

CHAPTER 13 CHECKLIST OF ITEM YOU NEED TO KNOW IN 13

1. **In Chapter 13** in Western Kentucky, if your plan pays less than 100%, you must by May 15th of each year turn over a budget, copies of your tax returns and the income tax refund to the Trustee for four years in a five-year plan. Your first year you normally keep it if you filed the case after May 15. You cannot keep the Federal Child Tax Credit. You can keep the Earned Income Credit (EIC) and the amount paid to prepare taxes. If you receive a refund from the Feds and owe the state, you may deduct from one and pay the other. You can't pay your taxes ahead. Look at your budget on schedule I and J you filed with the court. It should be similar to a current budget. If wages increase 10%, food etc. increased 10%.
2. **In Chapter 13** your creditors will file claims. We file a schedule of allowed claims, and these claims are paid **if you don't object to a claim**. You should review claims with us about 60 days after the 341 hearing. If you don't, you may pay debts you don't owe. We may have to increase payments or lower a planned percentage based on the claims filed.
3. Your hearing will be in about 30-45 days after you file. You must bring your **photo id, social security card and first payments** to court. **In Chapter 13** if two months have passed since you filed, you owe two payments. If you don't pay these payments, your case may be dismissed. You owe your first plan payment and mortgage payment the day you file.
4. ***If you had a prior Chapter 13 case within six months before filing, we need to file a motion to extend the automatic stay. We file to impose the stay if two cases were filed but with each failed Chapter 13 your chances of success drop dramatically.***
5. **In Chapter 13** If you have a consumer auto loan and it is over 910 days old, you can pay the value of the auto to the lender as secured and the remainder as unsecured. If the auto was for business or the loan refinanced the vehicle, or the loan had an additional purpose you don't have to wait 910 days to cram down the loan. ***In Chapter 7, you can redeem the auto and just pay the value of the auto which is similar.*** These types of liens can be stripped down.
6. **In Chapter 13** If your income is less than average, you can have a 36-month plan. But plan payments may go up if it has to pay secured and priority expenses. If your plan pays 100%, you can have a 12 or one-month plan. But plan payments go way up. You are required to use your best efforts to repay. 70% or more Chapter 13 plans are not reviewed by judge Lloyd. 50% and higher plans are not normally reviewed by judges Fulton or Stout. You can pay off a plan early but not before 36 months unless you repay 100%. Early Hardship Discharges are available if you become disabled or otherwise can't repay due to no fault of your own.
7. **In Chapter 13** if your second or third mortgage has no equity, you should file a motion to strip the mortgage at the start of the case. Stripping may more than pay the Chapter 13 cost.
8. **In Chapter 13** why payroll deduct the plan payments? Your employer can be sued for discrimination if they fire or otherwise punish you for filing a Chapter 13. If the payments are not deducted you are less likely to finish your Chapter 13 successfully. Payroll deduction communicates to the Trustee and judges you seriously want to complete the plan.
9. **In Chapter 13** Attorneys are all paid the same fee. You can hire a cheaper or less qualified lawyer. The court pays the same \$3750 to whoever you hire. Hire the best

These are issues in Chapter 13 for the Western District of Kentucky. After you file Chapter 13 you may have an annual budget which the Trustee sends annually. You have to obtain court permission to purchase an auto or home. Be sure to read the Bankruptcy manual and information on our website. We have MP3 files, Videos and PowerPoints to explain bankruptcy, foreclosure, income tax and student loan issues.

10. **In Chapter 13** if it doesn't work, you can dismiss your case. You may not be able to dismiss a Chapter 7. You can lose property in Chapter 7. People don't lose property in Chapter 13 unless they fail to pay for it. You can convert to a Chapter 7 if you meet the Ch 7 guidelines.
11. ***You can get rid of bad cell phone contracts and go to Walmart. Judge Lloyd will not confirm a Chapter 13 plan which gives over 5% of your income to telecommunications. Telephone, cable, internet and cell phone expense are telecommunication expenses.***
12. **In Chapter 13** your budget = income - expenses. The money left over is your plan payment. Pay for autos through the plan if your auto interest rate is over 5%. Plans must pay priority taxes & mortgage arrears in full. When the car payments end; plan payment can go up.
13. **In Chapter 13** if you do not make plan payments, the Chapter 13 Trustee will file a motion to dismiss. If you do not make mortgage payments, the lender will file a motion to terminate the stay. You may be able to cure the motion to terminate the stay by a mortgage company. But the mortgage company court costs and attorney fees often have to be paid which are often over 1,000.00 dollars. This hurts. Do not fall behind in the mortgage payments!
14. **In Chapter 13** Life happens. Your income can go down, expenses can go up, or you can become out of work. It is possible to temporarily lower, or suspend plan payments. But you must make it up later. There is a floor the payment can't go below. Plans have to pay the secured and priority expenses. This means catching up a mortgage and paying priority taxes.
15. ***Inheritances, personal injury cases, lottery winnings and bonus incomes have to be reported. These windfalls may make a Chapter 13 plan 100% and require turning over funds. If you need to purchase or refinance a home or auto that must also be approved for Chapter 13 cases. Same for insurance proceeds above the cost of replacing an auto. In Chapter 13, you can qualify for a mortgage or refinance a mortgage after 12 on time plan payments. In Chapter 7, you will qualify for mortgages two years after the discharge with a 620 Fico score. See our website on how to get a 725 Fico Score. We have had some people obtain a 730 while they were in a Chapter 13.***
16. ***You have to take the second class. There is a simple one-page form to request discharge at the end of Chapter 13. You may not need the permanent court order called a discharge if you only needed to catch up the mortgage or get a modification. Many people only need the temporary protection while they workout a foreclosure, tax or student loan problem***
17. **In Chapter 13**, the Trustee does not accept cash. If you bounce a check, your plan payment will become payroll deducted, or they won't accept a check later that is not certified.
18. **If a Chapter 13 plan** has a problem, it will not be confirmed. You will have a chance to correct it, and you will have to come to a second hearing. It is best to do it right the first time.
19. **To get a discharge in a Chapter 13**, you must file the request for a discharge form. For either a Chapter 7 or a 13 you have to take the debtor education to get the discharge.
20. You can follow your case and how it is paid with NDC.org (National Data Center) Payments are best payroll deducted but in the Eastern KY district you may pay with TFS
21. If you have questions or problems call us. If we call you don't ignore it.
22. If you are in a foreclosure and you are filing a Chapter 13 to stop the foreclosure, your mortgage payments and plan payments start the month the case is filed. If the mortgage company does not immediately start accepting your payments don't spend it.

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