

IMPORTANT INFORMATION



ABOUT YOUR CHAPTER 13 CASE

This handbook answers questions that may come up during your Chapter 13 plan. Read this completely to understand your rights and obligations and refer to it later when you have questions.

Please put your case number on all payments and letters sent to the Trustee.

The Trustee's address is:

PAYMENTS

Chapter 13 Standing Trustee
P.O. Box 127
Memphis, TN 38101-0127

LETTERS & INQUIRIES & TAX RETURNS

Chapter 13 Standing Trustee
26555 Evergreen Ste 1100
Southfield MI 48076
(248) 352-7755
comments@det13.com



DEBTOR HANDBOOK

KEEP FOR FUTURE REFERENCE!

**** REMEMBER THIS ... ****

Start Making Plan Payments Immediately!

Payments should commence within 30 days after your case was filed.

Send Money to Trustee's Memphis, TN Address

- We do not accept payments in the Trustee's Southfield Office. Do not bring or mail payments to our office. All payments must be mailed to our bank in Memphis, TN. (See front page for address)
- Be sure to write your **case number** on your check or money order, as well as your name, before mailing any payment to the bank.

Keep in Touch with Your Attorney!

The Trustee's office **by law cannot give legal advice**. You must call your attorney if you feel any changes are needed to your plan. This and other types of legal advice can only be provided by your attorney.

Keep Track of Your Case Online!

Monitor your case activity. Sign up with the National Data Center to track the money you pay and the money we pay out on your behalf. Set reminder alerts, see who filed claims, get email not snail mail! There are two ways to set up an account:

1

Set up account online

Visit www.NDC.org and follow the prompts to set up your account **or** use the direct link:

<https://www.NDC.org/trusteeforms/sfld>



2

Set up account using the camera on your cell phone

Scan the National Data Center QR Code to the right, click the link and follow the directions on the screen to set up your account.



OFFICE OF CHAPTER 13 STANDING TRUSTEE

administering bankruptcy cases in the
EASTERN DISTRICT OF MICHIGAN – DETROIT

Dear Debtor(s),

You have taken a brave step in filing Chapter 13. In order to complete your plan successfully, it is going to take a great deal of hard work. I recommend you read the Debtor Handbook carefully. Acquainting yourself with your rights and obligations will help you in understanding the Chapter 13 process and will increase your chances of success.

The law is giving you a chance to gain control of your finances. Please stay involved in the Chapter 13 process. Remember to work with your attorney and keep him/her posted of events in your life.

Feel free to save this handbook and use it as often as you need!

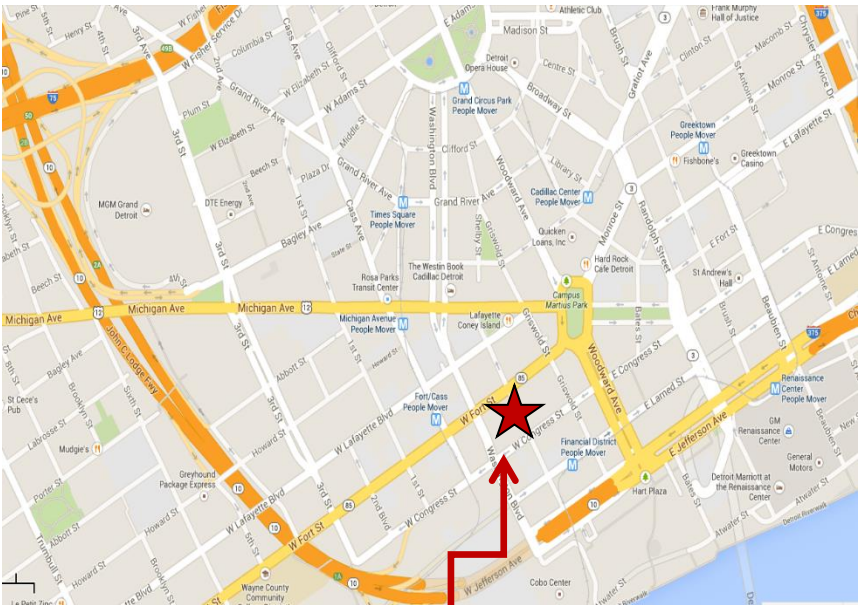
Best Wishes,

David Wm. Ruskin

David Wm. Ruskin
Chapter 13 Standing Trustee



Map For Court Hearings



Judges (211 W. Fort, Det 48226)

