

BANKRUPTCY, ESPECIALLY CHAPTER 13, IS A LOT OF WORK. THIS IS YOUR BANKRUPTCY. IF YOU WANT TO BE SUCCESSFUL, YOU MUST COMMIT TO DOING IT RIGHT and FOLLOWING DIRECTIONS.



LEARN ABOUT CHAPTER 13 BANKRUPTCY

Education is very important when deciding the best option in your situation. First watch the court videos. Then print the Arizona exemptions. Finally, do a very good job completing the on-line questionnaire.

YOUR FREE PHONE CALL:

Other options: NFCC.org, referral to another attorney or work with creditors.

If Diane agrees to help with a chapter 13 bankruptcy, she will tell you the fee & instructions.



THE "WHAT'S NEXT" EMAIL
Diane will send an email with a link to our web site. Order your free credit reports.
VERY IMPORTANT-print & read instructions for MyCaseInfo.

MYCASEINFO:
Diane will send an invitation to MyCaseInfo. This will take at least 8 hours. To make your life easier, please use the instructions to fill out MyCaseInfo (see the 'What's Next' email). Or call our office.

FINISH MYCASEINFO:
Once you have done a **very** good job completing all the information in MyCaseInfo, press the button "send to attorney" so we will receive it. Please call if you have any questions.

BAD JOB: Occasionally a client does not do a good job on MyCaseInfo. If so, Jay will send it back to fill in missing information. We don't want to do that, so please, if you have questions read the instructions first, then call Jay.

GOOD JOB: If you did a good job filling out MyCaseInfo Diane will call to schedule your first appointment.



FIRST ZOOM MEETING First, call to schedule your meeting. Diane will send instructions about required documents, signed retainer & paying a fee. Next, you will meet Diane & Jay on Zoom (2.5 to 3 hours) to review & edit your MyCaseInfo. After the meeting, you will receive a PDF draft of the forms to review and edit. Read instructions on how to edit the PDF draft.

DEALING WITH PHONE CALLS: Now that you signed the retainer and paid a fee, you may give callers our contact information. This will stop calls, but not lawsuits. To do that, the bankruptcy must be filed with the court.

READY FOR YOUR NEXT MEETING? Call to schedule your next virtual meeting, but only after editing the forms, are ready to pay the balance of the fees and court fees, and followed Diane's advice to fix things. She will send instructions.

OUR NEXT VIRTUAL MEETING
Meet with Diane & Jay for 1 to 2 hours to make the changes to the bankruptcy forms, provide additional documents, pay the balance of the fees, sign the bankruptcy documents (emailed or faxes, must returned before filing) and discuss timing for filing the bankruptcy.
A third meeting might be necessary before the bankruptcy can be filed.

CREDIT COUNSELING COURSE:
Before your bankruptcy can be filed you must complete your credit counseling course. Suggestions for providers were in Diane's "What's Next" email, or call our office.



FINAL REVIEW BEFORE FILING
After you email/fax the signed pages, Diane will review your documents and call you if there are any questions. It is possible it may be necessary to wait to file. Remember all information must be up to date & accurate.

FILING DOCS WITH THE COURT:
After we receive your signed documents and review the documents, we will file the bankruptcy, send you a copy of the documents, and an instruction letter. In 2 weeks the court will notify your creditors about the filing. Meanwhile, give them the case number and our contact info.

DIANE'S INSTRUCTION LETTER:
After filing, Diane will send you a letter with your case number, information about your meeting with the trustee, including sample questions, reminder about the financial management course, plus much more. **REMEMBER-ANY FUTURE INHERITANCE or DIVORCE RIGHTS IS AN ISSUE.**

FINANCIAL MANAGEMENT COURSE
Take the second class **BEFORE** the trustee meeting, send Jay a copy. See suggestions in Diane's instruction letter. Call if any questions.



PREPARING FOR THE 341 or 'CREDITOR'S MEETING'

Diane's instruction letter (sent when your case was filed) gave specific information about this meeting. Don't miss this meeting. **Call Diane before the meeting to discuss "what's next".**

DIANE WILL EXPLAIN WHAT TO EXPECT NEXT...

