

Debtor Orientation Handbook

Office of the Chapter 13 Trustee
Northern District of Texas

PAMBASSEL
STANDING CHAPTER 13 TRUSTEE

Correspondence Address:

Standing Chapter 13 Trustee

7001 Blvd 26, Suite 150

North Richland Hills, TX 76180

(817) 916-4710 – Main number

(817) 916-4770 – Fax number

basselcustomerservice@fvch13.com

Payment Address:

Standing Chapter 13 Trustee

P.O. Box 1201

Memphis, TN 38101-1201

(see the instructions on making
a payment to the P. O.
Box/lockbox on page 6)

This booklet is designed to help you understand the Chapter 13 process and your responsibilities as a Chapter 13 debtor. Some of the information in this booklet is unique to our Bankruptcy Court and to our Chapter 13 office. We want you to understand the protection you have during your bankruptcy case. We also want to help you avoid the problems and pitfalls that caused you to file bankruptcy in the first place. And we want to answer questions that you may have. This booklet is a handy reference when questions come up. Please remember, though, this booklet is not meant to replace the advice of your attorney.

We stress education and re-establishing your credit in the orientation and Personal Financial Management Course. Whether you take the live class or take the class online, the financial management course is designed to give you a positive start on your Chapter 13 Plan and to answer any questions you may have about the Chapter 13 process. You will also get information about some helpful financial habits and about re-establishing your credit once you complete your Chapter 13 Plan.

If I could talk to you individually, I would tell you that three of the most important things you can do to help you succeed are:

1. Make sure your attorney always knows how to get in touch with you- if you move or change jobs or phone numbers, let your attorney know. To change your information with our office, your attorney will file a document with the court.
2. If you hit a bump in the road and cannot make your Plan payment, let your attorney know right away. Your attorney cannot help you unless he/she knows about the problem. The earlier you talk to your attorney, the more likely it is he/she can help you.
3. Read **ALL** of the mail you get from our office or your attorney or one of your creditors. Read it the day you get it. If there is a problem or you do not understand something, call your attorney.

I want to congratulate you for making the responsible choice to file a Chapter 13 bankruptcy to deal with your financial crisis. This is a very positive turning point in your financial life and can help you achieve a bright future for yourself and your family.

My staff and I want you to SUCCEED! We want you to reach your goal of successfully completing your Chapter 13 Plan. We wish you and your family the very best.

Very truly yours,

Pam Bassel

TABLE OF CONTENTS

| | |
|---|----|
| YOUR TRUSTEE..... | 4 |
| GENERAL ORDER 2017-01 | 4 |
| HOW TO MAKE PLAN PAYMENTS? | 5 |
| WAGE DEDUCTIONS | 5 |
| HOW DO I CALCULATE THE AMOUNT OF MONEY THAT WILL BE DEDUCTED FROM EACH PAYCHECK?..... | 5 |
| WHAT IF I DON'T RECEIVE WAGES?..... | 6 |
| PAYMENTS MADE TO THE TRUSTEE'S LOCKBOX..... | 6 |
| WHEN ARE MY PAYMENTS DUE? | 7 |
| CAN I MAKE EXTRA PAYMENTS?..... | 7 |
| IN CASE YOU CANNOT MAKE YOUR PLAN PAYMENT WHEN DUE | 7 |
| THE ANNUAL STATEMENT FROM THE TRUSTEE..... | 8 |
| WHAT HAPPENS IF I CHANGE JOBS?..... | 8 |
| DO YOU NEED TO KNOW IF I MOVE?..... | 9 |
| HOW LONG WILL MY PLAN LAST?..... | 9 |
| WILL MY CREDITORS CONTINUE TO CALL?..... | 9 |
| CREDITOR'S MOTION TO MODIFY THE AUTOMATIC STAY | 10 |
| WHAT IF I FORGOT TO LIST A CREDITOR?..... | 10 |
| WHY DO CREDITORS HAVE TO FILE A PROOF OF CLAIM WITH THE COURT? | 10 |
| HOW WILL MY CREDITORS BE PAID?..... | 11 |
| HOW WILL MY HOUSE PAYMENT BE HANDLED? | 11 |
| IS MY CAR PAYMENT INCLUDED IN MY PLAN? | 11 |
| WILL MY CO-SIGNERS AND GUARANTORS BE PROTECTED BY MY CHAPTER 13 PLAN? | 11 |
| USE OF CREDIT, OBTAINING LOANS AND SIGNING LEASES DURING YOUR CHAPTER 13 PLAN | 12 |
| MAY I BUY ANY PROPERTY WHILE I'M IN THE PLAN?..... | 12 |
| MAY I SELL ANY OF MY PROPERTY WHILE I'M IN THE PLAN? | 12 |
| MAY I CONTINUE MAKING CONTRIBUTIONS TO MY 401(K)?..... | 12 |
| MAY I PAY OFF MY PLAN EARLY?..... | 12 |
| TAX RETURNS | 13 |
| TAX REFUNDS | 13 |
| SAVINGS ACCOUNT | 14 |
| WHAT DOES IT MEAN TO HAVE MY CASE DISMISSED? | 14 |
| WHAT HAPPENS WHEN I COMPLETE MY PLAN? | 15 |
| WHAT HAPPENS TO ANY DEBTS THAT ARE NOT PAID IN FULL? | 15 |
| WHAT ABOUT DEBTS PAID IN FULL?..... | 15 |
| FUTURE CREDIT RATING..... | 15 |
| THIS HANDBOOK..... | 16 |