Lisa S. Gretchko
Paul R. Hage

19th Floor
19th Floor

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GENERAL INFORMATION ABOUT YOUR CHAPTER 13 CASE

INTRODUCTION

Chapter 13 is a method under the Bankruptcy Code to have protection from your creditors, providing that you pay them back as much as you can. It allows you to keep most or all of your property during the time you are paying creditors back. It also lets you modify some contract payments, interest rates and lengths of obligation. Creditors can take action against you *only after* you have had a Court hearing and the Judge has allowed it. Chapter 13 has gained widespread acceptance across the country as an attractive alternative to a “straight bankruptcy” (under Chapter 7 of the Bankruptcy Code).

YOUR CASE NUMBER

When your Chapter 13 petition was filed, the Bankruptcy Court gave the case a number. *This number is very important.*

You will need this number whenever you call or write the Trustee’s office and whenever you make a payment to the Trustee.

YOUR ATTORNEY

Under the rules of the Bankruptcy Court, your attorney must continue to represent you for as long as your case is active or until the Judge permits your attorney to withdraw from your case. You have the right to fire your attorney. If you ever have a legal question (concerning your case, a creditor, your rights or your options) ask your attorney first. Also, you should reach a clear agreement with your attorney about fees. The attorney will be paid their legal fee through your Chapter 13 plan.

Be sure that you and your attorney have fully discussed whether additional legal services during your plan will cost you more money or whether the initial fee will cover all legal services.

Remember that all legal fees must be reviewed and approved by the Bankruptcy Judge. You have the right to detailed information; if you disagree you should send a letter to the Bankruptcy Court. They will set a hearing and you can speak. You may change attorneys during the life of your plan, but please let the Trustee know the name and address of your new attorney.

YOUR NAME, ADDRESS, EMAIL ADDRESS AND PLACE OF EMPLOYMENT

The Trustee must have your current name, mailing address, email address and place of employment for as long as you are in Chapter 13.

If you ever move, change your mailing address or email address, you **must** inform your attorney and the Trustee of your new address or email **in writing**.

CONTACTING THE TRUSTEE'S OFFICE

The Chapter 13 Trustee's phone number is



(248) 352-7755

You can find staff directories, forms, Orientation materials and copies of this Handbook and more at the Chapter 13 Trustee's website

www.DET13.com

The office is open Monday through Friday from 9:00a.m. to 5:00p.m. You need not talk to the Trustee personally. The staff understands the policies and guidelines in Chapter 13 and is well qualified to discuss any problems or questions that may arise. ***The Trustee's staff cannot give legal advice,*** however,

You should direct all legal questions to your attorney.

REPORT OF PLAN ACTIVITY

Periodically you will receive a **Report of Receipts and Disbursements** from the Trustee. This report includes the financial activity on your case. It will itemize all the payments which the Trustee has received from you, as well as all the payments which the Trustee has made to creditors on your behalf. If you have any questions regarding the information on the report, please contact your attorney.

You may also visit www.NDC.org (National Data Center) for more detailed and up to date information. Please see the inside front cover of this book for further information.

SET UP AN ACCOUNT AT THE NATIONAL DATA CENTER (WWW.NDC.ORG)

The National Data Center (NDC) was created to allow Trustees to give you internet access to your case. It will allow you to track your money 24 hours a day 7 days a week at no extra charge to you.

- To set up an account at the National Data Center please visit www.NDC.org and follow the prompts or use the direct link as follows: <https://www.ndc.org/trusteeforms/sfld>. You can also use the camera on your cell phone. Scan the QR code, and follow the directions on the screen to set up your account.



This must be done before your §341 Meeting of Creditors.

- You can set alerts to remind you when a payment is due, a payment is received or if there is a change in your payment amount.
- You can keep track of what creditors file claims. You can alert your attorney to object to them if you think the claim is wrong.
- Receive documents from the Trustee via email instead of U.S. mail that can be accessed anytime. This is an easy way to save many of your Chapter 13 documents.

PLAN LENGTH

It is important to remember that the length is only a close approximation at the beginning of your plan. Counting the months remaining in the length of your plan begins generally with the month in which your plan was confirmed by the court. The length is dependent on many factors which may change during the course of your plan. It is very rare for a plan to last the exact number of months it was originally scheduled to run. Some of the reasons for this are

- Interest, which may or may not be paid to your creditors depending on your particular plan, adds length and dollars to your plan.
- Interest rates may change.

