

WHAT YOU SHOULD KNOW ABOUT YOUR CHAPTER 13 CASE

THIS BOOKLET CONTAINS ANSWERS TO MOST OF THE QUESTIONS YOU WILL HAVE WHILE UNDER CHAPTER 13. READ IT COMPLETELY WHEN YOU BEGIN YOUR CASE AND REFER TO IT WHENEVER YOU NEED AN ANSWER.

**Put your Chapter 13 Case Number
on all payments and correspondence with the Trustee**

Case # _____

Mail your payments to:

Chapter 13 Trustee, Savannah
P.O. Box 116561
Atlanta, GA 30368-6561

Your Trustee's name, correspondence address and office
telephone number is:

O. Byron Meredith III
P.O. Box 10556
Savannah, GA 31412
(912) 234-5052 or (800) 292-2811

March 7, 2007

KEYS TO SUCCESS

1. Make your Chapter 13 payments on time every month.
2. Make your home mortgage/mobile home payments every month.
3. Clearly print your **NAME & CASE NUMBER** on all payments to the Trustee, so we will know whose case to credit.
4. Notify the Chapter 13 Trustee promptly of changes to your address or employer.
5. Notify your attorney of all changes in address, employer, or economic circumstances.
6. Carry full coverage insurance on all vehicles not yet paid in full. Houses, mobile homes, and watercraft should also be covered.
7. Do not borrow any money for any purpose while in bankruptcy, without approval from the Trustee or the Court.
8. Do not sell, give away, or otherwise dispose of any property, without approval from the Court.
9. Do not purchase on credit any additional goods without obtaining specific prior approval from the Trustee.
10. Immediately report to the Trustee and your attorney any monetary windfalls received such as lottery winnings, prizes, and settlement funds of any kind.

INTRODUCTION - Chapter 13 is one method under the Bankruptcy Code to obtain relief from your creditors while providing a fair means to pay them back as much as you can. It allows you to keep some or all of your property during the time you are paying creditors, and permits you to modify some contract payments and interest rates. Your plan can eliminate late charges and penalties and allow you to extend payments on some of your debts. Chapter 13 has gained widespread acceptance across the country as an attractive alternative to straight bankruptcy (Chapter 7).

Please remember that your Chapter 13 petition was signed under oath and is subject to the penalties of perjury. If the petition contains false or incomplete information, be sure to have your attorney correct it as soon as possible.

YOUR ATTORNEY - Your attorney must continue to appear and represent you as long as he or she is counsel of record in the case. Your attorney must obtain permission of the Court to withdraw from your case. The attorney may request additional compensation for matters that go beyond preparation and filing of the petition and schedules; appearance at the 341 meeting; and appearance at one hearing on a motion. In most cases, your attorney's fee will be paid through the Chapter 13 plan. Be sure that you and your attorney have thoroughly discussed whether additional legal services during the pendency of the plan will cost you more money. **All legal fees must be reviewed and approved by the Bankruptcy Judge.**

YOUR CASE NUMBER - Your Chapter 13 case number is very important. Keep it handy. You will need it when you call the Chapter 13 Trustee's office or make a plan payment. Reference the case number in all correspondence to the Office of the Chapter 13 Trustee or to the Court. Also be sure to carefully print both your name and case number on all payments sent to the Chapter 13 office. If you do not put your correct case number on your payments, you may not receive prompt credit.

CALLS TO THE TRUSTEE'S OFFICE - When you have questions be sure to contact your attorney **first**. The Trustee and his staff are **not** authorized to give you legal advice. We will provide information on payments received and disbursements made in your case. We also can answer questions about procedural matters. **It is not necessary for you to speak directly with the Trustee.** Our staff is trained to discuss non-legal problems or questions that may arise. Please have your case number available when calling the Trustee's office. The Bankruptcy Code (11 U.S.C. §1302 (b)(4)) prohibits us from giving legal advice. Direct all legal questions to your attorney.

The telephone number for Chapter 13 Office appears on the front cover of this booklet. The Office is open to the public 9 a.m. to 4 p.m. Monday through Friday. Telephone inquiries must be received by 5 p.m. Eastern Time.