Including the chapter 13 plan, the confirmation process, dealing with changes in your life situation (income, marriage, etc.), how to deal with creditors (now and years later), and the trustee's role to completing their work & closing your case. **Never take on more debt without calling us—you have to get permission from the trustee and/or court.**

THE TRUSTEE INFORMATION

As Jay mentioned during our Zoom meetings, he will send you forms to fill out and return to him, along with any additional documents. Jay will then send that information to the trustee. **Please NEVER respond directly to the trustee.**

ATTEND THE CREDITOR'S MEETING'

Diane's letter will explain the 341 meeting with the trustee is by phone or Zoom. **BE ON TIME.** Other people, who filed when you did, will be on the phone or Zoom.

If you fail to appear your case may be dismissed, or a new date set. There is an additional fee for Diane to attend a second meeting.



THE PLAN OF REORGANIZATION

A chapter 13 can be extremely complicated. There are at least six facets to a plan:

- 1) What you want to keep, and have to pay for, such as house, car, non-exempt property (such as a business).
- 2) What you must pay (taxes, child support, alimony, your attorney, and the trustee).
- 3) How much money you have to pay to pay #1 & 2 = income, minus allowed expenses.
- 4) What your secured creditors want.
- 5) What the trustee requires.
- 6) What the law requires.

Conduit plan—if you are behind on your mortgage when the bankruptcy is filed, then all mortgage payments must be made through your plan, plus extra 10% to the trustee.

In rare occasions income is so high that every creditor can be paid in full "a 100% plan".

YOUR JOB IS TO FOLLOW THE PLAN

You must follow the plan or the bankruptcy will fail. Your job: respond to my requests, pay monthly mortgage, HOA and plan payments on time, or early. Give me & the trustee all documents requested, plus anything unique to your situation.

It is your job to notify us immediately if your circumstances change.

OBJECTING TO PLAN:

All creditors listed in the bankruptcy will receive a copy of the plan, but normally only secured creditors and priority (taxes, family support) file objections to the plan (28 days after service). Their objection may be valid or may need a court hearing in order to determine if it must be addressed in an amended plan. **Debts of unlisted creditors will survive the bankruptcy.**



PROOF OF CLAIM 'POC'

Creditors (including mortgage lenders and tax agencies) file a proof of claim 'POC' within 70 days after the bankruptcy was filed. The POC details the debt, plus includes a copy of any certain documents, such as the loan note, etc. The POC can be objected to and/or amended.

Jay will send you copies of all POCs, so it is important for you to review and let us know immediately if you have any issues with the creditor's claim. Remember—this is your bankruptcy and we rely on your diligence.

THE PROOF OF CLAIM IS CORRECT

Generally the POC is deemed correct unless someone files an objection. The final order confirming the plan will reflect to the amounts in the POC. Even though unsecured creditors may file a POC it does not mean they will be paid the debt, if at all. That depends on the total amount paid through the plan.

THE PROOF OF CLAIM HAS ERRORS THAT ARE SIGNIFICANT TO THE CASE

The debtor or trustee may file an objection to a POC, challenging the debt. It is very important that the claim is amended or addressed in the plan. It may be necessary to have a hearing. If you have questions please call us (after all this is your bankruptcy).

See trustee's recommendation on next page

POSSIBLE AMENDED PLAN, see next page.



THE TRUSTEE'S RECOMMENDATION

About 3-4 months after the bankruptcy is filed the trustee will file a recommendation to the original plan setting out all the requirements that must be addressed in order for the current plan to move forward for court approval. There is a 30 day limit to respond to the recommendation, so we need you to respond immediately when we ask for your help.

IMPORTANT: If you refuse to comply with any request your case will be dismissed, but you will still owe my fees, and have a bankruptcy on your credit reports. Plus, you could lose your home/car, depending on your situation.

