

12/01/2017 TXSB Chapter 13 Plan Modification Instructions

The new Chapter 13 plan modification form has some specific ways to handle payments to creditors. These are instructions as to how to get creditors to appear in the corresponding paragraphs. If you don't see any instructions, enter the creditor as you have in the past. BankruptcyPRO will also create the Statistical Summary form based on the way your creditors are set in the plan.

If BankruptcyPRO is unable to determine where a creditor should print in the plan, you will get a warning about adding a special provision when you print the plan. However, even if you enter a special provision for that creditor, BankruptcyPRO will continue to alert you.

Paragraph 3: Description of Events Causing Need to Modify Plan: These boxes are checked from the Special button on the print dialog for the Modified Plan. You can enter the descriptions there as well.

To initiate a Modified Plan, you will need to set the Start Month for Modified Plan in the Plan Calculator (13 button). When you set that month, a tab will appear for Actual Payments. Enter the amount the Debtor(s) have paid to the trustee so far. You can enter a lump sum in the last month of the grid if you like. Be sure to Enter the First Plan Payment due date on the General tab in the plan, so the grid will show you a month/year display (e.g. 12/2017).

The Variable Payments tab is where you will enter the projected payments going forward in the Modification. The boxes for the months prior to the modification will show the amounts from the Actual Payments tab, but they will be grayed out. These payments will print in Paragraph 4.B of the modified Plan.

You will also need to indicate how much each creditor was paid prior to the Modification. When you set the Start Month for Modified Plan, you enable some additional tabs in the Creditors in the plan. When you double-click on a creditor, you will now see a tab for Pay Method/Interest, a tab for Fixed Payments, and a tab for Actual Distributions. If you choose to do so, you can enter the monthly amounts from the Trustee's website on the Actual Distributions tab. You can also enter a total amount for Principal Paid and for Interest Paid. If you enter the single amounts, BankruptcyPRO will offer to add a record in the last month for you. This is your starting point for the Modified Plan. You generally do not need to enter the Principal Owed or Interest Due amounts unless the amounts calculated by BankruptcyPRO do not agree with the amounts showing on the Trustee's website. The Fixed Payments tab is where you can specify payments going forward in the Modification. If you will be paying the creditor on a pro rata basis going forward, you'll set the Pay Method to Pro Rata and you will not need to enter any payments on the Fixed Payments tab. These options apply to all creditors which were in the original plan.

It is important that arrearage and escrow creditors be created initially using the Make Arrearage Claim and Make Escrow Claim buttons on the plan tab in the creditors. That will “tie them together” in BankruptcyPRO for purposes of calculation.

You will now see a new section at the bottom left on the Plan tab in the creditors. There will be choices to report the balance in the Remaining Claim column, in the Post-Confirmation Claim Column, or Auto-Detect. There is also a checkbox to tell BankruptcyPRO “Don’t show this creditor on Modified Plan.” To the right of those choices, there is a button to Add a Post-Confirmation Claim for that creditor. In a modification, if any distributions have been made and Auto-Detect is selected, BankruptcyPRO will list the balance going forward under the Remaining Claim. Otherwise it will list it in the Post-Confirmation Claim column. If necessary, you can control where the amount prints.

NOTE: If you are simply adding a new non-related Post-Confirmation claim, you’ll just add a new creditor record.

The "Add Post-Confirmation Claim" button adds a claim for the selected creditor. If there is interest, you may need to set the start month for interest so it does not calculate from the original plan date. If the claim will pay off during the life of the Plan, it will be listed as a total debt claim.

The "Don't Print on Modified Plan" checkbox could be used if there is nothing to pay under the Plan, rather than show a \$0.00 amount. You will probably only use it if it is absolutely necessary to manually suppress a creditor from the Modified Plan.