PAYMENTS - Most Chapter 13 payments are made through payroll deduction from your place of employment. Only in unusual circumstances will the Court allow you to make direct payments. Any payments made by you are to be made by money order or cashier's check. Such payments should include your name, address, and your Chapter 13 case number. The payment must be made regularly and for the full amount. **WE DO**

NOT ACCEPT CASH OR PERSONAL CHECKS. The Trustee has no authority to excuse payments. If you cannot make your payments as scheduled, you should contact your attorney. Make all money orders or cashier's checks payable to the **CHAPTER 13 TRUSTEE, SAVANNAH**. Do not make your payments out to the Clerk of the U.S. Bankruptcy Court, or to the Trustee personally. If you are a business debtor, you may be required to submit monthly operating reports of **ALL** income and **ALL** expenses for your household and for your business. The report should be submitted to the Office of the Chapter 13 Trustee each month. The required forms will be provided for your use.

Please print your name and case number clearly. Payments that are not clearly identified may be delayed in being posted, or may be returned.

PAYROLL DEDUCTION ORDER - At the beginning of your Chapter 13 case, the Judge issued an order telling your employer to deduct your plan payment from your paycheck and send it to Chapter 13 Trustee. The employer is permitted to remit once monthly even though you may be paid more often. You and your employer should understand that the order for deductions is not an attachment or garnishment. Only someone to whom you owe money can issue an attachment or garnishment. You do not owe the Bankruptcy Court or the Chapter 13 Trustee any money. The Trustee is simply carrying out a duty to administer the plan that you voluntarily filed with the court. Upon filing the plan, you gave the Court exclusive jurisdiction over your future pay during the course of the plan. Should any employer be inclined to treat such an order as a garnishment, let us know and we will try to explain that you are making an effort to pay your debts instead of avoiding them. You should provide written notice of all employment changes. **Include your case number on all correspondence.**

OBLIGATION TO PAY - Even though the Court usually orders your employer to deduct plan payments and send them to the Trustee, you must remember that you are primarily responsible. If you are between jobs or have no payroll deduction withheld for any pay period, you must send the payment by money order or cashier's check. It is a good idea to keep your pay stubs to demonstrate that the deductions are being made. If a payment is not received by the Trustee as required by your plan, any creditor in your case may ask the Court to dismiss the case. The Trustee will ask the Court to dismiss your case if you fail to make the required payments during two consecutive months or the equivalent of two consecutive months.

ADDRESS/EMPLOYMENT CHANGES - **YOU** must notify the Office of the Chapter 13 Trustee and your attorney of all changes in your address, employment, loss of employment, and prolonged illness. Notification must be written. **Please be sure to print your name, address and case number, and sign your request.** It is important that we have a current address on file at all times. If we do not have a correct address you may not receive annual reports and/or refunds that may be due at the conclusion of your case.

PROBLEMS WITH EMPLOYER BECAUSE OF FILING CHAPTER 13 - Occasionally, we encounter situations in which a creditor exerts pressure on a debtor to the

extent that the employee feels his job may be in jeopardy due to the filing of a Chapter 13 case. Such tactics are illegal in that they constitute an attempt to obtain creditor preference. You should provide your attorney with details of abusive or overly aggressive collection efforts.

CONTACTS BY CREDITORS - All creditors listed in your Chapter 13 schedules are prohibited from harassing you in any way. If you get notices in the mail from your creditors, keep them. Ordinary statements and delinquent notices need not cause any great concern. If you get a more personal, direct contact from a creditor, such as a telephone call, a letter, a summons, or a visit, you should immediately inform the person writing or calling that you have filed under Chapter 13 and give them the name and address of your attorney. Be sure to tell your attorney the name and telephone number of the person who contacted you.

DEALING WITH CREDITORS - You may not deal directly with a creditor just as a creditor may not deal with you. You cannot pick and choose some particular creditor to pay "on the side" because all of your debts must be dealt with through the Court. Any payment that you make directly to a creditor may be set aside. All creditors must be paid by the terms of the law, and not by your personal desires. Your plan may provide for direct payments on your home mortgage or mobile home contract.

BALANCE DUE CREDITORS - If you want to know the approximate balance due under your plan, you may request a status report from the Chapter 13 Trustee by writing to the correspondence address on the cover of this booklet. The status report is a summary of your case. The balance due figure will not include unpaid interest due on secured claim balances. You may request a status report at anytime after confirmation. Please submit a written request with signature and be sure to include your case number. Interest due on secured claims is only calculated at month end and the interest due changes as the claim balance changes.

