



Chapter 13 Quarterly Newsletter September 2012

1. New Administrative Order Regarding Attorney Fees

On July 18, 2012, the Court issued Administrative Order 12-03 regarding the payment of “no look attorney fees” in Chapter 13 cases. This Administrative Order supersedes prior Administrative Order 08-04.

The new Administrative Order sets the no look attorney fee at \$4,000. The attorney fee is paid in two parts with 60% paid upon successfully reaching confirmation and 40% to be paid pro-rata with secured and priority claims.

The new Administrative Order increases the amount of attorney fees and allows a quicker payout to counsel. As with prior Administrative Orders regarding attorney fees, counsel remain counsel of record from the day they undertake the representation of the debtor until the successful completion or dismissal of the Chapter 13 case. The new Administrative Order requires counsel to not only be licensed to practice before the US District Court for the Northern District of Ohio (the necessary requirement to practice in US Bankruptcy Court for the Northern District of Ohio) but also requires counsel to commit to taking 6 hours of CLE credit in consumer bankruptcy annually. The requirements for the no look attorney fee also require a commitment to best practices regarding office and case administration by counsel.

The Administrative Order has a detailed listing of all items to be included within the no look attorney fee and does list additional no look fees for routine but necessary post-petition work which occurs in many Chapter 13 cases.

As stated in the Order, the “no look attorney fee” is a privilege which can be revoked by the Court for non compliance.

Counsel should take time to review the new Administrative Order. A copy of said order is attached to this newsletter.

For counsel who have not taken 6 hours of consumer bankruptcy CLE this calendar year, please note the following are some upcoming, but not exclusive, opportunities:

Akron Bar Association Nuts and Bolts of Bankruptcy 3 hours of CLE
Friday December 14, 2012
Friday December 31, 2012 (video replay)

Akron Bar Association Pro Bono Bankruptcy Seminar 3 hours of CLE
Friday October 12, 2012
Free to attorneys who volunteer for the Pro Bono Bankruptcy Project

National Business Institute
Bankruptcy Line by Line Workshop 6 hours of CLE

Cleveland, Ohio – November 8, 2012
Akron, Ohio – November 9, 2012

Ohio State Bar Association
Bankruptcy Fundamentals 6 hours of CLE

Cleveland, Ohio – November 1, 2012

2. Personal Financial Management Instructional Course
Annual Saturday Morning Class
Saturday November 10, 2012

The Chapter 13 office will hold its annual Saturday morning Personal Financial Management Instructional Course on Saturday, November 10, 2012, from 10:00 AM to Noon at the main library in downtown Akron. As counsel are aware, if debtors fail to take the course, they will not be eligible for a Chapter 13 discharge. Without the discharge, creditors can reinstitute penalties and interest from the date of filing, keep all money paid through the Chapter 13 plan and initiate new garnishments against the debtors' income for the unpaid balances of claims.

At any given point in time, there are nearly 1,000 active Chapter 13 cases filed in Akron where there is no Personal Financial Management Instructional Course certificate on file. The Trustee would ask all counsel to continue to review their files and work with their clients to get them to take a course, either through the Chapter 13 program or through a program of counsels' choosing, which will allow the debtors to fulfill this important requirement for discharge. Since the Chapter 13 office has been conducting these classes since 2008, there has been a steady increase in the number of debtors who have earned a discharge. While there are many factors, it does appear that educating the debtors about the process early in the program will increase their chances of ultimately being successful and earning the discharge.

The Chapter 13 office will continue the tradition of filing all certificates with the Court for debtors who take the Personal Financial Management Instructional Course through the Chapter 13 office.

In an effort to accommodate debtors who may not know their particular work schedule until the last minute, the Trustee has begun allowing unregistered debtors to participate in the course provided that they are at the library timely and have proper photo identification. It does take a little longer to complete the paperwork for debtors who do not register early but the Chapter 13 office understands that many debtors do not know their work schedules until the last minute.

A copy of the flyer for the Saturday, November 10, 2012 class is attached to this newsletter for counsel to share with their clients.

3. Updated Chapter 13 Webpage

The Chapter 13 Trusteeship in Akron, Ohio has updated its webpage located at: www.chapter13info.com.

The webpage has been divided into 3 sections with the homepage devoted to informational materials to help debtors educate themselves about their requirements while in a Chapter 13 program and other information to help debtors be successful in their respective Chapter 13 case.

There is now an attorney section which can be accessed from the homepage which will give access to tools for attorneys including sample pleadings, helpful links, Court administrative orders affecting Chapter 13 cases and other items of interest.

There is a new creditor section to assist creditors by providing an overview of the Chapter 13 process, helpful links and other tools to assist creditors regarding their claims in a Chapter 13 proceeding.

The Chapter 13 office welcomes comments regarding any items that the local bankruptcy bar feels would be useful to add to the webpage to assist all parties in making the Chapter 13 program beneficial to everyone.

4. IRS Transcripts can now be Accessed On-Line

Counsel and their clients can now order IRS transcripts for the most recent three years on line, free of charge.

Copies of the IRS.gov web page are attached to the Newsletter for reference.

5. Notice of Final Cure and Request for Discharge Pursuant to Rule 3002

For several years, the Chapter 13 office has been filing a Request for Discharge at the conclusion of the case when the debtor had completed plan payments. This request gave parties in interest 30 days in which to respond if said parties had other issues that needed to be addressed or if a creditor believes that they had not received all funds for which they were due under the Chapter 13 plan.

Pursuant to Rule 3002, either the Trustee or the debtors can file a Notice of Final Cure at the conclusion of a case. The Notice of Final Cure affects holders of mortgage claims. The Notice of Final Cure states that the mortgage arrearages to be paid under the plan have been paid. If the plan required conduit payments, the notice would also state that said conduit payments have also been completed under the plan.

Some creditors have begun objecting to Motions to Deem the Mortgage Current citing that they do not need to respond until a Notice of Final Cure has been filed.

To assist parties, the Trustee has updated the Request for Discharge and the pleading is now entitled "Notice of Final Cure and Request for Discharge". A copy of this pleading is attached to this newsletter for reference.

This revised pleading gives the appropriate notice to mortgage creditors under Rule 3002 and still provides the standard notice time to all creditors as previously provided under the Request for Discharge.

It is the Trustee's position that the attached notice is in compliance with Rule 3002. However, as these notices are new and there is an appropriate learning curve for all parties, the Trustee will advise if there are changes going forward with respect to this particular pleading. This pleading will be filed once the debtor has completed all plan payments and all creditors who are entitled to be paid under the plan have been paid.

6. Motions to Deem Mortgage Current

A Motion to Deem the Mortgage Current is different than a Notice of Final Cure. In Akron, almost all plans are not mortgage conduit plans. The Trustee's Notice of Final Cure can stipulate that creditors, including the arrearage due mortgage creditors, have been paid in full through the Chapter 13 plan. The Trustee cannot make any representation regarding whether the debtor did or did not pay all post petition mortgage payments.

Once the Trustee files the Notice of Final Cure and Request for Discharge, counsel must decide on whether or not it is appropriate to file a Motion to Deem the Mortgage Current. The Motion to Deem the Mortgage Current will state that the debtor is current and has paid all post-petition mortgage payments through a certain date.

The new Administrative Order 12-03 regarding no look attorney fees allows a “no look attorney fee” of \$350 for the filing of a Motion to Deem the Mortgage Current and subsequent order sustaining the motion. Once the Trustee files a Notice of Final Cure and Request for Discharge, counsel will have 30 days in which to file a Motion to Deem the Mortgage Current if counsel believes in their respective legal judgment that it is in the best interest of their client. The Trustee strongly advocates that the filing of the Motion to Deem the Mortgage Current where appropriate is a best practice all counsel should consider.

As counsel are allowed an additional “no look attorney fee” for the Motion to Deem the Mortgage Current, please be advised that payroll orders and other plan payment orders will continue until the conclusion of the 30 day window provided under the Request for Discharge so that there is enough funds on hand to pay necessary post-petition legal fees regarding the filing of a Motion to Deem the Mortgage Current.

7. Surrendering Residence and Not Paying the Mortgage Payment on Petition Schedule J Requires Temporary Increase in Chapter 13 Payment

In many Chapter 13 cases, the debtors are proposing to surrender their home. Petition schedule J often shows the current mortgage payment (which the debtor is not paying) and counsel often say that the debtors will need said funds in order to rent a new home. The Trustee is in agreement that the debtors will need some funds to rent a new home, however, a surrender and foreclosure action could take up to two years given the current pace of foreclosures. Therefore, debtors who are stipulating an amount on schedule J to which they are not paying should expect to have their Chapter 13 payments raised during the time that they are living in their to be surrendered home and not actually paying the mortgage payment listed on schedule J.

Attached to this newsletter is a standard agreed entry which the Trustee is requesting debtors to sign whereby debtors must split the mortgage payment in half by turning over half to the Chapter 13 plan and retaining half for their personal use. Once the debtor actually moves, then they would be entitled to the full amount on an amended schedule J which needs to be filed with the new monthly rental amount. A copy of the new rental agreement also needs to be sent to the Chapter 13 office citing the actual amount of rent to be paid.

8. Student Loan Forgiveness Due to Disability

The Chapter 13 office has noticed an increase in student loan claims for debtors who are receiving social security or disability payments. While student loans are not dischargeable in a Chapter 13 case, the debtors may be eligible for a forgiveness on the student loan due to disability. Please find attached a copy of the necessary form and instructions to apply for forgiveness on a student loan obligation.

Please note although the form says it expired on 12-31-2011, it has been verified that the form may still be used and will be accepted for review.

9. Pay Suspension Issues – Pay Suspensions are Temporary Solution Only

Historically, pay suspensions are a useful tool to help debtors through a brief period where they are not able to make a plan payment. In the past, the Chapter 13 office almost always agreed to pay suspensions.

The Trustee is concerned that the use of pay suspensions is getting abusive and are being used as a long term solution rather than a temporary solution. Multiple pay suspensions can cause a case to exceed beyond the 60 month requirement. While legal minds may differ on the strictness of the 60 month requirement, as a practical matter, the longer the debtor is in a Chapter 13 program the less likely they are to be successful.

Often, in the current economic environment the debtor needs more than a simple pay suspension. The debtor needs a plan modification or have the case reviewed for a hardship discharge or possible conversion to Chapter 7. A simple pay suspension is not always the best solution for the debtor.

Effective October 1, 2012, the Trustee will not agree to pay suspensions which exceed more than six months per case.

Further, the Trustee will no longer agree to retroactive pay suspensions unless a motion to modify is filed at the same time which explains how the debtor will make up the missed payments going forward. Counsel have begun filing a motion to suspend pays retroactive several months in response to the Trustee filing a motion to dismiss but these same Counsel are not addressing the debtor's ability to make monthly payments.

Lastly, some counsel have been advising their clients that once they reach the 60th month of the plan, they are eligible for discharge. Please remember that pay suspensions are not a waiver of the debtor's requirement to make the monthly plan payments. The months in which a pay suspension is in effect are added to the end. Some counsel are currently advocating the months in a pay suspension are counted against the 60 month applicable commitment period. The Trustee will oppose any pleading which attempts to count the months in a pay suspension against the required months of the applicable commitment period.

The sample plan for Akron states that the pay suspension will not reduce the amount creditors are to receive under the plan (meaning the pay suspension period does not waive the requirement to make monthly payments for the applicable commitment period).

Effective October 1, 2012, the Trustee is requesting the following language be inserted into the pay suspension motion and orders:

The debtor(s) understand the periods of payment suspension do not waive the requirement to make the required monthly payments for the applicable commitment period. The pay suspension period shall be added to the time the debtor(s) is/are in the Chapter 13 case

10. Please Do Not Combine Two Motions into One Pleading

Some counsel have begun filing multiple motions into one pleading. For example, a motion to purchase an automobile with a motion to modify the plan. A motion to purchase an automobile can usually be quickly reviewed and resolved by an AE with the Chapter 13 Trustee. A motion to modify requires appropriate notice time to creditors. Hence a car purchase combined with a motion to modify can not be done quickly. Additionally, the Trustee may be opposing the motion to modify but not the automobile purchase. When combined in one pleading, both must be rejected as there is no way to approve just one of the motions. It is best when motions requesting different relief are filed separately.

Counsel have advised the Trustee postage is expensive and that is the reason for the combined motions. The new administrative order on attorney fees (see item one of this newsletter) allows post petition attorney fees for several routine, but necessary matters. Counsel may also ask for a reimbursement of postage costs in filing their fee applications.

***** **SPECIAL NOTE** *****

Please find attached a copy of the Supplemental Order in the Residential Capital Case filed in the S.D. of New York. Paragraph 15 of the order authorizes debtors in consumers cases who may have a loan with Residential Capital the right to continue to pursue actions against Residential Capital in their individual consumer bankruptcy case.

**Order Governing Procedures for Allowance of Attorney
Fees in Chapter 13 Cases filed on or after June 1, 2012**

FILED

12 JUL 13 PM 1:19

COURT
OF OHIO
CLERK

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

IN RE:)	
	)	Administrative Order No. 12-03
ORDER GOVERNING PROCEDURES)	
FOR ALLOWANCE OF ATTORNEY	)	JUDGE MARILYN SHEA-STONUM
FEEES IN CHAPTER 13 CASES FILED)	
ON OR AFTER JUNE 1, 2012)	

In order to continue to ensure the efficient and just administration of Chapter 13 proceedings, this Administrative Order is being issued to address the allowance of attorneys' fees in Chapter 13 cases without requiring counsel to file an individual fee application (a "No Look Attorney Fee"). Unless otherwise ordered by the Court, this Administrative Order governs the compensation of attorneys in Chapter 13 cases filed at this Court location on or after June 1, 2012.

The purpose of entering this Administrative Order is to revise the fee schedule set forth in Administrative Order 08-04. Counsel are not required to request the maximum fees authorized in this Administrative Order, and the Court notes that many counsel request less than the maximum fees allowed when a debtor's Chapter 13 plan is relatively simple or cannot accommodate the maximum attorney fee allowance or both. In addition, many counsel practicing before this Court agree to represent debtors for either a nominal or no fee retainer. I have great respect for the continued professionalism and compassion of such counsel.