MY CHAPTER 13 CASE

MY NAME _____

MY CASE NUMBER _____

MY ATTORNEY _____

MY ATTORNEY'S PHONE NUMBER _____

MY PLAN PAYMENT \$ _____

PAYMENT ADDRESS:

PAM BASSEL, CHAPTER 13 TRUSTEE
PO BOX 1201
MEMPHIS, TN 38101-1201

**NO PAYMENTS WILL BE ACCEPTED AT THE TRUSTEE'S OFFICE
(see "Payments Made to the Trustee's Lockbox" on page 6 for instructions on
mailing a payment to the Trustee – cashier's check or money order only –
no cash or personal checks)**

Important Information

You recently filed a case under Chapter 13 of the Bankruptcy Code in the Northern District of Texas. You have certain duties and responsibilities as a Chapter 13 debtor. **Please keep this document for future reference until your case is completed.**

YOUR TRUSTEE

Your Chapter 13 Trustee is Pam Bassel ("Trustee"). The office street address is: 7001 Blvd 26, Suite 150, North Richland Hills, TX 76180 (**correspondence only**). **DO NOT SEND YOUR PLAN PAYMENT TO THIS ADDRESS (see "Payments Made to the Trustee's Lockbox on page 6 for instructions on mailing a payment to the Trustee).** You can reach our office at 817-916-4710 between the hours of 8:30 a.m.-12:00 p.m. and 1:00 p.m.-4:00 p.m. Monday through Friday. The Chapter 13 Trustee's Office is closed on Federal Holidays. Do not feel that you have to talk personally to the Trustee. The Trustee's staff can discuss most problems or non-legal questions with you. The Trustee's office cannot give you legal advice. Consult your attorney on all legal questions.

GENERAL ORDER 2017-01

Special local procedures are set out in General Order 2017-01 issued by the Bankruptcy Judges in the Northern District of Texas ("the General Order"). Copies of the General Order may be obtained on the Court's website: www.txnb.uscourts.gov or on the Trustee's website: www.13network.com [Please select Pam Bassel (Fort Worth) from the list of Trustees]. Ask your attorney to make you familiar with the

provisions of the General Order. You have certain duties and responsibilities under the General Order.

HOW TO MAKE PLAN PAYMENTS?

Whether you make your plan payment by wage directive, electronically, or by mailing it to our lockbox, **YOU** are responsible for making sure your plan payment is made to our office. Descriptions of the ways in which you can make your plan payment are below.

WAGE DEDUCTIONS

Unless you do not receive wages from an employer, a Wage Deduction is mandatory unless otherwise ordered by the court.

A Wage Deduction is simply a way to more easily fund the Plan you filed. You complete a Wage Directive Information Form and turn that into our office. The form is available from your attorney, on the Trustee's website [www.13network.com - Please select Pam Bassel (Fort Worth) from the list of Trustees], or at the first meeting of creditors. Our office will send a Wage Directive to your employer. Your employer will then deduct the Plan payment from your pay and send that money to the Trustee. The plan payment will be deducted in equal installments determined by the frequency of your pay.

IT OFTEN TAKES SOME TIME FOR A WAGE DIRECTIVE TO TAKE EFFECT. It is essential for **YOU** to make direct payments to the Trustee until you actually see the Plan payments being deducted from your pay check. You may make those direct payments to the Trustee:

(1) by mailing a cashier's check or money order to the Trustee's lockbox payment address (see "Payments Made to the Trustee's Lockbox" on page 6 for instructions on mailing payments);

OR

(2) by paying electronically through TFS Bill Pay (visit www.tfsbillpay.com to learn more about making electronic payments).

