**Instructions for**

**Chapter 13 Debtor's Request to Incur Debt to Purchase a Vehicle**

Katherin L Davis, Chapter 13 Trustee

This memo sets out the requirements in the Northern District for the Trustee to approve post-petition car loans. If the Trustee concludes that the purchase loan meets the criteria required by the Judges, you will not need to file a motion to incur the debt.

Here are the criteria:

1. No auto loan can exceed $30,000.00;
2. No monthly payment in excess of $650.00 per month;
3. Interest not to exceed 21%;
4. No luxury vehicles (even if they are old);
5. The purchase agreement may not include vehicle warranties, or any type of additional insurance (i.e. GAP Insurance, disability insurance, etc. . .);
6. The purchase of the vehicle has not already been completed by the Debtor.

If the purchase falls within these criteria, (1) the debtor can complete the "Chapter 13 Debtor's Request to Incur Debt to Purchase a Vehicle" and (2) the debtor and the debtor's attorney must complete and sign the Declaration at the bottom of the request form. This form is mandatory and is available on the Trustee's website (www.ch13-12westtex.org). A copy of the Proposed Buyer's Order or Sales Contract must be attached or submitted with the Request form. If the Proposed Buyer's Order or Sales Contract contains social security numbers or bank account numbers or any other type of PII, please redact that information before submitting it to the Trustee's office. Lastly, amended Schedules I & J must be filed with the Court showing current income and expenses **inclusive** of the new vehicle payment. Once these documents are complete, please submit them to Katherine L Davis, Chapter 13 Trustee via Bankruptcy Documents at https://bkdocs.us.

Please note that the procedure allows for a $200.00 fee to be paid by the debtor to the debtor attorney. Please also note that for the fees to be approved, the debtor attorney must file a Notice of Additional Fees and Rule 2016 Disclosure. The Notice of Additional Fees and Rule 2016 Disclosure and amended Schedules I & J should be filed with the court rather than submitted to the Trustee's office. The Request to Incur Debt to Purchase a Vehicle along with any supporting documents should be uploaded concurrently to Katherine L Davis, Chapter 13 Trustee via Bankruptcy Documents at https://bkdocs.us while uploading the Notice of Additional Fees and Rule 2016 Disclosure.and amended Schedules I & J to the Court.

After reviewing the documents, if the Trustee does not approve of the loan, the Trustee will advise Debtor's Attorney if any additional information is required or that the loan will not be approved. If the loan is approved by the Trustee, the Trustee's office will file a "Notice of Trustee's Approval of Chapter 13 Debtor'(s)' Request to Incur Debt to Purchase Vehicle." Since this Notice will be filed with the Court, the debtor attorney will get it *via* ECF.

If the Trustee's office (1) does not receive all the required documentation, (2) concludes that the proposed loan does not meet the required criteria or (3) concludes that repayment of the proposed loan will make the plan no longer feasible, you will need to file a motion to approve the loan and get an order from the Court. You will also need to file a motion to approve the proposed loan if you know that the proposed purchase does not meet the required criteria. The required criteria are set out above and are also stated in the Request to Incur Debt to Purchase Vehicle form.