The Trustee will mail you a report once annually. This report lists all the payments received by your Trustee and shows to whom money was sent during the previous year. You should read and carefully examine the annual report. If an erroneous creditor is listed or an amount claimed does not appear to be correct, you should contact your attorney or write to the Office of the Chapter 13 Trustee.

CLAIMS OF CREDITORS - Most creditors have ninety (90) days from the date originally set for your meeting of creditors to file their claims. However, local, state or federal governmental units have one hundred eighty (180) days from the date you filed the case to file their proofs of claim. Any claim not filed within the time limits noted above will not be paid without specific consent of the Judge assigned to your case. We are prohibited from paying anyone who did not properly file a claim. Most claims that are not properly and timely filed will be discharged. Child support, most taxes, educational loans and some claims for alimony are not dischargeable.

CREDITORS NOT LISTED - Creditors not listed by you when you filed your petition can cause problems. There are two kinds of “unlisted creditors.” Those you owed money to when you filed and forgot to list are called “unlisted creditors.” Those creditors with whom you incurred debt after you filed are called “post-petition creditors.” If you find an unlisted creditor, one you owed but forgot to list, you should contact your attorney immediately. **Do not delay.** Post-petition creditors (those whose debts were incurred after you filed) are rare because you are not to use credit while you are under Chapter 13. However, medical and various repair expenses cannot always be avoided. When this happens, you should recognize that you owe the debt and pay it. Post-petition debts normally cannot be added to your Chapter 13 case. Under certain circumstances, taxes and debts that are necessary for your plan to work may be added later if the court allows it. You should contact your attorney before you incur such a debt. **REMEMBER:** Your Trustee cannot and will not allow you to miss a Chapter 13 payment so that you can pay “new debts.”

HOW CREDITORS ARE PAID - The money you send to the Trustee is used to pay all your creditors and administrative fees, including your attorney. There are three basic types of claims: administrative, secured, and unsecured. Administrative fees are paid first. Administrative fees are those paid to the Clerk of the Bankruptcy Court, the Trustee, and your Attorney. The Court may give other claims administrative priority status. Next, secured creditors are paid the amounts of their claims plus interest as set forth in the plan. Priority unsecured claims, such as taxes, are paid before disbursements begin to general unsecured creditors. For these reasons, several months may pass before the first payment is made to the general unsecured claims. If your plan calls for adequate protection payments or designate payments to secured creditors, those amounts will be paid before administrative fees.

COSIGNER AND GUARANTORS - A cosigner or guarantor on any of your consumer debts is also protected while you are under Chapter 13. This protection for your cosigner and guarantor is available only to the extent that your plan proposes to pay the creditor. If your plan does not pay 100% of general unsecured debts then any creditor who has a cosigner or guarantor on your note may apply to the Court at any time to go against the cosigner for the percentage of the debt that your plan is not scheduled to pay. The application will be allowed unless your plan is scheduled to pay 100% of the debt. If the cosigner or guarantor has given collateral for the loan, the creditor must obtain permission from the Court in order to proceed against the cosigner or guarantor’s property. This protection for your cosigner lasts only as long as your Chapter 13 case does.

CREDIT CARDS AND CHARGE CARDS - The use of credit cards or charge accounts of any kind while under Chapter 13 is prohibited. This applies to you and any member of the family whom you support.

PERMISSION FOR CREDIT - The use of credit while under Chapter 13 is prohibited without permission from Trustee. If you find you must replace a necessary item, you should contact your attorney for assistance. Your attorney must submit a letter to the Trustee explaining the necessity, and must provide an amended budget and copies of your

two most recent pay stubs. Permission will be granted for necessary items only. The amount of credit sought must be reasonable and within your ability to repay without jeopardizing your household budget or payments to the plan.

OBTAINING CREDIT WITHOUT PERMISSION - Obtaining credit without permission of the Court or the Trustee is a violation of the Court's order and may be set aside. Any credit purchase made without the required approval is improper. The goods may have to be returned, and your case may be dismissed for such a violation.