Both you and your employer should understand that Wage Directive **IS NOT** an attachment or garnishment. Should any employer treat a Wage Directive as an attachment or garnishment, let the Trustee's office know. The Trustee's office will assist the employer in understanding that you are making voluntarily payments. We find that employers, after an explanation, usually understand the situation.

HOW DO I CALCULATE THE AMOUNT OF MONEY THAT WILL BE DEDUCTED FROM EACH PAYCHECK?

Use following information to calculate the amount of money that will be deducted from your pay. It is important to note that deductions will always be taken in equal installments from EACH PAYCHECK.

IF YOU ARE PAID BI-WEEKLY:

Multiply the amount of your monthly Plan payment times 12 months per year. Then divide the total by 26 payments per year. This will equal your bi-weekly Plan 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 Plan payments are \$369.23.

IF YOU ARE PAID SEMI-MONTHLY:

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

FOR EXAMPLE: If your monthly Plan 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 Plan payments are \$400.00.

IF YOU ARE PAID WEEKLY:

Multiply the amount of your monthly Plan payment times 12 months per year. Then divide the total by 52 pay periods. 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 Plan payment is \$184.61.

WHAT IF I DON'T RECEIVE WAGES?

If you do not receive wages (for example, you are self-employed or receive social security) or if you are excused from using a Wage Directive, **YOU** are responsible for making Plan payments to the Trustee's lockbox. Payments can be made by you directly to the Trustee's lockbox by mail (see below) or by electronic payment via TFS Bill Pay (see below).

PAYMENTS MADE TO THE TRUSTEE'S LOCKBOX

Payments mailed to the Trustee's lockbox must follow these rules:

- Payments must be in the form of a Cashier's Check or Money Order.
- No personal checks are accepted
- **CASH IS NEVER ACCEPTED.**
- Payments must clearly show your name & case number.
- **NO PAYMENTS WILL BE ACCEPTED AT THE TRUSTEE'S OFFICE**
- Payments must be made out to: **Chapter 13 Trustee**
Be sure your name and your case number are on the payment to ensure your payment is credited to the correct Plan.
- Payments must be mailed to the Trustee's lockbox: Pam Bassel, Chapter 13 Trustee
P.O. Box 1201
Memphis, TN 38101-1201

DO NOT MAIL CORRESPONDENCE TO THE LOCKBOX (THE P.O. BOX).

ELECTRONIC PAYMENTS (TFS)

Monthly plan payments can be made electronically through TFS Bill Pay. Visit the Trustee's website or go to www.tfsbillpay.com to learn more about making your plan payments electronically.

WHEN ARE MY PAYMENTS DUE?

Your first payment is due 30 days from the filing date of your case. A payment is due every 30 days afterwards. For example, if your petition date is Nov. 3rd, your first Plan payment is due, in full, on or before Dec. 3rd. Remember that this is the DUE date. Your payment should be received by our office on or before the due date.

If you are paying by cashier's check or money order (either because you do not receive wages or until your Wage Deduction begins), you need to mail your payments five (5) or six (6) days in advance of the due date to allow time for your payment to reach the Trustee's lockbox (see "Payments Made to the Trustee's Lockbox" on page 6 for instructions on mailing payments). **If you mail a payment to our lockbox, be sure to follow all the instructions in "Payments Made to the Trustee Lockbox" on page 6 so that your payment is properly credited to your case.**

If you want to make your payments electronically (either because you do not receive wages or until your Wage Deduction begins), you may use TFS Bill Pay. Make the payment before the due date. Go to www.tfsbillpay.com to set up electronic payments.

The Trustee's Office highly recommends that you make your plan payment on the day after you are paid. 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 the Plan payment each time you receive a paycheck.

Please note that the Trustee's office does not send you a payment reminder to make your plan payments.

IF YOU DO NOT MAKE YOUR FIRST PLAN PAYMENT ON TIME, YOUR CHAPTER 13 CASE MAY BE DISMISSED AFTER ONLY THREE (3) BUSINESS DAY'S NOTICE TO YOU AND YOUR ATTORNEY.

CAN I MAKE EXTRA PAYMENTS?

