

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF VERMONT**

In re:

**MODIFICATION OF
LOCAL RULES OF PRACTICE AND
PROCEDURE IN BANKRUPTCY COURT,
DISTRICT OF VERMONT**

STANDING ORDER # 07-05

**TO MODIFY VT. LOCAL BANKRUPTCY
RULE 4001-3(b) REGARDING OBTAINING
CREDIT TO PURCHASE A MOTOR VEHICLE
DURING A CHAPTER 13 CASE**

WHEREAS the Court recognizes that a debtor having access to reliable transportation is often critical to the debtor's ability to obtain and retain employment, and that successful completion of chapter 13 plans typically depends on the debtor having continuous employment; and

WHEREAS it is generally in the best interests of both debtors and creditors that debtors be able to replace unreliable and costly transportation with more cost-effective and reliable means of transportation; and

WHEREAS Vermont Local Bankruptcy Rule 4001-3(b) provides a streamlined procedure for a debtor to borrow funds toward the purchase of a motor vehicle, for borrowings up to \$5,000; and

WHEREAS it has recently been brought to the Court's attention that debtors in this District are finding this cap to be too low because prices of reliable used motor vehicles have risen to the point where many debtors cannot find reliable, cost-efficient motor vehicles for \$5,000; and

WHEREAS it is the Court's intent to make this streamlined procedure available for all debtors who need expedited authority to borrow funds for the purchase of a motor vehicle that will directly contribute to the success of their chapter 13 plans, and it appears that the borrowing cap under the subject local rule needs to be raised in order to achieve that goal;

THEREFORE, IT IS HEREBY ORDERED that Vermont Local Bankruptcy Rule 4001-3(b) is modified to read as follows:

Purchase of a Motor Vehicle During a Chapter 13 Case. In order to borrow funds to purchase a motor vehicle, a debtor must request a "Certificate of Approval" from the Chapter 13 trustee upon ten (10) days' notice to all parties in interest, and satisfactorily demonstrate that the purchase of the motor vehicle:

- (1) may be accomplished for a sum not in excess of \$15,000;
- (2) is necessary to ensure the debtor has reliable transportation; and
- (3) is reasonably necessary to the debtor's successful completion of his/her plan.

In addition, the debtor's request for a Certificate of Approval shall include a description of the motor vehicle sought to be purchased (e.g., make, model, year), its purchase price, the proposed lender of the funds, the terms of financing, and how the debtor proposes to make any down payment on the purchase of the motor vehicle. If no objections are timely filed, then after expiration of the notice period, the Chapter 13 trustee may issue a Certificate of Approval authorizing the debtor to borrow up to \$15,000 to purchase the motor vehicle in accordance with the debtor's request. If a timely objection is filed, then the matter shall be set for a hearing. Where a debtor wishes to purchase a motor vehicle but cannot satisfy the requirements of this Rule, he/she must seek Court approval to do so. (Note: A motion seeking Court approval shall include substantially all the information required by this Rule together with an explanation as to why the movant cannot comply with the Rule.)

IT IS FURTHER ORDERED that this change is effective immediately.

SO ORDERED.

Rutland, Vermont
February 16, 2007



Colleen A. Brown
United States Bankruptcy Judge