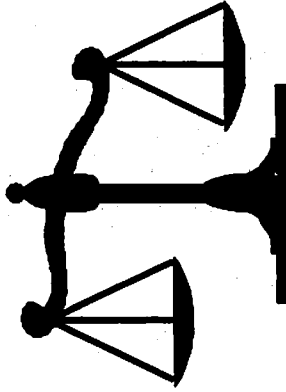


Chapter 13

The Facts You Need To Know



JAN P. JOHNSON
CHAPTER 13 TRUSTEE
2535 Capitol Oaks Drive, Suite 100
SACRAMENTO, CA 95833

SECTION II

INTRODUCTION

Dear Debtor(s),

You have chosen to file a Chapter 13 bankruptcy where you will live with a budget for the next three to five years. This will not be easy, but I congratulate you for selecting a repayment plan over one of liquidation. Your goal in Chapter 13 is to receive relief from the pressures of your creditors while reorganizing yourself and ultimately receiving the discharge of those debts included in your plan.

New Bankruptcy laws took effect on October 17, 2005. The new laws are more complicated than before and requirements for filing and discharge have increased in complexity.

My office is here to help you, but we cannot give legal advice. Your attorney is the best source of legal information during your bankruptcy. Should you have filed without an attorney, I urge you to seek one who can be paid through your plan. Bankruptcy is very technical and you should have legal counsel. Your success is one of our goals. I hope that this booklet helps you achieve yours.

Sincerely,



Jan P. Johnson
Chapter 13 Trustee

SECTION III

THE FACTS YOU NEED TO KNOW

A. Your Chapter 13 Trustee and how to contact his office:

Jan P. Johnson is your Chapter 13 Trustee. His office telephone hours are 9:00 a.m. to 3:00 p.m., Monday through Thursday, and 9:00 a.m. to 11:30 a.m. and 12:00 p.m. to 3:00 p.m. on Friday. Mr. Johnson has a very busy schedule and is unable to answer your calls directly in most cases. His staff is trained to answer all your questions during the previously mentioned phone hours. Please do not leave a message. Due to the high volume of calls, the office staff is unable to return them. Please direct all your calls to (916) 492-8001 from 9:00 a.m. to 3:00 p.m., Monday through Thursday and 9:00 a.m. to 11:30 a.m. and 12:00 to 3:00 on Friday. Please note that the Trustee's phones will be turned off on the last two business days of each month in order to disburse checks to creditors. Please do not call the Trustee on these designated disbursement days.

Mr. Johnson's office is open from 9:00 a.m. to 3:00 p.m., Monday through Thursday and 9:00 a.m. to 11:30 a.m. and 12:00 to 3:00 on Friday. It is located at 2535 Capitol Oaks Drive, Suite 100, Sacramento, California 95833. Please do not send mail to the physical address. Payments may be placed in the Chapter 13 Drop Box at any time.

The following addresses are for correspondence and payments:

Correspondence Address:	Payment Address:
Jan P. Johnson	Jan P. Johnson
P.O. Box 1708	P.O. Box 1557
Sacramento, Ca. 95812	Sacramento, Ca. 95812

The Chapter 13 Trustee has a website that allows access to information about your case. You may access the website at www.l3network.com or www.l3datacenter.com. If you find any inaccurate information on the website, you are encouraged to contact your attorney and your Trustee's office immediately.

Jan P. Johnson has his own website at www.jpj13trustee.com that offers more detailed information about his office in general. Your Trustee encourages you to visit both websites.

B. Chapter 13 Personal Financial Management :

The new Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 requires that individuals who file Chapter 13 attend a United States Trustee approved Personal Financial Management course in order to obtain a discharge. This is in addition to the consumer credit counseling that you were required to obtain prior to filing your Bankruptcy case.

There are several websites that contain helpful information on personal financial management including materials. An excellent site sponsored by VISA is www.moneychoices.com, or in Spanish www.opcionesmonetarias.com.

There are many courses available, but you must obtain a certificate from a course approved by the United States Trustee. Please see their website at www.usdoj.gov/ust for a list of approved courses.

C. If you have a legal question:

The Trustee and his staff cannot give legal advice. All legal questions concerning your case, a creditor, your rights, your options, correspondence you receive, or changes in your situation should be directed to your attorney.

Your attorney must continue to represent you as long as your case is active or until a Judge permits him/her to withdraw from your case.

D. Your Plan payments:

All payments are due on the 25th day of each month. There is no grace period. Your first payment is due on the 25th of the month following the date your petition was filed.

