



NCBJ

National Conference
of Bankruptcy Judges

San Francisco

EXIT

Chapter 13
Exit
Strategies

Motion to Dismiss

Material Default

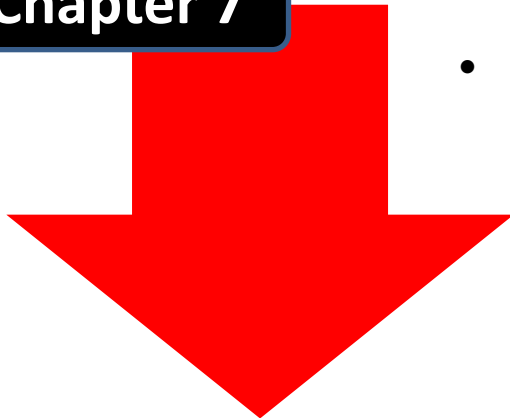
Infeasibility

Delinquent Plan Payments





Conversion to Chapter 7

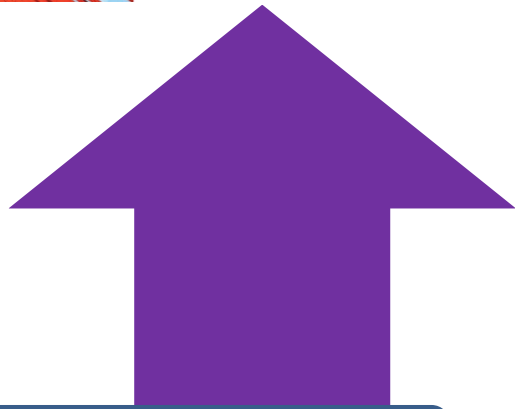


Benefits to the Debtor

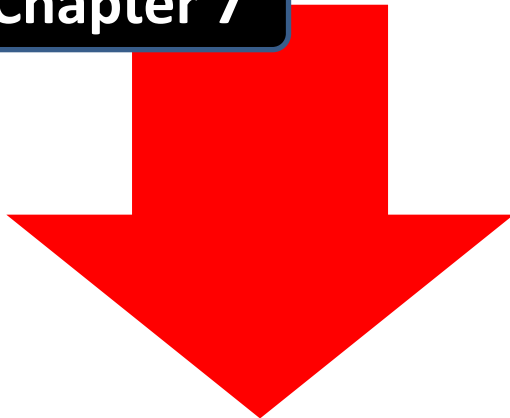
- Discharge
- Automatic Stay
- Discharge of Postpetition Debts
- Retention of Postpetition Earnings and Assets
- Avoidance of 707 Actions

Challenges to the Debtor

- Eligibility for Chapter 7 Discharge
- Liquidation of Non-Exempt Assets
- Subject to Discharge Litigation
- Relief from Stay
- Avoidance Actions by Chapter 7 Trustee
- 341 Meeting Attendance
- Other Challenges



Conversion to Chapter 7



Benefits to the Creditor

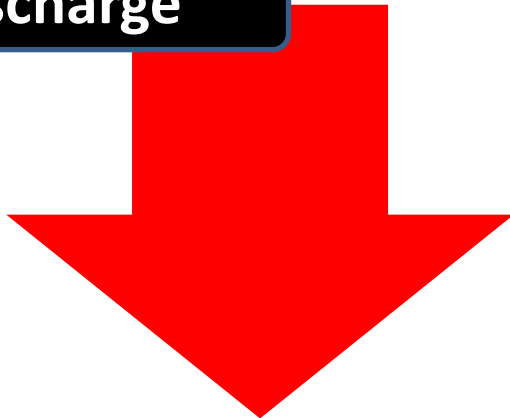
- **Opportunity to Object to Dischargeability**
- **Liquidation and Opportunity for Dividend**
- **Value of Property Not Subject to Cramdown**
- **Longer Time between Discharges**

Challenges to the Creditor

- **Possible Stay Litigation by Chapter 7 Trustee**
- **Possible Chapter 7 Trustee Avoidance or Recovery Actions**
- **May Need to File New Claims**
- **Administrative and Priority Claims may be Higher**



Hardship Discharge



Benefits to the Debtor

- Eligible for Chapter 13 Discharge within 2 years
- Non-Exempt Assets Not Subject to Liquidation

Challenges to the Debtor

- Limited Discharge
- Evidentiary Hearing



Benefits to the Debtor

- Debtor utilizes Chapter 13 to cure a Mortgage or Deal with Other Secured Debts

Voluntary Dismissal/Refiling



Challenges to the Debtor

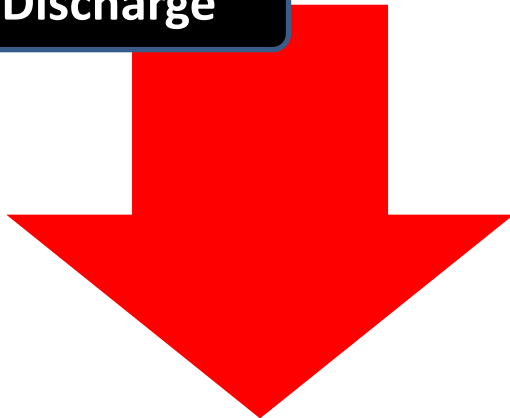
- Does the Debtor Have the Absolute Right?
- Do Previous Court Orders have Vitality?
- Good Faith Issues
- Automatic Stay



Closure without Discharge

Benefits to the Debtor

- Debtor can utilize Chapter 13 to cure a Mortgage or Deal with Other Secured Debts



Challenges to the Debtor

- No Discharge of Unsecured Debts

Can the
Attorney
Get Paid?

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