

# **IMPORTANT**

Please read prior to attending the Meeting of Creditors

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

This pamphlet contains important information regarding your Chapter 13 plan. Read this completely to understand your rights and obligations.

### **Your Case Information:**

**Krispen S. Carroll**  
Chapter 13 Trustee

The Trustee's address is:

<b>PAYMENTS</b>	<b>LETTERS &amp; INQUIRIES</b>
<b>Chapter 13 Trustee</b>	<b>719 Griswold Street</b>
<b>P.O. Box 2018</b>	<b>1100 Chrysler House</b>
<b>Memphis, TN 38101-2018</b>	<b>Detroit, Michigan 48226</b>
	<b>(313) 962-5035</b>

**\*\*YOU MUST INCLUDE YOUR CASE NUMBER\*\***

Information about your case may be obtained at:

[www.ndc.org](http://www.ndc.org)

**KEEP THIS FOR FUTURE REFERENCE!**

## **\*\*REMEMBER . . .\*\***

### **Start Making Plan Payments Immediately!**

Payments must be received by the Trustee no later than 30 days after your case is filed. (see page 4)

### **Required Documents!**

If 60 days of paystubs and/or proof of year to date income and the last 2 years of federal tax returns are not provided to the Trustee prior to the Meeting of Creditors, your meeting will be adjourned until a review of these documents can be completed.

You are also required to show **PHOTO IDENTIFICATION AND A SOCIAL SECURITY CARD** at the Meeting of Creditors. If these items are not available for review, the meeting will not be held. Completion of this meeting is mandatory. Be aware that the orientation and Meeting of Creditors could take up to 3 hours and you should plan accordingly for parking expenses.

### **Do Not Send Money to the Trustee's Office!**

We do not accept payments at the Trustee's Office. Payments mailed to our office will be returned to sender. All payments must be mailed to our bank lockbox.

Chapter 13 Trustee  
P O Box 2018  
Memphis, TN 38101-2018

Your case number and name **MUST** be on all payments mailed to the bank lockbox. **DO NOT SEND CASH.**

### **Keep in Touch with Your Attorney!**

Contact your attorney immediately if there are any unexpected changes in income or expenses that may prevent you from making your plan payments or meeting any other bankruptcy obligations.