- Creditor files for a larger amount than you thought you owed.
- You may have forgotten a creditor which must be added to your plan.
- More attorney fees; missed payments.

No plan is allowed to exceed 60 months in length

This is the time limit for completion allowed by the Court. If your plan should exceed 60 months in length, your attorney can help you in resolving this problem. If the plan does not complete, you may not get the full benefits of your case.

PAYMENT INFORMATION

Please make all checks
payable to “Chapter 13 Trustee”

Forward all payments to:

Chapter 13 Trustee

P.O. Box 127

Memphis, TN 38101-0127



Money order, cashier's checks and personal checks **must include:**

- your **NAME**
- your **ADDRESS**
- your Chapter 13 **CASE NUMBER**

Do not mail cash or bring payments directly to the Trustee's office.

PAYROLL DEDUCTION ORDERS

At the time you filed your Chapter 13 case, your attorney probably submitted a payroll



deduction order to be served on your employer. This is required by the Court. This order tells your employer to deduct your plan payment from your paycheck and send it to the Chapter 13 Trustee. This order prohibits your employer from honoring any garnishments while you are under Chapter 13, including back taxes. The only exceptions are ongoing child support and other special circumstances. *It is important that both you and your employer understand that a payroll deduction order is NOT a garnishment.*

It may be helpful if you speak to someone in your payroll department to make sure they understand that:

- this court order stops garnishments
- this deduction should not be listed as a garnishment or Friend of the Court payment

Most employers understand that you are making a serious effort to repay your debts and think more highly of an employee who seeks to repay debts than of one who avoids repaying debts. **If your employer does not honor a payroll deduction, tell your attorney so that appropriate action can be taken.** If your employer has any questions, he or she may call our office for an explanation.

Note: It may take several weeks for your payroll deduction to become effective. In the meantime, be sure to make your regular plan payments directly to the Trustee. The Judge's willingness to approve your plan will depend on the good faith effort you demonstrate by your payment record prior to the confirmation hearing. If your employer fails to make a payroll deduction, you must tell your attorney that the deduction was not made, and you must send the needed plan payment to the Trustee by personal check, money order, or cashier's check.

AUTOMATIC ELECTRONIC PAYMENTS

Also known as "EFT" or "ACH Payments". The Court's Rules require an EFT/ ACH Agreement in the event you are not able to establish a Payroll Deduction Order .



You may also arrange to pay online at www.TFSbillpay.com.

Please consult your attorney for more information or visit our website at www.det13.com for sample forms.

OBLIGATION TO PAY

Even though the Court will usually order your employer to deduct plan payments and send them to the Trustee, **you must remember that you have the obligation to make sure payments are made.** The law requires that your payments start *no later than* 30 days after your case is filed. The sooner you start making payments, the greater chance you have of successfully completing your plan.

If you ever receive a regular paycheck in which the Trustee's payment was not withheld, you should immediately mail the payment yourself. It is your responsibility to pay the plan payments, even when you are not working, or if you become unemployed, you can amend your plan or take other necessary action. Talk to your attorney about your options.

ADJUSTMENTS OF PAYMENTS

It is extremely important for you to let your attorney know if something interrupts your pay and makes it impossible for you to make payments to the Trustee. In some cases, adjustments may be made on payments to prevent undue hardship. Whether or not you will be able

to adjust your plan payments will depend on how long your plan has been running and on the kinds of creditors you have.



FAILURE TO PAY

If the Trustee's office fails to receive payments on your Chapter 13 plan, either the Trustee or a creditor may seek to have your case dismissed. Consult your attorney at once.

Your plan requires you to send your Chapter 13 payments to the Trustee no matter what happens to your job, unless the Judge allows you to stop or reduce payments.

If you are temporarily without work, be sure that as soon as you return to work the payroll deduction starts again. The Trustee's role as administrator of Chapter 13 cases requires him to protect the interests of both debtors and creditors alike. Thus,

Whenever a debtor is substantially behind in payments under the plan, the Trustee will review the case for dismissal.

When the Trustee seeks to have your case dismissed, you will be advised in writing. You should then contact your attorney immediately to discuss your options.

