

**UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF NORTH CAROLINA**

**IN RE:** )  
 )  
**PROCEDURES IN AID OF THE** ) **STANDING ORDER 23-01**  
**ADMINISTRATION OF CHAPTER 13** )  
**CASES FILED ON OR AFTER** )  
**DECEMBER 1, 2017** )

Having concluded that the following procedures are needed to implement the provisions of the United States Bankruptcy Code, it is hereby ORDERED as follows with respect to all chapter 13 cases filed on or after December 1, 2017:

**A. INTERVIEW WITH TRUSTEE’S OFFICE.** Within 7 days after service of the “Notice of Chapter 13 Bankruptcy Case,” the debtor must contact the office of the appointed chapter 13 trustee (“Trustee”) for an interview appointment and to make arrangements for the commencement of payments under the proposed plan.

**B. COLLISION INSURANCE ON VEHICLES SUBJECT TO LIENS.** The debtor must maintain collision insurance on any vehicle owned by the debtor which is subject to a lien. If the debtor fails to comply with this requirement, the Trustee is authorized to direct that such vehicle be stored until evidence of proper insurance coverage is submitted to the Trustee. The debtor must immediately comply with any such directive from the Trustee.

**C. INCURRING DEBT.** The debtor must obtain the approval of the Trustee before incurring any debt of \$5,000.00 or less. The debtor must obtain approval of the Court before incurring any debt greater than \$5,000.00. All credit cards must be canceled.

**D. TAX RETURNS.** The debtor must timely file all required tax returns, including federal and state income tax returns, and must pay all taxes when due. The debtor must provide copies of postpetition tax returns to the Trustee within 10 days of the Trustee’s request. The debtor’s failure to provide postpetition tax returns constitutes cause for conversion to chapter 7 or dismissal of the case under 11 U.S.C. § 1307(c).

The debtor may obtain professional preparation assistance for either prepetition or postpetition tax returns if the aggregate charge for the assistance will be less than \$1,000.00. The preparer's invoice(s) must be submitted to the Trustee. If the Trustee believes an invoice is reasonable, the Trustee is authorized to pay the invoice as an administrative claim. If the Trustee does not believe an invoice is reasonable, the Trustee must notify the debtor, and the debtor or the professional must file an application for compensation with the Court. The debtor must obtain Court approval before employing a tax professional where the charge for the assistance will equal or exceed \$1,000.00.

**E. DOMESTIC SUPPORT OBLIGATIONS.** The debtor must remain current on all postpetition domestic support obligations, if any. The debtor's failure to pay postpetition domestic support obligations constitutes cause for conversion to chapter 7 or dismissal of the case under 11 U.S.C. § 1307(c).

**F. CONDUIT PAYMENTS.** All payments on any claim secured by real property must be disbursed by the Trustee if the account is in arrears as of the petition date. All payments on any claim secured by personal property will be disbursed by the Trustee, unless otherwise ordered by the Court.

**G. WAGE DEDUCTIONS.** The debtor's employer must deduct and remit funds from the wages, salary, or commissions of the debtor as directed by the Trustee.

**H. REPORTING INCOME TO TRUSTEE.** The debtor must promptly report to the Trustee and amend the petition schedules to reflect any significant increases in income.

**I. REPORTING RECEIPT OF PROPERTY TO TRUSTEE.** The debtor must promptly report to the Trustee and amend the petition schedules to reflect any substantial acquisitions of property such as inheritance, gift of real or personal property, or lottery winnings.

**J. OPERATING A BUSINESS.** In all cases in which the debtor is engaged in business:

1. The debtor is authorized to operate the business under 11 U.S.C. § 1304, except as otherwise ordered by the Court.
2. The debtor may not use, sell, or lease property except in the ordinary course of business without prior approval of the Court or as authorized by standing order.
3. The debtor is required to segregate all money which has been withheld from employees or collected from third parties for payment of taxes as required by federal and state law. The debtor must deposit the collected funds, together with the debtor's share of payroll taxes, in a separate bank account immediately upon collection and must pay the taxes when due.

4. The debtor must attend such meetings and provide such information and reports as reasonably requested by the Bankruptcy Administrator, including the transmission of all monthly bank statements related to the business.

**K. MONTHLY REPORT.** In addition to the requirements of Paragraph J, and without limitation, any debtor that employs three or more unrelated employees will be deemed to be engaged in business as contemplated by 11 U.S.C. § 1304(a) and must transmit to the Trustee by the twenty-first day of each month a report (Form ST-37 or similar) and summary of operations of the business during the preceding calendar month. This report must include an accounting of receipts and disbursements, debts incurred, credit extended, contractual obligations assumed, and any other information required by the Trustee or the Bankruptcy Administrator. The Trustee must file the report on the case docket.

**L. TRANSFERS OF PROPERTY.** The debtor must obtain approval of the Trustee before transferring any interest in personal property having a value between \$1,500.00 and \$3,500.00. The debtor must obtain approval of the Court before transferring any interest in personal property having a value of \$3,500.00 or greater.

