

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 RULE 1007-1(L) AND LOCAL FORM Y-8

STANDING ORDER # 22-05

**TO CLARIFY THE USE OF LOCAL FORM Y-8
FOR ELECTRONIC TRANSMISSION OF PLAN PAYMENTS**

It has come to the Court's attention that Local Rule 1007-1(l) and Local Form Y-8 do not fully address all instances where a debtor may seek to electronically transmit chapter 13 plan payments, as they restrict the use of TFS and ACH payment methods based on the debtor's employment status. In order to reduce the number of waiver motions that must be filed in this District, and in light of the purpose of these Local Rules to advance the just, speedy, and cost-effective determination of bankruptcy cases and proceedings within this District (see Vt. LBR 1001-1(b)), the Court finds cause to permit the use of Local Form Y-8 broadly for all debtors seeking to electronically transmit chapter 13 plan payments.

Accordingly, IT IS HEREBY ORDERED that Local Rule 1007-1(l) is revised to read as follows, with the changes redlined (and with clean copy attached):

**Vt. LBR 1007-1. LIST S, SCHEDULE S, STATEMENT S, AND OTHER REQUIRED DOCUMENT S;
TIME LIMITS.**

...

(l) Electronic Transmission of Chapter 13 Plan Payments.

- (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 e-wage~~ deduction via the TFS Bill Pay 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, TFS BillPay, or automatic debits to comport with any modification or amendment of the plan approved by the Court; or

...

IT IS FURTHER ORDERED that Local Form Y-8 is revised accordingly, as attached.

IT IS FURTHER ORDERED that this revision to the Local Rules is effective upon entry of this Order.

SO ORDERED.

April 21, 2022
Burlington, Vermont



Heather Z. Cooper
United States Bankruptcy Judge

Attachment:
Revised Vt. LBR 1007-1
Revised Vt. LB Form Y-8

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

(a) Schedules of Assets in All Chapters.

- (1) Disclosure of All Assets. The debtor must list all assets in which the debtor has – or may have – an interest, and specify where the asset is located, as well as the nature and type of ownership the debtor claims, regardless of whether the debtor believes the asset is property of the estate. The debtor must describe all assets with sufficient specificity to allow for easy identification of the assets and attach an addendum to Official Form 106 A/B or Official Form 206 A/B, separately describing and listing all individual items worth more than \$1,500.
- (2) Business Inventory or Equipment. When a debtor lists business inventory or equipment on the bankruptcy schedules, the debtor must provide an addendum to Official Form 106 A/B or Official Form 206 A/B that includes the following: (A) a general description of the inventory and/or equipment, (B) a list of the item(s) in each category of equipment or inventory, (C) a brief explanation of the exact location of the item(s), (D) the name and address of the custodian, (E) how such property is protected, if at all, and (F) the amount and duration of fire and theft insurance, if any.

(b) Schedules of Debts in All Chapters.

All schedules of debts must be complete and include the date the debtor incurred each debt and the consideration for each debt. The debtor must list all debts, including disputed debts, contingent debts, and debts owed to creditors whom the debtor does not expect will file proofs of claim.

(c) Motion to Enlarge Time.

If a debtor files a motion to enlarge the time to file schedules and seeks to file the schedules within seven days before the first meeting of creditors, the debtor must obtain the trustee's consent.

(d) Payment Advices Cover Sheet.

In addition to complying with the requirements of § 521(a)(1)(B)(iv), a debtor must also file the local payment advices cover sheet (Vt. LB Form B), certifying under penalty of perjury that:

- (1) copies of all existing payment advices are attached to the payment advices cover sheet and state: (A) the total number of payment advices attached, (B) the period covered by those payment advices, and (C) the number of employers who issued those payment advices, or
- (2) no payment advices are attached to the payment advices cover sheet because the debtor had no income from any employer within the 60-day period prior to the date of the filing of the petition, or
- (3) some or all of the required payment advices are not attached to the payment advices cover sheet together with an explanation as to why.

The debtor must sign the payment advices cover sheet. If the case is a joint one, the joint debtor must also certify under penalty of perjury which of the three options outlined in the payment advices cover sheet applies. See also Vt. LBR 9011-4(c) (outlining signature requirements for non-attorneys).

(e) Certificate from Approved Nonprofit Budget and Credit Counseling Agency Regarding Pre-Petition Credit Counseling.

See Vt. LBR 4002-1(a); see also Vt. LBR 4004-2(a) (regarding filing certification of completion of post-petition financial management education).

(f) Official Form 121, Statement About Your Social Security Numbers.

