

BASIC INFORMATION ABOUT CHAPTER 13

U.S. Bankruptcy Court Central District of Illinois

Chapter 13

. Basic Information

. Filing Requirements

. Guidelines For Preparing The Creditor Matrix

Chapter 13 is designed for individuals with regular income who desire to pay their debts but are currently unable to do so. Creditors are repaid, in full or in part, in installments over a three year period. During this time, creditors are prohibited from starting or continuing collection efforts.

A Chapter 13 case begins with the filing of a petition, schedules of assets and liabilities, and a statement of financial affairs with the bankruptcy court. (Official Bankruptcy Forms can be purchased at a legal stationery store. They are NOT available from the court.)

A husband and wife may file a joint petition. However, when only one spouse files, the income and expenses of the non-filing spouse should also be included to accurately assess financial responsibilities.

Upon the filing of the petition, an impartial trustee is appointed by the United States Trustee to administer the case. Also, most actions by creditors to collect money owed to them must end. Creditors are notified of the filing and sent a copy of the proposed plan.

The debtor must file a plan of repayment with the petition or within fifteen days afterward. Plans provide for payments of fixed amounts to the trustee on a regular basis, typically bi-weekly or monthly. A plan for over 3 years must be for cause and in no case may a plan be for more than 5 years. The plan must be approved by the court.

The debtor must state making payments to the trustee within 30 days after the filing of the plan, even if the plan has not yet been approved by the court.

The trustee then distributes the funds to creditors according to the terms of the plan.

Approximately 20 to 40 days after the petition is filed, a "meeting of creditors" is held. The debtor must attend this meeting (if husband and wife file jointly, BOTH must attend). The trustee will conduct this meeting and question the debtor regarding the debtor's financial affairs and the proposed terms of the plan. Creditors may also attend this meeting and question the debtor.

After the meeting of creditors is concluded, the judge must determine at a confirmation hearing whether the plan is feasible and meets the standards of the Bankruptcy Code. Creditors may appear at the hearing and object to the confirmation of the plan. When the plan is confirmed by the judge, the trustee commences distribution of the funds received from the debtor.

Upon successful completion of a Chapter 13 plan, the debtor will receive a "discharge" which extinguishes the debtor's obligation to pay any unsecured debts that were included in the plan, but were not paid in full through the plan. As in a Chapter 7, some debts cannot be discharged.

This is very basic information. There are numerous other actions and proceedings which could take place in a Chapter 13 case. The bankruptcy law regarding the scope of a Chapter 13 discharge is complex, and debtors should consult competent legal counsel in this regard prior to filing.

This booklet contains general information about Chapter 13 of the U.S. Bankruptcy Code.

While this information is accurate as of the date of publication, it should not be cited or relied upon as legal authority. This information should supplement, not substitute for advice of competent legal counsel. (10/91)

FILING REQUIREMENTS

Chapter 13

. FILING FEE \$194.00*

** Filing fee increase effective 11/1/03

. Creditor Matrix

. Voluntary Petition

Official Form 1 required

Original signature(s) required.

Please provide a phone number on your petition where you can be reached or where a message can be left.

File original. Always retain a copy for your records.

. Chapter 13 Plan must be filed *within 15 days from date petition filed.*

Original of the following must be filed within 15 days from the date petition is filed if only to state NONE:

. *Statement of Financial Affairs.*

Official Form 7 required.

. *Schedules A through J, excluding C,*

plus Declaration

Official Form 6 required.

**The Filing Fee Must Be In The Form Of Cash, Money Order, Or Certified Bank Check. The Clerk's Office Cannot Accept Personal Checks.*

GUIDELINES FOR PREPARING THE CREDITOR MATRIX

The list of creditors (matrix) is "read" by an Optical Character Reader (OCR). This list is then stored in the computer database where it can be used to generate bankruptcy notices.

To insure that your matrix can be read by the optical scanner, we ask that you observe the following guidelines:

1. Lists **MUST BE TYPED** and in one of the following standard typefaces or print styles: **-Courier 10 pitch -Prestige Elite -Letter Gothic**
2. Lists should be typed in a single column on 1 side of the paper only.
3. There must be at least a ½ inch margin from the edge of the paper on all sides (bottom, top, and sides).
4. Each name/address entry must consist of no more than five (5) lines, and each entry should have at least 1 blank line between it and the next entry.
5. Each line should be no more than 40 characters in length.
6. Put only the names and addresses of your creditors on this list. Do not put your name or any other information or marks on the front. (If you wish, you may write your name on the back of the sheets.)
7. Do not use all capital letters (even on 1 line). Use capital and small case.

If these guidelines are not followed, your matrix will be returned to you and you will have to prepare another one. This will slow the processing of your case and will cause needless delays.

Your matrix should be filed with the petition. If this is not possible, it **MUST** be filed within 5 days from the date petition is filed your case **WILL BE DISMISSED.**

A SAMPLE MATRIX

ABC Credit Union
3927 N. University
Anytown, IL 64033

Karle and Mary Smith
P.O. Box 2
Blue Springs, MO 64015

City State Bank
Rt. 116
Big City, Illinois

Gas Company
300 Liberty St.
Podunck, IL 602221

Medical Center
221 NE Oak Ave.
Peoria, Illinois

James Q. Organ, M.D.
42 N. Knoxville Ave.
Peoria, IL 61614

Quality Systems
975 N. St.
Galesburg, IL 61401

Bell Telephone
Bill Payment Center
Arthur, IL 60663

Bankruptcy fraud is a felony under federal criminal law, and may result in arrest, fine, or imprisonment. In the event of fraud during any bankruptcy proceeding, such as the hiding of assets, or the failure of the debtor to obey a lawful order of the court, the discharge can be denied or revoked.