

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF VERMONT**

In re:

**MODIFICATION OF THE LOCAL RULES
OF PRACTICE AND PROCEDURE
IN THE U.S. BANKRUPTCY COURT
FOR THE DISTRICT OF VERMONT**

REVISING LOCAL RULES 1007-1(L) AND 3070-1(A)

STANDING ORDER # 20-05

**TO EXPAND THE PLAN PAYMENT OPTIONS
AVAILABLE TO CHAPTER 13 DEBTORS**

Chapter 13 debtors in this District are currently required to make their plan payments to the chapter 13 trustee (the “Trustee”) via wage withholding unless they obtain an order waiving that requirement, pursuant to Local Rules 1007-1(l) and 3070-1(a). It has come to the Court’s attention that many chapter 13 debtors have regular income from an employer but seek a waiver of the wage withholding requirement due to concern about their employer’s reaction to their chapter 13 filing or the burden of processing a wage reduction order. The Trustee also reports he frequently has difficulty initiating the wage withholding process at the outset of a case, or discontinuing the wage withholding process at the conclusion of a case, or upon conversion or dismissal of the case, due to communication issues with employers. To resolve these plan payment obstacles, and at the recommendation of the Trustee, the Court has determined it would improve this District’s chapter 13 process to permit debtors to make plan payments via eWage Deduction through the TFS Billpay system. In this way, the amount necessary to make the plan payment will be deducted automatically from the debtor’s wages, and transmitted directly to the Trustee, without the employer’s involvement or knowledge. Moreover, eWage Deduction via the TFS Billpay system is designed to work effectively in chapter 13 cases, and can be initiated and monitored by the debtor’s attorney.

For these reasons, the Court concludes it would improve chapter 13 practice in this District to authorize chapter 13 debtors to make their plan payments through an electronic TFS wage deduction.

Accordingly, after due consideration and input from the Vermont bankruptcy bar, IT IS HEREBY ORDERED that Local Rules 1007-1(l) and 3070-1(a) are revised to read as follows, with the changes noted in red:

VT. LBR 1007-1. LISTS, SCHEDULES, STATEMENTS, AND OTHER REQUIRED DOCUMENTS; TIME LIMITS.

...

(l) Electronic Transmission of Chapter 13 Plan Payments~~Wage Withholding~~.

- (1) Each chapter 13 debtor must file the following documents with the chapter 13 plan:
 - (A) Vt. LB Form Y-8, consenting to the Court's entry of an order instituting either (i) direct wage withholding, or eWage deduction via the TFS Billpay system, if the debtor has income from an employer, or (ii) automatic debits from a bank account, if the debtor does not have income from an employer, and authorizing the trustee, without further or separate authorization or order, to modify or terminate the withholding or automatic debits to comport with any modification or amendment of the plan approved by the Court; or
 - (B) a motion ~~to for~~ waiver ~~of the wage withholding electronic payment~~ requirement, setting forth cause for that waiver. See Vt. LBR 3070-1(a).

...

VT. LBR 3070-1. PLAN PAYMENTS IN CHAPTER 13.

(a) Payments to the Chapter 13 Trustee.

- (1) Chapter 13 debtors are required to (A) make plan payments through direct wage deductions, TFS eWage deductions, automated clearing house (ACH) payments, electronic funds transfer (EFT), or a similar payment method that results in an electronic credit to the chapter 13 trustee's account, unless the debtor obtains a Court order waiving the requirement for cause based upon exigent circumstances; and (B) specify the form of payment in Part 2.2 of the plan and Form Y-8, ~~unless the debtor obtains a Court order waiving the requirement for cause based upon exigent circumstances.~~
- (2) Unless the Court waives this requirement, a debtor must obtain an order implementing a direct wage withholding, a TFS eWage deduction, or a direct debit to be eligible for plan confirmation.
- (3) Until a payment order is in effect, the debtor must make all plan payments in the form of a cashier's check, certified check, bank draft, or money order payable to the "Chapter 13 Trustee," and mail the payments directly to the chapter 13 trustee at the address that the trustee designates.
- (4) The face of the payment instrument, as well as any electronic payment, must include the debtor's name and case number.