### **Income Tax Refunds and Returns!**

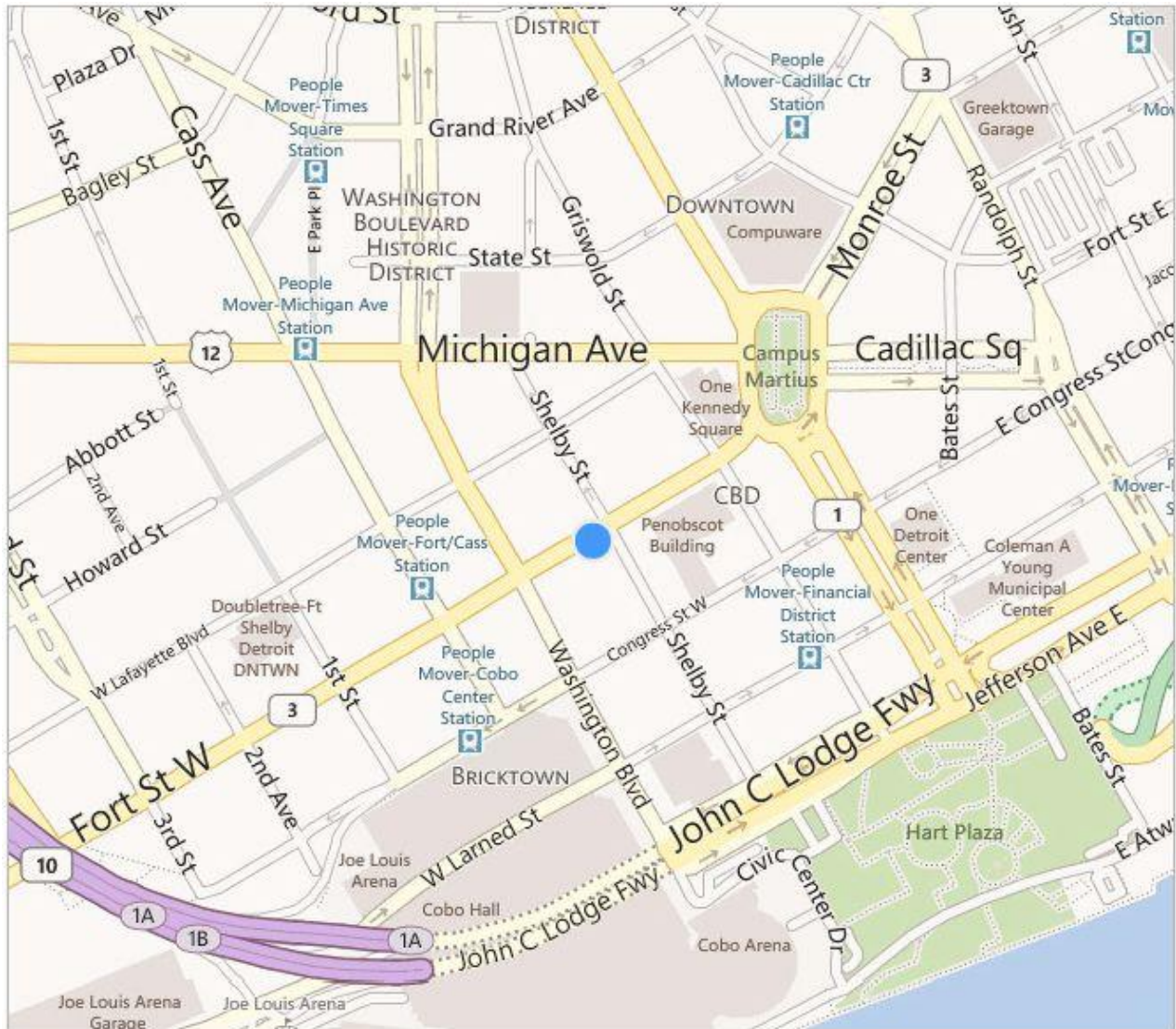
Copies of your filed income tax returns must be submitted to the Trustee's office regardless of whether you have a refund or liability. Tax refunds should be paid to the Trustee's office upon receipt unless you are informed otherwise by your attorney.

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## MAP



### ● **\$341 Meeting of Creditors & Debtor Orientation Location**

US Bankruptcy Court  
Room 315  
211 West Fort St.  
Detroit, MI 48226

### ● **Court Hearings**

US Bankruptcy Court  
211 West Fort St.  
Detroit, MI 48226

Judge Mark A. Randon – Room 1825  
Judge Phillip J. Shefferly – Room 1975



# IMPORTANT INFORMATION ABOUT YOUR CHAPTER 13 CASE

**INTRODUCTION:** Chapter 13 is one method under the Bankruptcy Code to receive protection from your creditors. Chapter 13 allows you to keep most or all of your property during the time you are paying creditors back. It also allows you to modify some contract payments, interest rates and lengths of obligation.

**CASE NUMBER:** When your Chapter 13 petition was filed, the Bankruptcy Court assigned a number to your case. This number is very important.

| **You will need this number whenever you call or send any information to the Trustee's office. This number should be included on all plan payments.**

**ATTORNEY:** Under the rules of the Bankruptcy Court, your attorney must continue to represent you for as long as your case is active, until the judge permits your attorney to withdraw from your case, or until you choose to change your attorney. If you ever have a legal question concerning your case, contact your attorney. You should reach a **clear agreement** with your attorney about his or her legal fees. In many cases, your attorney will be paid his or her legal fees through your Chapter 13 plan.

| **Be sure that you and your attorney have fully discussed what is included in their initial fees and if there will be any additional charges during the life of your plan.**

