohio, since 1988. She maintains a professional office staff to assist you in answering procedural questions concerning your plan. You can reach the Trustee's office at (330) 455-2222 between the hours of 8:00 a.m. and 4:00 p.m. Monday through Friday.

If you call the Trustee's office and the person that you are trying to reach is unavailable, use the voice mail system to leave a message. When doing so, please speak slowly and clearly state the nature of your call, your case number, your phone number and the best time to reach you.

Should you need to come into the Trustee's office, you must telephone before visiting the office in order to make an appointment. By making an appointment, you are assured that the appropriate staff member will be present, and that you will not have to wait. This will also allow the staff member time to review your file prior to your visit.

How will I make my payments into the plan?

The most common method of payment into a Chapter 13 Bankruptcy plan is through payroll deduction. The Trustee strongly encourages you to allow the establishment of a payroll deduction. Her office can send paperwork to your employer to begin the process. PLEASE NOTE that this takes some time to take effect. Until your deductions begin, **YOU are responsible** for making direct payments to the Trustee.

In rare circumstances, the Court may permit debtors to make direct plan payments into their plans. When making direct payments, the following procedures are required:

- Payments must be in the form of a **Cashier's Check or Money Order**.
No personal checks can be accepted. Cash is never accepted.
- Payments must clearly show **your name and case number**,
- All payments must be mailed to the Trustee's bank lockbox. No payments will be accepted at the Trustee's Office.
- Payments must be payable to: **Toby L. Rosen, Chapter 13 Trustee**
- Payments must be mailed to: **P.O. Box 616**
Memphis, TN 38101-0616

This is a special lockbox address for payments only and should not be used for correspondence. Payments sent to any other address will result in substantial delays and could cause the dismissal of your case.

If you are ever in a position where you are unable to make your plan payments, you must notify your attorney immediately.

What is a Wage Deduction?

A Wage Deduction is a simple and easy way to make payments into your bankruptcy plan. A **Wage Deduction Order***, signed by the Bankruptcy Judge, will be issued to your employer. Your employer will then make your plan payments for you by deducting the total monthly payment from your pay and sending that money to the Trustee's lockbox. (This money will be deducted in equal installments that are determined by the frequency of your pay, not in one lump sum.) Both you and your employer should understand that this order **IS NOT** an attachment or garnishment.

It is essential that **YOU** make direct payments to the Trustee's lockbox until your employer begins deducting plan payments from your paycheck.

The Bankruptcy Court has exclusive jurisdiction over your wages and property during your plan. Should any employer treat a Wage Deduction Order as an attachment, you should contact the Trustee's office. The Trustee will assist the employer in understanding that you are making an effort to voluntarily pay your debts through your bankruptcy plan. The Trustee has found that employers, after an explanation, understand and think more highly of employees for attempting to pay their creditors.

*See Appendix.

How do I calculate the amount of money that will be deducted from each pay?

The following table can be used to calculate the amount of money that will be deducted from your pay under a Wage Deduction Order. It is important to note that **deductions will be taken in equal installments from EACH PAYCHECK, not in one lump sum.**

IF YOU ARE PAID BI-WEEKLY (or every other week) :

Multiply the amount of your monthly payment times 12 months per year. Then divide the total by 26 payments per year. This will equal your bi-weekly payment.

FOR EXAMPLE: If your monthly payment is \$800.00, multiply that payment times 12 months (\$800.00 X 12 = \$9600.00) and then divide the total amount by 26 payments per year (\$9600.00 ÷ 26 = \$369.23). Your bi-weekly payments are \$369.23.

IF YOU ARE PAID SEMI-MONTHLY (or twice a month):

Multiply the amount of your monthly payment times 12 months per year. Then divide the total by 24 payments per year. This will equal your semi-monthly payment.

FOR EXAMPLE: If your monthly payments are \$800.00, multiply that payment times 12 months

(\$800.00 X 12 = \$9600.00) and then divide the total amount by 24 payments per year (\$9600.00 ÷ 24 = \$400.00). Your semi-monthly payments are \$400.00.

IF YOU ARE PAID WEEKLY:

Multiply the amount of your monthly payment times 12 months per year. Then divide the total by 52 payments per year. This will equal your weekly payment.

FOR EXAMPLE: If your monthly payment is \$800.00, multiply that payment times 12 months (\$800.00 X 12 = \$9600.00) and then divide the total amount by 52 payments per year (\$9600.00 ÷ 52 = \$184.61). Your weekly payment is \$184.61.

May I make extra payments or send extra money to the Trustee's Office?

You may send an extra payment or an extra partial payment to the Trustee's lockbox whenever it is possible to do so. This may help to shorten the length of time that you are in your bankruptcy plan. You should obtain the advice of your attorney before making extra payments.

When is my first payment due and when are all subsequent payments due?