This Administrative Order does not set a “cap” on fees, and no counsel is required to follow the fee application allowances set forth herein. Counsel not wanting to utilize procedures set forth in this Administrative Order for a No Look Attorney Fee may file a formal fee application. *See* Section III, *infra*. In addition, as set forth in Sections VI and VII, *infra*, the availability of the No Look Attorney Fee is a privilege that may be denied to counsel who, after a noticed hearing, are found not to be diligent in some aspect(s) of ongoing cases.

I. ELIGIBILITY REQUIREMENTS FOR A NO LOOK ATTORNEY FEE

A No Look Attorney Fee is a privilege afforded by the Court that is conditioned upon the assumption that debtors filing a Chapter 13 case will be served by competent and dedicated counsel who will assist their clients from the filing of a bankruptcy petition to the conclusion of their bankruptcy case. To be eligible for a No Look Attorney Fee, counsel shall comply with the following eligibility requirements:

- A. Be licensed to practice with the U.S. District Court for the Northern District of Ohio.
- B. Take, each calendar year, at least six hours of continuing legal education (“CLE”) related to consumer bankruptcy that is offered by any accredited program certified by the Ohio Supreme Court CLE Commission either through an on-line program or an on-site presentation.
- C. Have in place a system to keep office staff trained and informed on changes in Court procedures and policies (especially Administrative Orders).
- D. Have in place established procedures to ensure that (1) documentation required for a first meeting of creditors under 11 U.S.C. § 341 (the “§ 341

Meeting”) is sent to the office of the Standing Chapter 13 Trustee in Akron (the “Chapter 13 Trustee”) at least five business days prior to date set for the § 341 Meeting and (2) any additional documentation requested by the Chapter 13 Trustee at the § 341 Meeting is timely submitted to the Chapter 13 Trustee’s office so that the § 341 Meeting can be concluded. Documentation should be submitted electronically to the Chapter 13 Trustee at: 341info@ch13akron.com.

- E. Require that all newly hired staff personnel undertake electronic court filing (“ECF”) training at a time and place convenient to the Court.
- F. Promptly respond to inquiries from Court personnel and take all necessary action to correct deficiencies on a pleading within the time frame set forth in any notice of such deficiency.
- G. Take all necessary steps regarding internal computer operations so that notices sent by the Chapter 13 Trustee through ECF are not filtered, sent to “spam” (junk mail) or otherwise ignored.
- H. Review and, where appropriate, respond to all notices and motions filed by the Chapter 13 Trustee in their client’s cases. These notices and motions often contain information which can assist counsel in getting a case to confirmation and keeping a case on track so that the debtor can receive a discharge.
- I. Register at www.chapter13info.com to receive the free quarterly electronic newsletter issued by the Chapter 13 Trustee’s office which contains helpful information and gives updates on changes in policy, sample templates, reminders on new administrative orders and case law updates.

- J. Ensure that, once matters are reported to the Court as resolved, a proposed agreed order is submitted to the Court within twenty (20) days. Counsel for debtor(s) is responsible for submitting the proposed agreed order to the Court regardless of whether such counsel has taken responsibility for the drafting such order.
- K. Continue or initiate whatever steps counsel deems necessary within their office to enable them to track the progress of their clients' cases. Neither the Court nor the Chapter 13 Trustee's office shall serve as a personal calendaring system for counsel.

II. ALLOWANCE OF A NO LOOK ATTORNEY FEE

- A. Counsel representing Chapter 13 debtors shall be the attorney of record from the filing of the petition until the close or dismissal of the case (including disposition of motions to reinstate), unless relieved of representation by motion and court approval, or by another attorney filing a notice of substitution of counsel.
- B. Subject to all the other provisions of this Administrative Order, if an executed copy of the Rights and Responsibilities of Chapter 13 Debtors and their Attorneys, *see* Exhibit A, has been filed with the Court, counsel may reach agreement with debtors(s) for an initial total fee of up to \$4,000 (the "Initial Total Fee.") and be paid the Initial Total Fee during the administration of the case, as set forth below, without the necessity of filing an individual case fee application. The Initial Total Fee shall be disclosed to the Court and is to be paid as follows:

1. Provided that the filing of the petition is accompanied by all of the necessary schedules and disclosure information, then prior to the filing of the case, counsel may collect from the client **25%** of the Initial Total Fee (e.g., if the amount to which the client has agreed is \$4,000, then \$1,000 may be collected at this stage) to be applied against the Initial Total Fee. If the filing is not a complete filing, in the sense that not all of the schedules and disclosures accompany the petition, counsel's fee at this stage is limited to **15%** (in the case of a \$4,000 fee, then \$600 may be collected at this stage).
2. Thereafter, counsel will be entitled to a distribution of an additional **35%** (\$1,400 in the example of the \$4,000 fee) of the Initial Total Fee to be paid as an administrative claim upon and after confirmation of the Chapter 13 plan. In a case that was commenced without all necessary schedules and disclosures, this Administrative Order assumes that a confirmation will not occur until all of those matters have been addressed to the satisfaction of the Chapter 13 Trustee. In such case, counsel also will be entitled to collect the **10%** percent for which such counsel would have been eligible at the outset of the case had the filing been complete.
3. Subject to paragraph 5, below, the **40%** balance of the Initial Total Fee (\$1,600 in the example of the \$4,000 fee) shall be paid *pro-rata* with the payment of secured and priority creditors. In cases where there are no scheduled secured and priority creditors, the balance of attorney fees shall be *pro-rata* with unsecured creditors.
4. At confirmation, payment of a No Look Attorney Fee shall be made monthly along with the Chapter 13 Trustee's monthly disbursement cycle until the fees are paid in full, as outlined above.
5. A No Look Attorney Fee shall be paid by the Chapter 13 Trustee only after monthly adequate protection payments and monthly fixed payments to secured creditors as stipulated in the Chapter 13 plan have been made.

The fees referred to in this section may be allowed by the Court in the order confirming the Chapter 13 plan of debtor(s) based upon the compensation statement signed by counsel and without the filing of a fee application pursuant to 11 U.S.C. § 330 and Fed. R. Bankr. P. 2016(a).

III. FORMAL FEE APPLICATIONS

Counsel for debtor(s) may request fees and expenses exceeding the amount set forth in Section II of this Administrative Order upon (A) formal application under Fed. R. Bankr. P. 2016(a) and in accordance with the Guidelines, after notice and a hearing; or (B) application under Section V of this Administrative Order for certain designated post petition services. Allowance of fees and expenses greater than the amounts specified in Section II of this Administrative Order shall be by separate order of the Court. Counsel may not receive a post-petition retainer or payment other than as specified in this Administrative Order without leave of court.

With respect to novel, complex, or non-routine matters, counsel may file a fee application in compliance with Fed. R. Bankr. P. 2002 and 2016, setting forth, at a minimum, each activity for which a fee is requested, the identity of the person performing the services, the billing rate of the person, the services performed, the date of the services and the amount of time expended. Such applications must be accompanied by evidence that each debtor-client was informed of and agreed to the hourly rate that could be charged in the event that non-routine issues developed in a case. The best evidence of such agreement is a counter-signed engagement letter.

All fees applied for by formal application will be reviewed by the Court on a case by case basis. During any hearing regarding approval of such fees, and without any requirement that a response to the application be filed, the Court may inquire of the Chapter 13 Trustee as to his observations regarding the fee application. Counsel may inquire of the Chapter 13 Trustee whether he would sign a proposed agreed entry allowing the requested attorney fees. The Chapter 13 Trustee's signature is not a

guarantee that the Court will approve the proposed agreed entry, but is an indication that both counsel and the Chapter 13 Trustee believe the fee application is reasonable and necessary based on the issues in a particular case and the healthy competitive market for legal services.

IV. SERVICES OF COUNSEL

As a guideline, the Court considers that counsel for debtor(s) will perform the following services in exchange for the Initial Total Fee allowed under Section II of this Administrative Order:

- A. Have a personal meeting with debtor(s) to (i) review the financial situation of debtor(s); (ii) counsel debtor(s) regarding filing under either Chapter 7 or Chapter 13 and alternatives to filing bankruptcy and (iii) make all disclosures required by the Bankruptcy Code, *see generally* 11 U.S.C. § 527;
- B. Participate in all conferences with debtor(s) and timely respond to inquiries of debtor(s), either by telephone, by electronic mail or in writing;
- C. Facilitate the credit counseling and personal financial management requirements imposed upon debtor(s) by the Bankruptcy Code, *see generally* 11 U.S.C. §§ 109(b) and 1328(g);
- D. Prepare the bankruptcy petition, schedules, statement of financial affairs, payment advices, "Means Test Form" (Official Form 22C) and the Chapter 13 plan, and assist debtor(s) in understanding the nature of information that is to be provided and the good faith required of the debtor(s) in assembling the information;
- E. Facilitate delivery of federal income tax returns or transcripts, proof of insurance (auto and home) and pay remittances to the Chapter 13 Trustee at least five (5) days prior to the first date set for the § 341 Meeting;
- F. Negotiate and communicate with priority and secured creditors, including the Internal Revenue Service;
- G. Represent debtor(s) at the initial § 341 Meeting and any continued § 341 Meeting;

- II. Respond to inquiries made by debtor(s) and/or the Chapter 13 Trustee in furtherance of the administration of the Chapter 13 case, in general, and the Chapter 13 plan, in particular;
- I. Prepare (and timely file when necessary) documents and notices, including submissions based upon Chapter 13 Trustee recommendations, a suggestion of bankruptcy, routine objections to claims, amendments to schedules, voluntary dismissals and all case related correspondence;
- J. Respond to routine objections to plan confirmation, and when necessary, prepare, file and serve an amended plan;
- K. Represent debtor(s) at the confirmation hearing, but not including an evidentiary hearing;
- L. Represent debtor(s) in connection with two (2) particular Motions for Relief from Stay pursuant to 11 U.S.C. § 362 – one concerning the residence and one concerning a vehicle, but not including an evidentiary hearing on these matters;
- M. Represent debtor(s) on motions to avoid judicial liens;
- N. Subject to the possible award of fees as a sanction against the respondent, represent debtor(s) on violations of the automatic stay and the post-discharge injunction;
- O. Represent debtor(s) on routine objections to claims;
- P. Represent debtor(s) on motions to dismiss and, if opposing such motion, timely file a response thereto;
- Q. Communicate with the Chapter 13 Trustee's office prior to any hearing on a motion to dismiss if such motion is not being opposed;
- R. Timely respond to a Trustee Notice (as defined in Section VI, *infra*);
- S. Assist debtor(s) in connection with a payment suspension, if necessary; and
- T. Provide other legal services necessary for the administration of the case, including, but not limited to, continuing to assist debtor(s) by returning telephone calls, answering questions and reviewing and sending correspondence.

V. POST PETITION LEGAL SERVICES

Notwithstanding any other provision of this Administrative Order, for certain services not within the guidelines of this Administrative Order for the Initial Total Fee, to encourage uniformity and consistency, and to minimize the time and expense of the fee application process, the Court will approve the following fees (the "Additional Post-Petition Fees") using the "Application for Additional Post-Petition Fees," (the "Application") attached to this Administrative Order as Exhibit B, provided that, prior to filing the Application, counsel for debtor(s) has obtained, and attached to the Application, a consent (the "Debtor Consent") of debtor(s) to pay such fees:

- A. For a post-confirmation plan modification, up to \$350;
- B. For a motion for authority to buy, sell, or refinance real property, up to \$350;
- C. For a motion to incur debt, such as the purchase or lease of a motor vehicle, up to \$200;
- D. For defense of additional motions for relief from stay, beyond those listed in Section IV, *infra*. up to \$350;
- E. For motions for authority to settle insurance claims and/or use or distribute insurance proceeds, up to \$350;
- F. For a motion to reinstate the automatic stay, each one up to \$200;
- G. For an adversary proceeding to strip junior mortgage liens as wholly unsecured, up to \$500;
- H. For a mortgage modification, up to \$500, provided that the requirements outlined in Administrative Order 10-1 are met; and
- I. For a motion to deem a mortgage current at the conclusion of the case, up to \$350.

Any application for Additional Post-Petition Fees must be filed separately from the underlying pleadings for which the Additional Post-Petition Fees are sought. Unless

and until agreed to in writing by debtor(s) and specifically permitted in an order approving the Additional Post-Petition Fees, counsel are not to collect any such additional fees directly from debtor(s). Once approved by the Court, the Chapter 13 Trustee is authorized to process the Additional Post-Petition Fees as an administrative expense which will be paid as soon as practicable subject to adequate protection payments and/or fixed payments in the Chapter 13 plan and the standard administration fee of the Chapter 13 Trustee.

The Debtor Consent may be included within or attached to an Application and must (A) be signed by debtor(s) and (B) set forth the following:

I/we _____, understand that my/our attorney, _____ has performed additional legal services on my/our behalf in this Chapter 13 case that were not initially contemplated by him/her or me/us. I/we further understand that the additional charge for said legal services, for which Court approval is now being sought is _____ (\$ _____) and I/we approve of payment of same.

I/we also understand that, unless a written agreement to the contrary has been reached, the additional legal fees now being sought will be paid to my/our attorney through our Chapter 13 plan.

I/we have been informed that I/we have a right to oppose the payment of those fees by appearing in Court on a date to be determined by the Court. I/we have determined that there is no need to exercise that right.

VI. REVOCATION OF NO LOOK ATTORNEY FEE PRIVILEGE

It is the practice of the Chapter 13 Trustee to issue a case status report (the "Status Report") to both counsel for debtor(s) and debtor(s) at the § 341 Meeting. The Status Report could indicate that there are outstanding issues which require additional information and/or documentation prior to the Chapter 13 Trustee being able to conclude the § 341 Meeting. The Status Report could also indicate that the § 341 Meeting is concluded. Notwithstanding the issuance of a Status Report indicating that the § 341

Meeting is concluded, the Chapter 13 Trustee may not be able to recommend confirmation of a chapter 13 plan due to, *inter alia*, feasibility issues, outstanding objections by creditors or outstanding objections to claims. In situations where the Chapter 13 Trustee is unable to either conclude a § 341 Meeting or to recommend confirmation of a chapter 13 plan and where counsel for debtor(s) has not taken the necessary action to timely resolve such matters, it is the practice of the Chapter 13 Trustee to file a notice with the Court (collectively, a "Trustee Notice").