**NAME & ADDRESS:** Please make sure that you continue to update the Trustee with any changes in your name or mailing address until your case has been closed with the court and you have received all of your final paperwork. All notices, letters, checks, etc. will be mailed to the address which is listed on the petition unless the Trustee receives notice of an address change.

| **ALL address changes must be filed with the court. Contact your attorney immediately of any address changes.**

THE TRUSTEE'S OFFICE: The Chapter 13 Trustee's phone number is:

| **(313) 962-5035**

This office is open Monday through Friday from 9:00 a.m. to 1:00 p.m. and 1:30 p.m. to 5:00 p.m.

A member of the Trustee's staff will do their best to assist you with questions regarding the Trustee's policies and procedures concerning your case.

| ***Remember: The Trustee's staff cannot give legal advice. Direct all legal questions to your attorney.***

WEBSITES: The Trustee's website is [www.det13ksc.com](http://www.det13ksc.com). This website contains information regarding office policies and procedures.

Detailed case information is available online at:

| ***[www.ndc.org](http://www.ndc.org)***

To begin using this website, enter [www.ndc.org](http://www.ndc.org) into your Internet browser and click the "Get Started" button to register for your username and password. You must answer security questions correctly to successfully access and view your case information, so please have your bankruptcy documents with you when registering.

HEARINGS: The court will schedule at least two hearings for your case.

1. §341 Meeting of Creditors: This meeting includes a Debtor Orientation class. There is no Judge at the Meeting of Creditors; however, this is still considered a court proceeding. You will be sworn in and it is recorded. You will be asked a series of questions by both Creditors and the Trustee's office.

**You must bring your Photo I.D. and Social Security Card to the Meeting of Creditors**

2. Confirmation Hearing: The Judge will resolve any objections between parties and will decide confirmation of your case.

Your attorney will inform you of any additional hearings regarding your case that may be scheduled.



**PLAN LENGTH:** The length of your plan begins once your case is confirmed. It is important to remember that the length is only a close approximation at the beginning of your plan. The length is dependent on many factors which may change during the course of your bankruptcy. There are several reasons why your plan may last longer than originally confirmed. For example: a creditor may file a proof of claim for a larger amount than you scheduled or you may have forgotten to schedule a debt for which a creditor has filed a claim.

| **No plan is allowed to exceed 60 months in length.**

**OBLIGATION TO PAY:** Under the Chapter 13 Bankruptcy code you are required to send plan payments to the Trustee. The Trustee will in turn disburse these funds to your creditors pursuant to your plan.

| **It is extremely important to contact your attorney if there are any unexpected expenses or changes in income that may prevent you from making your plan payments or meeting any other bankruptcy obligations.**

**PAYMENTS:** Your first plan payment is due 30 days after your petition is filed. The Judge's willingness to confirm your plan will depend on the good faith effort you demonstrate by your plan payment record prior to the confirmation hearing. Payments are made via payroll deduction, ACH withdrawal, or directly via personal check / money order.

| **Do not mail or bring payments directly to the Trustee's office in Detroit. If you are making payments directly they MUST be sent to our P.O. Box in Memphis, Tennessee. The Trustee's office does NOT accept cash payments!!**

If a personal check is returned to us by the bank because of non-sufficient funds, we will require that all future payments be made in the form of a cashier's check or money order.

The Trustee's office is only able to accept ACH payments from debtors that have proposed a MONTHLY plan payment. In this instance, your plan payment will be automatically withdrawn from your bank account once per month. You must discuss this payment option with your attorney before proceeding. Please visit the Library/Forms section of our website: **[www.det13ksc.com](http://www.det13ksc.com)** for a copy of the agreement.

Most Chapter 13 payments are made through a payroll deduction at your place of employment. This helps ensure that your plan payments are received timely and on a regular basis by the Trustee.

