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Information Needed for an Application to Incur Debt

I. Documents Needed

- You must fill out the attached application, and schedule an appointment with one of the attorneys or paralegals and bring all documentation requested to your appointment.
- A copy of the proposed sales contract, purchase agreement, dealer's buyer order, and proposed loan documentation which clearly indicates the terms of the proposed financing.
- The documentation must include the amount to be financed, proposed interest rate, proposed term of the loan, and estimated monthly payment.
- Proof of your last 60 days of income from all sources for yourself all members of the household who financially contribute to assist in the payment of your monthly living expenses.
- A copy of your last filed Federal and State tax return documents.
- **A fill in the blank form intended to summarize the proposed terms of financing has been included with the attached documents and should be taken, along with this instruction sheet, to any dealership from which you are considering purchasing a vehicle.**

II. Criteria for an Automobile

- The monthly payment must be \$500.00 or less.
- The interest rate must be 18% or less.
- The term of the loan must be 60 months or less.
- The proposed financing **MUST NOT** include credit life, credit disability, accidental death, GAP, other supplemental insurance, extended warranty, fabric protection/environmental packages or other items that the court may deem to be unnecessary and that may increase the price of the automobile.
- No luxury type vehicles will be allowed.
- The sales price of the vehicle must be within the suggested retail value "Book Value".
- If a down payment is contemplated/required, your application must disclose the source of the down payment and its amount.
- You must be prepared to show that the purpose of the automobile is reasonable and necessary and you must be able to prove that you have the ability to afford a new loan payment as well as your current Chapter 13 plan payments.
- The Debtor's Chapter 13 Plan payments must be current.

III. Recommended Review Criteria - Homes, Mobile Homes and Student Loans

- If **Student Loan** request, must state the degree or certification sought, documentation from the educational institution showing the expected future costs of tuition and books, the expected completion date for the degree, expected repayment schedule, and the benefit to the debtor of obtaining the degree. The amount requested must closely match the expected costs for tuition and books for the period of time the loan is intended to cover.
- If a **Home Refinance** request, must be clear on the benefit to the Debtor.
- If a **Mobile Home** purchase request, must be clear on the benefit to the Debtor and the interest rate cannot exceed 6% on a 15 year loan or 7.5% on a 20 year loan.

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Application to Incur Debt

In order to submit a request to incur new debt while in your Chapter 13 Bankruptcy, you must complete and return the following application and provide 60 days proof of household income to prepare your Amended Schedule I (Income). Once your application, loan documents, and proof of household income have been submitted, you will need to schedule an appointment with your paralegal to finalize Amended Schedule I (Income) and prepare and finalize Amended Schedule J (Expenses).

Date: _____

Case Number: _____

Debtor 1: _____

Debtor 2: _____

Reason to Incur Debt:

Purchase Vehicle

Refinance Vehicle

Purchase Home

Refinance Home

Purchase Tools

Obtain Student Loan

Repair Home

Other: _____

Repair Vehicle

Have you made any previous loan requests while in bankruptcy? Yes____ or No____

If Yes, provide the date, amount, was the debt granted or denied, and payment status:

What is the name, address, telephone, and fax number of the LENDER you wish to use:

Lender: _____ **Phone:** _____ **Fax:** _____

Address: _____

Terms of Financing: Loan Amount: _____

Monthly Payment: _____

Term of Loan: _____

Interest Rate: _____

Down Payment: _____

If down payment is necessary, what is the source of the down payment: _____

Will the monthly payment of this new loan be made in addition to, or in replace of some other payment that you currently pay directly or in your Chapter 13 Plan? _____

Before this application can be reviewed you must submit the following:

- Provide 60 days proof of household income (income records, proof of Social Security, SNAP Benefits, etc.)
- Any loan documents, purchase agreement, buyer's order, or financing information with your application.
- This application must be complete and signed by both Debtors, if applicable.
- You may submit your request via email at mfields@simonfitzgerald.com, by mailing your application to 4700 Line Avenue, Suite 200, Shreveport, LA 71106, or by faxing the documents to (318) 868-8966.
- Your request must be within the guidelines provided to be considered.

Signature of Debtor 1: _____ Date: _____

Signature of Debtor 2: _____ Date: _____

When applying for a loan, please review the Trustee's criteria for approval:

IF APPLYING FOR VEHICLE LOAN REQUEST:

- Vehicle Interest Rate must be under 18%.
- No GAP insurance contract or charges.
- No extended service contract/extended warranty contract.
- No luxury type vehicles.
- Vehicle payment must be less than \$500/month.
- Vehicle loan term must be 60 months or less.
- The sales price of the vehicle must be within the suggested retail value "Book Value."
- The Debtor(s) plan payments must be current.
- If down payment contemplated/required, application must disclose source of down payment and amount.

IF A HOME REFINANCE/HOME REPAIR REQUEST

- Application must be clear on the benefit to the Debtor.
- Must include copies of Repair estimates or loan documentation.
- Note: If mortgage payments are reduced, plan payments will need to increase to reflect current income and expenses.

IF A STUDENT LOAN REQUEST

- The degree or certification sought.
- Length of time to complete program.
- Benefit to debtor obtaining the degree.

Supplement to Buyer's Order Terms of Financing

Debtor Name: _____

Case #: _____

Name of Dealership: _____

Name and Address
of Proposed Lender: _____

Phone Number
of Proposed Lender: _____

Fax Number
of Proposed Lender: _____

Down Payment: \$ _____

Amount Financed: \$ _____

Interest Rate: _____ %
(Maximum: 18%)

Monthly Payment: \$ _____
(Maximum: \$500.00)

Term of Loan: _____
(Maximum: 60 Months)

***Note: Gap insurance, extended warranties, highway packages, and vehicle protection packages are not allowed and will not be approved by the Trustee.**

(Signature of Dealer)