

# Chapter 13 Plan Explanation

## Duck, Donald and Daisy

BkAssist has calculated a Chapter 13 Plan in this case.

### Constraints on the Plan:

- Debtor is below median income. The applicable commitment period is therefore 36 months. In addition, disposable income per B22C is not important.
- You did not override the default plan length, so BkAssist has calculated a plan length of 60 months, which is how long it will take the debtor to pay \$37,620.00 in monthly installments of \$627.00.
- There are \$9,000.00 in non-exempt assets. BkAssist has calculated that a hypothetical Chapter 7 Trustee would receive compensation of up to \$1,254.54 under § 326(a). In addition, BkAssist has estimated administrative expenses of \$2,700.00 based on the percentage (30.00%) you specified in the worksheet. Thus, \$5,045.46 would be available for creditors in Chapter 7, and at least that much must be paid to unsecured creditors (including priority creditors) during the plan to meet the liquidation test in § 1325(a)(4).
- A total of \$22,546.60 will be paid in respect of secured claims that total \$22,546.60. The claim(s) include \$22,546.60 in pre-petition arrears on secured claims. The Payments column shows the total amount being paid so that the present value of payments equals the claim amount. The claims involved are as follows:

<b>Creditor/Lessor</b>	<b>Collateral</b>	<b>Claim Amount</b>	<b>Payments</b>
Bank of Avarice	Residence at One Quacker Lane	\$22,546.60	\$22,546.60
<b>Total</b>			\$22,546.60

- There are no priority claims to be paid.
- A total of \$1,500.00 in administrative claims will be paid, including:
  - \$1,500.00 in unpaid attorney fees, as stated in the Rule 2016 disclosure.
- General unsecured creditors are receiving a total dividend of \$5,081.35 under this plan in consequence of the liquidation analysis and the effect of rounding the plan payment. This sum is 12.70% of the total amount (\$40,000.00) of unsecured claims, which includes:
  - \$40,000.00 in general unsecured claims.

The general unsecured claims in this case are as follows:

<b>Creditor</b>	<b>Description</b>	<b>Amount</b>
What's In Your Wallet	Credit Card	\$40,000.00
<b>Total</b>		\$40,000.00

- The plan accords special treatment to certain unsecured claims, which are receiving a total of \$5,000.00, as compared with the \$635.16 they would have received if they had not been specially classified. These claims are:

<b>Creditor</b>	<b>Description</b>	<b>Amount of Claim</b>	<b>Payment Amount</b>
Shylock Loans	Personal Loan	\$5,000.00	\$5,000.00
<b>Total</b>		\$5,000.00	\$5,000.00

## **Plan Funding:**

- This plan requires a total of \$37,620.00, which is made up of:
  - \$37,620.00 in monthly payments made by the debtor. *The plan is not feasible, however, because the debtor's net monthly income, as shown on Schedules I and J, is just \$500.00. This permits the debtor to pay just \$30,000.00 over the life of the plan. The debtor needs to make 60 payments of \$627.00 each.*
- BkAssist has used the disposable income calculated from your schedules as the maximum payment.

## **Possible Changes:**

- The \$7,620.00 shortfall in plan funding could be cured by increasing the debtor's income by \$127.00 per month or by reducing the debtor's expenses in that amount.
- A total of \$69,500.00 in asset equity has not been committed to funding the plan. Liquidating enough of these assets to yield \$7,620.00 would make the plan feasible.