Your first payment is due 10 days after the date that you filed your Chapter 13 Petition. Payments are then due at least monthly thereafter, and must be mailed at least 10 days prior to the last business day of the month in order to allow sufficient time for your payment to reach the Trustee's lockbox. Remember that this is the DUE date.

The Trustee's Office strongly recommends that you begin making your payments on the days that you are paid, because it can be difficult to come up with the entire payment a few days before it is due. It is much easier to pay a portion of your monthly payment each time you receive a paycheck.

What if I have a problem with my employer because of filing Chapter 13 Plan?

The Trustee has encountered situations in which an employer may exert undue pressure on an employee that has filed bankruptcy. Such employer actions must be immediately reported to your attorney.

Most of the time however, employers have been very cooperative in assisting the Trustee with payroll deductions for employees involved in Chapter 13 Bankruptcy Plans. If your employer has any questions or concerns regarding a Wage Deduction Order, advise the employer to contact the Trustee's office (Heidi ext 29).

What happens if I change jobs?

If you change jobs, notify your attorney, and send a written notification to the Trustee's office. A new Wage Deduction Order will be prepared for your new employer. If there is a delay between the

time the payments from your old employer cease and payments from your new employer begin, **YOU are responsible** for making direct payments to the Trustee's lockbox.

Does the Trustee need to know if I move?

YES. The Trustee and the Court must be aware of your current residential address (and mailing address if different from that of your residence) at all times in order to mail important notices and documents to you throughout the duration of your plan. Any time that you change your residence or mailing address, you must notify your attorney.

What if I have legal questions?

The Trustee and her staff cannot give legal advice. Any and all legal questions concerning your case, a creditor, your rights, your options, or changes in your situation must be directed to your attorney. Your attorney must continue to represent you, and answer your questions, as long as your bankruptcy case is active or until the Judge permits him or her to withdraw from your case. In most cases, your attorney's legal fees will be paid through your plan payments.

What if my attorney is not responding to me?

Make an appointment. The best way to communicate with your attorney is to meet with him or her. If, however, you feel you are not being adequately represented, send a letter to the Trustee's office at **400 W. Tuscarawas Street, 4th Floor, Canton, OH 44702.** All complaints must be in writing and signed. The trustee cannot file a complaint with the Court if we do not have a written statement.

How long will my plan take to complete?

At the beginning of your Chapter 13 plan, it is often difficult to determine the exact duration of your plan. This is because creditors may file claims for larger or smaller amounts than anticipated, interest rates may change, or a forgotten creditor may need to be included in your plan. Additionally, some creditors may not file Proofs of Claim, thereby shortening your repayment time.

Although the length of your plan is influenced by many factors, bankruptcy law does not permit your payment plan to exceed sixty months. If it appears that your payment plan will take longer than sixty months to complete, the Trustee may file a Modification of Plan to increase your monthly payment so that you will complete your plan within the sixty-month period. Both you and your attorney will receive a copy of any Modification of Plan by the Trustee. It is imperative that you **read all of your mail.** Failure to respond to correspondence could result in your case being dismissed or in you losing your home or vehicles.

Will my creditors continue to call or harass me?

The Bankruptcy Court has sent all of the creditors listed in your Bankruptcy Petition a written notice advising them of the filing of your bankruptcy. A copy of your proposed Bankruptcy Plan accompanied this notice. In most cases Bankruptcy law creates an Automatic Stay Order that prohibits creditors from contacting or harassing you after receiving notice of your bankruptcy. In the event that a creditor contacts you, do not discuss your case or payment arrangements with the creditor. Advise the creditor of your Chapter 13 case number and the name of your attorney. Get the name and address of the person contacting you, and report it to your attorney immediately.

It is important to note that the Automatic Stay Order does not prohibit communication initiated by you. You may contact a creditor to obtain information such as the interest paid on a particular debt in order to assist you in the filing your tax return. You may also want to contact **MORTGAGE HOLDERS** at the beginning of your case and on a **YEARLY** basis to determine if your monthly payment amounts and escrow balances are correct. This is important because it will allow you to insure that when you complete your Chapter 13 Plan your mortgage obligations will be current. All correspondence from your mortgage holder should be given to your attorney.

What if I forgot to list a creditor?

Creditors that are not listed in your bankruptcy petition are a problem. There are two types of creditors in a Chapter 13 bankruptcy. The first type is known as a “pre-petition creditor” and is a creditor to whom you owed money prior to the filing of your Bankruptcy Petition. The second type is known as a “post petition creditor” and is a creditor that you became indebted to after the filing of your Bankruptcy Petition. Unlisted pre-petition and post-petition creditors are not included in your bankruptcy case, and will not receive payments by the Trustee. Without further action on your part, debts owed to unlisted pre-petition creditors and post-petition creditors will still be owed after you complete your Bankruptcy Plan.