In cases where the Chapter 13 Trustee has filed two or more Trustee Notices and counsel for debtor(s) has failed to respond thereto, the Chapter 13 Trustee may file a pleading requesting that counsel for debtor(s) be made to show cause why his/her privilege of seeking a No Look Attorney Fee should not be revoked (the "Revocation Sanction"). A hearing on the matter will be held at which the Court will determine whether the Revocation Sanction, or any other appropriate sanction pursuant to 11 U.S.C. § 105, should be imposed.

VII. MISCELLANEOUS

- A. If counsel elects not to seek fees under this Administrative Order, then counsel shall file a formal application under Fed. R. Bankr. P. 2002 and 2016 and in accordance with the Guidelines.
- B. In the event that the Chapter 13 case is either converted or dismissed without reinstatement before confirmation of a Chapter 13 plan, the Chapter 13 Trustee shall pay to counsel for debtor(s), absent a contrary order and to the extent funds are available, an administrative claim equal to 25% of the Initial Total Fee after accounting for fees paid to counsel prior to filing.

C. This Administrative Order does not limit the rights of debtor(s), the Chapter 13 Trustee, the U.S. Trustee, or any creditor to object to any fee request, even if the amount sought falls within the fee schedules listed, and even if debtor(s) had previously consented in writing to pay the requested fees. The provisions of this Administrative Order excusing counsel from the preparation of detailed fee applications is a privilege extended to counsel who attend to their obligations to their debtor clients. In addition to Section VI regarding the Revocation Sanction, *supra*, this Court has specifically requested the Chapter 13 Trustee to inform the Court of counsel whose level of service to their clients may not justify such a privilege. Such referrals by the Chapter 13 Trustee to this Court will be set for show cause hearings. Additionally, a hearing (at which counsel for debtor(s) shall appear) will be scheduled by this Court in all of the following situations:

1. If counsel for debtor(s) is seeking an Initial Total Fee in excess of the amount set forth in Section II of this Administrative Order;
2. If counsel for debtor(s) is seeking Additional Post-Petition Fees in excess of the amounts set forth in Section V of this Administrative Order; and
3. If counsel for debtor(s) has failed to comply with the requirements of this Administrative Order regarding the Debtor Consent for payment of post-petition legal services.

D. The Court retains the authority to reduce and/or order disgorgement of fees for cause, after notice and a hearing.

E. Once counsel for debtor(s) withdraws or is relieved of his/her duties by replacement counsel, the Chapter 13 Trustee is no longer authorized under this Administrative Order to make a distribution to such outgoing counsel on

account of any balance of the No Look Attorney Fee then due. If outgoing counsel for debtor(s) seeks payment on account of any balance of the No Look Attorney Fee still due, such counsel shall file separate motion specifically seeking such distribution.

IT IS SO ORDERED.


MARILYN SHEA-STONUM
U.S. Bankruptcy Judge

**EXHIBIT A
TO ADMINISTRATIVE ORDER 12-03**

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OHIO

In Re:

Case No.

Chapter 13

Debtor(s)

JUDGE MARILYN SHEA-STONUM

**RIGHTS AND RESPONSIBILITIES OF
CHAPTER 13 DEBTORS AND THEIR ATTORNEYS**

It is important for debtors who file a bankruptcy case under Chapter 13 to understand their rights and responsibilities. It is also important that debtors know what their attorney's responsibilities are and understand the importance of communicating with their attorney to make the case successful. Debtors should also know that they may expect certain services to be performed by their attorney. It is also important for debtors to know the costs of attorneys' fees through the life of the plan. In order to ensure that debtors and their attorney understand their rights and responsibilities in the bankruptcy process, the following guidelines provided by the Court are hereby agreed to by debtors and their counsel:

A. BEFORE THE CASE IS FILED:

DEBTOR agrees to:

1. Provide the attorney with accurate, and, to the best of debtor's ability, complete financial information.
2. Discuss with the attorney debtor's objectives in filing the case.
3. Keep all scheduled meetings and/or appointments, both with the attorney and other parties to the case.
4. Respond to all attorney requests as soon as possible.
5. Provide the attorney with a working telephone number or other reliable method of communication.

ATTORNEY agrees to:

1. Personally meet with debtor to review debtor's assets, liabilities, income and expenses.
2. Counsel debtor regarding the advisability of filing either a Chapter 7 or Chapter 13 case, discuss with debtor both options as well as alternatives to filing for bankruptcy and answer debtor's questions.
3. Explain what payments will be made directly by debtor, such as mortgages and vehicle lease payments and what payments will be made through the Chapter 13 plan.
4. Explain to debtor how, when, and where to make the required Chapter 13 plan payments.
5. Explain to debtor how the attorney's fees and Chapter 13 Trustee's fees are paid, and provide an executed copy of this document to debtor.
6. Explain to debtor that the first plan payment must be made to the Chapter 13 Trustee not later than 30 days after the date that the plan is filed or the case is filed, whichever is earlier.
7. Advise debtor of the requirement to attend the § 341 Meeting of Creditors and to bring to the meeting a valid, unexpired photo identification and official documentation of the social security number.
8. Advise debtor of the necessity of maintaining liability, collision and comprehensive insurance on vehicles owned or leased by debtor.
9. Advise debtor of the necessity of maintaining insurance on any real property that debtor may own.
10. Timely prepare and file debtor's petition, plan, statements, schedules, payment advices and "Means Test Form" (Official Form B22C) as well as any required amendments thereto.
11. Facilitate delivery of federal income tax returns or transcripts to the Chapter 13 Trustee prior to the first date set for the § 341 Meeting of Creditors.
12. Facilitate debtor's requirement to complete a pre-petition course in credit counseling.

B AFTER THE CASE IS FILED:

DEBTOR agrees to:

1. Keep the Chapter 13 Trustee and the attorney informed as to debtor's current address and telephone number.
2. Timely make all Chapter 13 payments to the Chapter 13 Trustee.
3. Timely make all post-petition payments to the mortgage company and any other creditors that debtor has agreed to pay directly, and, if appropriate, maintain proper insurance coverage and pay post-petition tax obligations concerning the same in a timely fashion.
4. Cooperate with the attorney in preparing all pleadings and attending all hearings as required.
5. Prepare and file all delinquent federal, state, and local tax returns by not later than the first date set for the § 341 Meeting of Creditors.
6. Promptly inform the attorney of any wage garnishments or attachments of assets which occur or continue to occur after the filing of the Chapter 13 case.
7. Let the attorney know if debtor is sued at any time during the Chapter 13 case.
8. Contact the attorney regarding any changes in employment, increases or decreases in income or any other financial problems or changes.
9. Cooperate with the attorney and the Chapter 13 Trustee in timely producing any financial or supporting documents requested by the attorney or the Chapter 13 Trustee.
10. Contact the attorney to find out what approvals are required before buying, refinancing or selling real property, or before entering into any long-term loan or lease agreements.

ATTORNEY agrees to:

1. Continue to represent debtor through the conclusion of the Chapter 13 case, whether by dismissal or discharge.
2. Instruct debtor as to the date, time and location of the § 341 Meeting of Creditors, and appear at the § 341 Meeting of Creditors with debtor.
3. Respond to objections to plan confirmation, and, when necessary, prepare an amended plan.

4. Prepare, file and serve necessary plan modifications which may include suspending, decreasing or increasing plan payments.
5. Prepare, file and serve necessary amended statements and schedules in accordance with information provided by debtor.
6. Prepare, file and serve necessary motions to incur debt, or to buy, sell or refinance real property when appropriate.
7. Object to improper or invalid claims, if necessary, based upon documentation provided by debtor.
8. Be available to respond to debtor's questions throughout the pendency of the Chapter 13 case and the life of the plan.
9. Represent debtor in motions for relief from stay and motions to dismiss or convert.
10. Provide such other legal services as are necessary to the administration of the Chapter 13 case before the Bankruptcy Court, which include, but are not limited to, meeting with debtor, presenting appropriate legal pleadings and making necessary court appearances.
11. File an executed copy of this document with the Court, and provide executed copies of it to debtor and the Chapter 13 Trustee.
12. Facilitate debtor's requirement to complete a post-petition course in personal financial management.

C ATTORNEY FEES:

The total fee charged debtor, exclusive of Court costs, is \$_____ (the "Initial Total Fee"), of which \$_____ was paid before the filing of the Chapter 13 petition (the "Initial Retainer"), with the balance of \$_____ being paid by the Chapter 13 Trustee after confirmation of the Chapter 13 plan. The Attorney may not demand or receive any additional fees directly from debtor, other than the Initial Retainer, unless a written agreement to the contrary has been reached and the Court so orders.

If the Chapter 13 case is either converted or dismissed before confirmation of a plan, absent contrary Court order, the Chapter 13 Trustee shall pay to the attorney for debtor, to the extent funds are available, an administrative claim equal to 25% of the Initial Total Fee that the debtor agreed to pay.

If the Initial Total Fee initially charged to debtor and ordered by the Court is not sufficient to compensate the attorney for legal services rendered in the case, the attorney agrees to apply to the Court for approval of additional fees. The following legal services are not covered by the Initial Total Fee initially charged debtor, and the attorney may apply to the Court for payment in the amount specified:

Additional Fee, if any, Debtor Agrees to Pay Should Additional Services be Performed”	Description of Additional Legal Service Not Covered Initial Total Fee
\$ _____	For a post-confirmation plan modification
\$ _____	For a motion for authority to buy, sell or refinance real property
\$ _____	For a motion to incur debt, such as the purchase or lease of a motor vehicle
\$ _____	For defense of additional motions to lift stay, beyond one concerning debtor’s residence and one concerning a vehicle, which are included within Initial Total Fee, but not including an evidentiary hearing.
\$ _____	For motions for authority to settle insurance claims and/or to use or distribute insurance proceeds
\$ _____	For a motion to reinstate the automatic stay
\$ _____	For an adversary proceeding to stip junior mortgage liens as wholly unsecured

*** Counsel requesting approval of fees in excess of the amounts set forth in Administrative Order 12-03 must file a detailed fee application with the Court.

In addition, the attorney may need to provide legal services to debtor that are not covered by the Initial Total Fee. Such services include: (i) handling novel, complex or non-routine motions, (ii) oppositions to motions or objections to claims; (iii) representation in connection with an evidentiary hearing; or (iv) representation in adversary proceedings. These types of proceedings may be billed at reasonable hourly rates, and the attorney shall file a fee application in compliance with Bankruptcy Rules 2002 and 2016, setting forth, at a minimum, as to each activity for which a fee is requested, the identity of the person

performing such services, the billing rate for such person, the services performed, the dates of the services and the amount of time expended. The attorney's current hourly rate is \$_____.

All post-petition attorney fees shall be paid through the Chapter 13 plan unless otherwise specifically agreed to in writing and permitted by an order of the Court. If debtor disputes the legal services provided or the fees charged by the attorney, debtor may file an objection with the Court and that matter will be set for hearing. The attorney may move to withdraw as counsel, for cause shown, or debtor may discharge the attorney any time.

The Court may, *sua sponte*, or upon motion of an interested party, disallow all or part of requested attorney's fees or may order the disgorgement of all or part of already collected fees if the Court finds that the attorney failed to provide services in accordance with the guidelines set forth in this document.

DATED: _____
DEBTOR

DATED: _____
DEBTOR

DATED: _____
ATTORNEY FOR DEBTOR(S)

**EXHIBIT B
TO ADMINISTRATIVE ORDER 12-03**

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OHIO

In Re:

Case No.

Debtor(s)

Chapter 13

JUDGE MARILYN SHEA-STONUM

APPLICATION FOR ADDITIONAL POST-PETITION FEES

1. In accordance with Administrative Order No. _____, the attorney for debtor(s) hereby requests additional compensation for services performed on behalf of debtor(s) as follows:

_____ Post-confirmation plan modification

Date filed _____ Hearing Date(s) _____
Amount requested \$ _____

_____ Motion for authority to buy, sell or refinance real property

Date filed _____ Hearing Date(s) _____
Amount requested \$ _____

_____ Motion to incur additional debt (purchase/lease vehicle, purchase residence etc.)

Date filed _____ Hearing Date(s) _____
Amount requested \$ _____

_____ Defense of additional motion for relief from stay, beyond one concerning debtor's residence and one concerning a vehicle, which are included in the

Initial Total Fee

Date filed _____ Hearing Date(s) _____
Amount requested \$ _____

_____ Motion for authority to settle insurance claims and/or to use of distribute insurance proceeds

Date filed _____ Hearing Date(s) _____
Amount requested \$ _____

_____ Motion to reinstate the automatic stay

Date filed _____ Hearing Date(s) _____
Amount requested \$ _____

_____ Adversary proceeding to strip junior mortgage liens as wholly unsecured

Date filed _____ Hearing Date(s) _____
Amount requested \$ _____

2. The undersigned represents to the Court that (a) the services indicated above have been completed and time records verifying the services have been kept, (b) the Debtor Consent (pursuant to Section V of Administrative Order (12-03) is being filed and served with this application and (c) additional compensation is requested in the amount of \$ _____. Counsel further certifies that a copy of this application was served upon debtor(s), the Chapter 13 Trustee and the U.S. Trustee as set forth below.

3. Debtor(s), the Chapter 13 Trustee or any interested party may file a response or object to this application, within twenty-one (21) days of service, with the Clerk of Court of the United States Bankruptcy Court. A copy of the response or objection shall be served on debtor(s), the Chapter 13 Trustee and counsel for debtor(s). If no response or objection is timely filed, the Court may enter an order allowing the fees without a hearing.