- (1) Every debtor who is an individual must complete and sign Official Form 121, “Statement About Your Social Security Numbers,” as required by Bankruptcy Rule 1007(f).
- (2) If the individual debtor files the bankruptcy case *pro se*, the debtor must submit the completed and signed Official Form 121 with the petition.
- (3) If the individual debtor is represented by an attorney, the debtor’s attorney must retain the completed and verified Official Form 121 for at least 5 years in accordance with Vt. LBR 9011-1(b).
- (4) Official Form 121 is not part of the case docket or public court record and therefore Official Form 121 should never be filed. See Vt. LBR 1007-1(g) (definition of “submitted”).

(g) Definition of “Submitted.”

The term “submitted” as used in Bankruptcy Rule 1007(f), and in these Rules, refers to documents that will not be part of the public court record. When there is a requirement for a party to submit a document, the party must deliver or transmit it to the Clerk’s Office and the Clerk’s Office shall maintain it, off the public record, in a secure paper filing system or secure standalone computer system that is not connected to any network. Such documents should not be filed through CM/ECF.

(h) Debtor’s Affidavit to be Filed in Chapter 11 Case.

All chapter 11 debtors must file an affidavit setting forth:

- (1) the nature of the debtor’s business and a concise statement of the circumstances leading to the debtor’s chapter 11 filing;
- (2) whether the case was originally filed under chapter 7, 12, or 13 and, if so, the name and address of any trustee appointed in that case commenced under chapter 7, 12, or 13;
- (3) the names and addresses of all members of any committee organized prior to the order for relief in the chapter 11 case, any attorney for such committee, and a brief description of the circumstances surrounding the formation of any committee and the date of its formation;
- (4) the number of classes of shares of stock, debentures, or other securities of the debtor that are publicly held, and the number of holders of those interests, with a separate listing of those held by the debtor’s officers and directors indicating the amounts so held by each officer and director;
- (5) a list of all property of the debtor in the possession or custody of a custodian, public officer, mortgagee, pledgee, assignee of rents, receiver, secured creditor, or the agent of any of these entities, giving the name, address, and telephone number of each and the court in which a related proceeding is pending;
- (6) except for cases that fit within § 524(g), the nature and present status of each action or proceeding pending or threatened against the debtor or the debtor’s property, including the court and identifying number within that court, as well as the name, address, and telephone number of all opposing counsel; and
- (7) a list of all the real estate in which the debtor claims an ownership, leasehold, or other interest.

(i) Additional Information Required if a Business Continues Operating.

If the chapter 11 debtor is continuing to operate a business, the affidavit required under paragraph (h) above must also include:

- (1) the projected amount of weekly, bi-weekly, or monthly payroll and reimbursed expenses to employees, officers, partners, or other related individuals for the 30-day period following the filing of the chapter 11 petition;
- (2) an estimated schedule of cash receipts and disbursements, in 30-day increments, covering the debtor's business operations for 90 days following the chapter 11 filing; and
- (3) proof of all insurance.

(j) When to File Additional Business Information.

In a voluntary chapter 11 case, the debtor's affidavit referred to in paragraphs (h) and (i) above must accompany the petition. In an involuntary chapter 11 case, the affidavit must be filed within 14 days after the entry of the order for relief, unless the Court orders otherwise.

(k) Waiver of Requirements.

On application of the debtor showing that it is impracticable or impossible to furnish some or all of the foregoing information, and on notice to the United States trustee, with seven days to object, the Court may waive, or enlarge the time for complying with, any of the foregoing requirements.

(l) Electronic Transmission of Chapter 13 Plan Payments.

- (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 direct wage withholding, deduction via the TFS Bill Pay system, or automatic debits from a bank account, and authorizing the trustee, without further or separate authorization or order, to modify or terminate the withholding, TFS BillPay, or automatic debits to comport with any modification or amendment of the plan approved by the Court; or
 - (B) a motion to waive the electronic payment requirement, setting forth cause for that waiver. See Vt. LBR 3070-1(a).
- (2) If a debtor has an employer, and files a motion for waiver of the wage withholding requirement seeking to make plan payments via automatic debits from a bank account, and the trustee has consented to the waiver, the proposed order must include language conditionally authorizing plan payments by automatic debit from a bank account, and include the following provision:

In the event the debtor defaults on plan payments, the debtor may be required to make plan payments thereafter through a wage withholding order.

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF VERMONT**

In re:

**Case # xx-xxxxx
Chapter 13**

Debtor(s).

Plan Payment Authorization

for Wage Withholding, TFS BillPay Deduction, or Automatic Debits from Bank Account

Part A: Authorization for Wage Withholding - Debtor

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

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 Wage Withholding – Joint Debtor

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

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 Deduction through TFS Billpay

I/we prefer not to use wage withholding because I/we have concerns about if and how my/our employer(s) may respond, or because _____.

Therefore, I/we hereby agree to make plan payments in the amount of \$_____ per month 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 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 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 wage withholding or TFS because I/we ___ do not have income from an employer or because _____.

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(l).