

Hypothetical Scenario For Sample New Chapter 13 Plan

Debtors Ralph and Alice Cramdown have several problems:

They have 4 cars with loans:

1. 2015 Chevy refinanced 4 years ago worth \$10,000 on which they owe \$8,000 but with a very high interest rate. So they will pay it off in full under the plan but reduce the interest to 5% per Section 5 Class 2.
2. 2018 Subaru purchased 3 years ago worth \$11,000 on which they owe \$15,000 with high interest rate. So they will cram it down to \$11,000 and reduce the interest rate by the plan per Section 5 Class 3 – using Attachment B.
3. 2020 Honda purchased 2 years ago worth \$18,000 on which they owe \$28,000 (“910 claim”), including an unsecured portion of \$7,000 due to negative trade in value and a cancelled service contract. So under Penrod they are deducting \$7,000 from the Creditor’s secured claim and paying the secured balance in full through the plan (and maybe changing interest rate if needed) per Section 5 Class 5.
4. 2022 Toyota purchased 1 year ago on which they owe \$33,000 with a monthly payment of \$580 (which they are current on), and which they intend to pay directly per Section 5 Class 8.

They have a home in Oakland which they have owned and resided in for 15 years, worth \$500,000, against which they have the following debts:

- a) First Mortgage owed to Wells Fargo Bank of \$625,000, with \$20,000 of arrears. The arrears are paid through the plan - per Section 5 Class 1. Monthly payment is set at \$100 to start 6 months into the case, with the actual amount greater than \$100 per month which Wells Fargo eventually receives based on the distribution of plan payments “waterfall” under Section 9.4. Post-petition monthly payments will be paid directly by the Debtors – *not using Attachment A’s conduit payment provisions.*
- b) Second Mortgage of \$200,000 owed to “Hard Money Fiend” The Second will be stripped by the plan per Section 5 Class 4 - using Attachment C.
- c) Judgement lien of \$25,000 owed to a credit card collection firm. The Judgment Lien will be avoided by the plan per Section 5 Class 6 - using Attachment D.

They have \$10,000 of priority taxes which will be paid without interest per Class 11.

They have a co-signed a debt of \$5,000 which will be paid in full as an unsecured claim prior to any other general unsecured claims per Class 13. In addition they have \$120,000 in other general unsecured debt to be paid zero dollars per Class 14.

Attorney’s fees for the unpaid portion of “No Look” fees are \$6,600, excluding a determination whether the extra fee of \$1,500 each applies when using attachments C and D.

Debtors have \$8000 in non-exempt personal property, are above median income, and have zero “Projected Disposable Income” from Form 122C-2. Their “Monthly Net Income” from Schedules I and J is \$1600.