

This memo sets out the in the Northern District for the Trustee to approve post-petition car loans. If the Trustee concludes that the purchase loan meets the criteria required by the Judges, you will not need to file a motion to incur the debt.

Here are the criteria:

1. No auto loan can exceed \$22,000.00;
2. No monthly payment in excess of \$500.00 per month;
3. Interest not to exceed 21%;
4. No luxury vehicles (even if they are old);
5. No vehicle warranties, or any type of additional insurance (i.e. GAP Insurance, disability insurance, etc. . .).

If the purchase falls within these criteria, (1) the debtor can complete the “Chapter 13 Debtor’s Request to Incur Debt” and (2) the debtor and the debtor’s attorney must complete and sign the “Debtor and Debtor Attorney Declaration Regarding Attorney Fees in Connection with the Purchase and Financing of a Vehicle.” These forms are mandatory and are attached to this blast. The forms will also be available on the Trustees’ websites. Please notice that the procedure allows for a \$200.00 fee to be paid directly by the debtor to the debtor attorney. Please also notice that to be entitled to the fee, the debtor attorney must sign the Declaration and also must file an amended 2016(b) disclosure. And finally, please notice that a copy of the proposed purchase contract or invoice must be attached to the Request form (this is the “Proposed Sale Order” referred to in the Request form). If the Proposed Sale Order contains social security numbers or bank account numbers or any other type of PII, please redact that information before submitting it to the Trustee’s office.

Once these documents are complete, please submit them to the legal department for the Trustee through 13docs. The amended 2016(b) disclosure should be filed with the court rather than submitted to the Trustee’s office.

After reviewing the documents, if the Trustee does not approve of the loan, the Trustee will advise Debtor’s Attorney if any additional information is required or that the loan will not be approved. If the loan is approved by the Trustee, the Trustee’s office will file a “Notice of Trustee’s Approval of Chapter 13 Debtor’(s)’ Request to Incur Debt to Purchase Vehicle.” Since this Notice will be filed with the Court, the debtor attorney will get it *via* ECF.

If the Trustee’s office (1) does not receive all the required documentation, (2) concludes that the proposed loan does not meet the required criteria or (3) concludes that repayment of the proposed loan will make the plan not feasible, you will need to file a motion to approve the loan and get an order from the Court. You will also need to file a motion to approve the proposed loan if you know that the proposed purchase does not fit the required criteria. The required criteria are set out above and are also stated in the Request to Incur Debt to Purchase Vehicle form.