THE PLAN CAN GO FORWARD WITHOUT SIGNIFICANT CHANGES

It is rare that the first plan is approved the first time. It depends on the accuracy of the information you provide before the bankruptcy was filed—such as taxes, mortgage arrears, vehicle value, back child support or alimony and the value of your non-exempt assets.

Attorney fees are based on the amount of work done in your case. The better job you do at the beginning the lower the attorney fees. The trustee's fees are 10% of whatever they pay out, or collect.

STIPULATED ORDER CONFIRMING THE PLAN "SOC"

You, your attorney, the trustee, sometimes a creditor, must all sign the SOC. Then the judge will sign and the SOC becomes a binding contract on everyone, including you.

THE PLAN NEEDS CHANGES (THIS IS THE NORM)

In order to address issues raised by the trustee or important creditors it will be necessary to file an **AMENDED PLAN**.

AMENDED PLAN



AMENDED PLAN:

The amended plan must deal with issues raised with the first plan. You may be required to provide additional documents. We may need to object to a POC. If your income changes, even after the plan is confirmed, we are required to amend or modify the plan. This duty continues throughout the life of the chapter 13.

Additional attorney fees will be charged with each amendment or modified plan.

OBJECTING TO AMENDED PLAN:

As with the original plan, creditors have a right to object to their treatment. It may be necessary to ask for a hearing to deal with anything significant.

A creditor may object to the amended plan if you defaulted on the terms of the plan—such as failing to pay your mortgage or HOA, or failure to make the plan payment.

NOTE: paying the plan payment on time will help rebuild your credit.

THE TRUSTEE'S RECOMMENDATION

Again the trustee will file a recommendation to the amended plan, setting out all the requirements that must be addressed in order for the amended plan to go to the court for approval. Again, there is a 30 day limit to respond to the recommendation. Help us help you by responding quickly to our requests for information or documents.



STIPULATED ORDER CONFIRMING THE PLAN "SOC"

Once we have dealt with the trustee recommendations, and any objections to POCs, then you, me, the trustee, sometimes a creditor, must sign the SOC. Lastly the judge will sign and the SOC becomes a binding contract on everyone, including you. We will send you a letter explaining the process. **Please read the letter.**

IMPORTANT: CHANGE OF YOUR CIRCUMSTANCES

It is very important that you notify our office if there are significant changes in your financial situation (income, employment, divorce, medical, housing, etc.)

It may be necessary to file a **MODIFIED PLAN** (this is no longer called an amended plan) or to go in another direction—like dismissal or converting to chapter 7. Please call if you ever want to discuss other options.



FEE APPLICATION(S):
 During the life of the Plan we will file one or more fee applications, it depends on the difficulty of your case. The more changes you make, the more attorney time is necessary and the more expensive it becomes. You will receive a copy of the application and a description of the time spent.
 Typically once a year we review your file to determine if we should file a new fee application.

NOTICING THE FEE APPLICATION
 The trustee and all of your creditors will receive a copy of the fee application, with a notice of the deadline to file an objection. It is very rare for anyone to object.

ORDER FOR PAYMENT OF FEES
 Once the deadline to object to the fee application expires we file an Order with the court. This Order will require the trustee pay the fees with the funds you have paid through the plan, or if you do not pay enough then you are responsible to pay the additional fees into the plan, or after the plan is completed, or your case dismissed.



LIEN STRIP:
 Depending on your circumstances, we may be able to file a legal action to eliminate a junior mortgage on your home. This is something we will discuss in detail.

LIEN STRIP COMPLAINT
 A series of processes must be completed in order to eliminate junior mortgages or pre-petition HOA debts. The lien strip order is only effective if you finish your chapter 13 plan and receive a discharge.

LIEN STRIP ORDER
 This order is effective only **after your chapter 13 is completed** and the discharge is entered by the Court. At that time we will have a copy of the Order recorded with the County Recorder's Office and send you a copy for your records.