Counsel for Debtor(s)
Signature Block

Personal Financial Management Instructional Course
Saturday, November 10, 2012

Phone: (330) 762-6335
Fax: (330) 762-7072
Web: www.chapter13info.com

Office Of
The Chapter 13 Trustee
Keith L. Rucinski, Trustee

One Cascade Plaza
Suite 2020
Akron, Ohio 44308

Personal Financial Management Instructional Course

Pursuant to the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, all people filing for bankruptcy after October 17, 2005, must take a Personal Financial Management Instructional Course in order to earn a discharge of their case. A discharge means a successful completion of the plan and creditors paid through the plan may not seek further payment from you. This course is in addition to the Credit Counseling Course that you took to file your Chapter 13 case. If you have already taken both courses you may disregard this notice.

The Chapter 13 Office in Akron, Ohio will be offering the Personal Financial Management Instruction Course on **Saturday, November 10th, 2012**, at the Akron-Summit County Public Library, 60 S. High Street, Akron, Ohio 44308. Pickup of course materials and seating for the class begins at 9:00 a.m. The course runs from 10:00 a.m. to 12:00 p.m. A parking deck is located next to the library and parking is free. **You must register for the course and may do so by calling 330-475-7500, or by email to edclass@ch13akron.com. PLEASE MAKE SURE TO LEAVE YOUR NAME AND CASE NUMBER WHEN CALLING TO MAKE YOUR RESERVATION. Space is limited so please make your reservation as soon as possible. The deadline to register for the class is November 9th, 2012.** A photo I.D. will be necessary in order to take the course. If you require a Sign Language interpreter send your request to edclass@ch13akron.com. The instructor will be Keith Rucinski. Mr. Rucinski is a CPA and Attorney and serves as Trustee for the Chapter 13 Office. For the past decade he has taught college courses and has been a frequent speaker at local and national seminars.

This free course will not be offered again until March 2013 (Date to be announced at a later date)

This course is only being offered to individuals who have filed Chapter 13 with the U.S. Bankruptcy Court in Akron, Ohio. The course is being offered without regard to an individual's ability to pay. There is no cost to individuals for taking the course sponsored by the Chapter 13 Office.

You are not required to take this course through the Chapter 13 Office, but you must take a course which has been certified by the U.S. Department of Justice – U.S. Trustee Program. The other course providers may charge you a fee. The Chapter 13 Office in Akron does not pay or receive fees or other consideration for the referral of debtor students to or by the provider.

Upon completion of the course the Chapter 13 Office in Akron will provide participants a certificate of course completion. This certificate must be filed with the U.S. Bankruptcy Court in Akron, Ohio in order to earn a discharge in your case.

Main Library

is located at 60 S. High Street
Akron, Ohio 44326
in downtown Akron, OH
330-643-9000.

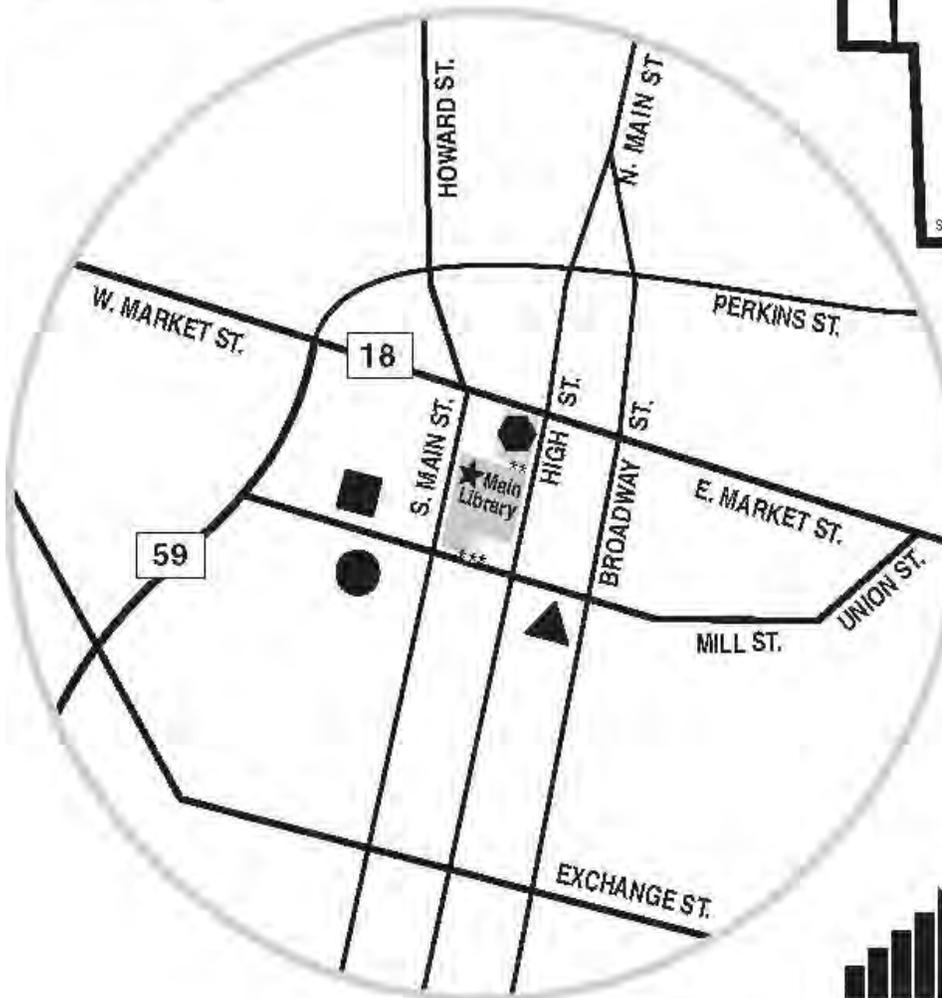
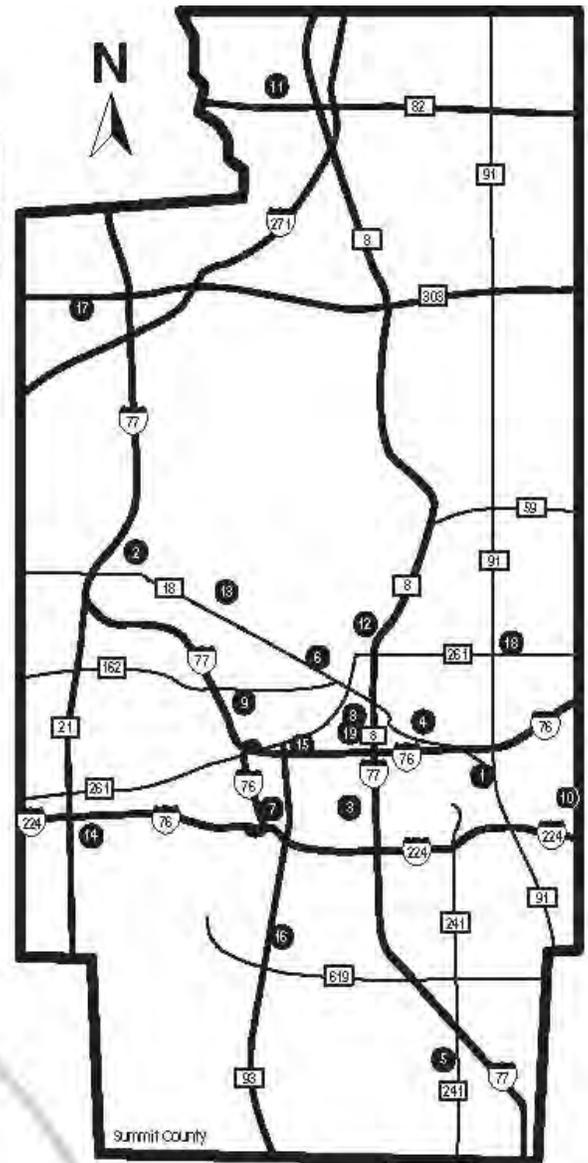


**Drive-through window accessible
from High Street between
Main Library and the High & Market parking deck
***LOADING DOCK entrance is on Mill Street

- **From Cleveland:** From Interstate I-77 South, take exit 21C to merge onto Innerbelt/Martin Luther King Jr Fwy E/OH-59 E toward Downtown Akron. Turn right at N. High St.
- **From Canton:** From I-77 North, take the OH-59 W exit toward Perkins St/M.L. King Jr Blvd & Fwy. Turn left at Perkins St and continue on Martin Luther King Jr Blvd. Turn left at N High St.

Convenient Parking for Main Library includes:

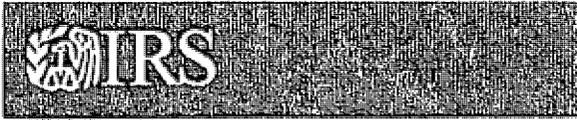
- - High & Market Deck (across from the Akron Art Museum and connects to the library)
- - Super Block Garage
- - Cascade Parking Garage
- ▲ - John S. Knight Center Parking



*** A PHOTO ID IS
REQUIRED FOR
ADMITTANCE TO THE
SEMINAR

*** IF YOU PARK IN THE
LIBRARY PARKING DECK
MAKE SURE TO BRING
YOUR PARKING TICKET TO
THE CLASS WITH YOU. IT
CAN BE VALIDATED AT
THE LIBRARY SECURITY
DESK.

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- W-4 4506-T
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- 941 Inst 1040 Inst

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- Schedule Your RTRP Test
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Offshore Assets



Voluntary Disclosure
New details on offshore voluntary disclosure program now available.

Tax Help for U.S. Citizens Abroad
New procedures help dual citizens and others file U.S. tax returns.

Voluntary Disclosure Resources
A roadmap and other documents to navigate the program.



Message for Tax R



Resolve an Issue

- Appealing a Tax Dispute
- Responding to a Notice
- Taxpayer Advocate Service
- Disaster Relief

Gather & Protect Info

- Privacy Policy
- Reporting Phishing
- Identity Theft
- Freedom of Information Act
- Tax Stats
- No FEAR Act

Visit Other Sites

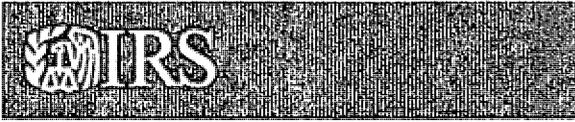
- U.S. Treasury
- USA.gov
- Whitehouse.gov
- Treasury Inspector General for Tax Administration

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Order a Transcript

Planned Outage: August 30 — September 4, 2012

This service will be unavailable beginning approximately 1:00 a.m. ET on Thursday, August 30, 2012 until approximately 12:00 p.m. ET on Tuesday, September 4, 2012, due to an annual power outage and electrical upgrades. We apologize for any inconvenience.

[En Español](#)

You can now order your tax return or account transcript online. Your transcript will be mailed to you within 5 to 10 business days.



- [Tax Return Transcript](#) provides most line items from your original return.
- Tax Account Transcript provides basic info, including marital status, type of return filed, AGI, taxable income, and later adjustments, if any.



- Social Security Number (or your IRS individual taxpayer identification number);
- Date of birth;
- Street address; and
- Zip Code or Postal Code.



- Go to [Order a Transcript](#), or
- Call 1-800-938-9946

Note: We cannot process your request online if you need transcripts mailed to an address other than the one we have on file for you. To send your transcript to a different address, complete and send [Form 4506-T](#).

Notice of Final Cure & Request for
Discharge Pursuant to Rule 3002

**THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO**

IN RE:	)	CHAPTER 13
	)	CASE NO:
)	
	)	MARILYN SHEA-STONUM
	)	BANKRUPTCY JUDGE
Debtor(s))	
	)	NOTICE OF FINAL CURE
	)	PAYMENT AND COMPLETION
	)	OF PAYMENTS UNDER THE
	)	PLAN WITH 21 DAY NOTICE
	)	TO MORTGAGE CREDITORS
)	
	)	TRUSTEE'S REQUEST FOR
	)	THE COURT TO ISSUE A
	)	DISCHARGE IN CHAPTER 13

Now comes Keith L. Rucinski, Chapter 13 Trustee, and pursuant to Fed. Bankr. Rule 3002.1(f) gives notice that the Debtor(s) in the above Chapter 13 case has/have submitted funds to complete payment to all creditors who have filed a claim(s) in the above Chapter 13 plan confirmed in this case on .

Further, all amounts required to be paid to all creditors on their respective claim(s), including all amounts necessary to cure mortgage arrearages, have been paid. The monthly on going mortgage payment was to be paid directly (outside the plan) by the Debtor(s). Within 21 days of the service of this Notice, the mortgage creditor(s) must file and serve same on the Debtor, Debtor(s) counsel and the Trustee, pursuant to Fed. Bankr. Rule 3002.1(g), a statement indicating whether it agrees that the Debtor(s) has paid in full the amount required to cure the default and whether, consistent with § 1322(b)(5), the debtor is otherwise current on all

CHAPTER 13
Keith L. Rucinski
Trustee
1 Cascade Plaza
Suite 2020
Akron, Oh 44308

(330) 762-6335
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(330) 762-7072
Email
rucinski@chl3akron.com

payments or be subject to further action of the Court including possible sanctions.

Additionally, the Trustee hereby requests that if no objection is timely filed, the Clerk of Court be authorized and directed to enter a discharge of Debtor(s) in this case.