CHILD SUPPORT PAYMENTS - If you are obligated to pay child support, the payments which became due prior to the date your petition was filed are considered arrearages, and may be paid through the Chapter 13 plan. All payments that become due on or after the day you filed must be paid in accordance with the order or agreement, which set that payment.

SELLING PROPERTY - You should not dispose of any of your property, including land, without obtaining permission from the Court in advance. If you sell any of your property for a profit, some of the profit will have to be applied to your Chapter 13 debts. If you dispose of your property without Court authorization, the transaction may be set aside and your case may be dismissed.

REAL ESTATE DEBTS - Debts that are secured by real property or a mobile home are usually paid directly by you unless the Court orders otherwise. If you are not making your house payments regularly, you should inform your attorney of this immediately. The problems can be worked out more easily if they are reported before the account becomes too delinquent. Problems concerning real property foreclosure and liens of creditors on real property are matters that should be fully discussed with your attorney. **REMEMBER:** If you fall behind in your house or mobile home payments, you may lose your home. The Court will not allow you to continue to live in the property if you cannot or will not pay for it. If you do not keep payments current, the creditors will probably file a motion for relief from the stay (request for permission to foreclose).

INSURANCE - A creditor may also seek permission to foreclose or repossess because you do not have insurance on your home or automobile. You must keep full coverage insurance, which includes liability, comprehensive, and collision on your automobile. Homeowners insurance should also be maintained. Please inform your insurance agent of the name of the creditor that financed your home or vehicle.

If you have an automobile accident while you are under Chapter 13 protection, your insurance company should settle directly with the lien holder and send any excess funds to the Trustee along with a statement showing how the money was distributed. If this happens to you, discuss these matters and your options with your attorney.

BOUNCED CHECKS - A creditor may hold a check that was not honored by your bank. The holder of the check may join the plan as a creditor or prosecute the transaction as a

crime. If it is treated as a criminal matter, you may have to take care of it yourself. The filing of a Chapter 13 case does not stop criminal prosecution.

FINAL REPORT AND DISCHARGE - When your case is concluded you will receive a final report and accounting from the Trustee. That report will list the total of payments received from you or your employer and show you how much was paid to each creditor. If you complete all plan payments and are otherwise eligible, you will receive an order from the Court granting discharge. This is evidence of your successful completion of your plan and of full satisfaction of all debts listed in the petition. You should keep the discharge order with your valuable papers. If any creditors who were a part of your Chapter 13 case attempt to collect their debts, your discharge order is evidence that you have satisfied your legal obligation with respect to the debts.

REQUEST FOR DISMISSAL BY DEBTOR - Federal bankruptcy law allows you to request that your Chapter 13 case be dismissed at any time. If you desire to stop your case, get in touch with your attorney. You should understand that a dismissal would reactivate all unpaid debts, all interest charges, and all debts to creditors who did not file claims.

CREDIT RATINGS - The credit bureaus report the fact that you filed a bankruptcy petition. The completion or dismissal of the case will not change that fact. Therefore, the credit report will include the bankruptcy for a period between seven and ten (7-10) years. Even if your divorce decree obligates your former spouse to pay a debt, you may remain legally liable. Thus, the credit bureau may continue to include negative information on your credit report. Your credit rating during and after completion of Chapter 13 will be, as in the past, the personal opinion of any credit grantor who looks at your record. A credit rating is a record of all past credit performance. This record is made available, upon request, to a credit grantor. He or she makes the decision to grant or deny credit, according to his or her own standards. Lawsuits, referrals to collection agencies, garnishments, Chapter 7 (straight bankruptcy), credit counseling, and Chapter 13 are indications in one degree or another of credit problems. It is impossible for us to say how any particular credit grantor evaluates such records.

REBUILDING CREDIT - Rebuilding credit is an important step after the successful completion of Chapter 13. We urge you to carefully adjust your budget and decide how much you can comfortably handle in order to slowly and carefully rebuild your credit.