It is wise for you to obtain your credit report in order to make sure that there are no debts that you may have forgotten to list in your Bankruptcy Petition. If you determine that you owe unlisted debts, contact your attorney immediately in order to have those creditors added to your plan.

Incurring debt after the filing your plan is not permitted. However, the Trustee is aware that medical expenses and repair bills cannot always be avoided. You will need to pay these bills as they are incurred because they were not included in your plan. If you have a problem, you should contact your attorney. Under certain circumstances, taxes and certain post-petition debts necessary for you to complete your plan may be included later and paid through the plan. Contact your attorney if you think that you may have incurred such a debt. Normally, your Trustee cannot, and will not, allow you to miss a Chapter 13 payment so that you can pay post-petition debts.

How will my creditors be paid?

Your payments to the Trustee are used to pay your attorney, applicable Trustee fees, and the claims of your creditors. Creditors fall into three basic categories. These are “secured”, “priority” and “unsecured”. All creditors are paid in accordance with your plan. If the Trustee is paying a secured creditor fixed installment payments according to your plan, this creditor will be paid from funds that the Trustee has on hand. Your attorney will receive up to \$150.00 each month from your funds that the Trustee has on hand until his or her attorney fees are paid in full. In no event should you pay attorney fees directly to your attorney while you are making payments into the plan.

You cannot favor one creditor over another while you are in bankruptcy, and you are not permitted to make payments “on the side” to creditors. All creditors scheduled in your Bankruptcy Petition must be paid pursuant to your Bankruptcy Plan, not pursuant to your personal preference.

Why do creditors have to file a Proof of Claim with the Court?

In order to be paid through your Bankruptcy Plan, each creditor must file a Proof of Claim form with the Bankruptcy Court. This form is sent to your creditors with the Notice of Bankruptcy sent by the Court after you file your bankruptcy petition. Creditors are allowed ninety days from the date of the first meeting of creditors (341 meeting) to file their claims. Governmental agencies have 180 days from the filing date of your petition to file a claim. If a creditor fails to file a timely Proof of Claim, the Trustee will not make payments to the creditor and the debt owed to the creditor will be discharged.

Six to eight months after the filing of your case, the Trustee will send you a **Notice of Intention to Pay Claims*** See Appendix. This document lists all of the creditors included in your bankruptcy, and it indicates whether corresponding Proofs of Claim have been filed. Carefully check the listing for accuracy.

CONTACT YOUR ATTORNEY IMMEDIATELY IF YOU BELIEVE THAT ANY OF THE CREDITORS OR AMOUNTS LISTED IS INACCURATE.

If you believe a proof of claim has been erroneously filed in your case, your attorney can file an objection. With a few exceptions, if no objections are raised, the case becomes final and **only** those creditors that have filed claims will be paid by the Trustee.

If there is a creditor that you want to be paid through your plan, and that creditor has not filed a claim, contact your attorney promptly so that your attorney may file a Proof of Claim on behalf of that creditor. Remember that this includes all relatives and friends to whom you may owe money.

How will my house payment be handled?

If you were delinquent by more than two months on your mortgage payment at the time you filed your bankruptcy, the Court requires that your mortgage payments be made **via conduit (i.e. by the Trustee)** through your bankruptcy plan. This means that your monthly plan payment to the Trustee will include your mortgage payment, and the Trustee's office will then make the payment to your mortgage holder. Any pre-petition mortgage arrearages will then be included as a secured debt to be paid through the plan.

If **no** mortgage delinquency existed at the time you filed your petition, you have the option of making your payments directly to your mortgage holder. If you choose to exercise this option, **you** are responsible for making your regular monthly payments to the mortgage company. It is **vital** that you do so in a timely manner. If something unforeseen happens and you are unable to make a payment, contact your attorney immediately.

Whether the Trustee makes your mortgage payment via conduit, or you make it directly, **you must always maintain adequate insurance on your home**. Your failure to fund your plan adequately, failure to make your mortgage payments directly, or failure to insure your home, could result in you losing your home to foreclosure.

If your mortgage payments are being made via conduit, you will resume making direct mortgage payments after your bankruptcy plan is completed. Upon the conclusion of your case, the Trustee will notify you to pay your mortgage lender directly.

*****TIP:** Many insurance companies give a lower rate if you have both your homeowners insurance and your car insurance with the same company.

Is my car payment included in my plan?

Almost without exception, your vehicle(s) will be included in your plan. **It is extremely important for you to maintain adequate insurance on your vehicle**. If anything happens to your vehicle while you are in the Chapter 13 program, contact your attorney. You will not be eligible to receive the title to your automobile until any claim owed to your automobile lender has been paid in full.

The Trustee's office does not receive or hold titles to motor vehicles. If you have difficulty obtaining a vehicle title after it has been paid for through your bankruptcy plan, you need to contact your attorney.

How will the IRS view my Chapter 13 plan?