**PAYROLL DEDUCTION ORDERS:** When you file your Chapter 13 petition, your attorney will submit a payroll deduction order to be served on your employer. This order tells your employer to deduct your plan payment from your paycheck and send it to the Chapter 13 Trustee. It also prohibits your employer from honoring any garnishments while you are under Chapter 13, with the exception of ongoing child support 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 voluntarily filed and gave the Court exclusive jurisdiction over your future pay while you are under Chapter 13. As such, the Trustee is carrying out her duty to administer your Chapter 13 Plan.

It may be helpful to speak to your payroll administrator to make sure they understand that:

- this court order stops garnishments.
- this deduction should not be listed as a garnishment or Friend of the Court payment.

Your employer may contact our office with any questions regarding your payroll deduction order.

It may take several weeks for your payroll deduction to take effect. Until that time, it is your responsibility to make your plan payments directly to the Trustee. Additionally, if your payroll deduction is ever less than your plan payment, you are responsible to send in the difference.

| **If your employer fails to honor your wage deduction order, contact your attorney.**

Bring all pay stubs, copies of cancelled checks and money order receipts to court hearings.

| **Keep all cancelled checks, money order receipts and/or paystubs pertaining to your plan payments. This will help to show a complete record of your payment history.**

**FAILURE TO PAY:** If the Trustee's office fails to receive your Chapter 13 Plan payments, either the Trustee or a creditor will seek to have your case dismissed. The Trustee's role as administrator of Chapter 13 cases requires her to protect the interests of both debtors and creditors alike. Thus, whenever a debtor is behind in payments, the Trustee will review the case for dismissal. If the Trustee seeks to have your case dismissed, you will be advised in writing.

| **It is your responsibility to make all plan payments, even if you are not working. If you become unemployed, contact your attorney IMMEDIATELY to discuss your options.**

If you are temporarily without work, be sure that your payroll deduction starts again as soon as you return to work. Notify your attorney immediately of any employment changes.

**PAYING MORE THAN REQUIRED:** *If your plan requires you to repay all creditors 100%*, paying the Trustee more than what your plan requires you to pay may decrease the length of your plan. Paying a little extra may reduce administrative expenses and may cause the payroll deduction to stop a little sooner.

However, **if your plan requires you to repay some of your creditors less than 100%**, you are required to make plan payments for the entire length of your plan or pay all your creditors 100%.

| **If you wish to increase your plan payments or complete your plan before you are required, contact your attorney.**

**CHILD SUPPORT and other DOMESTIC SUPPORT OBLIGATIONS:** If you are required to make child support or other domestic support payments for an on-going obligation, you must continue to make those payments after the filing of your bankruptcy and remain current on those obligations.

You will be required to sign an affidavit attesting to the fact that you have made all payments that have come due after the filing of your case up through the date of your confirmation hearing. If you have not made those payments, your case will not be confirmed.

You are required to file a certificate at the end of your bankruptcy case acknowledging that you are either current with or do not have any domestic support obligations. The Court will not grant your discharge unless this certificate has been filed.

**BUSINESS CHAPTER 13:** Debtors who file as small businesses are subject to the same rules and regulations as debtors filing as individuals under Chapter 13.

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

**CONTACT BY CREDITORS:** All the creditors that you listed on your Chapter 13 petition are under an automatic Restraining Order, also called the “automatic stay.” The automatic stay prohibits your creditors from contacting you or your employer in any way.

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

If you receive a personal, direct contact from a creditor, (such as a telephone call, a personal letter, a summons or a visit in person) you should immediately tell them that you are in a Chapter 13 bankruptcy and give them your case number. Give them the address and names of both the Trustee and your attorney.

| **You should not discuss any debts with creditors in any manner. Be sure to tell your attorney the name of the person who contacted you, so that he or she can follow up on the contact. By the same token, you should not contact your creditors.**

**BALANCE DUE CREDITORS:** The Trustee’s office mails an annual report entitled Trustee’s Report of Receipts and Disbursements to all debtors and their attorneys showing the financial activity that has taken place over the past year in each case. If at any time you would like to review the amount owed to one or all of your creditors, this information can be found at ***www.ndc.org***.

