

IMPORTANT INFORMATION about Your Mortgage

Your Chapter 13 plan calls for you to make mortgage payments after your bankruptcy case **directly to the lender**. Failure to make the current payments to the lender going forward may result in either the dismissal of your case or the lender getting permission to foreclose. Mortgage arrears that were due when you filed will be paid by the trustee.

Lenders frequently fail to properly account for post petition payments made in a Chapter 13: they apply them to pre petition arrears; they put them in a suspense account, or otherwise fail to give you credit for making your post petition payments.

Be aware that new check clearing procedures have eliminated the float on checks; your account will be debited immediately upon receipt of the check by the lender. Make sure funds are available before you write the check.

In order to be able to quickly and inexpensively address problems like this, it is important for you to **create a paper trail** each month showing timely payment on your mortgage.

We suggest you do the following:

- Send your payments by registered mail, overnight delivery, or Western Union or similar method that provides you with proof of receipt
- Accompany your check with a dated letter indicating that your check for the amount of your payment is enclosed. Keep a copy of the letter and the proof of "mailing".
- Monitor your bank statements to make sure payments are cashed.
- Keep your bank statements showing payment.

Let us know immediately if you have reason to suspect that your payments are not being properly applied to your account. Lenders have the right to file a motion for relief from the automatic stay with the bankruptcy court. Your loan agreement allows them to add their attorneys fees for that motion to your loan balance. Thus keeping payments current and good records of regular payment will save you money.