If you owe the IRS a debt when your bankruptcy petition is filed, this debt must be included in your bankruptcy plan, and it will be classified as secured, priority or unsecured debt depending upon the circumstances. (Check with your attorney as to the classification that applies to your particular tax debt.)

During your bankruptcy, you must file your tax returns in a timely manner each year. If you have a tax debt included in your bankruptcy plan, and you are owed a tax refund for a subsequent tax-filing period, you may not receive a refund. The government may retain your refund and credit it to your tax debt. If this occurs, the Trustee will adjust your tax balance to be paid according to your bankruptcy plan. You must send copies of any correspondence that you receive from the government regarding your tax debts to your attorney.

If you do not owe tax debts, and you are current in your plan payments to the Trustee, you may receive any refund that you are owed by the government during your bankruptcy plan. It will be sent directly to you, not to the Trustee. However, during your plan you may not be eligible for an electronic refund. Because of your pending Chapter 13 Bankruptcy, the Special Procedures Department of the Internal Revenue Service oversees your federal tax matters. This causes payment of federal tax refunds owed to you to be delayed by several weeks. Furthermore, because you are not permitted to borrow money during your Chapter 13 Bankruptcy, you may not obtain a “rapid refund” from a tax preparer.

Any post-petition taxes owed to the IRS **must be paid**. Failure to do so could lead to the dismissal of your case.

*****TIP:** Talk to your attorney about the number of exemptions you claim in relation to your payroll withholding. If you do not usually owe taxes to the government, you may want to consider claiming the maximum number of exemptions allowed in order help you meet your budget.

Will my co-signers be protected by my Chapter 13 plan?

A co-signer, co-maker or guarantor (“co-debtor”) on any of your personal debts is generally protected by a “Co-debtor Stay” which extends to the co-debtor the same protection from creditors as you have. If the co-debtor has provided the collateral for the loan, the creditor must ask the Court for relief from the automatic stay, or court permission, in order to proceed against the property. If your plan is not paying the co-signed debt in full, a creditor may obtain permission to collect the unpaid portion of the debt from your co-debtor. Your discharge on a debt is personal to you and does not necessarily affect a co-debtor’s obligations.

If you have any questions about whether or not any co-debtor on a debt is protected under the terms of your plan, make sure you talk to your attorney about the related obligation’s treatment in the plan.

What about credit use while I'm in the plan?

The Bankruptcy Court strictly prohibits you from using credit or charge cards, and entering into a loan agreement of any kind, including a loan from a friend or family member, while your Chapter 13 plan is pending. This applies to co-signing loans for any family members (including student loans), even if the family member is not a party to your Chapter 13 Bankruptcy.

In an emergency, or if a unique need for credit use arises, contact your attorney this includes refinancing your home. Your attorney may submit an Application to Incur Debt for consideration by the Court and the Trustee. The Court will ultimately decide if the request has merit and is in your best interest. Obtaining credit without the Court's permission will jeopardize your Chapter 13 case, and most likely will lead to its dismissal.

May I buy any property while I'm in the plan?

You may buy property however you should contact your attorney before doing so.

May I sell any of my property while I'm in the plan?

All of your property is considered part of your bankruptcy estate. You cannot sell any major part of that estate, including, but not limited to, your home, motor vehicles, real estate, fine art or jewelry without the permission of the Court. Your attorney must submit the appropriate paper work to obtain permission for you to sell property.

Will I get payment statements from the Trustee?

Twice a year you will receive the Trustee's **Semi-Annual Report***, which provides you with an accounting of the money that you have paid into your bankruptcy plan. This report also includes an accounting of the distribution of your funds to creditors, and it will show the balance of all accounts being paid through your plan. The report will be sent based upon when you filed your Chapter 13 Petition. For example, if you filed your Chapter 13 Petition in August the reports should be sent to you in February and August of each year. If your plan has not been confirmed you will not receive the report. Your attorney will also receive a copy of the report. If you have any questions concerning the report, you should contact your attorney's office. You can sign up to access Bankruptcy Link in order to view your account status more frequently. Log on to the Trustee's website www.chapter13canton.com in order to sign up for Bankruptcy Link.

TIP: It is imperative to keep ALL documents received during the term of your plan. You will NEED these to re-establish credit in the future. Keep these in a safe place. You will need to refer to them for at least ten years after the completion of your plan.

*See Appendix.

May I pay off my plan early?

The Trustee will not permit you to payoff your plan before you have been in Chapter 13 for thirty-six months unless you are paying 100% to your creditors. All changes in payments are subject to a final review and approval of the Court. Be aware that this approval could take as long as two months for you to receive.

In order to pay your plan off early, you must first write to the Trustee's Office and request a payoff amount. (The Trustee's office will not provide payoff quotes over the telephone.) Your letter must disclose the source of the funds that you plan on using to pay off your plan. Before you are given a payoff, your entire file must be reviewed. This can be a lengthy process, so your patience is greatly appreciated. Your request **WILL** be processed as quickly as possible.

