

## OPTIONS FOR CHAPTER 13 CASES IF YOU GET INTO TROUBLE...

Should you find that you simply cannot make the required Chapter 13 payments or if a house or car is repossessed or foreclosed while you are in a Chapter 13 case, there are still options available to you.

1) **Option 1: Let the Case be Dismissed.** Once the case is dismissed, it will be as if you never filed a bankruptcy except that you will have wasted the payments that you previously made on your Plan and the dismissed filing will remain on your credit record. Creditors will again be allowed to complete their foreclosures, repossessions, garnishments, or lawsuits. Generally, you will be allowed to file a new bankruptcy case if helpful, however this will require payment of a whole new set of new attorney fees and a new filing fee and it is unlikely that you can keep the secured creditors that were listed in your first case (houses and cars) from taking back their collateral unless you become fully up-to-date with your payments to them.

2) **Option 2: Modify your Plan.** You may be able to modify your Plan to rearrange your payment schedule or to surrender an asset that you were previously keeping and paying for in the Plan (i.e. surrender some furniture, an auto, or your home). This **may or may not** allow you to reduce your monthly payment depending upon what your “Means Test” indicated at the time the case was filed and your current circumstances. You will need to prepare a new budget that will inform the court if your financial circumstances have changed. Normally, we won’t modify your case unless your budget shows that you have the same (or less) left over income each month. If your budget shows that you now have more typical left over income each month (maybe you received a raise or now have substantially reduced expenses), it is possible that the Chapter 13 Trustee will actually want you to increase your monthly plan payments. So, it is important to review your new budget prior to filing a modification. Although there are attorney fees required for filing a modified plan, the fees **are normally** able to be paid from the Chapter 13 Plan payments you make in the future to the trustee. Contact us to discuss any modifications.

3) **Option 3: Convert to Chapter 7.** You may wish to give up your secured assets and convert the case to a Chapter 7 liquidation case. Whether you can do this or not depends on whether you were eligible to file a Chapter 7 case initially when the case was first filed or whether we can show that you have suffered a substantial change in circumstances such that you would now pass the Means Test. If you are eligible, converting your case to Chapter 7 will allow you to discharge all of your debts and no longer be liable for them or for any deficiencies that result after the surrendered asset is sold by the creditor. One nice thing ... you can also include and discharge any new debts that you have incurred after your initial Chapter 13 case was filed up to the date of filing the Notice of Conversion to Chapter 7. Note that there are additional attorney fees for converting (currently \$800 plus the court’s \$25 filing fee) You will also be required to attend a new Chapter 7 Meeting of Creditors about 30 to 40 days after the case is converted. In addition, please remember that you will also be responsible for any remaining Chapter 13 attorneys fees (if any) that weren’t paid by your prior Plan. Typically, if you’ve been in your Chapter 13 case for more than a year, there are no such fees remaining. If necessary, we will set up a monthly payment plan to help you out.