A wage order is the court ordered deduction of your plan payment directly from your paycheck. While at your first meeting of creditors, the Trustee or his representative will either waive a wage order, or will note that one will be forthcoming. This means that if a wage order has been waived, you are responsible for sending a Money Order or Cashier's Check to the previously noted payment address due on the 25th of each month until the completion of your plan. The Trustee does not accept personal checks. Please make your payment payable to 'Chapter 13 Trustee' and make certain that you attach the sticker given to you at your first meeting of creditors directly to the front of the money order or cashier's check. It is important to write your name legibly and to use your case number sticker on every payment. If you do not have your case number or stickers, write your social security number on the payment. It is imperative that you keep your receipt for every payment you make to the Trustee.

If a wage order is not waived, you and your attorney are responsible for providing a completed wage order form to the Trustee's office immediately. However, the wage order will not be implemented until your case is confirmed. This may take several months to occur, during which time, you are responsible for sending a Money Order or Cashier's Check to the previously noted payment address due on the 25th of each month. In order to find out if your wage order has been implemented, you should keep in close contact with your attorney to determine if your case has been confirmed. You may want to ask your employer to notify you as soon as they have received the wage order. Until the order is implemented, you must continue to mail payments to the Trustee. Double payments may occur if you have recently mailed in a plan payment and your employer has implemented the wage order in the same month. The Trustee cannot return any payments made in error because of a lack of communication between you and your employer regarding your wage order implementation date. If you find that you have made

a double payment, you do not need to make an additional payment the following month. You are urged to closely monitor your wage order.

If you have a wage order implemented and you change employers, it is your responsibility to make payments directly to the Trustee's office. The payment should be made with a Money Order or Cashiers Check until the wage order can be implemented with your new employer's address and information.

If your mortgage was delinquent when you filed the petition, then your regular on-going mortgage payments may be made to the trustee who can make these payments for you.

If any payment is missed, the trustee may ask the court to dismiss your case. If your payment is late (received after the 25th) to the trustee, you must include your late fee charges and additional Trustee Fees in your payment to the trustee.

E. Your Annual Report:

Each February that you are in your Chapter 13 plan, you will receive a statement showing all the payments you have made to your Trustee and payments your Trustee has made to creditors on your behalf for the prior calendar year. If you note any discrepancies in the accounting of your payments, please notify the Trustee's office and your attorney immediately.

F. Your mortgage payment:

If your mortgage payment was not delinquent when you filed the petition, then you should make your regular on-going mortgage payment as usual to your creditor directly. It is of the utmost importance that you continue to make your mortgage payments in a timely manner if they are not being paid through your plan.

You also must maintain adequate insurance on your home and keep your property taxes up to date if these costs are not included in your mortgage payment. Failure to do either could result in you losing your home to foreclosure.

G. Your current address:

The Trustee and the U.S. Bankruptcy Court must have your current address at all times in order to mail important documents throughout the life of your plan. The Trustee must also have your current telephone number as well. Please notify your attorney in writing of any changes in your address or telephone number. Your attorney must file with the court and serve upon the Trustee any change of address, as the Trustee can not make informal address changes.

H. Notice of Filed Claims:

Approximately seven months after your case is filed, the Trustee produces a Notice of Filed Claims. This notice is sent to you and your attorney in the seventh month of your case. It is of the utmost importance that you thoroughly review the report with your attorney for the following reasons:

1. If a creditor did not file a claim they will not be paid. You may want to file a claim on behalf of a particular creditor.
2. If you disagree with the amount or classification of a filed claim you may have the right to object to the claim.
3. If there are any claims filed by creditors that were not originally provided for in your plan, you must take the necessary action to properly provide for the claim or the effected creditor will not receive a distribution.

All three of the above situations must be resolved through your attorney. The Trustee cannot resolve any of the above situations. The Trustee's office can alert you to the existence of a particular situation but the action necessary to correct the situation can only be initiated by you or your attorney.

I. The length of your plan or Commitment Period:

Upon entering a Chapter 13 plan, it is difficult to determine the exact duration of your plan. It is rare for a plan to last exactly the same number of months as the original projected length. A creditor may file a claim for a larger than anticipated amount or a forgotten creditor may need to be added to your plan. In both instances your plan may need to be extended to accommodate the increased amount owed to your creditors. On the other hand, some creditors may file a claim lower than the originally anticipated amount. This does not necessarily mean your plan will complete quicker than your originally scheduled plan length. If your plan is scheduled to pay 100% to your general unsecured creditors, and a filed claim is lower than previously anticipated, you may complete your plan quicker than previously thought. However, if you are paying any amount less than 100% to your general unsecured creditors, and a filed claim is lower than previously anticipated, you must continue your plan out to the last originally scheduled month. In this event, the Trustee will disburse as much money as possible to your general unsecured creditors.