**CLAIMS OF CREDITORS:** The creditors which you list on your Chapter 13 petition are given an opportunity to file a proof of claim for payment. ***Governmental agencies are allowed 180 days from the date you filed your petition. All other creditors are allowed 90 days from the date of the first scheduled §341 Meeting of Creditors.***

If a creditor does not file a proof of claim within the time allowed, but you want that creditor paid in your Chapter 13 case, ask your attorney if he or she can file a claim on behalf of that creditor.

Approximately four months after your case is confirmed, the Trustee's office will send you a Notice of Intention to Pay Claims which will list every creditor who has filed a claim in your case and the amount of money they claim to be owed. **You should examine this notice very carefully and compare it to your plan and schedules.**

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 in your plan.**

LATE CLAIMS: As noted above, most creditors generally have 90 days to file a proof of claim.

If creditors file their proof of claim after the bar date, they may not be entitled to payment. However, your attorney must file an objection to the claim if you do not want the creditor to receive payment.

| **If a late claim is not objected to, it will be paid.**

Any claim which is disallowed by the Court will not be paid. If you complete your plan, **most** claims that are disallowed or not filed with the court will be discharged upon the completion of your plan. **However, speak with your attorney if you have questions regarding certain unfiled or unpaid claims.**

CREDITORS NOT LISTED: Not listing all Creditors when you file for Chapter 13 bankruptcy can cause problems during your plan. There are two kinds of creditors who are absent from the original list: 1) those creditors who you owed money to before filing but forgot to list in your petition (*unlisted creditors*), and 2) those creditors who lent you money or debts which arose after you filed for Chapter 13 bankruptcy (*post-petition creditors*).

If you discover an unlisted creditor after filing, you must let your attorney know the details of the debt **immediately**. Your attorney can include this unlisted creditor in your plan to protect you from collection procedures. Time is very important regarding your protection. **Do not delay** if you discover that you have an unlisted creditor.

CREDIT CARDS AND POST-PETITION DEBTS: Post-petition creditors are rare. You are not allowed to acquire any debt over \$2,000.00 while under Chapter 13 bankruptcy unless you have received the Court's permission prior to the purchase. Contact your attorney to assist you with this issue.

This applies to any member of the family that is supported by you while 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.

- | **The only exception to this rule is for medical or other emergencies. The Court will permit you to incur a bill to a doctor or a pharmacist during the life of your plan.**

If extra debts are added to your original plan, you and/or the Trustee may request that your plan payments be adjusted to handle the additional debt.

- | **You cannot borrow more than \$2,000 unless you have the Court's permission. This includes but is not limited to refinancing your mortgage and/or purchasing a vehicle. In addition, you cannot sell any property without the Court's permission. Contact your attorney for assistance!**

The Judge will generally grant you permission if you are making your plan payments timely, there is a good reason to incur the debt and your ability to continue to make plan payments is not threatened by the additional debt.

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 would probably lose any payment you made on the purchase.

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

Your plan could be put in serious jeopardy if you obtained credit without approval and your case may even be dismissed.

**PAYMENTS TO CREDITORS:** The plan payments which you send to the Trustee are used to pay all the expenses of administering your case, attorney fees to be paid through the plan, and the debts to all your creditors. After you have filed a Chapter 13, you cannot pay any creditor “on the side” as this may be illegal. This does not include any creditor that has been scheduled to be paid directly through your bankruptcy plan.

| **By law, all creditors must be paid under the authority of the Court.**

Payments from the Trustee are typically disbursed to creditors on the first Wednesday of each month.

There are four basic types of claims:

1) administrative          2) secured          3) priority          4) unsecured

Generally, the Trustee pays administrative and secured costs first which include the Trustee’s fee, any attorney fees to be paid through the plan, and creditors with liens on your property. All remaining creditors without liens on your property (priority and unsecured claims) will be paid last.