What does it mean to have my case dismissed?

There are two ways that a Chapter 13 bankruptcy case may be dismissed. First, a case may be dismissed "voluntarily", which means that you decide to stop your participation in your bankruptcy plan. You have the right to voluntarily dismiss your case at any time by notifying your attorney. Second, a case may be dismissed "involuntarily", which means that the Court terminates your case at the request of the Trustee or a creditor. An involuntary dismissal usually occurs due to the failure of a debtor to follow the terms of the debtor's plan.

Prompt Chapter 13 plan payments are a requirement of the Court and the Trustee. It is solely your responsibility to maintain and provide for those payments. Any missed in plan payment(s) could result in the involuntary dismissal of your case.

If you are unable to make prompt plan payments because you have a reduction in income, or you have an unexpected emergency, **contact your attorney immediately**. He or she may be able to modify your plan in order to prevent your plan payments from becoming delinquent.

The Trustee's Office has no authority to permit to you miss a payment or to pay less than your required plan amount. Only the Court can permit you to do so, and this will only be done in response by modification filed by your attorney.

In the event of the dismissal of your bankruptcy case, whether voluntary or involuntary, **all stays will be lifted, and your creditors can resume collection procedures**. Furthermore, your creditors may add any interest and penalties that were waived during your pending Chapter 13 plan.

IN ORDER FOR YOU TO ATTEMPT TO PREVENT AN INVOLUNTARY DISMISSAL OF YOUR BANKRUPTCY CASE, IT IS EXTREMELY IMPORTANT THAT YOU IMMEDIATELY OPEN ANY MAIL THAT YOU RECEIVE.

What happens when I complete my plan?

When the Trustee verifies that all of your creditors have been paid as required by your confirmed bankruptcy plan, the Trustee will notify you or your employer to stop making plan payments to the Trustee. The Trustee reviews all Chapter 13 bankruptcy cases, and compiles a list of completed cases once a month. The Trustee will make every effort to stop your plan payments promptly. If an unnecessary payment is made, or any overpayment on your case occurs, it will be refunded to you.

Once you have paid all the creditors, the Trustee will file an order of completion of plan payments to you or your employer. The Trustee will then submit to the court a **Final Report and Account**.^{*} This report cannot be filed with the court until all checks paid to your creditors have cleared the bank.

After the clerk's office has had an opportunity to review your case, you may receive an **Order of Discharge**^{*} from the Bankruptcy Clerk. **These are very important documents that you should keep in a safe place indefinitely.**

^{*}See Appendix.

What happens to any of my debts that are not paid in full?

Generally if your unsecured creditors do not receive the entire amount originally owed to them, all remaining balances may be "discharged", or legally forgiven, upon the completion of your plan. Creditors whose debts are discharged cannot resume collection activity on these debts. Contact your attorney if creditors try to collect on debts that were discharged.

There are some types of unsecured debts that cannot be discharged in most cases. These include student loans, child and spousal support obligations, court fines, and tax debts incurred for tax returns filed after your case was filed. You will be responsible for any balances due on debts of these types after the completion of your plan. You should consult with your attorney if you have questions regarding whether a particular debt may be discharged.

How long will my bankruptcy filing be reflected in my credit report?

If you successfully complete your Chapter 13 bankruptcy and receive a discharge, the fact that you filed will be reflected on your credit report for 7 to 10 years from the filing date of the bankruptcy petition.

NOTES:

NOTES:

Glossary of Common Bankruptcy Terms:

341 Meeting- Also called a Meeting of Creditors. This is a tape-recorded meeting between the debtor, the trustee, the debtor's attorney, and creditors. The debtor is questioned under oath about the debtor's assets, liabilities, income, expenses, and the debtor's proposed repayment plan. Debtors are required by bankruptcy law to attend. Debtors must produce a picture I.D. and proof of social security number, usually a driver's license, before the hearing can take place. Debtors may also be required to bring certain other information or documents. If so, they will be advised by their attorney or the Trustee.

Adversary Proceeding- A separate lawsuit filed in the bankruptcy court concerning a dispute that arises in, or is related to a bankruptcy case, and involves opposing parties. A debtor who is served with an adversary complaint should immediately contact his or her attorney. A written answer (a legal document) must be filed promptly, and served on the parties to the adversary proceeding, in order to avoid a default judgment.

Amendment- The filing of a new document in place of an old document. The filing of an amendment takes the place of the document filed previously.

Appeal- A request to a higher court to review a decision of the bankruptcy court. A notice of appeal (a legal document) must be filed shortly after entry of a final order or judgment.

Assets- Real or personal property such as land, houses, vehicles, furniture, clothes, bank accounts, retirement accounts, tax refunds, claims against others, etc.