You may send extra payments or extra partial payments to the Trustee's lockbox (see "Payments Made to the Trustee's Lockbox" on page 6 for instructions on making direct payments) or make payments electronically through TFS Bill Pay (go to www.tfsbillpay.com to set up an electronic payment). **If you mail a payment to our lockbox, be sure to follow all the instructions in "Payments Made to the Trustee Lockbox" on page 6 so that your payment is properly credited to your case.**

IN CASE YOU CANNOT MAKE YOUR PLAN PAYMENT WHEN DUE

If you cannot make your Plan payment when it is due, notify your attorney immediately! Only the Judge can authorize late payments, skipped payments, or any other change to the Plan. If future circumstances cause you to default under your Plan and the Trustee files a Notice of Intent to Dismiss your case, three (3) options may be available:

1. If you are able to do so, you can catch your payments up by paying them in full. You can send a

cashier's check or money order to the Trustee's lockbox (see "Payments Made to the Trustee's Lockbox" on page 6 for instructions on mailing payments) or make payments electronically through TFS Bill Pay (go to www.tfsbillpay.com to set up an electronic payment). **If you mail a payment to our lockbox, be sure to follow all the instructions in "Payments Made to the Trustee Lockbox" on page 6 so that your payment is properly credited to your case.**

2. An agreed Interlocutory Order (I/O) can be signed by you and/or your attorney and the Trustee. This order will conditionally deny the dismissal of your case subject to extra payments being timely made each month in addition to the regular monthly Plan payments. The maximum amount of time allowed to catch up the payments under the I/O is six (6) months. You must attend the Pre-Hearing Conference on the Trustee's Motion or Notice to Dismiss or have your attorney attend for you to complete the I/O form and sign it. The I/O will then be presented to the Judge and entered by the Court. An I/O is an order of the Court. Please be aware that there is no further notification prior to dismissal if the terms of the I/O are not met.
3. A Plan modification can be filed by your attorney if your Plan has already been confirmed. Contact your attorney immediately. Attorneys are allowed to charge up to \$350.00 plus expenses not to exceed \$50.00 to file a Plan modification for you.

Remember, if you do nothing, then your case will probably be dismissed, and you will lose all the benefits you have built up.

Also remember that if you are paying your mortgage payment, car payment, child support, or any other payment directly to the creditor (instead of through our office), let your attorney know if you cannot make these payments.

THE ANNUAL STATEMENT FROM THE TRUSTEE

Every year, in the anniversary month of your Chapter 13 filing, you will receive the Trustee's Annual Report which gives you an accounting of the money you have paid into the Plan and what your creditors have received. It will show the balance on all claims being paid through your Plan. Your attorney also receives a copy of the report. If you have any questions concerning the report, contact your attorney. You can also keep track of your payments online at www.13network.com. Scroll down to find Pam Bassel's name listed with the other Texas Trustees (Texas is listed on the right side of the page). Click on the name Pam Bassel (Fort Worth) to be taken to her office homepage. Select the Chapter 13 Inquiry link. You will be asked to input your case number and the last four digits of your social security number. Please remember to log-out of this page when you are finished to protect your information.

TIP: Keep ALL documents received during your case. You may NEED these to re-establish credit in the future. Keep these in a safe place—you may need to refer to them for up to ten years after the completion of your case.

WHAT HAPPENS IF I CHANGE JOBS?

If you change jobs, especially if your Plan payment is being paid through a payroll deduction (Wage Deduction), notify your attorney and the Trustee's office **immediately**. The notification to the Trustee's office must be made in writing. If you are currently on a Wage Directive, you will need to fill-out and

submit a new Wage Directive Form, with your new employer's information, to the Trustee. A Wage Directive Form is available on the Trustee's website. Remember, if there is a delay between the time the payments through your old employer cease and payments through your new employer begin, **YOU** are responsible for making payments until the Wage Directive begins by cashier's check or money order (see "Payments Made to the Trustee's Lockbox" on page 6 for instructions on making direct payments) or electronically through TFS Bill Pay (go to www.tfsbillpay.com to set up an electronic payment). **If you mail a payment to our lockbox, be sure to follow all the instructions in the section called "Payments Made to the Trustee Lockbox" on page 6 so that your payment is properly credited to your case.**

DO YOU NEED TO KNOW IF I MOVE?

The Trustee must have your current address and your home and work telephone numbers at all times until your case is closed. Please notify the Trustee's office **immediately**, in writing, at the correspondence address (7001 Blvd 26, Suite 150, North Richland Hills, Texas 76180) or fax 817-916-4770 if you change your employment or telephone number. If you change your address, a notice containing the new address must be filed with the court before our office will change your address. A new address on a cashier's check or money order is not sufficient notice of a change of address. Your attorney can file a notice if your address changes. If you represent yourself, you will have to file this notice with the Court.