J. If you want to pay-off your bankruptcy early:

If you want to pay-off your case early, you must contact your attorney. Your attorney may submit a motion to the court and set a hearing date for the matter to go before a bankruptcy judge who will issue a final order regarding your request. If you attempt to pay-off your case prior to the thirty-sixth month, please be advised that your Trustee may request that you pay 100% to your general unsecured creditors regardless of the percent noted in your confirmed plan.

SECTION IV

YOU AND YOUR CREDITORS

A. Will your creditors continue to call?

If the creditors in your plan are under an automatic stay, they are prohibited from contacting you unless you have chosen to represent yourself. In the event you are contacted, you may refer them to your attorney and give them your Chapter 13 case number and Trustee's name.

B. What to do if you forgot to list a creditor?

Immediately contact your attorney if you forgot to list a creditor on your original documents. You must file amended documents to add the forgotten creditor.

C. How and when will your creditors be paid?

Your payments to the Trustee are used to pay your creditors, your attorney (if all his/her fees were not paid up front) and your Trustee fees. Creditors fall into three basic categories: secured, priority, and general unsecured. The Trustee will pay your creditors according to the terms of the plan that you have proposed. Generally, the Trustee pays your attorney and all secured creditors first a set monthly payment, then your priority creditors, and finally your general unsecured creditors based on funds available after disbursement of the set monthly payments. The Trustee takes a small percentage based fee upon each disbursement.

Confirmation is the Court-ordered approval of the terms of your plan. Disbursements to most of your creditors will not begin until your case is confirmed. However, some creditors may be entitled to receive adequate protection payments prior to your case being confirmed if they have an allowed Proof of Claim on file. If adequate protections payments are required to be made to any of your creditors prior to confirmation, the Trustee will maintain the accounting records for those payments made on your behalf. If your Trustee or a creditor objects to your proposed plan, the matter may be heard by a bankruptcy judge who will make the final decision regarding the objection. Prior to the confirmation of your case, all of the money you pay into the plan is held in trust. If you are unable to confirm your plan, your case cannot go forward. You may be given a chance to revise your plan to meet the concerns of the opposing parties. If you are unable to do so, your case will be dismissed. See section V, part D, regarding the dismissal of a case.

SECTION V

FREQUENTLY ASKED QUESTIONS

A. What do I do if I need to refinance or purchase a vehicle or home while I am in my Chapter 13?

We understand that things happen and the law permits, under certain circumstances, use of credit while in a chapter 13. If you need to refinance or purchase a vehicle or any other item using credit during your bankruptcy, you must contact your attorney immediately. Your attorney must determine whether or not your request complies with local rules and guidelines and submit the appropriate motion and supporting documents to the Trustee and/or court for a bankruptcy judge's approval. Pursuing credit in excess of \$1,000.00 without court permission may jeopardize your Chapter 13 case and could lead to a dismissal of your case.

B. May I sell my property while I am in my Chapter 13?

All your property, almost without exception, is considered part of your bankruptcy estate. You cannot sell any major part of your estate without permission from the court. Your attorney must submit the appropriate motion and supporting documents to the Trustee and/or the court for a bankruptcy judge's approval.

C. What if I cannot make my payment this month OR I have received a delinquency letter from the trustee's office? Can I make payment arrangements?

The Trustee cannot make payment arrangements. You can call the Trustee's office and tell us how much and when you can pay. A note regarding your phone call will be noted in your case but this does not guarantee that delinquency action will not be taken on your case. You should call your attorney and discuss your situation with him or her.

D. What do I do if I get behind in my plan payments?

If you become delinquent in your plan payments, contact your attorney immediately. Please do not call the Trustee's office. The Trustee cannot make arrangements with you regarding the delinquent payments. If you will not be able to cure the delinquency you have incurred, your attorney may submit a motion to modify your plan to the court, and set a hearing date for the matter to go before a bankruptcy judge.

E. What happens if I receive a motion to dismiss my case?

The Trustee may set a hearing for a motion to dismiss your case for many reasons. If you become delinquent in your plan payments, or fail to cooperate with the Trustee's office in any number of ways, you may receive a notice in the mail to appear before a bankruptcy judge.