Automatic Stay- An automatic court order requiring creditors stop all collection activity against a debtor on pre-bankruptcy debts. The automatic stay goes into effect upon the filing of a bankruptcy case.

Bankruptcy Estate- In a Chapter 13 Bankruptcy, all assets belonging to the debtor at the time the bankruptcy petition is filed, together with income the debtor earns after filing the petition. (A spouse's income or property may be part of the bankruptcy estate, and some property, such as inheritances, divorce settlements and life insurance due within 180 days of the petition date may also be part of the bankruptcy estate.)

Bar Date- Deadline for a creditor to file a claim for payment from the bankruptcy estate. The bar date is 90 days after the first date set for the meeting of creditors. Governmental units such as the IRS have 180 days from the petition date to file a claim. The debtor has 30 days after the bar date to file a claim for a creditor that has not filed a claim.

Chapter 7- This chapter of the Bankruptcy Code permits debtors to request a discharge of debts after the surrender or sale of the debtors' non-exempt assets. A trustee is appointed to collect and sell all of the debtors' non-exempt assets, and to distribute the net sales proceeds to creditors. A Chapter 7 discharge is more limited (i.e. has more restrictions) than is a Chapter 13 discharge.

Chapter 11- This chapter permits an individual, business or corporate debtor to reorganize and restructure their debts. It is generally more complex than a Chapter 13 Bankruptcy.

Chapter 12- This chapter may be used by family farmers and fishermen to reorganize and restructure their debts.

Chapter 13- Chapter 13 allows an individual debtor (and spouse) to propose a plan to pay creditors. Unless it proposes to pay 100%, a plan must last at least 36 months and in some cases must last 60 months. In no event may a plan be longer than five years. An individual is not eligible to file a Chapter 13 case if they have unsecured debts exceeding a certain total amount, or secured debts exceeding a certain total amount.

Co-Debtor- An individual who incurs a debt jointly with a debtor, or guarantees repayment of a debtor's debt.

Co-Debtor Stay- This is an automatic stay that protects a person who did not file bankruptcy but who is a co-debtor on the same consumer debt along with the debtor. Joint credit cardholders and co-signers of a debt are protected by the co-debtor stay.

Collateral- Property pledged as security for the payment of a debt.

Confirmation- The official act of the bankruptcy court approving a Chapter 13 re-payment plan.

Co-Signed Debt- Debt for which more than one person is legally responsible.

Conversion- Changing a bankruptcy case from one chapter to another.

Court- The United States Bankruptcy Court in which a case is pending. Sometimes the bankruptcy judge is called "the Court."

Cram Down- Also known as "lien stripping." It is the process by which a creditor's secured claim is split into a secured portion and an unsecured portion. The secured portion is equal to the value of the collateral, and the unsecured portion is the balance of the claim that exceeds the value of the collateral. The creditor ends up with two separate claims that may be treated differently under the plan.

Credit Grantor- One who gives a loan or line of credit; also referred to as the creditor.

Cure Defaults- Bring bills that were past due current and up to date during the term of the plan.

Debt- Money that is owed to another.

Debtor- A person or entity who owes a debt. Also a person or entity who files a bankruptcy case.

Default- Not doing precisely all that is required within a given time, such as not making a plan or house payment.

Delinquent- Overdue, not paid on the agreed due date.

Deposition- The recorded testimony of a witness taken under oath at some place other than the courtroom. A similar procedure is known as a “2004 Examination.”

Discharge- Discharge of debts is one of a debtor’s goals in a bankruptcy filing. A debtor’s dischargeable debts become legally non-collectible by creditors upon entry of a discharge order by a bankruptcy court. However, this does not occur where a specific debt is non-dischargeable or is determined to be non-dischargeable by the court. A discharge order operates as a permanent court order prohibiting the collection of any dischargeable pre-petition debt.

Discovery- The legal process by which one party gives needed information or documents to another party prior to a trial or hearing. It includes the use of interrogatories, requests for the production of documents, requests for admissions, and/or depositions.

Dismissal- An order terminating the bankruptcy case before successful completion and discharge. This order allows creditors to restart collection activities regarding debts that were involved in the bankruptcy. A case may be dismissed voluntarily by a debtor, or involuntarily by the court. A bankruptcy case is involuntarily dismissed on a motion of the Trustee or a creditor for good reasons. These reasons could include failure of a debtor to timely pay Chapter 13 plan payments, to attend the 341 meeting, or to file complete information with the court.

Disposable Income- Money the debtor has available that is not required for reasonable living expenses of the debtor or legal dependents of the debtor.

Escrow- An account held in trust or as security by a third party.

Estate- All that a person owns, including real estate, inheritable and movable property.

Exemptions- Certain property belonging to a debtor that is not counted as part of the bankruptcy estate. Under the Bankruptcy Code, the debtor is allowed to keep certain property in order to have a “fresh start” after completion of a bankruptcy. Each state may create its own exemptions. An exemption usually does not affect a lien on property of a debtor. Consequently, even though a debtor’s asset may be exempt, unless the court voids the lien, the debtor still must pay any debt secured by such lien in order to keep the asset.

