

BANKRUPTCY TERMS

DEFINED IN PLAIN LANGUAGE*

341 Meeting of the Creditors	Rule 341 of the Bankruptcy Code requires that the Trustee assigned to the case review the photo ID and social security card of the Debtor(s) and ask basic questions about the Debtor's financial affairs. Creditors are also allowed to ask factual questions, but most choose not to participate.
2004 Exam	Rule 2004 of the Rules of Bankruptcy Procedure allows a creditor to ask the Debtor questions under oath about your financial situation or issues that may be in dispute. It is the bankruptcy version of a deposition.
Adequate Protection (AP)	Secured creditors (like your car lender) have the right to receive a payment for the property (car) prior to confirmation of a Chapter 11/13 Plan so that they are protected from a decrease in value of the property. Many times, the AP payment is 1% of the value of the collateral (car).
Adversary proceeding	This is a lawsuit filed in the bankruptcy court to generally to determine whether a debt will be eliminated when you receive your discharge or if you will still have to pay the debt after your discharge (called "nondischargeability" actions).
Antecedent Debt	A debt that has been owed for longer than 30 days (typically). Common examples are: paying 6 months of a water bill; or paying the credit card bill for charges made more than a month ago.
Assets	Everything you own (including your car and your house even if you are still paying for them).
Automatic Stay	When a bankruptcy case is filed, all actions by creditors (lawsuits, foreclosures, garnishments, repossessions, etc.) must stop (stop = stay).
Collateral	The property that secures a debt. For example, your car is the collateral for your car loan and your house is the collateral for your mortgage.
Conduit plan (Chapter 13)	A Chapter 13 Plan that requires you to pay your regular monthly mortgage payment as part of your monthly Chapter 13 Plan payment. The Chapter 13 Trustee will make your regular monthly mortgage payment to your mortgage company while you are in bankruptcy and you just have to make your Chapter 13 Plan payment.
Confirmation	Court Approval of a Chapter 11 or Chapter 13 Plan of Reorganization.

Contemporaneous Exchange	Payment for goods or services that are received at the time of the payment. Common examples are: paying for this month's water bill; and buying groceries.
Creditors	Every person or business to whom you owe money.
Debts	All of the money you owe.
Debtor	The person or business that files bankruptcy.
Discharge (Order of)	A Court Order indicating that the Debtor is no longer legally obligated to pay dischargeable debts. Dischargeable debts are eliminated Order of Discharge. After an Order of Discharge is entered the bankruptcy case, the bankruptcy case still remains open until it is closed by the Court. Sometimes case closure does not occur for over a year because a Chapter 7 Trustee has to collect assets and pay their value to creditors, or the Chapter 13 trustee encounters administrative issues.
Dismissal	If a bankruptcy case is dismissed, it is like you never filed bankruptcy at all and Creditors may start to collect (garnish) or foreclose on property again.
Exemption	Property that your creditors cannot take and that you are automatically allowed to keep in your bankruptcy (also called "protected property").
General Unsecured Debts	Any debt that is not secured by property (like a house/car). Common examples are medical bills, credit card debt, and personal loans.
Lien (pronounced "lean")	The claim a creditor has to repossess your property until it is paid off (like a car creditor being able to repossess your car if you do not pay for it).
Mortgage Modification Mediation (MMM) Program	A program available to Chapter 13 debtors that allows them to ask for a mortgage loan modification under Bankruptcy Court supervision. All documents and communication are submitted through an electronic portal. The Bankruptcy Court requires status reports to be filed and all agreements to be approved by court order.
Motion to Dismiss (MTD)	A document filed by the Trustee (generally) indicating that the Debtor needs to do something by a certain deadline, or the case will be dismissed. Usually this is to bring plan payments current, submit tax returns, or turnover a tax refund.
Motion for Relief from Automatic Stay (also called Motion to Lift Stay)	This is a document filed with the Court by a Creditor that wants to start collecting its debt against you while you are in bankruptcy (like foreclosing on your house or repossessing your house). These Motions are filed when you have not made your regular payments to the Creditor after your bankruptcy filing. Sometimes they are filed when you don't want to

