**Chapter 13 Bankruptcy in Massachusetts**

The big picture is pretty simple.  Chapter 13 is a court-approved **partial** repayment of debts. This partial repayment happens through a plan, which lasts between three to five years. The length of your plan depends on your “applicable commitment period” which, in turn, depends on your income and family size.  The amount of your plan payment also dictates your income and family size.

At the end of your plan payments, the remaining balances on most debts (like credit cards, medical bills, unsecured personal loans, unsecured junior mortgages, etc.) are discharged and any mortgages and taxes are up-to-date.

Chapter 13 vs. Chapter 7 Bankruptcy

The most common reason people file Chapter 13 is that they have to. They need debt relief and Chapter 13 is the only type of bankruptcy they qualify for. This is normally because of their income.  The bankruptcy laws require that most people who can afford to pay back some debts do so.  That makes some common sense. it’s what the **bankruptcy means test** is all about. Most, but not all, people who are above-median income must file Chapter 13 because of the bankruptcy means test.In Massachusetts, here’s the median income by family size (for cases filed after May 1, 2017):

* Family of one: $61,102
* Family of two: $76,414
* Family of three: $93,755
* Family of four: $113,651
* Add $8,400 for each additional family member.

However, many people who qualify for Chapter 7 end up filing Chapter 13. Some common reasons are:

* they want the shorter credit reporting period (only seven years for Chapter 13 in contrast to 10 years for Chapter 7).
* they want to stop foreclosures, cure mortgage or car defaults, which can’t be done in Chapter 7.
* they have tax debt problems which can sometimes only be solved in Chapter 13.
* they want to strip a second or third mortgage that has become entirely under water due to a decline in property values.

Chapter 13 allows a person to force a long-term payment plan for deliquent amounts on mortgage lenders and the taxing athorities. This is very powerful and popular tool.

Chapter 13 is also not a liquidation chapter like Chapter 7. What that means is that noone ever loses property in a Chapter 13.  Chapter 13 is a reorganization chapter of bankruptcy.  Sometimes this is very important to people, because while many people have very limited property and would lose nothing in a Chapter 7, some do have non-exempt property that would not be protected in Chapter 7–like excess equity in houses, cars or other valuable property.  When these people need debt relief, often the best and only way to get it is through Chapter 13.

The Chapter 13 Plan

In Chapter 13, your lawyer proposes a plan for the Court to approve.  The plan is a written document, usually of about five pages.  If the plan complies with the bankruptcy laws, your creditors cannot refuse to accept it.  This is the primary power of Chapter 13 bankruptcy.

If you file Chapter 13, you make the monthly payment set forth in your plan.  This money is sent to the Chapter 13 trustee, a quasi-governmental official, who holds the money pending the court’s approval of your plan.  Once your plan is confirmed by the court, the trustee begins making payments to your creditors in the manner provided in your plan.

The Applicable Commitment Period

How long does a plan last?  This is determined by your income and household size.  If you are above-median income based on household size, your plan is five years (60 monthly payments).  If you are below median income, your plan is three years (36 monthly payments).  During your applicable commitment period, you pay your “projected disposable income” into the plan.

Projected Disposable Income

This is the central idea of Chapter 13.  The idea is that you devote your excess income to your plan for a certain period of time, and then you get rewarded with debt relief.  Your projected disposable income is calculated with the means test as well as with a more simple and intuitive budget analysis.  The result of this analysis is the amount that the system deems it fair for you to pay into your plan–after what you need to pay for housing, transportation, food, taxes, medical expenses, utilities and all the other reasonable and necessary expenses of life are deducted.  That amount is called your “projected disposable income.”

How is a Chapter 13 Payment Amount Determined?

Your payment will depend on your income, assets, expenses and debts, but the key factor is your “projected disposable income.” That is number is based on a means test and budgetary analysis.  These are two separate tests and incorporate your income, expenses, secured debt payments and several other variables.

We usually can tell you approximately what your payment will be when you first contact us.  Determining the amount of a Chapter 13 payment is one of the specialized parts of the process, and it is something we have a lot of experience with.  It is important to have an honest lawyer who really knows Chapter 13 law and the permissible means test deductions.  Many of these deductions are not common knowledge among novice practitioners in the field.

What are the Advantages of Chapter 13 Bankruptcy?

First of all, it gives you the ability to make a single debt payment that is affordable based on your income.  You will still have to make most mortgage and car payments, if you want to keep the house or car, but your unsecured debts are consolidated into the Chapter 13 plan.  Secondly, a plan gives you the ability to do other things that are relevant for people in some situations.  For example, in Chapter 13 you can stop foreclosures by curing mortgage arrears, cram down car loans, strip off wholly unsecured second and third mortgages, and pay off nondischargeable tax debts.  Ultimately, your plan is based on what you want to accomplish and also on your income, expenses, assets and debts.

Chapter 13 bankruptcy will stay on your credit report for seven years, while Chapter 7 remains on your credit report for 10 years.

