

If you are filing a Chapter 13 read and check each item:

1. In Western Kentucky, if your plan pays less than 100%, you must by May 15<sup>th</sup> of each year turn over a budget, copies of your tax returns and the income tax refund to the Trustee for the last four years of the plan in a five-year plan. Your first year you normally keep it. 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 schedule I and J you filed with the court. It should be similar to your current budget. If your wages increase 10%, your food probably increased 10%.
2. 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 when we do this 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 the plan percentage based on the claims filed.
3. Your hearing will be in about 30 days after you file. You must bring your **photo id, social security card** and **first payments** to court. 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 case within six months before filing, we need to file a motion to extend the automatic stay or impose the stay if two or more cases were filed.
5. 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 which is similar.
6. If your income is less than average, you can have a 36-month plan. But plan payments may go up because 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. If you have a judicial lien, you need avoided **tell us at the start!** Sometimes you have been sued, and a lien may have been placed against your home. It is an extra cost to avoid this lien. But if you don't pay the 500 to delete this lien now, you may have to pay thousands later to remove it and wait 30 days to get it done delaying a home mortgage or closing.
8. If your second or third mortgage has no equity, you must file the motion to strip the mortgage at the start of the case. Stripping may more than pay your Chapter 13 costs.
9. 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.
10. 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.
11. If it doesn't work out, you can always dismiss your Chapter 13. You may or 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 also convert to a Chapter 7 if you meet the income and other guidelines for a 7.

12. Leases this is where you want to get rid of your bad cell phone contracts and go to Walmart. Judge Lloyd will not confirm any budget which gives over 5% of your income to telecommunications. (Telephone, cable, internet and cell phone expense are telecommunication expenses).
13. Your budget is your income minus expenses. This becomes your plan payment. Include your autos if your interest rate is over 5% in the plan, priority taxes & mortgage arrears. High-interest rates can be reduced.
14. 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. But the mortgage company court costs and attorney fees often have to be paid which are often over 1,000.00 dollars. This hurts!
15. 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 often must make it up later. There is a floor the payment can't go below. You have to pay the required secured and priority expenses catching up a mortgage or paying priority taxes.
16. Inheritances, personal injury cases, lottery winnings and unusual incomes have to be reported. These windfalls may make your plan 100% and require turning over funds to the court. If you need to purchase or refinance a home or auto that must also be approved. Same for insurance proceeds. You can qualify for a mortgage or refinance a mortgage after 12 on time plan payments. Bet you didn't hear that from other attorneys did you. It is possible.
17. You have to take the final class and request the discharge to get it. There is a simple one-page form to request the discharge. You might not need this permanent court order if the only reason you filed was to catch up the mortgage.

Budget Planning your Chapter 13 Plan (In planning we will cover additional expenses)

Home		Transportation	
Mortgage or Rent		Car Payment Vehicle 1	
Property Taxes		Car Payment Vehicle 2	
Home Insurance		Car Insurance	
Condo Fees HOA		Gas Oil Tires Maintenance	
Home Maintenance			
Electricity		Food(normally 200-250 per person)	
Water Sewage			
Garbage		Medical Insurance	
Other Services		Medical Expenses (norm 75 per)	
Child DayCare		Cell phone, Cable, Internet, etc	
Child Support/Alimony		Clothing	
Child Education if Disabled		Personal Care products Haircuts etc	
Recreational Expenses		Charity past normal expense(15% allowed but show proof) Tax return receipts	
Pet expenses		Misc	

1. Why do I have to list/notice the person I pay child support? **Answer** It is the law.
2. Go to the hearing early listen to the questions they ask the same questions over and over. If you or your attorney arrives slightly late, they will recall the case. Don't panic.
3. The Trustee does not accept cash. If you bounce a check, your plan payment will either become payroll deducted, or they won't accept a check that is not certified.
4. If your 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.