In accordance with 11 USC Section 102, unless a party in interest objects to the Trustee's Request for the Court to Issue a Discharge in this Chapter 13 case and files a written request for hearing before the Court within 30 days from the date in the below certificate of service, the Trustee's request shall be granted and the Court will issue an order of discharge. Objections must be served on all parties in the below certificate of service. Objections must be filed with the United States Bankruptcy Court at:

**United States Bankruptcy Court
2 South Main Street
455 John F. Seiberling Federal Building
Akron, OH 44308**

Respectfully submitted,

/s/ Keith L. Rucinski

Keith L. Rucinski, Chapter 13 Trustee
Ohio Reg. No. 0063137
One Cascade Plaza, Suite 2020
Akron, OH 44308
Phone: 330.762.6335
Fax: 330.762.7072
Email: **krucinski@ch13akron.com**

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rucinski@ch13akron.com

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been sent to:

(via ECF)

Keith L. Rucinski, Chapter 13 Trustee (via ECF)

Office of the US Trustee (via ECF)

All creditors per attached list (via Regular Mail)

Date of Service:

By:

Office of the Chapter 13 Trustee

CHAPTER 13

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Trustee
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rucinski@ch13akron.com

Agreed Entry to Temporarily Increase
Chapter 13 Payment Due to Surrendering Home

**THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO**

In Re:

DEBTOR(S)

)
) CHAPTER 13
) CASE NO:
)
) MARILYN SHEA-STONUM
) BANKRUPTCY JUDGE
)
) AGREED ENTRY FOR TURNOVER OF
) ONE-HALF OF THE MORTGAGE
) PAYMENT FOR THE DEBTOR'S
PROPERTY AT _____ BEING
SURRENDERED THROUGH THEIR
CHAPTER 13 PLAN

Now comes Keith L. Rucinski, the Chapter 13 Trustee, by and through undersigned counsel, and the debtors in this case, by and through undersigned counsel, and jointly agree to the following:

1. This Chapter 13 case was filed on or about _____.
2. Pursuant to the Debtor(s) Chapter 13 Plan, the Debtor(s) proposes to surrender their residence located at _____.
3. The debtor(s) agree to turnover one-half of their current mortgage payment into the Chapter 13 estate for the benefit of creditors until they have a new residence and can provide proof of the new residence (and new monthly mortgage/rental payment) to the Chapter 13 Trustee's Office. This is

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because the debtor(s) is/are not paying the mortgage payment listed in Schedule J because that real property is being surrendered through their Chapter 13 plan.

4. The debtor(s) understand that should they fail to timely provide documents regarding their residence to the Chapter 13 Trustee that it may result in dismissal of this case.
5. The Trustee is authorized to increase the unsecured dividend based on the turnover of any additional funds by the debtor(s).

WHEREFORE, the above agreed entry is well taken on the terms and conditions detailed herein. The debtor(s) should turnover one-half of their current mortgage payment into the Chapter 13 estate for the benefit of creditors.

###

Submitted by:

Keith L. Rucinski, Chapter 13 Trustee
Ohio Reg. No. 0063137
Joseph A. Ferrise, Staff Attorney
Ohio Reg. No. 0084477
One Cascade Plaza, Suite 2020
Akron, OH 44308
Tel 330.762.6335
Fax 330.762.7072

krucinski@ch13akron.com
jferrise@ch13akron.com

Attorney
Counsel for the debtors
Ohio Reg. No. _____
Address

Tel
Email

cc:

Debtor Address
(via Regular Mail)

Debtor's employer
Employer Address
(via regular mail)

Debtor attorney, Esquire (via ECF)

Attorney Amy Good- Office of the U.S. Trustee (via ECF)

Keith L. Rucinski, Chapter 13 Trustee (via ECF)

CHAPTER 13
Keith L Rucinski
Trustee
One Cascade Plaza
Suite 2020
Akron, Oh 44308

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(330) 762-7072
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krucinski@ch13akron.com

Student Loan Forgiveness Due to Disability



DISCHARGE APPLICATION: TOTAL AND PERMANENT DISABILITY

OMB No. 1845-0065
Form Approved
Exp. Date 12/31/2011

Federal Family Education Loan Program / Federal Perkins Loan Program /
William D. Ford Federal Direct Loan Program / Teacher Education Assistance for College and Higher Education Grant Program

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form or on any accompanying documents will be subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

READ THIS FIRST: This is an application for a total and permanent disability discharge of your Federal Family Education Loan (FFEL) Program, Federal Perkins Loan (Perkins Loan) Program, and/or William D. Ford Federal Direct Loan (Direct Loan) Program loan(s), and/or your Teacher Education Assistance for College and Higher Education (TEACH) Grant Program service obligation.

To qualify for this discharge (except for certain veterans as explained below), a physician must certify in Section 4 of this form that you are unable to engage in any substantial gainful activity (see definition in Section 5) by reason of a medically determinable physical or mental impairment that (1) can be expected to result in death; (2) has lasted for a continuous period of not less than 60 months; or (3) can be expected to last for a continuous period of not less than 60 months. This disability standard may differ from disability standards used by other federal agencies (for example, the Social Security Administration) or state agencies. Except as noted below for certain veterans, a disability determination by another federal or state agency does not establish your eligibility for this discharge.

If you are a veteran, you will be considered totally and permanently disabled for purposes of this discharge if you provide documentation from the U.S. Department of Veterans Affairs (VA) showing that you have been determined to be **unemployable due to a service-connected disability**. If you provide this documentation, you are not required to have a physician complete Section 4 of this form or provide any additional documentation related to your disabling condition. You only need to complete Sections 1 and 3.

SECTION 1: APPLICANT IDENTIFICATION

Please enter or correct the following information.

SSN [] [] [] - [] [] - [] [] [] [] [] []

Name _____

Address _____

City, State, Zip Code _____

Telephone - Home () _____

Telephone - Other () _____

E-mail Address (Optional) _____

SECTION 2: INSTRUCTIONS FOR COMPLETING AND SUBMITTING THIS APPLICATION

- Type or print in dark ink. Enter your name and Social Security Number at the top of page 2 (if not preprinted).
- Have a doctor of medicine or osteopathy complete and sign Section 4, unless you are a qualifying veteran (see the next bullet).
- If you are a veteran who has received a determination from the VA that you are **unemployable due to a service-connected disability**, attach documentation of this determination. You are not required to have a physician complete Section 4. **If you do not have documentation showing that you are unemployable due to a service-connected disability and cannot obtain this documentation, you must have a physician complete Section 4.**
- Sign and date the application in Section 3. A representative may sign on your behalf if you are unable to do so because of your disability.
- Make sure that Sections 3 and (if applicable) 4 include all requested information. Incomplete or inaccurate information may cause your application to be delayed or rejected.
- Send the completed application with any necessary attachments to the address shown below. If no address is shown, send the application and any attachments to your loan holder or, if you are applying for discharge of a TEACH Grant Program service obligation, to the U.S. Department of Education (the Department) at the address shown on correspondence you received related to your TEACH Grant.
- If you are applying for discharge of more than one loan and your loans are held by more than one loan holder, or if you are applying for discharge of both a TEACH Grant service obligation and one or more loans, you must submit a separate discharge application (original or copy) with any necessary attachments to each loan holder and, for TEACH Grants, to the Department. A "copy" means a photocopy of the original application completed by you (or your representative) and your physician. Any copy must include an **original signature** from you or your representative.
- **IMPORTANT: You must submit this application to your loan holder(s) and/or the Department within 90 days of the date of your physician's signature in Section 4. See Section 3 for address and contact information. (NOTE TO VETERANS: This requirement does not apply if you are a veteran who provides the documentation described above under "READ THIS FIRST.")**

SECTION 3: APPLICANT'S DISCHARGE REQUEST, AUTHORIZATION, UNDERSTANDINGS, AND CERTIFICATIONS

Before signing, carefully read the entire application, including the instructions in Section 2 and other information on the following pages.

I request that the Department discharge my FFEL, Perkins Loan, and/or Direct Loan program loan(s), and/or my TEACH Grant service obligation.

I authorize any physician, hospital, or other institution having records about the disability that is the basis for my request for a discharge to make information from those records available to the holder(s) of my loan(s) and/or to the Department.

I understand that (i) I must submit a separate discharge application to each holder of the loan(s) that I want to have discharged. If I am applying for discharge of both a TEACH Grant service obligation and one or more loans, I must submit a separate discharge application to each loan holder and, for TEACH Grants, to the Department. Unless I am a veteran who provides the documentation described above under "READ THIS FIRST," I must submit a discharge application to each loan holder and/or the Department within 90 days of the date of my physician's signature in Section 4. (ii) Unless I am a veteran who provides the documentation described above under "READ THIS FIRST," I may be required to repay a discharged loan or satisfy a discharged TEACH Grant service obligation if I fail to meet certain requirements during a post-discharge monitoring period, as explained in Section 6. (iii) If I am a veteran, the certification by a physician on this form (if I am required to obtain such a certification) is only for the purposes of establishing my eligibility to receive a discharge of a FFEL Program loan, a Perkins Loan Program loan, a Direct Loan Program loan, and/or a TEACH Grant service obligation, and is not for purposes of determining my eligibility for, or the extent of my eligibility for, VA benefits.

I certify that: (i) I have a total and permanent disability, as defined in Section 5. (ii) I have read and understand the information on the discharge process, the terms and conditions for discharge, and the eligibility requirements to receive future loans or TEACH Grants as explained in Sections 6 and 7.

Signature of Applicant or Applicant's Representative

Date

Printed Name of Applicant's Representative (if applicable)

Address of Applicant's Representative (if applicable)

Representative's Relationship to Applicant (if applicable)

Send the completed discharge application and any attachments to:

If you need help completing this form, call:

Applicant Name: _____ Applicant SSN: [] [] [] - [] [] [] - [] [] [] [] [] [] [] []

SECTION 4: PHYSICIAN'S CERTIFICATION

READ THIS FIRST: The applicant identified above is applying for a discharge of a federal student loan and/or a teaching service obligation for a federal grant on the basis that he or she has a total and permanent disability, as defined in Section 5 of this form. To qualify for a discharge, the applicant must be unable to engage in any substantial gainful activity (as defined in Section 5) by reason of a medically determinable physical or mental impairment that (1) can be expected to result in death; (2) has lasted for a continuous period of not less than 60 months; or (3) can be expected to last for a continuous period of not less than 60 months. This disability standard may be different from standards used under other programs in connection with occupational disability, or eligibility for social service or veterans benefits. A determination that the applicant is disabled by another federal agency (for example, the Social Security Administration) or a state agency does not establish the applicant's eligibility for this loan discharge.

Instructions for Physician:

- Complete this form only if you are a doctor of medicine or osteopathy legally authorized to practice in a state, as defined in Section 5, and only if the applicant's condition meets the definition of total and permanent disability in Section 5.
- **Type or print in dark ink. All fields must be completed. If a field is not applicable, enter "N/A."** Your signature date must include month, day, and year (mm-dd-yyyy).
- Provide all requested information for Items 1, 2, and 3 below, and attach additional pages if necessary. Complete the physician's certification at the bottom of this page. The applicant's loan discharge application cannot be processed if the information requested in this section is missing.
- If you make any changes to the information you provide in this section, you must initial each change.
- **Please return the completed form to the applicant or the applicant's representative.** The holder(s) of the applicant's loan(s) (as defined in Section 5) or the U.S. Department of Education may contact you for additional information or documentation.

1. Ability to Engage in Substantial Gainful Activity. Does the applicant have a medically determinable physical or mental impairment (as explained in Item 2 below) that (a) prevents the applicant from engaging in any substantial gainful activity, in any field of work, and (b) can be expected to result in death, or has lasted for a continuous period of not less than 60 months, or can be expected to last for a continuous period of not less than 60 months? Yes No

Substantial gainful activity means a level of work performed for pay or profit that involves doing significant physical or mental activities, or a combination of both. If the applicant is able to engage in any substantial gainful activity, in any field of work, you must answer "No."

IF THE ANSWER TO QUESTION 1 IS NO, DO NOT COMPLETE THIS APPLICATION.

2. Disabling Condition. Complete the following regarding the applicant's disabling physical or mental impairment. **Do not use abbreviations or insurance codes.**

(a) Provide the diagnosis: _____

(b) Describe the severity of the disabling physical or mental impairment, including, if applicable, the phase of the disabling condition: _____

3. Limitations. Explain how the disabling condition prevents the applicant from engaging in substantial gainful activity in any field of work by responding to Items (a) through (e) below, as relevant to the applicant's condition. Attach additional pages if more space is needed.

In addition to what is required below, you may include any additional information that you believe would be helpful in understanding the applicant's condition, such as medications used to treat the condition, surgical and non-surgical treatments for the condition, etc.

(a) Limitations on sitting, standing, walking, or lifting: _____

(b) Limitations on activities of daily living: _____

(c) Residual functionality: _____

(d) Social/behavioral limitations, if any: _____

(e) Current Global Assessment Function Score (for psychiatric conditions): _____

Physician's Certification

- I certify that, in my best professional judgment, the applicant identified above is unable to engage in any substantial gainful activity in any field of work by reason of a medically determinable physical or mental impairment that (1) can be expected to result in death, (2) has lasted for a continuous period of not less than 60 months, or (3) can be expected to last for a continuous period of not less than 60 months.
- I understand that an applicant who is currently able to engage in any substantial gainful activity in any field of work does not have a total and permanent disability as defined on this form.

I am a doctor of (check one) medicine osteopathy/osteopathic medicine. I am legally authorized to practice in the state of _____, and my professional license number is _____ (subject to verification through state records).

Physician's Signature (a signature stamp is not acceptable) _____ Date (mm-dd-yyyy) _____ Printed Name of Physician (first name, middle initial, last name) _____

Address _____ City, State, Zip Code _____

() _____ () _____

Telephone _____ Fax _____ E-mail Address (Optional) _____

SECTION 5: DEFINITIONS

■ If you have a **total and permanent disability**, this means that:

- (1) You are unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death, that has lasted for a continuous period of not less than 60 months, or that can be expected to last for a continuous period of not less than 60 months, **OR**
- (2) You are a veteran who has been determined by the VA to be **unemployable due to a service-connected disability**.

NOTE: This disability standard may differ from disability standards used by other federal agencies (for example, the Social Security Administration) or state agencies. Except in the case of certain veterans, a disability determination by another federal or state agency does not establish your eligibility for a discharge of your loan(s) and/or TEACH Grant service obligation due to a total and permanent disability.