	keep your property and the Creditor wants permission to sell it.
Nondischargeable debts	Debts that you still have to pay after bankruptcy. Generally (with exceptions), these are spousal maintenance child support taxes student loans your mortgage and debts the court has ordered nondischargeable after an adversary proceeding. You also must continue to pay for the property you intend to keep (like your house or car) if you still owe money for it after your bankruptcy.
Notice of Abandonment	A document filed by a Trustee stating that he or she is not interested in Debtor's specific property. This is a good thing.
Objection to Confirmation	A statement by the Creditor as to what changes need to be made or addressed by the Debtor so the Creditor will approve the Chapter 11/13 Plan. The objections may often be addressed by amending the Chapter 11/ 13 Plan, reaching an agreement with the Creditor, incorporating language in the SOC or by a hearing.
Objection/Evaluation of Trustee or Trustee Recommendation	A statement filed in the Court by the Chapter 13 Trustee stating what changes need to be made to the plan or what language the Debtor/Debtor's attorney must include in their SOC to get the Trustee's approval of the Chapter 13 Plan. This is a good thing as Chapter 13 Plans may not be confirmed without it.
Ordinary Course	Payments and sales that you make every month for goods or services. Common examples are paying utilities or buying groceries.
Preferential Transfer	Payment to one creditor over the others when all creditors are not being treated the same. For example, paying Mom before you file bankruptcy, so she won't be included in the bankruptcy case. Trustees may ask for the money paid preferentially back from the person (Mom) or business who received it. The Chapter 13 Trustee may also require you to pay the amount you paid to Mom to the rest of the creditors. The Trustee may also ask your Mom to sign a "Waiver of the Statute of Limitations." This means that the Trustee can recover the money from Mom if you don't pay it back to other creditors and convert to Chapter 7 after 2 years.
Presumption of Abuse	This means that your income and expenses exceed the limits for a Chapter 7 bankruptcy case and will have to be verified. This is not a statement about your character. If you cannot prove that you are eligible for a Chapter 7 bankruptcy, you will need to convert your case to a Chapter 13 bankruptcy or your case will be dismissed.

Proof of Claim (POC)	A document that creditors file to state what you owe them and why. Creditors must also provide proof of the debt.
Secured Debts	Any debt secured by property you purchased (like house or car) or any debt where you have promised to give up your property if the debt is not paid (like a title loan where the company may take your car if the loan is not paid).
SOC – Stipulated Order to Confirm Chapter 13 Plan	Stipulated Order to Confirm is the document submitted by the Debtor/Debtor’s attorney to the Chapter 13 Trustee to approve the Plan. It will be submitted to the Court for the Judge’s signature once the Trustee has approved it. The SOC contains all of the final terms of the Chapter 13 Plan.
Surrender	A statement that the Debtor has no interest in the property to be surrendered and will return it to the creditor OR the Debtor is going to keep the property but pay the debt directly to the creditor outside of a bankruptcy Plan.
Transfer of property	A sale, gift or payment to any person or business.
Trustee	<p>The person who oversees your bankruptcy case and, in some cases, pays your creditors. The Trustee is not a judge and is not a government employee.</p> <p>Case Trustees (also called “Interim Trustees”) are often supervised by the United States Trustee, which is part of the Department of Justice (DOJ). However, the case trustee is not employed by the DOJ.</p> <p>You may also have a Deed of Trust on your home and there may be a Trustee’s Sale scheduled. This Trustee is different from the Trustee handling your bankruptcy.</p>

* Every bankruptcy case is different. The definitions contained on this chart are meant to give a general understanding of frequently used bankruptcy terms. Exceptions can and do exist. You should always seek the advice of an attorney about your particular circumstances.

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