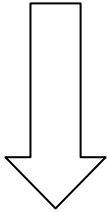


STEPS TO DETERMINE CHAPTER 13 PLAN PAYMENT

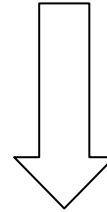
1. Determine disposable income

ABOVE MFI

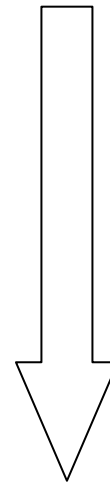


Line 20: CMI for §1325(b)(3)

BELOW MFI



Line 58: Total Adjustments to Determine DI



“Statement of Reasonably Necessary Expenses”

Things excluded in DI calculation in addition to Section 101(10A) income exceptions:

- Child support received
- Foster care payment
- Disability payments for dependent child

Abbreviations:

MFI – Median Family Income

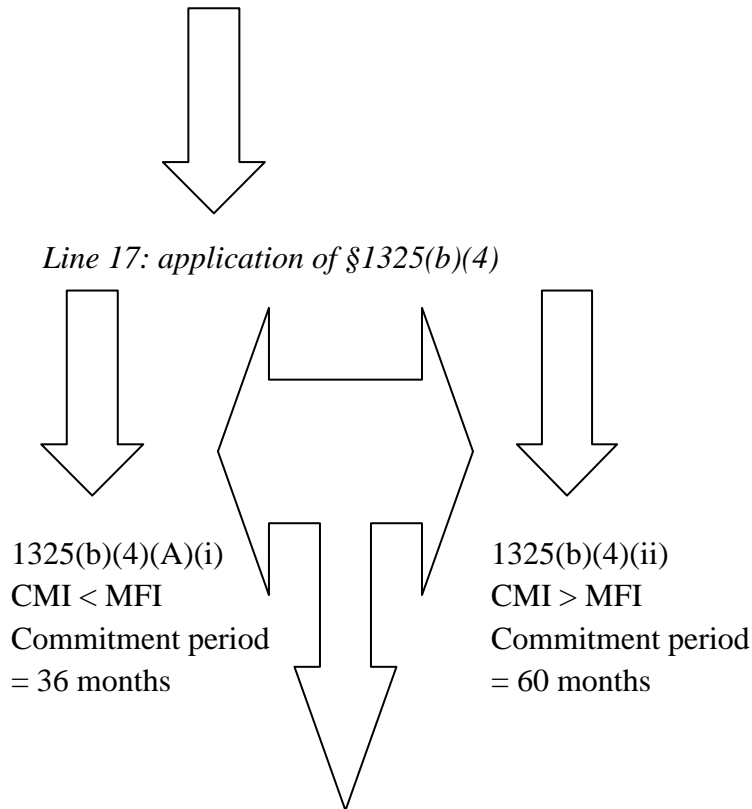
CMI – Current Monthly Income

DI – Disposable Income

PDI – Projected Disposable Income

CP – Commitment Period

2. Determine applicable commitment period



1325(b)(4)(B) – may be shorter than applicable period if plan calls for payment in full of all allowed unsecured claims

3. Multiply commitment period by disposable income to calculate projected disposable income to determine minimum amount to be paid to unsecured creditors

$$CP * DI = PDI$$

4. Perform Chapter 7 liquidation test

§1325(a) - except as provided in (b) the court shall confirm a plan if-

(4) the value, as of the effective date of the plan, of property to be distributed under the plan on account of each allowed unsecured claim is not less than the amount that would be paid on such a claim if the estate of the debtor were liquidated under Chapter 7

§1325(b)(1) – if trustee or holder of an allowed unsecured claim objects to the confirmation of the plan, then the court may not approve the plan unless, as of the effective date of the plan-

(A) the value of the property to be distributed under the plan is not less than the amount of such claim

(B) the plan provides that all of the debtor's projected disposable income to be received in the applicable commitment period beginning on the date that the first payment is due under the plan will be applied to make payments to unsecured creditors under the plan

5. Use PDI + Chapter 7 liquidation test + additional calculations to determine amount necessary to be paid to unsecured creditors

6. Calculate the dollar amount to be paid through the plan by adding together:

1. Priority unsecured and administrative fees including attorney fees and trustee fees
2. Secured claims plus interest
3. Amount necessary to pay general unsecured claims

7. Calculate monthly Chapter 13 plan payment by dividing the total dollar amount to be paid by the number of months chosen by the debtor for the length of the plan. The length of the plan is NOT the same as the number of months in the applicable commitment period. There is no MINIMUM time period required for a Chapter 13, as long as the proposed plan provides to pay the required projected disposable income lump sum dollar amount. Many debtors, however, choose the longer term of the plan in order to stretch out and lower the monthly payment.