**M. PRECONFIRMATION ADEQUATE PROTECTION PAYMENTS.** All adequate protection payments required by 11 U.S.C. § 1326(a)(1) must be paid as follows:

1. Not later than 30 days after the date of the order for relief under chapter 13, the debtor must commence paying directly to the lessor all payments scheduled in a lease of personal property or portion thereof that become due after the order for relief under chapter 13. Absent a timely objection to confirmation of the proposed plan, the debtor will be presumed to have made such payments as required by 11 U.S.C. § 1326(a).
2. The debtor must provide in the chapter 13 plan that § 1326(a)(1)(C) preconfirmation adequate protection payments to a creditor holding an allowed claim secured by personal property, to the extent that the claim is attributable to the purchase of such property by the debtor, will be disbursed by the Trustee, unless the Court orders otherwise.
3. All adequate protection payments paid through the Trustee will be subject to an administrative fee in favor of the Trustee equal to the Trustee's statutory percentage commission then in effect, and the Trustee will collect such fee at the time of the distribution of the adequate protection payment to the claimant.
4. Adequate protection payments to a creditor who is listed in the proposed plan as a secured creditor will not be required until a proof of claim is filed by such creditor which complies with Rule 3001 of the Federal Rules of Bankruptcy Procedure.

5. The Trustee will not be required to make preconfirmation adequate protection payments on account of any claim the collateral for which is listed in the proposed plan as having a value of less than \$3,000.00.
6. Adequate protection payments which are made through the Trustee will be made in the ordinary course of the Trustee's business, according to the Trustee's standard monthly distribution schedule, from funds in the case as they become available for distribution to claimants.
7. If a chapter 13 case is dismissed prior to confirmation, the Trustee will make the preconfirmation adequate protection payments proposed in the plan or as modified pursuant to 11 U.S.C. § 1326(a)(3) from any funds that were received on or before the date of the entry of the order of dismissal, provided that the creditors to receive such payments have filed proofs of claim that comply with Rule 3001 of the Federal Rules of Bankruptcy Procedure, and the claims have not been objected to by the debtor or the Trustee.

**N. COMPLIANCE WITH CERTAIN FILING REQUIREMENTS OF 11 U.S.C. § 521.**

The debtor's failure to comply with Local Rule 1007-1(d)(4) and timely provide copies of payment advices or other evidence of payment received from an employer within 60 days before the filing of the petition as stated therein constitutes cause for conversion to chapter 7 or dismissal of the case under 11 U.S.C. § 1307(c).

**O. CERTIFICATION AT MEETING OF CREDITORS.** At the 11 U.S.C. § 341 meeting of creditors, each debtor must testify or execute a written certification under penalty of perjury stating the following:

1. whether the debtor is current on payment of all postpetition domestic support obligations as required by 11 U.S.C. § 1325(a)(8);
2. whether the debtor has complied with the prepetition tax return filing requirements of 11 U.S.C. § 1308(a); and
3. whether the debtor's statement of average income for the 6-month period before the month in which the petition was filed is consistent with the amount of income reflected on the payment advices or other evidence of payment received by the debtor from any employer within 60 days before the petition date.

**P. TILL RATE OF INTEREST.** The standing chapter 13 trustees will establish the presumptive rate of interest in accordance with *Till v. SCS Credit Corp.*, 541 U.S. 465 (2004).

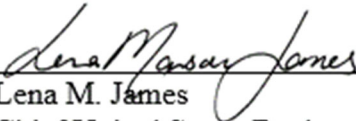
**Q. NOTICING COSTS.** The Trustee is authorized reimbursement for the Trustee's costs of noticing in a chapter 13 case at the rate of one dollar and fifty cents (\$1.50) per notice and for actual certified mail noticing costs. Such noticing and mailing costs will not be charged against the Trustee's statutory percentage fee. The Trustee must maintain a record of all notices for which the Trustee will be reimbursed, including the type of notice, the date of such notice, the amount of notices mailed, and the total amount the Trustee will be reimbursed for the notice. Detailed information regarding noticing costs must be included in the Trustee's Final Report in each chapter 13 case.

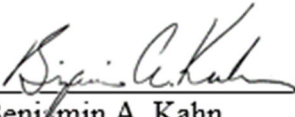
IT IS FURTHER HEREBY ORDERED that the Court's prior March 11, 2016 Standing Order Regarding Procedures in Aid of the Administration of Chapter 13 Cases and the Court's prior March 11, 2016 Amended Standing Order Regarding Terms and Provisions Incorporated into Chapter 13 Confirmation Orders each will remain in full force and effect with respect to all chapter 13 cases filed on or before November 30, 2017.

IT IS FURTHER HEREBY ORDERED that the Court's April 1, 2020 Standing Order Regarding Procedures in Aid of the Administration of Chapter 13 Cases is VACATED.

IT IS FURTHER HEREBY ORDERED that this order will remain in effect until otherwise ordered by the Court.

Dated this the 5th day of May 2023.

  
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Lena M. James  
Chief United States Bankruptcy Judge

  
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Benjamin A. Kahn  
United States Bankruptcy Judge