- **Substantial gainful activity** means a level of work performed for pay or profit that involves doing significant physical or mental activities, or a combination of both.
- A **discharge of a loan** due to a total and permanent disability cancels your obligation (and, if applicable, an endorser's obligation) to repay the remaining balance on your FFEL, Perkins Loan, and/or Direct Loan program loans. A **discharge of a TEACH Grant service obligation** cancels your obligation to complete the teaching service that you agreed to perform as a condition for receiving a TEACH Grant.
- The **post-discharge monitoring period** begins on the date the Department grants a discharge of your loan or TEACH Grant service obligation and lasts for three years. If you fail to meet certain conditions at any time during or at the end of the post-discharge monitoring period, the Department will reinstate your obligation to repay your discharged loan or complete your TEACH Grant service obligation. See Section 6 for more information.
- The **Federal Family Education Loan (FFEL) Program** includes Federal Stafford Loans (both subsidized and unsubsidized), Federal Supplemental Loans for Students (SLS), Federal PLUS Loans, and Federal Consolidation Loans.
- The **Federal Perkins Loan (Perkins Loan) Program** includes Federal Perkins Loans, National Direct Student Loans (NDSL), and National Defense Student Loans (Defense Loans).
- The **William D. Ford Federal Direct Loan (Direct Loan) Program** includes Federal Direct Stafford/Ford Loans (Direct Subsidized Loans), Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans), Federal Direct PLUS Loans (Direct PLUS Loans), and Federal Direct Consolidation Loans (Direct Consolidation Loans).
- The **Teacher Education Assistance for College and Higher Education (TEACH) Grant Program** provides grants to students who agree to teach full time for at least four years in high-need fields in low-income elementary or secondary schools as a condition for receiving the grant funds. If a TEACH Grant recipient does not complete the required teaching service within eight years after completing the program of study for which the TEACH Grant was received, the TEACH Grant funds are converted to a Direct Unsubsidized Loan that the grant recipient must repay in full, with interest, to the Department.
- The **holder** of your FFEL Program loan(s) may be a lender, a guaranty agency, or the Department. The holder of your Perkins Loan Program loan(s) may be a school you attended or the Department. The holder of your Direct Loan Program loan(s) is the Department. If you received a TEACH Grant, the Department holds your TEACH Grant Agreement to Serve.
- The term "**state**" as used on this application includes the 50 United States, the District of Columbia, American Samoa, the Commonwealth of Puerto Rico, Guam, the U.S. Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

SECTION 6: DISCHARGE PROCESS / ELIGIBILITY REQUIREMENTS / TERMS AND CONDITIONS FOR DISCHARGE (continues on next page)

NOTE: If you are applying for discharge of loans that are held by the Department, or are applying for discharge of a TEACH Grant service obligation, the discharge process begins with the review by the Department described below.

For veterans who have been determined by the VA to be unemployable due to a service-connected disability:

1. **Review of discharge application by your loan holder.** Your loan holder will review your completed discharge application and the required documentation you provide from the VA. If the documentation indicates that you are totally and permanently disabled in accordance with paragraph (2) of the definition of "total and permanent disability" in Section 5, your loan holder will refer your application and the accompanying documentation to the Department for further review. If the documentation from the VA does not indicate that you are totally and permanently disabled, you will be notified that you must resume payment of your loan(s). If the documentation from the VA does not indicate that you are totally and permanently disabled in accordance with paragraph (2) of the definition of "total and permanent disability," but it indicates that you may be totally and permanently disabled in accordance with paragraph (1) of the definition, you will be notified that you may reapply for discharge under the process for other applicants, as described below. For FFEL Program loans held by a lender, both the lender and the guaranty agency will review your application and accompanying documentation before sending the application and documentation to the Department.
2. **Review of discharge application by the Department.** The Department will review the documentation from the VA to determine if you are totally and permanently disabled in accordance with paragraph (2) of the definition of "total and permanent disability" in Section 5.
3. **Discharge.** If the Department determines that you are totally and permanently disabled, you will be notified that your loan(s) and/or TEACH Grant service obligation has been discharged. The discharge will be reported to national consumer reporting agencies, and any loan payments received on or after the effective date of the determination by the VA that you are unemployable due to a service-connected disability will be refunded to the person who made the payments. If the Department determines that you are not totally and permanently disabled, you will be notified that you must resume repayment of your loan(s), or if you applied for discharge of a TEACH Grant service obligation, that you must comply with all terms and conditions of your TEACH Grant Agreement to Serve.

For all other applicants:

1. **Review of discharge application by your loan holder.** Your loan holder will review your completed discharge application and any accompanying documentation to determine whether you appear to be totally and permanently disabled in accordance with paragraph (1) of the definition of "total and permanent disability" in Section 5. If applicable, your loan holder may also contact your physician for additional information. For FFEL Program loans held by a lender, this determination will be made by both the lender and the guaranty agency. If the loan holder determines that you do not appear to be totally and permanently disabled, you will be notified of that decision. You must then resume payment of your loan(s). If your loan holder determines that you appear to be totally and permanently disabled, your loan(s) will be assigned to the Department. The Department will be your new loan holder.
2. **Review of discharge application by the Department.** The Department will review the physician's certification in Section 4 and any accompanying documentation to determine if you are totally and permanently disabled in accordance with paragraph (1) of the definition of "total and permanent disability" in Section 5. The Department may also contact your physician for additional information, or may arrange for an additional review of your condition by an independent physician at the Department's expense. Based on the results of this review, the Department will determine your eligibility for discharge.
3. **Discharge.** If the Department determines that you are totally and permanently disabled, you will be notified that a discharge has been granted, and that you will be subject to a post-discharge monitoring period for three years beginning on the discharge date. The notification of discharge will explain the terms and conditions under which the Department will reinstate your obligation to repay your discharged loan or complete your discharged TEACH Grant service obligation, as described in Item 4, below. The discharge will be reported to national consumer reporting agencies, and any loan payments that were received after the date the physician certified your discharge application will be returned to the person who made the payments.

If the Department determines that you are not totally and permanently disabled, you will be notified of that determination. You must then resume repayment of your loan(s), or if you applied for discharge of a TEACH Grant service obligation, you must comply with all terms and conditions of your TEACH Grant Agreement to Serve.

4. **Post-discharge monitoring period.** If you are granted a discharge, the Department will monitor your status during the 3-year post-discharge monitoring period that begins on the date the discharge is granted. The Department will reinstate your obligation to repay your discharged loan(s) and/or your obligation to complete your discharged TEACH Grant service obligation if, at any time during the post-discharge monitoring period, you:
 - Receive annual earnings from employment that exceed the poverty line amount (see Note below) for a family of two in your state, regardless of your actual family size;
 - Receive a new loan under the FFEL, Perkins Loan, or Direct Loan Program or a new TEACH Grant; or
 - Fail to ensure that a loan or TEACH Grant disbursement was returned to the loan holder or (for a TEACH Grant) to the Department within 120 days of the disbursement date, in the case of a FFEL, Perkins, or Direct Loan program loan or a TEACH grant that was made before the discharge date, but was disbursed during the 3-year post-discharge monitoring period.During the 3-year post-discharge monitoring period, you (or your representative) must:
 - Promptly notify the Department if your annual earnings from employment exceed the poverty line amount for a family of two in your state (see Note below), regardless of your actual family size;

SECTION 6: DISCHARGE PROCESS / ELIGIBILITY REQUIREMENTS / TERMS AND CONDITIONS FOR DISCHARGE (continued from previous page)

- Promptly notify the Department of any changes in your address or telephone number; and
- If requested, provide the Department with documentation of your annual earnings from employment.

Note: The poverty line amounts are updated annually and may be obtained at <http://aspe.hhs.gov/poverty>. The Department will notify you of the current poverty line amounts during each year of the post-discharge monitoring period.

5. Reinstatement of obligation to repay discharged loans or complete discharged TEACH Grant service obligation. If you do not meet the requirements described above in Item 4 at any time during or at the end of the post-discharge monitoring period, the Department will reinstate your obligation to repay your discharged loan(s) and/or to complete your discharged TEACH Grant service obligation. If you received a discharge of your loan(s), this means that you will be responsible for repaying your loan(s) in accordance with the terms of your promissory note(s). However, you will not be required to pay interest on your loan(s) for the period from the date of the discharge until the date your repayment obligation was reinstated. The Department will continue to be your loan holder. If you received a discharge of your TEACH Grant service obligation, you will again be subject to the requirements of your TEACH Grant Agreement to Serve. If you do not meet the terms of that agreement and the TEACH Grant funds you received are converted to a Direct Unsubsidized Loan, you must repay that loan in full, and interest will be charged from the date(s) that the TEACH Grant funds were disbursed.

If your obligation to repay a loan or complete a TEACH Grant service obligation is reinstated, the Department will notify you of the reinstatement. This notification will include:

- The reason or reasons for the reinstatement;
- For loans, an explanation that the first payment due date following the reinstatement will be no earlier than 60 days following the notification of reinstatement; and
- Information on how you may contact the Department if you have questions about the reinstatement, or if you believe that your obligation to repay a loan or complete a TEACH Grant service obligation was reinstated based on incorrect information.

SECTION 7: ELIGIBILITY REQUIREMENTS TO RECEIVE FUTURE LOANS OR TEACH GRANTS

For veterans who receive a total and permanent disability discharge based on a determination by the VA that they are unemployable due to a service-connected disability:

If you are granted a discharge based on a determination that you are totally and permanently disabled in accordance with paragraph (2) of the definition of "total and permanent disability" in Section 5, you are not eligible to receive future loans under the FFEL, Perkins Loan, or Direct Loan programs or TEACH Grants unless:

- You obtain a certification from a physician that you are able to engage in substantial gainful activity; and
- You sign a statement acknowledging that the new loan or TEACH Grant service obligation cannot be discharged in the future on the basis of any injury or illness present at the time the new loan or TEACH Grant is made, unless your condition substantially deteriorates so that you are again totally and permanently disabled.

For all other individuals who receive a total and permanent disability discharge:

If you are granted a discharge based on a determination that you are totally and permanently disabled in accordance with paragraph (1) of the definition of "total and permanent disability" in Section 5, you are not eligible to receive future loans under the FFEL, Perkins Loan, or Direct Loan programs or TEACH Grants unless:

- You obtain a certification from a physician that you are able to engage in substantial gainful activity;
- You sign a statement acknowledging that the new loan or TEACH Grant service obligation cannot be discharged in the future on the basis of any injury or illness present at the time the new loan or TEACH Grant is made, unless your condition substantially deteriorates so that you are again totally and permanently disabled; and
- If you request a FFEL, Perkins Loan, or Direct Loan program loan or a new TEACH Grant within three years of the date that a previous loan or TEACH Grant was discharged, you resume payment on the previously discharged loan or acknowledge that you are once again subject to the terms of the TEACH Grant Agreement to Serve before receiving the new loan.

SECTION 8: IMPORTANT NOTICES

Privacy Act Notice. The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authorities for collecting the requested information from and about you are §421 *et seq.*, §451 *et seq.*, §461 *et seq.*, and §420L *et seq.* of the Higher Education Act of 1965, as amended (the HEA) (20 U.S.C. 1071 *et seq.*, 20 U.S.C. 1087a *et seq.*, 20 U.S.C. 1087aa *et seq.*, and 20 U.S.C. 1070g *et seq.*) and the authorities for collecting and using your Social Security Number (SSN) are §§428B(f) and 484(a)(4) of the HEA (20 U.S.C. 1078-2(f) and 1091(a)(4)) and §31001(i)(1) of the Debt Collection Improvement Act of 1996 (31 U.S.C. 7701(c)). Participating in the Federal Family Education Loan (FFEL) Program, the William D. Ford Federal Direct Loan (Direct Loan) Program, the Federal Perkins Loan (Perkins Loan) Program, and/or the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a FFEL, Direct Loan, and/or Perkins Loan program loan or a TEACH Grant, to receive a benefit on a loan (such as a deferment, forbearance, discharge, or forgiveness) or a discharge of a TEACH Grant service obligation, to permit the servicing of your loan(s) or TEACH Grant(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices.

For a loan or for a TEACH Grant that has not been converted to a Direct Unsubsidized Loan, the routine uses of the information that we collect about you include, but are not limited to, its disclosure to federal, state, or local agencies, to institutions of higher education, and to third party servicers to determine your eligibility to receive a loan or a TEACH Grant, to investigate possible fraud, and to verify compliance with federal student financial aid program regulations.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

For a loan, including a TEACH Grant that has been converted to a Direct Unsubsidized Loan, the routine uses of this information also include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to creditors, to financial and educational institutions, and to guaranty agencies to verify your identity, to determine your program eligibility and benefits, to permit making, servicing, assigning, collecting, adjusting, or discharging your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, to locate you if you become delinquent in your loan payments or if you default, or to verify whether your debt qualifies for discharge or cancellation. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state or local agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment status, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

Paperwork Reduction Notice. According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0065. The time required to complete this information collection is estimated to average 0.5 hours (30 minutes) per response, including the time to review instructions, search existing data resources, gather and maintain the data needed, and complete and review the information collection.

If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: U.S. Department of Education, Washington, DC 20202-4537. **Do not send the completed loan discharge application to this address.**

If you have comments or concerns regarding the status of your individual submission of this form, contact your loan holder (see Section 3).