PAYING MORE THAN REQUIRED

If your plan requires you to repay creditors 100%, paying the Trustee more than what your plan requires you to pay may decrease the amount of time it will take your plan to complete.

If you wish to complete your plan payments before the confirmed length of your plan has run, you must contact your attorney.

If you ever wish to increase your plan payments, contact your attorney.

CREDITORS



CONTACT BY CREDITORS

All the creditors that you listed in your Chapter 13 case are under an automatic restraining order, also called the “Automatic Stay.” The Automatic Stay prohibits your creditors from trying to collect payments.

If you get notices or letters from your creditors, send them to your attorney.

“Late Notices” from creditors need not cause you any great concern. If you receive a more personal, direct contact from a creditor, however, (such as a telephone call, a personal letter, a summons or a visit in person) you should immediately tell them that you are under Chapter 13 and give them your case number. Then, give them the addresses and names of both the Trustee and your attorney.

You should not discuss any debts with creditors in any manner. Be sure to tell your attorney the name of the person who contacted you, so that he or she can follow up on the contact.

CLAIMS OF CREDITORS

The creditors which you list on your Chapter 13 case are given an opportunity to file a claim for payment. If claims are not filed or are filed late, they may not be entitled to payment. See your attorney for further information.



If a creditor does not file a claim within the time allowed, but you want that creditor paid in your Chapter 13 case, please have your attorney file a claim for that creditor.

LATE CLAIMS

Creditors might not be entitled to payment if they file their claim late. Unless you object to paying a late-filed claim, the Trustee may pay the claim, even though it was filed late.

CREDITORS NOT LISTED



Not listing all creditors when you file for Chapter 13 can cause a lot of problems. If you discover an *unlisted creditor* after filing, you must let your attorney know the details of the debt **immediately**.

Your attorney can include this *unlisted creditor* in your plan to protect you from collection procedures. Time is very important in terms of protecting you, so **do not delay** if you discover one.

CREDIT CARDS, AUTO LOANS, LEASES AND POST-PETITION DEBTS



Once your plan is confirmed, the plan will prohibit you from acquiring any debt greater than \$2,000 for as long as you are under Chapter 13, unless the Judge approves it.

If you ever feel that it is important for you to buy something in installments and the total amount of debt costs more than \$2,000, you must obtain the Judge's permission to do so.

The Judge will generally grant you permission if you are paying regularly into your plan, there is a good reason to incur the debt and your ability to make plan payments is not threatened by the additional debt.

Remember: you must first contact your attorney if you need to incur additional debts.



OBTAINING CREDIT WITHOUT PERMISSION

Obtaining credit without permission of the Court is a violation of the Court's rules and is, therefore, subject to reversal by the Court.

Any credit purchase you make or lease agreement you enter into without the approval of the Court might be illegal and the goods may have to be returned to the original owner.

HOW CREDITORS ARE PAID

The money which you pay to the Trustee is used to pay all the expenses of administering your case, including any attorney fees to be paid through the plan, and creditors. After you have filed the Chapter 13 case, you cannot choose some creditors to be paid "on the side" because all of your debts must be dealt with through the Court.

Payments from the Trustee are disbursed to creditors by the 10th of each month. If the 10th of the month falls on

a weekend or a holiday, the payments will be sent on the next business day.

There are four basic types of claims: 1) administrative, 2) secured, 3) priority and 4) unsecured.

Remember: secured claims may accumulate interest under Chapter 13, but unsecured creditors are not allowed interest after the date when you filed your petition (except for unusual circumstances).

COSIGNERS AND CO-MAKERS



A co-signer, co-maker or guarantor on any of your consumer debts is generally protected from contact by the creditor as long as you remain under Chapter

13. This automatic protection applies only in Chapter 13 cases. If the co-signer, co-maker or guarantor has given collateral for the loan, the creditor must request a hearing before the Judge in order to reclaim the property. However, *this co-debtor protection will only protect co-signers, co-makers, and guarantors for the amount of debt which your plan proposes to pay.*

SELLING PROPERTY

You cannot dispose of any of your property, including land, without Court approval while you are in



Chapter 13. If the Court allows you to sell any of your property for a profit, the Court will decide where the profit will go. Some or all of it may have to be applied to your Chapter 13 debts.

If you sell your property without permission from the Judge, the transaction may be revoked, and your case could be dismissed. This includes re-financing your home or other property.