HOW LONG WILL MY PLAN LAST?

It is difficult to determine the exact length of your Plan. A Plan may not last the exact number of months in the original projection. The length of your Plan is determined by many factors, some of which may change during your Plan. A Plan for a debtor whose family earns "below" the median income for their state usually must last at least thirty-six (36) months. If the family income is "above" median, the Plan usually must last sixty (60) months. These are called the Applicable Commitment Periods. No Plan should exceed sixty (60) months.

WILL MY CREDITORS CONTINUE TO CALL?

If this is your first case, all creditors you listed in your Chapter 13 case are under an Automatic Stay. The Automatic Stay stops creditors from contacting you or your employer in any way and keeps them from foreclosing on or repossessing your property. If the Automatic Stay does apply to your case, a creditor may obtain permission from the Court to foreclose or repossess property by filing a motion.

If you are contacted by a creditor, such as a telephone call, a letter, a notice, a summons, or a visit in person, you should immediately tell the creditor that you have filed a Chapter 13 case and give the creditor your case number and the name of your attorney. Get the name of the party contacting you and the person's address and telephone number. Report this information to your attorney.

If this is your second case in one year, the Automatic Stay only lasts for thirty (30) days, unless extended by the Court. If this is your third case in one year, there is no Automatic Stay. Talk to your attorney about your options.

It is important to note that the Automatic Stay does not prohibit contact initiated by you. For example, you might need to contact a creditor to obtain information on interest paid on a particular debt to file your tax returns. You might also want to contact MORTGAGE HOLDERS at the beginning of your case and on a

YEARLY basis to determine that the monthly payments and escrow balances are correct.

CREDITOR'S MOTION TO MODIFY THE AUTOMATIC STAY

A creditor may obtain permission to foreclose or repossess collateral by filing a Motion to Modify or Terminate the Automatic Stay. Under the local rules for the Bankruptcy Court, if a creditor files a Motion to Modify or Terminate the Automatic Stay and serves a copy on you and your attorney, the Automatic Stay will be terminated unless a written response to the Motion is filed by you or your attorney with the Bankruptcy Court within fourteen (14) days after service of the Motion. If no written response is filed by you or your attorney, an Order terminating the automatic stay may be entered by default. After that, the creditor can foreclose on the property listed in the Motion, (our house, car, or other collateral) even if you think you have valid excuses, defenses, or counterclaims. Contact your attorney if you receive this type of Motion.

*******TIP – open all your mail from your attorney, a creditor or the Trustee's office the day you receive it. Call your attorney if you do not understand what you have received.**

WHAT IF I FORGOT TO LIST A CREDITOR?

There are two kinds of unlisted creditors. The first type is a creditor to whom you owed money when you first filed your case, but you forgot to list ("pre-petition creditors"). It may be wise to obtain your credit report to make sure there are no debts that you may have forgotten. If there are, contact your attorney to have those creditors added to your case right away.

The second type of creditor is one whose debt was incurred AFTER you filed your case ("post-petition creditors"). Your attorney should have explained to you that credit is generally not allowed while you are in a Chapter 13 case without permission of the Court. Contact your attorney if you need such permission or if you have incurred any post-petition debt.

WHY DO CREDITORS HAVE TO FILE A PROOF OF CLAIM WITH THE COURT?

In order to be paid, each creditor must file a proof of claim after receiving notice of your Chapter 13 filing. If they fail to do so, they most likely will not receive payments from the Trustee's office. You or your attorney may need to file a claim for a creditor who fails to timely do so, if you want to be sure the creditor will get payments under your Plan.

Six to eight months after the filing of your case, you will receive a document called the Trustee's Recommendation Regarding Claims ("TRCC"). This document lists all of the creditors in your Plan and discloses whether or not a claim has been filed, whether duplicate claims have been filed for a single debt, and which claims will be allowed and possibly paid in your case. The TRCC may also contain a modification to the terms of your confirmed Plan, increasing the dollar amount and/or number of Plan payments. Such modifications are typically needed when the claims filed in the case are higher than what was scheduled in your Plan. Carefully check the TRCC for accuracy. **CONTACT YOUR ATTORNEY IF ANY OF THE CREDITORS OR AMOUNTS APPEAR INACCURATE OR YOU HAVE QUESTIONS ABOUT ANY MODIFICATION CONTAINED IN THE TRCC.**

You may file an objection to the TRCC within thirty (30) days from the date of service of the TRCC by the Trustee. If there are no objections, the TRCC may become final and binding. The Trustee will pay only those

creditors who have filed claims.