RESIDENTIAL CAPITAL SUPPLEMENTAL ORDER

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

)				
In re:	)				Case No. 12-12020 (MG)
)				
RESIDENTIAL CAPITAL, LLC, <u>et al.</u>,	)				Chapter 11
)				
Debtors.	)				Jointly Administered
)				

FINAL SUPPLEMENTAL ORDER UNDER BANKRUPTCY CODE SECTIONS 105(a), 362, 363, 502, 1107(a), AND 1108 AND BANKRUPTCY RULE 9019 (I) AUTHORIZING THE DEBTORS TO CONTINUE IMPLEMENTING LOSS MITIGATION PROGRAMS; (II) APPROVING PROCEDURES FOR COMPROMISE AND SETTLEMENT OF CERTAIN CLAIMS, LITIGATIONS AND CAUSES OF ACTION; (III) GRANTING LIMITED STAY RELIEF TO PERMIT FORECLOSURE AND EVICTION PROCEEDINGS, BORROWER BANKRUPTCY CASES, AND TITLE DISPUTES TO PROCEED; AND (IV) AUTHORIZING AND DIRECTING THE DEBTORS TO PAY SECURITIZATION TRUSTEE FEES AND EXPENSES

Upon the motion (the “Motion”)¹ of Residential Capital, LLC, and certain of its affiliates, as debtors and debtors in possession (collectively, the “Debtors”) for entry of a supplemental order under Bankruptcy Code sections 105(a), 362, 363, 1107(a) and 1108, and Bankruptcy Rule 9019 (i) authorizing the Debtors to continue implementing loss mitigation programs; (ii) approving procedures for the compromise and settlement of certain claims, litigations and causes of action in the ordinary course of the Debtors’ business; (iii) granting limited stay relief to permit (w) borrowers or their tenants, as applicable, to prosecute direct claims and counter-claims in foreclosure and eviction proceedings (including in states in which non-judicial foreclosure is followed), (x) borrowers to prosecute certain actions in borrower bankruptcy cases, (y) the Debtors to prosecute foreclosure actions in those circumstances where

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion. Creditors and parties-in-interest with questions or concerns regarding the Debtors’ Chapter 11 cases or the relief granted herein may refer to <http://www.kccllc.net/rescap> for additional information.

they service senior mortgage loans and own the junior mortgage loans on the underlying property, and (z) third party lien holders to prosecute direct claims and counter-claims in actions involving the amount, validity or priority of liens on properties subject to foreclosure proceedings; and (iv) authorizing and directing the Debtors to pay certain securitization trustee fees and expenses; and the Court having considered the Whitlinger Affidavit and the Bocresion Declaration; and the Court having entered the Interim Supplemental Order on June 15, 2012 [Docket No. 391]; and the Court having entered a final order on June 15, 2012 granting the GA Servicing Motion on a final basis [Docket No. 401]; and the Court having entered a final order on June 15, 2012 granting the Non-GA Servicing Motion on a final basis [Docket No. 402]; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these Chapter 11 cases and the Motion in this district is proper pursuant to 28 U.S.C §§ 1408 and 1409; and it appearing that this proceeding on the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b); and sufficient notice of the Motion having been given and it appearing that no other or further notice need be provided; and the National Association of Consumer Bankruptcy Attorneys, on its own behalf and in a representative capacity, two individuals who are debtors under Chapter 13, and Edward Boltz, counsel for those individuals, having filed jointly the Limited Omnibus Objection To The Servicing Orders And Debtors' May 31, 2012 Motion For A Supplemental Order [Docket No. 221] (the "NACBA Objection"); and the Committee having filed the Omnibus Response And Reservation Of Rights Of The Official Committee Of Unsecured Creditors To Certain Of The Debtors' First Day Motions [Docket No. 240]; and the Debtors having filed the Omnibus Reply To Objections To Entry Of Final Orders For Specific "First Day" Motions And Related Relief [Docket. No. 254]; and upon the record of the hearing; and it appearing that the relief requested

by the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and after due deliberation thereon; and any objections to the Motion, including the NACBA Objection, having been withdrawn, resolved, or overruled on the merits; and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED on a final basis, as set forth herein, and any objections to the Motion are hereby overruled;

Loss Mitigation Programs

2. The Debtors are authorized, but not directed in their sole and absolute discretion and subject to available funding, to continue developing and implementing loss mitigation programs and procedures in the ordinary course of their businesses *nunc pro tunc* to the Petition Date, including, but not limited to, making incentive payments to borrowers in connection with the closing of short sales, or vacating properties in lieu of foreclosure or eviction proceedings, or in the form of borrower rebates for loan payoffs including honoring all obligations related thereto that accrued in whole or in part prior to the Petition Date (collectively, the "Loss Mitigation Programs"); provided, however, that the aggregate cash payments made by the Debtors to individual borrowers under the Loss Mitigation Programs that are not reimbursed to the Debtors shall not exceed \$550,000 per month (the "Monthly Cap"), absent consent of the Committee or further order of the Court; provided, further, however, that to the extent the Debtors do not exceed the Monthly Cap in any month they shall be entitled to utilize the difference between the actual amount and the Monthly Cap in any succeeding month. The Debtors shall provide monthly reports to the Committee and the Office of the United States Trustee for the Southern District of New York (the "U.S. Trustee"), which reports shall be in a

form agreed to by the Debtors and the Committee and such additional information as shall be reasonably requested by the Committee, in each case, concerning the Loss Mitigation Programs.

3. Cash payments made by the Debtors to individual borrowers under the Loss Mitigation Programs for which the Debtors are not reimbursed shall not exceed \$4.2 million in the aggregate, absent consent of the Committee or further order of the Court. For the avoidance of doubt, the limitation on the amount of cash payments provided for in this paragraph 3 is in addition to the limitation on the amount of cash payments provided for in paragraph 12 hereof.

Settlement Procedures

4. The Debtors are authorized, but not directed to compromise and settle certain claims brought by the Debtors against any non-insider third parties in connection with foreclosure, eviction, or borrower bankruptcy proceedings (each a "Settling Party") or by a Settling Party against any of the Debtors (each, a "Claim") in accordance with the following two-tiered procedures (the "Settlement Procedures"):

Tier I: The Debtors, in their sole discretion, may enter into, execute and consummate written agreements of settlement with respect to Claims that will be binding on the Debtors and their estates without further action by this Court or notice to any party and grant such Settling Parties cash payments or allowed prepetition claims in amounts not to exceed \$40,000 in full settlement of such Claim (each, a "Tier I Settlement").

Tier II: The Debtors may enter into, execute and consummate written agreements of settlement with respect to Claims that will be binding on the Debtors and their estates without further action by this Court or notice to any party and grant such Settling Parties cash payments or allowed prepetition claims in amounts exceeding \$40,000 but less than \$100,000 in full settlement of such Claims (each, a "Tier II Settlement"); provided, that in each case:

(a) The Debtors must provide advance written notice (by formal or informal means, including by e-mail correspondence) of the terms of any Tier II Settlement to (x) the U.S. Trustee, 33

Whitehall Street, 21st Floor, New York, New York 10004, Attn: Brian S. Masumoto, (y) counsel for the Committee, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas New York, NY 10036, Attn: Kenneth H. Eckstein and Douglas H. Mannal; and (z) counsel to the administrative agent for the Debtors' providers of debtor in possession financing, Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, New York 10036, Attn: Kenneth S. Ziman and Jonathan H. Hofer (collectively the "Notice Parties")

(b) Those Notice Parties wishing to object to any proposed Tier II Settlement must serve a written objection (by formal or informal means, including by e-mail correspondence) on the Debtors, so that it is received by no later than 4:00 p.m. (prevailing Eastern Time) on the day that is seven (7) calendar days from the date the Notice Parties received written notice of such Tier II Settlement (the "Settlement Objection Deadline"). Objections should be addressed to the proposed attorneys for the Debtors, Morrison & Foerster LLP, 1290 Avenue of the Americas, New York, New York 10104, Attn: Larren M. Nashelsky (LNashelsky@mof.com) and Norman S. Rosenbaum (NRosenbaum@mof.com).

(c) If the Debtors receive a timely objection from a Notice Party, the parties will confer and attempt to resolve any differences. Failing that, the Debtors may petition the Court for approval of the Tier II Settlement in accordance with any case management orders entered in the Chapter 11 cases. An objection by a Notice Party with respect to a given Tier II Settlement shall not delay the finality or effectiveness of any other settlement to which an objection has not timely been delivered.

(d) If the Debtors do not receive a written objection to a Tier II Settlement from a Notice Party by the Settlement Objection Deadline, then such Tier II Settlement shall be deemed approved and the Debtors and Settling Parties may carry out the terms of such Tier II Settlement without further notice or Court approval.

5. The Debtors shall be required to seek approval from the Court in order to enter into and consummate any proposed settlement of a Claim with a settlement amount in excess of \$100,000.

6. The Debtors are authorized in their sole discretion, but not directed, to settle claims where some or all of the consideration is being provided by a third party and/or

where the Debtors are releasing claims against creditors or third parties provided the Debtors otherwise comply with the Settlement Procedures.

7. The Settlement Procedures are without prejudice to the right of the Debtors to seek an order of this Court approving additional or different procedures with respect to specific claims or categories of claims. For claims relating to matters specified in paragraphs 14(a) and 15(a) of this Order that were resolved pursuant to a settlement prior to the Petition Date, but where such settlement has not been consummated, the Debtors are authorized, but not directed to, consummate said settlements in accordance with the Settlement Procedures set forth in this Order.

8. Notwithstanding anything to the contrary contained herein, this Order shall not affect, impair, impede or otherwise alter the right of the Debtors to resolve any prepetition or postpetition controversy arising in the ordinary course of the Debtors' businesses, or resolve any controversy authorized by any other order of the Court.

9. Nothing in this Order or the Motion shall constitute a determination or admission of liability or of the validity or priority of any claim against the Debtors, and the Debtors reserve their rights to dispute the validity or priority of any claim asserted.

10. The authority granted in this Order shall not replace or obviate the need to comply with the Debtors' internal procedures, legal or otherwise, for authorizing the settlements contemplated in the Motion. All settlements made pursuant to the Settlement Procedures shall, to the extent applicable, be made in accordance with the Debtors' settlement procedures in effect as of the Petition Date (the "Internal Settlement Protocol") and as may be amended from time; provided, however, that the Debtors shall provide the Committee and the U.S. Trustee with notice of any material changes to the Internal Settlement Protocol.

11. The Debtors shall provide monthly reports to the Committee and the U.S. Trustee, which reports shall be in a form agreed to by the Debtors and the Committee, and such additional information as shall be reasonably requested by the Committee, in each case, concerning settlements of any Claims pursuant to the Settlement Procedures.

12. Cash payments made by the Debtors under the Settlement Procedures shall not exceed \$4 million in the aggregate, absent consent of the Committee or further order of the Court.

13. Any period prescribed or allowed by the Settlement Procedures shall be computed in accordance with Bankruptcy Rule 9006.

Limited Relief from Automatic Stay

Borrower Foreclosure And Eviction Proceedings

14. The stay imposed by section 362(a) of the Bankruptcy Code applicable to (a) pending and future foreclosure actions initiated by the Debtors or in those states providing for non-judicial foreclosures, by a borrower; and (b) pending and future eviction proceedings with respect to properties for which a foreclosure has been completed or is pending, is hereby modified pursuant to the following terms and conditions:

(a) except as set forth herein, a borrower, mortgagor, or lienholder (each, an “Interested Party”) shall be entitled to assert and prosecute direct claims and counter-claims relating exclusively to the property that is the subject of the loan owned or serviced by a Debtor for the purposes of defending, unwinding, or otherwise enjoining or precluding any foreclosure, whether in a Judicial State or a Non-Judicial State, or eviction proceeding, where a final judgment (defined as any judgment where the right to appeal or seek reconsideration has expired or has been exhausted) permitting the foreclosure or

eviction has not been awarded or, with respect to completed foreclosure sales in Non-Judicial States, where any applicable challenge period has not yet expired, and to prosecute appeals with respect to any such direct claims or counter-claims;

(b) absent further order of the Court, the automatic stay shall remain in full force and effect with respect to all pending and future Interested Party direct claims and counter-claims: (i) for monetary relief of any kind and of any nature against the Debtors, except where a monetary claim must be plead in order for an Interested Party to assert a claim to defend against or otherwise enjoin or preclude a foreclosure (each a “Mandatory Monetary Claim”); (ii) for relief that if granted, would not terminate or preclude the prosecution and completion of a foreclosure or eviction; or (iii) asserted in the form of a class action or collective action;

(c) absent further order of the Court, the stay shall remain in full force and effect with respect to any party seeking to intervene to assert related claims against the Debtors or any class action or collective action brought by any Interested Party on behalf of any other Interested Party or class of Interested Parties;

(d) under no circumstances shall an Interested Party be entitled to enforce against, recoup, setoff or collect from the Debtors any judgment or award related to any direct claim or counter-claim for which the automatic stay has been lifted by the terms of this Order, including, without limitation, a Mandatory Monetary Claim;

(e) the Debtors shall retain the right, upon appropriate motion and notice to any affected Interested Party, to seek to impose any provision of section 362(a) of the Bankruptcy Code modified by this Order and to the extent such relief is sought, the

Debtors will not object to the Interested Party's telephonic participation at any hearing on the motion; and

(f) nothing set forth herein shall preclude or limit any Interested Party from seeking relief from the automatic stay under section 362(a) of the Bankruptcy Code on appropriate motion and notice to the Debtors and parties in interest.