INCOME TAX INFORMATION - You must file your state and federal tax returns each and every year. Your plan will not be confirmed if the Internal Revenue Service (IRS) or a State Department of Revenue informs us that no return has been filed for any year a return was due. If you believe that no return was due, provide the Trustee with a notarized affidavit stating why. The IRS special procedures section handles all returns filed by persons under Chapter 13. They do so to avoid accidentally issuing notices in violation of the automatic restraining order. The Chapter 13 Trustee **DOES NOT** request that the IRS hold your refund. If you have a past due child support obligation or if you owe money to the state or federal government for taxes, student loans, or other obligations, we

recommend that you avoid using the “Rapid Refund” services or file your returns electronically, because your refund may be delayed.

CONTACT BY CREDITOR AFTER COMPLETION OF CHAPTER 13 - When the Office of the Chapter 13 Trustee has paid a creditor, whether partially or in full, the creditor should, and usually does, send the loan papers marked “paid in full” to you. Even if this is not done, the official records of the Court (the order granting discharge) showing that your plan is completely paid would prevail over any claims that the creditor might make for additional money. Automobile titles should also be mailed directly to you. In order for your creditor to be able to send you your car title and loan documents after their claim has been paid, it is necessary for you to notify that creditor of any changes to your address while your case is still ongoing. Should you receive any request for additional money after your plan is completed, do not pay without first talking to your attorney.

PAYING MORE THAN REQUIRED - If your plan pays 100%, you may pay out at any time. If your plan will pay less than 100% to your unsecured creditors, the Trustee will review the case more closely when an early payout is requested. You will be required to explain where you got the monies not disclosed in the budget filed with the Court. It may be necessary for the Trustee to file a motion to modify your plan. If you wish to make an extra payment, you may do that by sending a money order or a cashier’s check to the Trustee. Be sure to put your case number on any payment you send to the Trustee. While it is not required, many people under Chapter 13 choose to pay a portion of their income tax refunds or year-end bonuses to the Trustee. You should note that if a tax refund or bonus check is sent to this office, we will retain an amount sufficient to cure any delinquency in your case. Even if you pay more than is required one month, you must make the scheduled payments every month thereafter.

MILITARY ALLOTMENTS - Many debtors have experienced problems with their paychecks when their military branch fails to stop allotments to creditors. If this happens to you, take a copy of the Court’s payroll deduction order to your local finance office and ask that they cancel all allotments. The salary deduction order issued by the Court requires that your employer stop all deductions except those for state and federal taxes, current child support, insurance, and union dues. **Optional savings plans must be canceled unless your plan will pay 100% of the unsecured debt.**

ADJUSTMENTS IN THE PLAN - The Trustee will adjust the dividend to unsecured creditors when a car is paid off by insurance, or when a creditor is given permission to repossess a car or to foreclose on your home, or if a claim is later withdrawn by the creditor. This means that the funds that were originally intended for the creditor on the house or car will be applied to unsecured claims. Thus, the payment amount approved at confirmation does not change. We simply apply the projected disposable income at the date of the confirmation hearing to creditors who timely filed claims.

The dividend to general unsecured creditors in the case may also change if a late claim is allowed or if the plan is modified after confirmation to either reduce or increase your payments.

Pay Off Requests – Requests for payoffs must be submitted in writing to the correspondence address shown on the front cover of this booklet. Payoffs provided in this manner are subject to review by the Director of Operations and/or the Trustee. In rare instances, it may be necessary to correct the amount stated.

On-Line access to your case Information - You can now access Chapter 13 cases online. To obtain access follow these instructions.

Logon to www.13datacenter.com

Click on – GET STARTED NOW

Follow online instruction

Step 1 – Enter Case Information

Step 2 – Security Questions

Step 3 – Create User Account

Step 4 – Login to View Case

COMPLETION OF CASE - When the final payment has been posted to your case, the Trustee's Office will send a Release of Wages to your employer. If a payment has already been withheld by your employer and sent to us after we have marked your case closed, the payment will be mailed to you at the address in our records. Remember to send the Trustee's office written notice if your address changes within six months after completion of your case. Your final Report and Accounting will be mailed after all checks issued have cleared our bank. In some cases, this may take up to six months. Also, sometimes payroll deductions may not stop right away. We need your current address in order to refund these monies to you promptly.

A FINAL NOTE - Complying with a Chapter 13 plan is not easy. You will have to make real sacrifices to meet the obligations that you have specified in your plan and still live within your budget. Chapter 13 will only work for you if you work very hard at meeting your obligations under your plan. Good luck.

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