Fair Market Value- The price at which an unrelated seller is ready and willing to sell, and an unrelated buyer is ready and willing to buy, an asset on the open market. The parties have roughly equal bargaining power in determining this price.

Feasibility- Likelihood that all payments due under a debtor’s Chapter 13 plan will be paid. It is a requirement for court approval (confirmation) of a bankruptcy plan.

Foreclosure- This legal process takes away the debtor's ownership rights in real property subject to a lien or mortgage. The sale of this property then produces money to pay on the debt secured by the lien or mortgage.

Fraud- A false statement of an important fact intentionally made by a debtor to a party who justifiably relies on the statement and is harmed as a result.

Guarantor- Person who promises to repay a debt made by another.

Insolvency- The inability of the debtor to pay current bills as they become due, or a condition whereby a debtor's total liabilities exceed the total value of the debtor's assets.

Interrogatories- Written questions that must by law be answered in writing under oath. The answers can be used as evidence later in court. A court may levy a fine against a person for willfully refusing to answer in a timely manner.

Involuntary Chapter 7- A liquidation bankruptcy case filed by creditors against a debtor.

Joint Bankruptcy- A single bankruptcy case filed by a married couple.

Jurisdiction- Geographical region in which a court is located. Also refers to power of the court to issue legally binding orders regarding certain matters.

Liability- A debt or obligation.

Lien- A creditor's right to property of a debtor. i.e. mortgage or security interest.

Liquidation- Selling assets for cash to use to pay creditors.

Liquidation value- The value of an asset if it were sold for cash to pay creditors

Luxuries- Items of property that provide pleasure or comfort but are not reasonably necessary to support a debtor or a debtor's legal dependents.

Matrix- List of names and addresses of each creditor arranged in a particular order on a page.

Meeting of Creditors- See 341 Meeting

Modification of Plan- Changes to a plan filed in a Chapter 13 Bankruptcy case. Once a plan is confirmed that plan may only be modified with the court's approval after notice to affected parties.

Motion- A formal request to a court for an order to allow or require a specific action.

Necessities- Items of property or services that are required for living a normal life without being excessive. For example, food, clothing, shelter, etc.

Non-exempt assets – assets which are not entitled to an exemption (see Exemption defined above.)

Non-dischargeable debt- Certain debts that are not covered by the debtor's discharge, including some tax debts, spousal and child support, student loans, criminal fines and restitution, and debts related to drunk driving violations. If a debt is non-dischargeable, legal collection activity can resume regarding the debt after the case is over.

Objection to Claim- A pleading filed by the debtor, debtor's attorney or trustee that challenges whether a debt is owed or the amount claimed to be owed.

Offset- Allowing a debt to be reduced by crediting funds from another source against the debt. An example is when the I.R.S. keeps all or part of a debtor's tax refund to pay certain taxes owed by the debtor to the government.

Order- A formal ruling, usually in writing, issued by a judge that allows or requires specific action, or decides a disputed matter.

Periodic- Occurring at regular times, usually monthly, quarterly, semi-annually or annually.

Perjury- Lying under oath. Perjury can be a false oath orally, such as during the meeting of creditors, or in writing in the schedules.

Petition- The document filed with the bankruptcy court used to begin a bankruptcy case. The petition may also be known as an Order for Relief. The filing of the petition starts the automatic stay. Other documents (such as schedules of assets, liabilities, income and expenses, statement of financial affairs, statement of intention, etc.) are often attached to the petition, or must be filed with the bankruptcy court within a certain time after filing of the petition.

Petition Date- The date the bankruptcy petition is filed with the bankruptcy court clerk.

Pleading – a written document.

Post-Petition- Any event occurring after the petition date.

Post-Petition Debts- Any debt incurred after the filing of the petition in the bankruptcy court. Post-petition debts may not be dischargeable or protected by the automatic stay.

Pre-Petition Debts- Any debt which exists at the time of filing your bankruptcy petition.

Preference- A pre-petition payment to a creditor that allows a creditor to receive a greater percentage of their debt than what other creditors will receive in the debtor's bankruptcy. The

trustee may require the creditor to give back certain preferential payments so that the money can be divided equally among similar creditors.

Presiding Officer- The trustee or a representative of the trustee who conducts the 341 meeting.

Priority Debts- Unsecured debts that must be paid in full under a Chapter 13 Bankruptcy plan. Such debts include certain taxes, alimony, and child support.

Pro Se- A debtor filing bankruptcy without being represented by an attorney.

Property- See assets.

Pro Rata Basis- Divided proportionally.

Proof of Claim- A form used by creditors to prove they are owed money and are entitled to receive payments from the bankruptcy estate.