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 many months before the first payment is made on priority and unsecured claims.

**COSIGNERS AND CO-MAKERS:** A cosigner, 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 cosigner, 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 cosigners, co-makers, and guarantors for the amount of debt which your plan proposes to pay. If your plan is not scheduled to pay the creditor in full, the creditor may obtain permission to collect the remaining balance 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 determine if some or all of the profit will 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. Contact your attorney for exact details.**

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 reviews your credit history. A credit rating is not a rank or a number, but a record of past credit performance. This record is made available to credit grantors who determine, using their own standards, whether or not they will grant you credit. Financial lawsuits, past due debt, garnishments and/or Chapter 7 and Chapter 13 bankruptcies are all indications of credit problems. Of course, any credit record that has been blemished by any problem must be gradually rebuilt.

- | **The Trustee does not provide any information to the credit reporting agencies before or after your Chapter 13.**

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. Please refer to [www.ndc.org](http://www.ndc.org) to access your case and review how funds were disbursed to your creditors. If you prefer a "hard copy" of this financial information, please contact our office and we will provide you with a copy. Normally, creditors to whom we paid interest will send you a statement directly of how much interest was paid to them on your behalf.

- | **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.

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, contact your attorney immediately.**



Your plan may include paying tax refunds into your plan. Ask your attorney which tax years' refunds are to be paid into your plan. If the IRS keeps your refund to apply to others taxes you owe, or another creditor (for example, Friend of the Court) takes your refund, you may still be responsible for paying the refund amount to the Trustee. If this happens, **contact your attorney!**

| **You must send a copy of your filed tax return directly to the Trustee's office, regardless of whether you receive a refund or have a liability**

If you receive your refund directly from the IRS, you are responsible to forward the refund payment to the Trustee yourself. Send your income tax refund by personal check, cashier's check or money order to the Chapter 13 Trustee Payment address (see cover). Include your name, case number and tax year on the check.

| **If you are not sure about your tax refund obligation, contact your attorney.**

DISMISSED CASE: If your case is dismissed by the Court; or you choose to voluntarily dismiss your case; you will lose the protection of the Chapter 13 bankruptcy law. Federal bankruptcy law allows you to request that your Chapter 13 case be dismissed at any time. No one can force you to remain in a Chapter 13 plan.

| **The request for voluntary dismissal of your case must be in writing and filed with Court. We urge you to give careful consideration to such a decision, and discuss it with your attorney**

Understand that a dismissal will reactivate all unpaid or disputed debts. This may include any interest or finance charges that have accrued from your petition date.

CONVERTED CASE: After consulting with your attorney you may be able to convert your case to a straight bankruptcy (Chapter 7). This must be in writing and filed with the court.

**STOPPING PAYROLL DEDUCTIONS:** Once your case has either completed, been converted or been dismissed, the Trustee will notify your employer to cease bankruptcy payroll deductions. It may take some time for employers to process these instructions, so one or two additional deductions may be taken from your paycheck. Any funds received after your case has been dismissed or converted will be refunded to you during the close out process. It takes approximately six to eight weeks to close out dismissed or converted cases.

**COMPLETED CASE:** When your case has completed, the Trustee's office will file a "Notice of Completion" with the Court. A copy is sent to you, your attorney and your creditors. After a 24-day objection period has expired, a "Final Account and Report" will be filed with the Court. At that time, if there are any remaining funds, a refund check will be issued to you.

Prior to receiving your Order Granting Discharge you are required to complete a personal financial management class and file the certificate of completion with the Court. You are also required to file a Domestic Support Obligation (DSO) Certificate indicating you are either current or do not have any outstanding obligations.

| **Contact your attorney to file these certificates and for additional information regarding the completion of your case.**

The **Court**, not the Trustee's office, will issue the Discharge Order **AFTER** the Notice of Completion objection period has expired, and the Court has determined that Certificates have been filed and proper procedures have been followed..

