

# NYE

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## **OBTAINING A LOAN IN CHAPTER 13 WITH TRUSTEE MCDONALD**

1. Find the car and financing\*
2. Make the deal and get the financing approved pending court approval. Then provide the attorney the following information (with a copy of the purchase agreement):
  - Year, Make, Model, Mileage of vehicle
  - Sales Price
  - Docs, Title, Prep, Taxes
  - Down Payment (or trade in value)
  - Amount Financed
  - Name of Finance Company or bank
  - Interest rate
  - Monthly payment
  - Term of loan
3. The attorney then requests the trustee's approval.
4. If the trustee approves, then the attorney gets an order from the bankruptcy judge and provides it to the dealer.
5. If approved, then the following rules apply:
  - a. The new debt is not discharged if you default on the loan; you are stuck with it.
  - b. The Trustee makes the new payment while you are in the bankruptcy -- not you.
  - c. Your bankruptcy plan payment **is increased** by the amount of the car loan, plus about \$10-\$30 per month for administrative fees.
  - d. At the end of the plan, you then make any further payments due on the loan.

\*The following car salesman are familiar with this process and may be helpful. We **are not** necessarily recommending these people: Ed Laponse at Garber Chevrolet, Saginaw/Midland (248) 346-3566; Dan Kennedy at Mike Young Buick & GMAC, Frankenmuth (989) 652-5089, Roy Miller at Martin Chevrolet, Saginaw (989) 921-5150.