If there is a creditor you want to be paid through your Plan and that creditor has not filed a claim, contact your attorney promptly about filing a claim for that creditor. Remember that this includes all relatives and friends to whom you owe money, as well as your mortgage lender and car creditor and other creditors.

HOW WILL MY CREDITORS BE PAID?

Payments to the Trustee are used to pay your attorney, Trustee fees and your creditors. Your creditors cannot deal directly with you. Likewise, you cannot deal directly with them. You cannot favor one creditor over another or make payments “on the side.” All creditors scheduled in your Plan must be paid through the Plan, under the terms of the law and not because of your personal preference.

HOW WILL MY HOUSE PAYMENT BE HANDLED?

If you were behind in your mortgage payments at the time you filed your bankruptcy, all mortgage arrearages, up to the date of filing, should be included as a secured debt to be paid through your Plan. Also, you may be required to be part of the conduit program. If you are, that program will be explained to you by your attorney. If you are **not** part of the conduit program, you will continue to make any mortgage payments coming due after the date of filing directly to your mortgage holder. 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. If you become the equivalent of two months or more in arrears on your mortgage payments while your case is pending, you may be required to become part of the conduit program. Whether you are part of the conduit program or pay your mortgage directly to your lender, you **must maintain adequate insurance on your home** if it is not included in your mortgage payment (escrowed). Additionally, if your property taxes are not included in your mortgage payment (escrowed), you should make sure that the budget filed in your bankruptcy case includes the amounts you need to pay your property taxes and that you are setting aside the funds to make your tax payments when they come due. The Trustee will not make any post-petition tax payments for you without a modification of your Plan.

IS MY CAR PAYMENT INCLUDED IN MY PLAN?

Your vehicle(s) may be included in your Plan. Depending on the purchase date, your vehicle will be valued one of two ways:

1. You will be required to pay the full amount you owe on your vehicle if it was purchased it within 910 days of the date you filed your bankruptcy petition; or
2. A fair “value” will be assigned to the vehicle and that amount will be considered a secured debt. Interest will be paid only on the secured portion of the debt.

It is extremely important for you to maintain adequate insurance on your vehicle. The Trustee’s office **does not** provide insurance. The Trustee’s office does not hold titles to any vehicles. If you have any problem obtaining a car title after your vehicle has been paid through the Plan, you need to contact your attorney.

WILL MY CO-SIGNERS AND GUARANTORS BE PROTECTED BY MY CHAPTER 13 PLAN?

If you have a co-signer, co-maker, or guarantor (called “co-debtors”) on any of your consumer debts, including a non-filing spouse, Chapter 13 protects them from collections activities (to the extent your Plan

provides for payment of such debts) as long as you remain under Chapter 13 unless the Bankruptcy Court orders otherwise. Any creditor contact with any of your co-debtors after you have filed your case should be reported to your attorney.

If your co-debtor has given collateral for the loan, the creditor must request relief from the Co-Debtor Stay from the Bankruptcy Court in order to proceed against the collateral. If your Plan is not scheduled to pay 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 your co-debtor's obligations.

If you have any questions about whether or not any co-debtor or property is protected under the terms of your Plan make sure you talk to your attorney about this.

USE OF CREDIT, OBTAINING LOANS AND SIGNING LEASES DURING YOUR CHAPTER 13 PLAN

The use of credit or entering into a loan agreement or lease of any kind while you are in a Chapter 13 case without Court permission is prohibited, except in business cases (consult your attorney about this) and extreme emergency situations. If you believe you have a situation requiring you to obtain credit or get a loan or sign a lease, contact your attorney for assistance in securing proper permission from the Court. The use of credit cards or charges of any kind while in a Chapter 13 case is a use of credit without court approval and is prohibited. All charge cards should be destroyed or returned to the creditor.

MAY I BUY ANY PROPERTY WHILE I'M IN THE PLAN?

All of your disposable income is considered part of your bankruptcy estate and must be committed to the Plan for the Applicable Commitment Period. You cannot make any major purchase without first obtaining the Trustee's permission and/or Court approval. This includes refinancing. Your attorney must submit the appropriate paperwork asking the Court to consider your request.

MAY I SELL ANY OF MY PROPERTY WHILE I'M IN THE PLAN?

All of your property may be part of your bankruptcy estate. You may not be able to sell any part of your property without the permission of the Court. Your attorney must submit the appropriate paper work asking the Court to consider your request to sell property.

MAY I CONTINUE MAKING CONTRIBUTIONS TO MY 401(K)?