CHANGE OF CIRCUMSTANCES:
 While you are in your chapter 13 it is not unusual that your circumstances change. Perhaps loss of job, illness, divorce, new child, death of a spouse, you cannot afford the house anymore, your vehicle dies, etc. If this is a short term situation and you can afford your plan payment there is nothing for you to do. But, if this is a serious financial burden, please call so we can see what options might be available and the consequences of those options.

CONVERTING YOUR CASE TO A CHAPTER 7:
 When you filed the chapter 13 there were reasons which may no longer be true. Perhaps you want to give up your home or your income decreased. Assuming you qualify you can convert to a chapter 7.

A chapter 7 trustee will be assigned and a new meeting of creditors date.

DISMISSING YOUR CASE:
 You may decide that bankruptcy is too complicated or does not do what you expected. Your case can be dismissed (with certain restrictions), but you will always have this bankruptcy on your credit report and creditors can sue, garnish wages and bank accounts.

The court will enter an order dismissing the case.

MODIFIED PLAN:
 If your income increases more than 10% we may need to file a modified plan with new payment terms. There may be other reasons for a modified plan, such as a new payment structure which addresses other income issues.

The Plan process starts over again



MODIFYING THE PLAN
 Once the plan has been confirmed any changes after that are referred to as a modified plan. The process is the same as before. The creditors are notified, they can object, the trustee files a recommendation and we deal with any issues.

STIPULATED ORDER CONFIRMING THE MODIFIED PLAN "SOC"
 Once we deal with the trustee recommendations and any objections to the modified plan, you, me, the trustee, sometimes a creditor, must sign the SOC. Then the judge will sign the SOC and again becomes a binding contract on everyone, including you.





BUYING OR SELLING A VEHICLE or HOUSE

During your chapter 13 you must get permission to incur new debts, including opening a credit card. You also need a signed court order in order to refinance or sell your home, which means filing additional documents, and additional attorney fees.

REQUIREMENT TO PROVIDE THE TRUSTEE DOCUMENTS

Your plan will require you to provide the trustee copies of your tax returns while you are in the bankruptcy. Please put a reminder on your calendar. You may have to pay any refunds to your creditors, through the trustee.

ANNUAL REPORTS

The trustee files annual reports indicating how much you paid, who they paid and how much is still owing. Please read those reports and let us know if you have any questions.

PLAN PAYMENTS

The plan requires that you to make plan payments during the life of your chapter 13 case, that includes your mortgage, if any. Don't forget to make the payments on time (it help rebuild your credit). Call us if you have any questions or significant changes.



COMPLETING THE PLAN

The trustee will require a statement that you completed all Plan Requirements and, if did not do so already, you **MUST COMPLETE & FILE THE FINANCIAL MANAGEMENT COURSE** (talk to Jay if you don't remember if this was done). The mortgage company also have a form to complete.

DISCHARGE

Once the trustee reports to the court that you finished all his requirements, the court will enter a discharge (assuming you filed your financial management course certificate).

You fought very hard to obtain the discharge so keep a copy in your important records.



CREDITORS

I will say it again, only the creditors listed in your documents will be discharged. Your chapter 13 was designed to pay back taxes, child support, alimony. The rest of the debts, not paid in full, are discharged, except a few special debts. The discharge does not specifically identify the debts not discharged.

DEBTS THAT SURVIVE THE CHAPTER 13 DISCHARGE

There are some debts you will still be responsible for: unlisted creditors, new debts you took out during the chapter 13, student loans, any unpaid taxes (which might include interest that accrued during the bankruptcy), or new taxes, unpaid child support or alimony are also not discharged.



CLOSING THE CASE

Once the trustee files his final report the US Trustee will review the file. Shortly after that the court will enter an order closing the case.

Beware— the court or trustee can reopen the case if you failed to list all your assets, or you failed to disclose an inheritance, insurance proceeds or law suit settlement you had a right to during your chapter 13.

FIREWORKS EMAIL FROM DIANE

Once the court enters the order closing your case, we will send the fireworks email. This means that both you and the trustee have done everything necessary.

Jay and I would really appreciate a review or two about our firm.