Borrower Bankruptcy Proceedings

15. The automatic stay imposed by section 362(a) of the Bankruptcy Code applicable against a borrower who currently has filed, or in the future files, for bankruptcy protection under any chapter of the Bankruptcy Code (a "Bankruptcy Borrower"), is hereby modified pursuant to the following terms and conditions:

(a) except as set forth herein, a Bankruptcy Borrower or a trustee duly appointed under the Bankruptcy Code in the Bankruptcy Borrower's bankruptcy case (a "Bankruptcy Trustee") shall be entitled to: (i) assert and prosecute or continue to prosecute an objection to the Debtors' proof of claim filed in the Bankruptcy Borrower's bankruptcy case; (ii) assert and prosecute or continue to prosecute an objection to the Debtors' motion for relief from the automatic stay filed in the Bankruptcy Borrower's bankruptcy case; (iii) commence or continue to prosecute against the Debtors a motion or adversary proceeding, as applicable, to determine the validity, priority or extent of a Debtor's lien against the Bankruptcy Borrower's property; (iv) commence or continue to prosecute against the Debtors a motion or adversary proceeding, as applicable, to reduce (including to reduce to \$0) or fix the amount of the Debtors' claim or lien against the Bankruptcy Borrower's property; (v) prosecute appeals with respect to items (i) through (iv) above; (vi) seek an accounting from the Debtors with respect to the Bankruptcy

Borrower's loan; and (vii) enter into, execute and consummate a written agreement of settlement with the Debtors where the Debtors elect to enter into such settlement in their sole discretion (but subject to the Settlement Procedures), to resolve items (i) through (vi) above;

(b) except as set forth herein, a Bankruptcy Borrower shall be entitled to (i) engage in court-supervised or court-authorized loss-mitigation programs regarding the Bankruptcy Borrower's loan; and (ii) engage in discussions with the Debtors and execute a modification of the Bankruptcy Borrower's loan or otherwise discuss, enter into and consummate settlements of claims and liens in accordance with the ordinary course of the Debtors' business and applicable law;

(c) absent further order of the Court, the automatic stay shall remain in full force and effect with respect to all Bankruptcy Trustee's and Bankruptcy Borrower's direct claims, counter-claims, motions or adversary proceedings: (i) for monetary relief of any kind and of any nature against the Debtors; (ii) for violation of any local, state or federal statute or other law in connection with the origination of the Bankruptcy Borrower's loan; (iii) for relief that if granted, would have no effect on the amount, validity or priority of the Debtors' claim or lien against a Bankruptcy Borrower or the property of the Bankruptcy Borrower securing such claim or lien of the Debtors; or (iv) asserted in the form of a class action or collective action; provided however, a Bankruptcy Trustee or Bankruptcy Borrower, solely in connection with their objections to Debtors' proof of claim permitted by paragraph 15(a)(i) or proceedings permitted by 15(a)(iii), may assert claims of the type covered by subsection (i) or (ii) of this paragraph 15(c);

(d) absent further order of the Court, the automatic stay shall remain in full force and effect with respect to any party seeking to intervene to assert related claims against the Debtors or any class action or collective action brought by any Bankruptcy Borrower on behalf of any other class of borrowers;

(e) with the sole exception of objections to Debtors' proofs of claim permitted by paragraph 15(a)(i) above and proceedings described in 15(a)(iii) above and solely for purposes of reducing any such claim and not for the purpose of obtaining an affirmative recovery or award, under no circumstances shall a Bankruptcy Borrower or Bankruptcy Trustee be entitled to recoup, setoff or collect from the Debtors any judgment or award related to any direct claim or counter-claim for which the automatic stay has been lifted by the terms of this Order;

(f) the Debtors shall retain the right, upon appropriate motion and notice to any Bankruptcy Borrower or Bankruptcy Trustee, to seek to impose any provision of section 362(a) of the Bankruptcy Code modified by this Order and to the extent such relief is sought, the Debtors will not object to the Interested Party's telephonic participation at any hearing on the motion; and

(g) nothing set forth herein shall preclude or limit any Bankruptcy Borrower or Bankruptcy Trustee from seeking relief from the automatic stay under section 362(a) of the Bankruptcy Code on appropriate motion and notice to the Debtors and parties in interest.

Foreclosures By The Debtors On Senior Loans

16. The stay imposed by section 362(a) of the Bankruptcy Code applicable to pending and future foreclosure actions initiated by the Debtors in cases where they act as

servicer for the Senior Loan and also own (or for which the applicable public land records otherwise reflect that the Debtors hold an interest) the Junior Loan with respect to the underlying property (collectively, the “Junior Foreclosure Actions”) is hereby modified pursuant to the following terms and conditions:

(a) except as otherwise set forth herein, the Debtors shall be entitled to assert and prosecute Junior Foreclosure Actions, whether in a Judicial State or a Non-Judicial State;

(b) the Debtors shall be entitled to take such actions as are necessary to extinguish the lien with respect to a Junior Loan or to otherwise ensure clear and marketable title with respect to the property underlying a Senior Loan in connection with any sale or other disposition of such property;

(c) the Debtors shall be entitled to seek all appropriate relief with respect to a Senior Loan in connection with the bankruptcy cases of a Bankruptcy Borrower without further order of the Court; and

(d) the Debtors shall provide monthly reports to the Committee and the U.S. Trustee, which reports shall be in a form agreed to by the Debtors and the Committee, and such additional information as shall be reasonably requested by the Committee, in each case, concerning Junior Foreclosure Actions.

D. Actions Involving Amount, Validity Or Priority Of Liens

17. The stay imposed by section 362(a) of the Bankruptcy Code applicable to actions involving the amount, validity, and/or priority of liens commenced by third parties purporting to have a lien interest or other claim (“Third Party Claimants”) with respect to

properties that are subject to mortgages owned or serviced by the Debtors (“Title Disputes”) is hereby modified pursuant to the following terms and conditions:

(a) except as otherwise set forth herein, a Third Party Claimant shall be entitled to assert and prosecute direct claims and counter-claims relating exclusively to the property that is the subject of the loan owned or serviced by a Debtor in connection with any Title Dispute, and to prosecute appeals with respect to any such direct claims or counter-claims;

(b) absent further order of the Court, the automatic stay shall remain in full force and effect with respect to all pending and future Third Party Claimant direct claims and counter-claims: (i) for monetary relief of any kind and of any nature against the Debtors; (ii) for relief that is not necessary for the resolution of the Title Dispute; or (iii) asserted in the form of a class action or collective action;

(c) absent further order of the Court, the stay shall remain in full force and effect with respect to any party seeking to intervene to assert related claims against the Debtors or any class action or collective action brought by any Third Party Claimant on behalf of any other Third Party Claimant or class of Third Party Claimants;

(d) under no circumstances shall a Third Party Claimant be entitled to enforce against, recoup, setoff or collect from the Debtors any judgment or award related to any direct claim or counter-claim for which the automatic stay has been lifted by the terms of the Order;

(e) the Debtors shall be entitled to take such actions as are necessary to clear title with respect to property that is subject to a Title Dispute or to otherwise ensure

clear and marketable title with respect to such property in connection with any sale, foreclosure or other disposition of such property;

(f) the Debtors shall retain the right, upon appropriate motion and notice to any affected Third Party Claimant, to seek to impose any provision of section 362(a) of the Bankruptcy Code modified by the Order; and

(g) nothing set forth herein shall preclude or limit any Third Party Claimant from seeking relief from the automatic stay under section 362(a) of the Bankruptcy Code on appropriate motion and notice to the Debtors and parties in interest.

Payment of Securitization Trustee Fees and Expenses

18. The Debtors shall continue to perform all of their respective servicing duties and servicing related duties, including, but not limited to, their duties as master servicer, under all the governing agreements (including, without limitation, pooling and servicing agreements, servicing agreements, or any other agreements concerning or relating to the Debtors' obligations to reimburse and/or indemnify for reasonable fees, costs, expenses, liabilities, and/or losses) (collectively, the "Agreements") relating to Debtor-sponsored securitization transactions and non-Debtor sponsored securitization transactions to which any of The Bank of New York Mellon Trust Company, N.A., Wells Fargo Bank, N.A., Deutsche Bank Trust Company Americas, Deutsche Bank National Trust Company, or U.S. Bank National Association, or any affiliate of such entities acts as trustee for which any Debtor performs servicing duties, in each of their respective capacities as trustee (collectively, the "Trustees") and one or more of the Debtors is a party, including but not limited to, making all principal, interest or other servicing advances (including property protection advances) and reimbursing, indemnifying, defending and holding harmless the Trustees and the securitization trusts for any liability, loss, or reasonable fees, cost

or expense (including fees and disbursements of counsel or agents) incurred by any of the Trustees in the performance of their duties or their administration of the trusts or other agencies under the Agreements to the extent required by the Agreements. For the avoidance of doubt, the Debtors shall pay the reasonable, actual out-of-pocket costs and expenses of the Trustees in connection with reviewing and analyzing the request by the Debtors to approve the MBS Settlement Agreement, and in connection with reviewing and analyzing amendments to the Agreements as necessary or appropriate in connection with any proposed Chapter 11 plan, the MBS Settlement Agreement or the Platform Sale. Notwithstanding the foregoing, nothing in this paragraph 18 shall require any Debtor (i) to repurchase any mortgage loans on the basis of alleged breaches of representations, warranties or other requirements of the Agreements, or make any make-whole payments with respect to any mortgage loans pursuant to the Agreements; or (ii) to enforce, as against any other Debtor entity or any non-Debtor affiliate, any provision of the Agreements under which such other Debtor entity or non-Debtor affiliate are required to repurchase any mortgage loans on the basis of alleged breaches of representations, warranties or other requirements of the Agreements, or make any make-whole payments with respect to any mortgage loans pursuant to the Agreements; and nothing in this paragraph 18 shall be deemed to impose liability on any Debtor with respect to such alleged breaches or make-whole payment requirements.

19. The Trustees shall submit invoices to (a) counsel to the Debtors, (b) counsel to the Committee, and (c) the U.S. Trustee, and all such invoices shall include (i) an itemization of all professional fees by task with a detailed description of the work performed in connection with such task, (ii) a description of related expenses, and (iii) a description of any indemnity claims. Thereafter, within thirty (30) days of presentment of such invoices, if no

written objections to the reasonableness of the fees and expenses charged in any such invoice (or portion thereof) is made by the Debtors, the Committee, or the U.S. Trustee, the Debtors are authorized and directed to pay all reasonable fees, costs and expenses and all indemnity claims referred to in paragraph 18 (including without limitation, attorney, financial advisor, consultant and expert fees and costs) incurred postpetition by any of the Trustees relating to the performance of each of the Trustees' duties or the administration of the trusts or other agencies under the Agreements (the "Trustee Expenses") that are not subject to an objection by the Debtors, the Committee, or the U.S. Trustee without further order from the Court. Any objection to the payment of the Trustee Expenses shall be made only on the basis of "reasonableness," and shall specify in writing the amount of the contested fees and expenses and a detailed basis for such objection. To the extent an objection only contests a portion of an invoice, the undisputed portion thereof shall be promptly paid. If any such objection to payment of an invoice (or any portion thereof) is not otherwise resolved between the Debtors, the Committee, or the U.S. Trustee and the issuer of the invoice, either party may submit such dispute to the Court for a determination as to the reasonableness of the disputed amounts. This Court shall resolve any dispute as to the reasonableness of any fees and expenses.

20. To the extent either the Committee, or the RMBS Trustees determine that the Trustee Expenses were improperly or mistakenly allocated to an RMBS trust or to the Debtors' estates, the Committee and the RMBS Trustees reserve the right to seek to correct the allocation of the Trustee Expenses as between the RMBS trusts or the Debtors' estates in accordance with the applicable Agreement, and such adjustment shall be the Committee's and RMBS Trustees' sole remedy arising from a misallocation. All Trustee Expenses for which (a) no objection under paragraph 19 has been interposed, or (b) where such an objection has been

interposed and the amount of Trustee Expenses determined by the Court to be reasonable, shall be entitled to administrative expense priority in the Debtors' Chapter 11 cases notwithstanding the entry of an order authorizing the assumption and assignment or rejection of any Agreement. However, the Debtors will not be responsible for any fees, costs and expenses incurred with respect to any Agreement after the entry of an order in the Debtors' Chapter 11 cases authorizing the rejection of such Agreement.

21. If any or all of the provisions of this Order are hereafter reversed, modified, limited, vacated or stayed, such reversal, stay, modification or vacatur shall not affect the validity, priority or enforceability of any Trustee Expenses incurred prior to the actual receipt of written notice by the Trustees of the effective date of such reversal, stay, modification or vacatur (the "Notice Date"). Notwithstanding any such reversal, stay, modification or vacatur, the payment of any Trustee Expenses incurred prior to the Notice Date and reimbursed prior to or after the Notice Date by the Debtors shall be governed in all respects by the original provisions of this Order, and the Trustees shall be entitled to all of the rights, remedies, privileges and benefits granted in this Order with respect to payment of Trustee Expenses.

22. Notwithstanding the Debtors' obligations set forth in paragraphs 18 and 19, nothing in this Order shall be deemed to limit, extinguish, or prejudice the Debtors' rights in any way to assume and assign or reject any Agreement in accordance with Bankruptcy Code section 365.

Other Relief

23. Any disputes regarding the extent, application and/or effect of the automatic stay under this Order shall be heard and determined in the Debtors' jointly administered bankruptcy cases pending in the United States Bankruptcy Court for the Southern

District of New York, Case No. 12-12020 in accordance with the Case Management Order entered in the Debtors' cases [Docket No. 141] and such other and further orders as may be entered by the Court.

24. The Debtors are authorized and empowered to take all actions and execute such documents as may be necessary or appropriate to carry out the relief granted herein.

25. Nothing herein shall be deemed to limit the rights of the Debtors to operate their business in the ordinary course, and no subsequent order shall be required to confirm such rights.

26. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained herein shall constitute, nor is it intended to constitute, the assumption of any contract or agreement under Bankruptcy Code section 365 or the waiver by the Debtors or their non-Debtor affiliates of any of their rights pursuant to any agreement by operation of law or otherwise.

27. Notwithstanding anything to the contrary in this Order, any action to be taken pursuant to the relief authorized in this Order is subject to the terms of any cash collateral order or debtor in possession financing order entered in these chapter 11 proceedings. All amounts authorized to be paid pursuant to this Order are subject to the limitations and restrictions imposed by the Approved DIP Budget (as defined in the DIP Credit Agreement). To the extent that there is any inconsistency between the terms of this Order and the terms of any order relating to postpetition financing or cash collateral, the terms of the orders relating to postpetition financing or cash collateral shall govern.

28. Notwithstanding anything herein to the contrary, this Order shall not modify or affect the terms and provisions of, nor the rights and obligations under, (a) the Board

of Governors of the Federal Reserve System Consent Order, dated April 13, 2011, by and among AFI, Ally Bank, ResCap, GMAC Mortgage, LLC, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation, (b) the consent judgment entered April 5, 2012 by the District Court for the District of Columbia, dated February 9, 2012, (c) the Order of Assessment of a Civil Money Penalty Issued Upon Consent Pursuant to the Federal Deposit Insurance Act, as amended, dated February 10, 2012, and (d) all related agreements with AFI and Ally Bank and their respective subsidiaries and affiliates.

29. Nothing in this Order shall discharge, release, or otherwise preclude any setoff or recoupment right of the United States of America, its agencies, departments, or agents.

30. The requirements set forth in Bankruptcy Rule 6004(a) are satisfied.

31. Notwithstanding the possible applicability of Bankruptcy Rules 2002(a)(3), 6004(h), 7062 or 9014, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

32. This Court shall retain jurisdiction with respect to all matters relating to the interpretation or implementation of this Order.

Dated: July 13, 2012
New York, New York

/s/Martin Glenn
MARTIN GLENN
United States Bankruptcy Judge