This entire process takes approximately three to five months. A discharge means that your case has been completed, all bankruptcy obligations have been met and all creditors have been paid pursuant to your plan.

| **This discharge also acts as an injunction against your creditors, prohibiting them from taking unauthorized action against you after your case has ended.**

**CONTACT BY CREDITOR AFTER COMPLETION OF A CHAPTER 13:** The official Court record (Order Granting Discharge) shows that your 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 plan is completed, contact your attorney!**

# FREQUENTLY ASKED QUESTIONS

***My ACH withdraw date falls on a Saturday or Sunday when will it come out of my account?*** The first business day after.

***My payment is late. Can I bring it to the Trustee's office?*** No, the check must be mailed directly to our P.O. Box address.

***What if I call my attorney and he/she doesn't call me back?*** Keep trying. You are free at any time to seek other counsel.

***What if I come into a lot of money? Such as winning the lottery or a huge settlement?*** You should notify your attorney of any additional income you receive such as a bonus or inheritance. You should not be gambling. The court does not allow debtors to gamble while in bankruptcy including scratch-off, lotto, keno, and casinos. You should tell your attorney if you are involved in any litigation outside of bankruptcy. You are not permitted to proceed with a settlement without bankruptcy court permission. Speak with your attorney as these proceeds will be considered disposable income.

***What happens if I need to fix my roof or car? Or if I lose my job?*** Contact your attorney.

***Can I payoff my case early?*** Yes, however, this will require you to pay all of your creditors 100%. To pay off your case early, contact your attorney for the payoff amount. **THE TRUSTEE'S OFFICE CANNOT GIVE YOU THE PAYOFF AMOUNT.** Until you receive notification from the Trustee's office, continue to make your plan payments.

***What happens if I miss a payment?*** Your plan will not work if payments are not received timely. If your source of income has changed and you cannot make full plan payments for whatever reason, contact your attorney.

***Do I need to bring my social security card and picture I.D. to my confirmation hearing?*** You will only need picture I.D to go through security (including a metal detector) to get to the court rooms.

**What is the difference between Chapter 13 and Chapter 7?** Chapter 13 is the method of personal bankruptcy where you can save most of your property and you will be modifying some contracts such as your credit cards. Most people are in Chapter 13 bankruptcy for 3 to 5 years. A Chapter 7 is completed in a much shorter time period. However, you would be liquidating all of your non-exempt assets.

**My case was dismissed/converted or discharged and my employer is still deducting my plan payment. What do I do?** Upon the processing of your dismissal/conversion order from the court, the Trustee's office will send a wage release letter to your employer requesting they stop the payroll deduction. A copy will also be sent to you and your attorney. As it may take your employer some time to process this letter, so if the Trustee's office receives any additional payments, they will be refunded to you during the close out process. If more than 2 additional payments are deducted from your paycheck, please take a copy of your letter to your personnel department. The address we have for your employer is the address you listed in your plan, and it may not be the same location where your payroll is processed. Due the volume of cases, it generally takes 6 – 8 weeks for the completion of closing out cases. Any funds owed will be returned to you at that time.

**What is a Trustee Fee and why do they get paid? I didn't owe the Trustee money?** This fee is to cover the operating expenses of the Trustee office and has been factored into your plan payment.

**Where can I take the required Credit Counseling class?** Please visit the US Bankruptcy Court website for a link to a list of approved agencies. [www.mieb.uscourts.gov](http://www.mieb.uscourts.gov), under Quick Links, select Credit Counseling and follow the direction.

# BANKRUPTCY TERMS

**§341 Meeting of Creditors** – Sometimes called a §341 Hearing. This is a tape recorded meeting between the debtor, the trustee or trustee's representative, the debtor's attorney and creditors. The debtor is questioned under oath regarding their bankruptcy plan. Debtors are required by law to attend. They must provide a picture I.D. and social security card before the meeting can begin.