...

IT IS FURTHER ORDERED that as of this date, debtors shall use the revised Local Form Y-8, a copy of which is attached and posted on the Court's website.

IT IS FURTHER ORDERED this revision to the Local Rule and the attached revised Local Form are effective upon entry of this Order.

February 25, 2020
Burlington, Vermont



Colleen A. Brown
United States Bankruptcy Judge

Attached: Revised Vt. LB Form Y-8

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF VERMONT**

In re:

**Case # xx-xxxxx
Chapter 13**

Debtor(s).

Plan Payment Authorization

for Wage Withholding, E-Wage Withholding, or Automatic Debits from Bank Account

Part A: Authorization for Direct Wage Withholding - Debtor

Debtor's Name: _____ Does Debtor have income from employment? ___ yes ___ no

If no, proceed to Part C Automatic Debits from Bank Account. If yes, complete the following or Part B

Amount employer is to deduct per pay period: \$_____

Debtor's Employer: _____ Telephone #: _____

Employer's Address: _____

I hereby consent to the Court's entry of an order instituting wage withholding from my/our employer(s) for the purpose of making Chapter 13 plan payments during the term of the plan confirmed in this case.

I authorize the Chapter 13 Trustee, Jan M. Sensenich, to contact the employer(s) who is/are withholding wages to modify the amount of the withholding to comport with any modification or amendment of the plan approved by the Court, without our further and separate authorization or Order, provided that the Chapter 13 Trustee provides our attorney with notice at the same time as he communicates that request to the employer(s).

Debtor's signature: _____ Date: _____

Authorization for Direct Wage Withholding – Joint Debtor

Joint Debtor's Name _____ Income from Employment? ___ Yes ___ No

If no, proceed to Part C Automatic Debits from Bank Account. If yes, complete the following or Part B.

Amount employer is to deduct per pay period: \$_____

Joint Debtor's Employer: _____ Telephone #: _____

Employer's Address: _____

I hereby consent to the Court's entry of an order instituting wage withholding from my/our employer(s) for the purpose of making Chapter 13 plan payments during the term of the plan confirmed in this case.

I authorize the Chapter 13 Trustee, Jan M. Sensenich, to contact the employer(s) who is/are withholding wages to modify the amount of the withholding to comport with any modification or amendment of the plan approved by the Court, without our further and separate authorization or Order, provided that the Chapter 13 Trustee provides our attorney with notice at the same time as he communicates that request to the employer(s).

Joint Debtor's signature: _____ Date: _____

Part B: Authorization for eWage Deduction, Through TFS Billpay

I/we prefer not to use direct wage withholding because I/we have concerns about if and how my/our employer(s) may respond. I/we are comfortable, however, having my/our plan payment come directly from my/our wages if it can be done without notifying my/our employer.

Therefore, I/we hereby agree to make plan payments in the amount of \$_____ per month by eWage Deduction through the TFS Billpay system, and to establish this account within one week. I/we understand the Court will enter an order directing that plan payments be made via eWage Deduction through the TFS Billpay system, until the Trustee notifies TFS to stop the deductions.

I/we will provide the Chapter 13 Trustee with the TFS eWage account number within one week of the date of this form.

Debtor's signature: _____ Date: _____

Joint Debtor's signature: _____ Date: _____

Part C Automatic Debits from Bank Account

I am/we are not able to authorize direct wage withholding or TFS because I/we ___ do not have income from an employer.

I/we hereby agree to make plan payments in the amount of \$_____ per month by automatic debit from a bank account using ACH transfer or similar means, and understand that the Court will enter an order directing that plan payments be made by automatic debit from a bank account. I/we will contact the Chapter 13 Trustee for the pertinent bank routing information within one week of the date of this form.

Debtor's signature: _____ Date: _____

Joint Debtor's signature: _____ Date: _____

The Debtor(s) must file this form with their Chapter 13 plan. See Vt. LBR 1007-1(1).