Yes, routine contributions to both mandatory and voluntary retirement programs are allowed. It is also permissible to repay loans from your retirement account. If you have any questions, please talk to your attorney.

MAY I PAY OFF MY PLAN EARLY?

If you want to pay your Plan off early, you must first write the Trustee's Office requesting a payoff. Your letter should also disclose the source of the funds you are using to pay off your Plan. This information is required to ensure your compliance with bankruptcy and disclosure rules. 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. Court approval of an early pay off may be required. Talk to your attorney

before deciding to pay your Plan off early.

TAX RETURNS

You should file a tax return each year your Chapter 13 case is pending, unless you are excused by federal law from filing a tax return. You are required to deliver a copy of your federal tax return to our office each year you are in bankruptcy. You will get a letter from this office in January each year requesting a copy of the return(s) with instructions on what you need to send to the Trustee. When you file your return with the I.R.S., please send a copy to your attorney who will send your return to the Trustee's office. Please blackout the full social security numbers and any bank account numbers on your tax return(s). This office does not need those numbers in order to process your return(s), and the blackout will help protect confidential information. Failure to provide the Trustee with a copy of your tax return will result in legal action, possibly including a Motion to Dismiss your case.

If you request an extension from the IRS for filing your tax return, send a copy of your extension to your attorney who will send the extension to the Trustee's office. Please blackout the full social security numbers on the extension. This office does not need those numbers in order to process the extension and the blackout will help protect confidential information. Failure to provide the Trustee with a copy of your extension will result in legal action, possibly including a Motion to Dismiss your case.

If you are not required to file a tax return, please contact your attorney to prepare an affidavit stating that no tax return is required.

If you currently owe taxes or have un-filed tax returns from the past four (4) years, the I.R.S. may freeze your account when you file bankruptcy. This is to stop any collection actions. It also prevents automatic account processing, such as automatic refunds. After your account is frozen, the I.R.S. must manually prepare paperwork to request any refund checks.

Once your return is filed, it is processed by the Austin Service Center which generates a Notice of Credit in approximately six (6) to eight (8) weeks and sends it to the I.R.S. Insolvency Territory 10 office in Dallas. Insolvency Territory 10 must then research your account, make any necessary credit offsets to satisfy your liability, and prepare paperwork to generate any remaining refund which may or may not be sent to the Trustee's office. This process takes up to six (6) weeks. If a refund check is to be prepared by the I.R.S., paperwork is sent to the Austin Service Center. This portion of the process takes up to six (6) weeks also. Once a refund check is actually issued, it may take approximately two (2) weeks to arrive at either the Trustee's office or your home. Therefore, routine processing time for generation of a refund check is at least sixteen (16) weeks from the time the return is filed. Please do not call the I.R.S. regarding the status of your refund until this period has expired. In addition, if you file your return during peak filing time, April 15 through August 15, it could take even longer to process your refund. The number for the Centralized Insolvency Operations Department is (800) 973-0424.

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

TAX REFUNDS

The Trustee may file a Plan Modification to capture all or part of any tax refund you expect to receive.

If, prior to receiving a Trustee Modification, you wish to retain all or part of any of your refund, you will need to complete and forward an Affidavit to the Trustee with receipts or other documentation justifying

your retention of the refund. The Affidavit form can be found on the Trustee's website. The Trustee will evaluate Affidavits and documents and make decisions about refunds on a case by case basis.

If the Trustee does not hear from you or does not agree that you are entitled to keep the tax refund, the Trustee may propose a Modification of your Chapter 13 Plan. You and your attorney will have twenty-one (21) days to review the Modification and object. If a timely Objection is filed, you will have an opportunity to present evidence regarding the need to keep all or part of the tax refund.

If no Objection or Response is filed, an Order will be entered approving the Trustee's Modification. The tax refund will then be due in a lump sum amount to be paid by you to the Trustee within 90 days of the entry of the Order and your Plan Base will be increased by the tax refund amount. You may pay the Trustee by cashier's check or money order (see "Payments Made to the Trustee's Lockbox" on page 6 for instructions on mailing payments) or electronically through TFS Bill Pay (go to www.tfsbillpay.com to set up an electronic payment). **If you mail a payment to our lockbox, be sure to follow all the instructions in "Payments Made to the Trustee Lockbox" on page 6 so that your payment is properly credited to your case.**

If you expect to receive a tax refund you should contact your attorney IMMEDIATELY to discuss what to do with the refund.