**ACH** – An authorized method of direct payment. Funds are withdrawn from your bank account on a pre-determined date.

**Arrearage** - The amount by which one is past due on a secured debt obligation. For example, if your mortgage payment is \$2,000 per month and you are three months behind, you have a \$6,000 arrearage.

**Automatic Stay** – A court order that automatically stops lawsuits, foreclosure, garnishments and all collection activity against the debtor the moment a bankruptcy petition is filed.

**Bar Date** - Deadline for creditors to file a claim for payment from the bankruptcy case. The claims bar date is 90 days after the first date set for the meeting of creditors. Governmental agencies such as the IRS have 180 days from the petition date to file a claim.

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

**Confirmation** - The official act of the bankruptcy court approving the proposed Chapter 13 plan.

**Conversion** – A bankruptcy case may be converted from one chapter to another. For example: a Chapter 13 case may be converted to a Chapter 7 if the debtor is eligible for a Chapter 7 bankruptcy case.

**Cram Down** – To “cram down” a secured claim is to pay only the market/collateral value of the claim as secured, with the remainder of the claim being allowed as an unsecured claim.

**Default** – Not doing precisely all that is agreed to within a given time, such as not making a plan payment or filing certain documents timely.

**Delinquent** – Overdue, not paid by the agreed due date.

**Discharge** – All of the debtor(s) dischargeable debts become legally non-collectible by any creditors upon entry of the Discharge Order by the Court. A discharge order operates as a permanent court order prohibiting the collection of any dischargeable debt. Any debt deemed non-dischargeable pursuant to bankruptcy law, or that is determined to be non-dischargeable by the court, is NOT affected by the Order of Discharge.

**Dismissal** – An order ending the bankruptcy case prior to successful completion and discharge. Upon entry of an Order for Dismissal, the Automatic Stay is no longer in effect and creditors may re-start legal actions to collect their debts.

**Disposable Income** – Money the debtor has available that is not required for reasonable living expenses of the debtor and/or dependents of the debtor.

**DSO** – Domestic Support Obligation, such as alimony or child support.

**Lien-stripping** - The removal of a junior lien when the value of property has sunk below the amount of the debt. Once the lien has been properly “stripped”, the secured debt will be treated as unsecured throughout the bankruptcy and any remaining balance may be discharged at the end of a successful Plan.

**Lift/Relief/Vacate (Stay)** - A creditor can ask the judge to lift the automatic stay and permit some action against the debtor or the property of the estate. If the motion is granted, the moving party (but no one else) is free to take whatever action the court permits. Relief can be absolute, permitting the creditor to foreclose on property; or limited, allowing the creditor to record of a notice of default.

**Matrix** – A list of names and addresses of interested parties in a bankruptcy case.

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

**Non-dischargeable debt** – A debt that cannot be eliminated in bankruptcy, such as student loans, alimony, child support and criminal fines.

**OCP** – Order Confirming Plan

**Objection** – A legal document filed by any interested party that disagrees with or questions part or all of a filed document, such as a bankruptcy plan or a proof of claim.

**Payment Order/Wage Deduction** - An order served on an employer instructing them to withhold the debtor's plan payment from their pay and forward to the Trustee's office on behalf of the debtor.

**Plan Modification** – A change made to a plan, filed with the court. Once the case is confirmed, any modifications to the plan must have court approval after all interest parties have been notified.

**Post-petition** – Occurring after the commencement of a bankruptcy case.

**Pre-petition** – Occurring prior to the commencement of a bankruptcy case.

**Priority Claim** – A type of unsecured claim, such as a domestic support obligation or taxes owed, that is entitled to full repayment pursuant to the Bankruptcy Code.

**Proof of Claim** - A form used by creditors to file a claim in order to receive payment from a bankruptcy case.

**Secured Claim** - A claim for which property or collateral secures the debt.

**Unsecured Claim** – A claim which is not secured by property or collateral. Examples of unsecured claims include credit cards and medical bills.

# CHAPTER 13 TIMELINE