See your attorney for exact details.

SUING SOMEONE

You need prior approval from the Bankruptcy Court to hire an attorney for any non-bankruptcy matter or settle a lawsuit. Please ask your bankruptcy attorney if you have any questions.

INCOME TAX INFORMATION

The Trustee's office is not in a position to advise you on how to file your income tax return, or the amount of interest paid to creditors. We will, upon request, provide you with a copy of a report which will include the names of creditors that received money. We will automatically

send you reports periodically, but you may wish to know if any additional creditors were paid during the latter part of the year. Normally creditors to whom we



paid interest will send you a statement of how much interest was paid to them on your behalf. **Please consult a tax professional for more information.**

INCOME TAX RETURNS AND REFUNDS

A different office of the Internal Revenue Service, called *Special Procedures Section*, processes Federal tax returns filed by Chapter 13 debtors. The IRS does



this to avoid accidentally issuing notices in violation of the Automatic Stay order. However, it often results in tax refunds being delayed. To be certain that you receive any refund in a timely manner, you should file your tax returns each year as *early* as you possibly can. If you owe any taxes for prior years, the refund may be kept by the IRS. If this happens, discuss it with your attorney immediately.

All chapter 13 debtors are required to send the Trustee copies of Federal tax returns during your case. Tell your attorney to remove or cover up personally identifiable information (such as social security number, children's names, bank account and routing information, etc).

Also, your plan might include paying tax refunds into your plan. If the IRS keeps your refund to apply to other taxes you owe, or another creditor (for example, Friend of the Court) takes your refund, you may still be responsible for paying the refund amount to the Trustee – contact your attorney!

D Jane Doe
S Blue Forest Drive
Shelburne, VT 05482

Check # _____
Date _____

Pay to the order of **CHAPTER 13 TRUSTEE**

Dollars _____

The Vermont State Bank
Shelburne, VT
Account Number: 102300
CHAPTER 13 CASE NUMBER: XX-XXXX-XX

Signature _____

Send the amount you are obligated to pay into your plan in a personal check, cashier's check or money order to the

payment address for the Trustee (Chapter 13 Trustee, P.O. Box 127, Memphis, TN 38101-0127.) Include your name and case number, and clearly mark the tax year the amount covers ("for 20__ income tax refund"). If you are not sure regarding your tax refund obligation, contact your attorney.

STOPPING PAYROLL DEDUCTIONS



It is the Trustee's policy to stop payroll deduction or EFT/ACH transfers as quickly as possible when a plan is completed or dismissed. As soon as all claims are paid in full, or a case is converted or dismissed, the Trustee will notify your employer or bank to stop the payroll deduction. It often takes some time for employers to process these instructions so your employer may make

one or two extra payments. These funds will be returned to you in full, without deduction of the normal Trustee's fee.

DISCHARGE

The Trustee compiles a monthly list of cases that appear ready for discharge (i.e., all plan terms have been successfully completed). A review of the Court's records is performed to ensure that the Trustee has paid all claims filed by creditors. When it appears that your case is completed, the Trustee's office will file and send a report to the Court, you, your attorney and all creditors. Any money left over will be sent to you. The discharge means that your case has been closed because it has been successfully completed and all creditors have been paid the amount the Court determined. The Court, *not the Trustee's office*, will issue a Discharge Order 30 days after the Court receives the Trustee's Notice of Completion. **This discharge also acts as an injunction against your creditors, prohibiting them from taking unauthorized action against you after your case is ended.**



REQUEST FOR DISMISSAL BY YOU

Federal bankruptcy law allows you to request that your Chapter 13 case be dismissed at any time. No one can force you to remain in a Chapter 13 plan.

If you desire to dismiss your case, contact your attorney. Understand, however, that a dismissal will reactivate all unpaid or disputed debts, interest, finance charges, and late charges.

You will be forced to deal with these creditors on their own terms, not yours or the Court's. **The request for dismissal of your plan must be in writing.** We urge you to give careful consideration to such a decision and discuss it with your attorney.

ONE FINAL WORD

Complying with a Chapter 13 plan is not easy. You may have to make a substantial sacrifice to meet the obligations of your plan and to live within your Chapter 13 budget. You have the satisfaction of knowing that you have resolved your debt problems without filing straight bankruptcy and that you have paid most, if not all, of your obligations to your creditors.

Good luck!



NOTES