

The Judges have established new procedure in the Northern District 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. When we get a specific event code set up for this Notice, we will let you know so that you can route it within your office more easily. Until then, the Notice will be filed as a generic notice.

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.

**Thank you.**

**Pam and Tim**

**CHAPTER 13 DEBTOR'S REQUEST TO INCUR DEBT** - Date Submitted: \_\_\_\_\_

Debtor(s): \_\_\_\_\_

Case Number: \_\_\_\_\_

Debtor(s) Address: \_\_\_\_\_

Debtor(s) Phone Number: \_\_\_\_\_

Attorney: \_\_\_\_\_

Attorney Phone Number: \_\_\_\_\_

Reason for Loan: \_\_\_\_\_

Name of New Lender: \_\_\_\_\_

Amount of Loan: \_\_\_\_\_ Interest Rate: \_\_\_\_\_ Monthly Payment Amount: \_\_\_\_\_ Number of payments: \_\_\_\_\_

Amount & Source of Down Payment (if applicable): \_\_\_\_\_

**\*\*Please make sure to provide your attorney with proof of current monthly income and expenses for your household in order to amend your bankruptcy schedules. Contact your attorney regarding any questions.**

Have you made prior requests for loan approval while in Chapter 13?      Yes      No

If yes, list the dates, amounts, whether the request(s) were granted or denied and the status of the loan payments (i.e., paid, current, delinquent, etc.)

Date: \_\_\_\_\_ Amount: \_\_\_\_\_ Granted/Denied: \_\_\_\_\_ Status: \_\_\_\_\_

**Purchase of New Vehicle**

**Vehicle Purchase Parameters:**

1. No auto loan in excess of \$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 vehicle falls within the above parameters, please submit with this request a copy of the Proposed Sale Order with the following information listed:

- A. Year, Make, & Model of New Vehicle;
- B. Purchase Price;
- C. Down Payment Amount;
- D. Finance Amount;
- E. Loan Term;
- F. Interest Rate;
- G. Monthly Payment.

*\*If the vehicle DOES NOT fall within the above parameters, please contact your attorney as a Motion will have to be filed and heard before the Court.*

Is this vehicle replacing another vehicle already listed in your Plan or Schedules? Yes      No  
If yes, what vehicle is being replaced? (Year/Make/Model) \_\_\_\_\_

Is the vehicle being replaced paid "direct" to the creditor? Yes      No      If yes, what is the monthly payment amount? \_\_\_\_\_

**Purchase/Refinance Home**

**\*\*Please contact your attorney. For a Home Purchase or Refinance, this Loan Request must be submitted through your attorney along with a copy of the mortgage loan application, sales contract, or refinance application, "Current Budget" form, and recent paystubs.\*\***

**Declaration**

I, \_\_\_\_\_ (please print), Debtor/Attorney, declare under penalty of perjury that the information provided above and on the attached budget is true and correct to the best of my knowledge, information, and belief.

Debtor or Attorney Signature: \_\_\_\_\_

Date: \_\_\_\_\_

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**For Trustee's Office Only**

Date Recd: \_\_\_\_\_ Conf: Yes/No Current: Yes/No I/O? Yes/No Mod? Yes/No All Docs Recd? Yes/No

**Debtor and Debtor Attorney Declaration Regarding Attorney Fees  
In Connection with the Purchase and Financing of a Vehicle**

I, the Debtor, certify that I directly paid my attorneys, \_\_\_\_\_ (“Firm”) \$200 from my own funds for the preparation of the Request to Incur Debt and Amended Schedules. I did not receive funds from any other party, dealership, or finance company in connection with the financing of the vehicle.

I, the attorney for the Debtor, certify that I have received payment of \$200 from the Debtor for the services described above and that I did not receive any compensation or funds from any other party, dealership, or finance company in connection with the financing of the vehicle. I further certify that I have filed an amended Disclosure of Compensation of Attorney for Debtor pursuant to Rule 2016(b) of the Federal Rules of Bankruptcy Procedure.

I declare under penalty of perjury that my declaration is true and correct.

\_\_\_\_\_  
Debtor

\_\_\_\_\_  
Attorney for the Debtor