

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF ILLINOIS
235 U.S. COURTHOUSE
600 EAST MONROE STREET
SPRINGFIELD, ILLINOIS 62701

CHAMBERS OF
MARY P. GORMAN
CHIEF JUDGE

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April 8, 2013

To: Springfield Division Chapter 13 Practitioners

From: Mary P. Gorman, Chief Judge

Re: Model Chapter 13 Plan

I am pleased to announce the posting in the Forms section of our website of a model Chapter 13 plan for use in the Springfield Division. Use of the model plan is optional at this time, but I recommend that debtors' attorneys review the model plan now and consider using it in all new cases. I expect that after a trial period of approximately six months, use of the model plan will become mandatory.

I believe that a model plan is needed in the Springfield Division. With the assistance of my law clerks, I drafted a proposed plan and submitted it to a committee of practitioners for review and comment. After several drafts and many comments, the model plan is now ready for use. I am grateful to Faiq Mihlar, who served as chairman of the committee, and committee members John Germeraad, Jay Barr, Andrew Bourey, James Finegan, James Inghram, Berton Maley, Marcia Moellring, Gail Noll, and Marilyn Washburn for their valuable assistance on this project. If you have comments about substantive areas of the model plan as you begin to use it, please pass those comments on to committee members. All comments from practitioners will be considered before use of the plan becomes mandatory.

The model plan is a fillable plan and contains instructions for its technical completion within the document itself. The model plan should be compatible with the current versions of Adobe Acrobat that most practitioners have and use to participate in our ECF system. Our IT department worked very hard on the technical aspects of the model plan and I am particularly grateful to Ron Hayward, who did the bulk of that work. Mr. Hayward is available to provide technical assistance to practitioners on the use of the model plan and may be contacted at 217-492-5023 or via email at ronald_hayward@ilcb.uscourts.gov.

I am cognizant of the fact that the model plan is longer and more detailed than the style of plan used by most Springfield Division practitioners. And, I am sure many practitioners will view the use of the model plan as causing more work and time spent in each case. I hope, however, that

all practitioners will give the model plan a chance. The purpose of the model plan is to provide clear language for the treatment of various classes of creditors which should lead to quicker confirmations and less confusion post-confirmation about what the terms of a confirmed plan actually are.

We have included provisions for the treatment of various types of secured creditors and, in each section, identified spaces for the inclusion of the information generally required to be provided for that type of creditor. Again, this may seem like more work at first, but the Trustee or creditors usually object if plans do not include interest rates, collateral descriptions, and the like and, accordingly, it makes sense to provide all required information in the first place.

With respect to unsecured creditor treatment, we have provided more precise language than what we generally see in the plans in use now. Frequently, I see plan provisions which say that unsecured claims will share *pro rata* in whatever is left after all other claims are paid, but then also state the approximate dollar amount and estimated percentage that will be paid to those claimants. This leads to confusion about what debtors are really proposing. *See, e.g., In re St. Pierre*, 2012 WL 1835448 (Bankr. C.D. Ill. May 18, 2012). In the model plan, debtors may assert that they have no disposable income and propose no dividend to unsecured creditors, that their disposable income has been calculated as a specific dollar amount that will be paid to unsecured creditors, or that unsecured creditors will be paid whatever is left after other claims are paid without committing either a dollar or percentage amount to those payments. Alternatively, debtors may acknowledge that they are required to pay all unsecured claims in full and propose to do so. Debtors will select only one of the choices for paying unsecured claims and, accordingly, their proposed treatment of unsecured claims should be clear.

Finally, I want to mention that a proposal has been circulating regarding the creation of a national model plan. If a national plan is mandated in the future, we will, of course, follow the law in that regard. In the meantime, however, I believe that the use of a model plan in the Springfield Division will be helpful, and I urge you to consider use of our proposed model plan.

Thank you.