Immediately call your attorney if you receive a notice of a motion to dismiss. It is imperative that you address the matter quickly in order to avoid a dismissal of your bankruptcy.

F. What does it mean if my case is dismissed?

If your case is dismissed, you will no longer be protected from your creditors by the automatic stay. The stay will be lifted, and your creditors will resume recovery procedures on the debts owed to them. Your creditors may add interest and penalties to the amount owed to them that were waived while your Chapter 13 plan was active.

If your case is dismissed prior to confirmation, the Trustee is entitled to fees incurred in the administration of your case. Your attorney may also be entitled to fees. Any allowed fees will be paid from the money you paid to the Trustee for your plan. In addition, disbursements may have been made to your mortgage creditor and/or other secured creditors entitled to adequate protection. Any remaining funds, after the previously mentioned allowed fees are paid, will be returned to you upon the closing of your case.

G. What happens to debts I owe that are not paid-in-full during my bankruptcy?

During your bankruptcy, some creditors may not receive the entire amount originally owed to them. Any remaining amounts owed to your unsecured creditors at the end of your bankruptcy may be discharged upon the completion of your case unless they are non-dischargeable. Creditors with dischargeable debts cannot resume collection against you on these debts.

Some debts in your plan may not be discharged unless you have paid them in full. Please consult your attorney for further information on non-dischargeable debts.

H. What happens when I am in the last scheduled month of my plan?

Please refer to section III, part I, regarding your plan length or commitment period. When you believe you have reached what was originally scheduled to be your last month in the plan, you should expect the following:

1) When calling the Trustee's office to confirm the status of your case, you will be told one of two things:

A. Your case appears to be paid-in-full. However, a thorough audit must be completed before the case is closed and a discharge is entered.

B. Please continue to make your plan payment until the audit has been completed on your case.

2) The Trustee is responsible for the accounting in your case, and he must take the time necessary to make certain it is accurate. This may cause a slight delay in the closing of your case. You may be advised to make additional payments to the Trustee's office until the auditing of your case is complete. If you have a wage order in effect, it may not stop until the Trustee's accounting of your case has been completed. Your attorney will notify your employer in writing to stop your payroll deduction. If you over-pay the Trustee, the money will be returned to you as soon as possible.

If you have further questions regarding the completion of your case, please contact your attorney.

I. What will happen when my Plan is complete?

Upon the closing of your case you will be advised, if the Trustee has been making on-going payments on your mortgage, that you must begin making those payments yourself and when to commence doing so.

When the Trustee has verified that all your creditors have been paid according to the terms of your confirmed plan and that all checks issued in the case have been cashed, he will submit a Trustee's Final Report and Account to the court with copies forwarded to you and your attorney. Creditors will receive a Summary of Trustee's Final Report and Account and have 30 days to object. In addition, written notice to the holder of a claim for a domestic support obligation as well as the State child support agency for that creditor will be sent providing the following information: the granting of the discharge; your last recent known address; your last recent known employer name and address; and the name of each creditor that holds a claim that is not discharged under paragraph (2) or (4) of §523(a) or was reaffirmed by you under section 524(c). This process could take four to six months from receipt and subsequent disbursement of your last payment to receipt of your discharge. Every document you receive during the course of your bankruptcy is important, but the Trustee's Final Report and Accounting and your Discharge are the most important. Keep them for your records as proof of your discharge from Chapter 13. In order to obtain credit after your bankruptcy is discharged, some companies may require a copy of your discharge and final report.

SECTION VI

A FINAL WORD

Filing your bankruptcy petition was the first step in a somewhat complicated road to the completion of your case. If you have any non-legal questions or concerns during the course of your bankruptcy, please do not hesitate to call the Trustee's office. The Trustee and his staff wish you the best of luck in completing your case and will assist you in every way possible to help your case reach completion. It is a great accomplishment and a great relief to reach the end of your bankruptcy. The Trustee and his staff encourage you to rebuild your financial future upon your discharge, and use your "fresh start" wisely. Good luck with your plan!

NOTES:

CASE #:

ATTORNEY:

PHONE:

TRUSTEE: Jan P. Johnson

PHONE: (916) 492-8001

9:00 a.m. to 3:00 p.m. Monday through Thursday

9:00 a.m. to 11:30a.m. and 12:00 noon to 3:00 p.m. on Friday

Telephones are not answered the last two working days of each month.