DO NOT SEND THE TRUSTEE YOUR TAX REFUND UNLESS/UNTIL IT IS REQUIRED BY AN ORDER GRANTING A TRUSTEE'S MODIFICATION.

SAVINGS ACCOUNT

The Trustee wishes you success in the performance of your Plan. Over the next three (3) to five (5) years, problems will come up. You may have an interruption of income or an unexpected expense (e.g., car repair, home maintenance, etc.). The Trustee strongly encourages you to immediately open a savings account at your bank or credit union and make a commitment to pay yourself first each payday. Make this a habit. The important thing is not how much but how regularly you make your savings deposit.

WHAT DOES IT MEAN TO HAVE MY CASE DISMISSED?

A case may be dismissed either voluntarily, meaning that you decide to stop your participation in the Plan (consult your attorney), or involuntarily, meaning the Court has terminated your case - usually because of failure to maintain timely payments.

Fixed and timely Chapter 13 Plan payments are a requirement of the Court and the Bankruptcy Code and it is your responsibility to maintain those payments. A deficiency in Plan payments could result in the involuntary dismissal of your case. Either the Trustee or a creditor may file to dismiss your case. You and your attorney will be notified if this happens.

If your income is reduced, hindering your ability to continue in the Plan, **contact your attorney immediately.** He or she may be able to modify your Plan in order to prevent a dismissal of your case. The Trustee's Office has no authority to let you miss a payment or to allow you to pay less than the required amount. Only the Court can do so in response to a motion filed by your attorney. If your attorney files such a motion, do not change or stop plan payments until you receive a signed order from the Court allowing you to do so. Be aware that this could take 30 days or more.

In the event of a dismissal, either voluntary or involuntary, **the automatic stay and any codebtor stay will be terminated and creditors can resume recovery procedures** on accounts and collateral and may add any interest and penalties that would have been discharged under your Chapter 13 Plan.

*******TIP – If you receive a Notice of Intent to Dismiss your case or a Motion to Dismiss your case, contact your attorney immediately!**

WHAT HAPPENS WHEN I COMPLETE MY PLAN?

When the Trustee and the Court have verified that all your creditors have been paid as stated in the Plan, the Trustee will notify your employer to stop any payroll deduction. The Trustee compiles a list of completed cases once a month. Every effort is made to stop the deductions promptly. If, however, an unnecessary deduction is taken, it will be refunded to you as soon as possible. Any overpayment on your case will be released after you receive your discharge. Any final refunds will be issued approximately thirty-five (35) days after you receive your **FINAL REPORT**.

A FINAL REPORT AND ACCOUNT must be submitted by the Trustee to the Court for auditing before your case can be closed. The Trustee's office fully audits your case before submitting a Final Report and Account and this usually takes four (4) to six (6) weeks. You will receive a copy itemizing all claims filed and all monetary transactions (including receipts and amounts of disbursements). Your creditors will receive a notice that the Final Report was filed. **The Final Report is a very important document that you should keep in a safe place indefinitely.**

WHAT HAPPENS TO ANY DEBTS THAT ARE NOT PAID IN FULL?

If your unsecured creditors did not receive the entire amount originally owed to them, all remaining balances may be "discharged" upon the completion of your Plan. Creditors cannot resume collection activity on discharged debts.

Unique debts contained in your Plan that **cannot** be discharged include student loans, child support obligations, fines, and debts created as a result of your causing injury while under the influence of drugs or alcohol, etc. You will be responsible for any balances due on debts of these types after the completion of your Plan. Consult with your attorney if you have a specific question about a particular debt.

WHAT ABOUT DEBTS PAID IN FULL?

When a creditor has been paid in full through the Plan, the creditor may, upon your request, send the "paid in full" papers to you. Court records will officially show your Plan was paid in full according to its terms. Should you receive a request for additional money after your Plan completes, review the matter with your attorney.

FUTURE CREDIT RATING

Before, during, and after completion of your Chapter 13 case, a creditor has the option to give you credit or not. Your credit report is available to any creditor. All creditors use their own standards to decide whether or not to grant credit to you. If you successfully complete your Chapter 13 bankruptcy and receive a discharge, the fact that you filed bankruptcy will be reflected on your credit report for seven (7) years from the filing date of the petition. If your case is dismissed or converted to another chapter of bankruptcy, it will remain on your credit report for ten (10) years.

THIS HANDBOOK

Please keep this document for future reference. If you have any questions, please ask your attorney first. If you are unable to get your non-legal questions answered by your attorney, please call the Trustee's staff during business hours. We will do our best to help you, but we cannot give you legal advice.