Relief from Stay- In certain situations, the court may enter an order for relief from the automatic stay to allow a creditor to enforce its claims, pursue collection against a debtor, or conduct any other activity that would otherwise violate the automatic stay. When the court grants an order for relief (sometimes called “lifting” the stay) the automatic stay protection is canceled as to the particular debt involved.

Restitution- A debt resulting from when a criminal court orders a person to repay money or property to a crime victim. This results from a criminal conviction or plea bargain.

Sanction- A penalty, usually a monetary fine, against a party or their attorney for violating a bankruptcy court order or rule.

Schedules- Written formatted information that a debtor files with the bankruptcy court in conjunction with the filing of a bankruptcy petition. These forms provide financial information about the debtor, and must be completed under oath that the information contained therein is true and accurate. These schedules include a list of assets and liabilities, a schedule of income and expenses, and a statement of financial affairs.

Secured Creditor- A creditor who has a lien on property (collateral) that secures the creditor’s right to repayment.

Sole Proprietorship- A business owned by an individual that is not a corporation, partnership, or limited liability company.

Solvency- The ability to pay all debts and claims as they come due, or a condition where a debtor’s total assets exceed the value of the debtor’s total liabilities. When a debtor’s Chapter 13 case is deemed solvent, the debtor is required to pay all unsecured creditors a 100% dividend with interest.

Special Class- A claim or group of claims which the law allows to be treated differently than other claims, for example, some co-signed debts.

Stay- See Automatic Stay

Substantial Abuse- The court may dismiss a Chapter 7 Bankruptcy case if the debts are mostly consumer debts and if the court believes that the Chapter 7 petition represents an improper use of the Bankruptcy Code. (See Section 707(b) of the Bankruptcy Code.) One factor considered is the debtor's financial ability to repay a significant portion of their debts in a Chapter 13 case.

Subpoena- A formal document, usually issued by a court, requiring specific action, such as an appearance at a particular time and date. Failure to obey a subpoena may result in a fine or other punishment (sanction) for contempt of court.

Summons- A written notice issued by a court, or an officer of a court, (a legal document) advising a party that a lawsuit or adversary proceeding has been commenced against that party, and of any time limit on a response of the party to such lawsuit or proceeding.

Trustee (Chapter 7)- A person appointed to take charge of the non-exempt assets of a debtor and sell them in order to pay creditors.

Trustee (Chapter 13)- A person appointed to collect payments from the debtor or debtor's employer and to pay them to creditors pursuant to a court approved (confirmed) bankruptcy plan.

U.S. Trustee- A governmental entity that monitors the administration of bankruptcy cases in certain states and oversees Trustee appointed in Bankruptcy cases.

Unsecured Creditor- A creditor whose debt is not secured by property or collateral. Most often, this includes credit card debts.

APPENDIX:

A **WAGE DEDUCTION ORDER**, signed by the Bankruptcy Judge, will be issued to your employer. Your employer will then make your payment for you by deducting equal amounts of money from EACH PAYCHECK and sending that money to the Trustee's lockbox. Note that your payment is deducted in equal installments, not in one lump sum.

*****For more information, reference pages 6 & 7.**

The **NOTICE OF INTENTION TO PAY CLAIMS** has a 20-day period from the date of service by the Trustee, during which objections can be filed by you or by creditors. With rare exception, if there are no objections, the case becomes final and binding, and will pay only those creditors who have filed claims. For this reason, it is very important for you to review this document as soon as you receive it. If you owe on a mortgage or car payment and that debt is not listed, please contact your attorney immediately.

***For more information, see the FAQ's under the question, "Why do creditors have to file a proof of claim with the courts?" on page 11.**

Each April and October you will receive the Trustee's **SIX-MONTH REPORT** that gives an accounting of the money you have paid into the plan and how your creditors have been paid. It will show the balance of all accounts being paid through your plan. Review this document carefully and make sure that the Trustee's Office has accounted for all the payments that you have made into the plan. If there is something that you do not agree with, or something that you think is wrong, please contact your attorney immediately.

***For more information, see the FAQ's under the question, "Will I get payment statements from the Trustee?" page 15.**

A **FINAL REPORT AND ACCOUNT** must be submitted to the Court for auditing before your case can be closed. You will receive a copy of the report, which will itemize all money transactions, receipts, claims filed, and amounts of disbursements. This is a very important document that you should keep in a safe place indefinite. It serves as a type of "receipt" listing everyone that has been paid through your plan.

***For more information, see the FAQ's under the question, "What happens when I complete my plan?" page 16.**

After your Final Report and Account is filed with the Court, you will receive an **ORDER OF DISCHARGE** from the Bankruptcy Clerk if no objections are filed. This document operates as a permanent Court Order prohibiting the collection of any dischargeable pre-petition debt.

***For more information, see the FAQ's under the question, "What happens when I complete my plan?" page 16.**