The bottom line about Chapter 13 is this: You pay what you can afford after your reasonable expenses for a set period of time, then you emerge from bankruptcy with a clean slate and a fresh start.  You can click [here to read about fees](https://bkmass.com/bankruptcy-fees/) and [here to contact us](https://bkmass.com/free-bankruptcy-consultation/).

Qualifying for Chapter 13 Bankruptcy

The debt limits for Chapter 13 are $360,475 for unsecured debt and $1,081,400 for secured debt. If you have more in either category of debt, you do not qualify for Chapter 13, and you must file Chapter 11 if you want to reorganize.

Otherwise, as long as you are an individual with regular income who can afford to pay your living expenses, secured debt payments for property you want to keep, and an extra amount as a Chapter 13 plan payment, you qualify for Chapter 13 bankruptcy.

**Chapter 13 Bankruptcy in Massachusetts**

Not everyone filing Chapter 7 in Massachusetts can afford to pay the court filing fee of $335. In order to ensure everyone has access to the relief only a [Chapter 7](https://upsolve.org/learn/chapter-7-versus-chapter-13-bankruptcy/) bankruptcy in Massachusetts can provide, folks who make [below a certain amount](https://www.uscourts.gov/sites/default/files/poverty-guidelines.pdf) and can't pay the fee if given the time to do so in installment payments can [apply for a fee waiver](https://www.uscourts.gov/sites/default/files/form_b103b.pdf).

1. [Collect Your Massachusetts Bankruptcy Documents](https://upsolve.org/ma/#collect-your-massachusetts-bankruptcy-documents)
2. [Take Credit Counseling](https://upsolve.org/ma/#take-credit-counseling)
3. [Complete the Bankruptcy Forms](https://upsolve.org/ma/#complete-the-bankruptcy-forms)
4. [Get Your Filing Fee](https://upsolve.org/ma/#get-your-filing-fee)
5. [Print Your Bankruptcy Forms](https://upsolve.org/ma/#print-your-bankruptcy-forms)
6. [Go to Court to File Your Forms](https://upsolve.org/ma/#go-to-court-to-file-your-forms)
7. [Mail Documents to Your Trustee](https://upsolve.org/ma/#mail-documents-to-your-trustee)
8. [Take Bankruptcy Course 2](https://upsolve.org/ma/#take-bankruptcy-course-2)
9. [Attend Your 341 Meeting](https://upsolve.org/ma/#attend-your-341-meeting)
10. [Dealing with Your Car](https://upsolve.org/ma/#dealing-with-your-car)

### **Collect Your Massachusetts Bankruptcy Documents**

The first step in the process of filing bankruptcy in Massachusetts is to collect your bankruptcy documents and organize them in a single location. These documents are used in preparing the [bankruptcy forms](https://upsolve.org/learn/chapter-7-bankruptcy-forms-explained) that are ultimately filed with the court. The first thing you should do is collect all the various collection letters you have received in the last three months. Then you should [request a copy of your credit report](https://www.consumerfinance.gov/ask-cfpb/how-do-i-get-a-copy-of-my-credit-reports-en-5/) from each one of the three reporting agencies. Together, these documents will allow you to create a comprehensive listing of your debts with the most current address available for each one of your creditors. Since you need to provide the court with an overview of your monthly living expenses, you should pull a few bank statements to assist you in making sure you didn't miss anything. The bank statements may be needed later on in your Massachusetts bankruptcy case, so don't close any bank accounts without first getting copies of at least the last 6 months of bank statements, just in case they are needed. For historical income information, you will need your last two federal income tax returns. With respect to your current income, and specifically for purposes of calculating your eligibility to file a Chapter 7 bankruptcy in Massachusetts, you will need the last 6 months of your paycheck stubs.

### **Take Credit Counseling**

Everyone filing bankruptcy in Massachusetts has to complete a credit counseling class before they can do so. It is a requirement under the Bankruptcy Code that applies to all individuals filing bankruptcy regardless of what led to their financial distress. Its purpose is to educate you on all of the [options](https://www.justice.gov/sites/default/files/ust/legacy/2011/10/06/bky-info_english.pdf) available to you to deal with your debts. It's intended to make sure that only folks who really need a Chapter 7 bankruptcy in Massachusetts end up filing one, though in reality most folks already know what their best option is and take the course solely because they have to. Whichever category you fall into, the certificate you will be issued upon completion of the course is valid for 180 days, so you have plenty of time to take the course before filing your Massachusetts bankruptcy case. Since this credit counseling course is a legal requirement, all companies who offer the course must first be approved to offer it by the [United States Trustee](http://www.mab.uscourts.gov/mab/us-trustee). A [complete listing](https://www.justice.gov/ust/eo/bapcpa/ccde/CC_Files/CC_Approved_Agencies_HTML/cc_massachusetts/cc_massachusetts.htm) of the providers approved to offer the course to folks filing bankruptcy in Massachusetts is available on the United States Trustee's website. Before you sign up with any specific provider, make sure they are on this list, as the course won't count otherwise.

### **Complete the Bankruptcy Forms**

In order to allow the court, and all parties involved in a bankruptcy case, to process all of the relevant information in an efficient and uniform way, everyone has to use the [official national bankruptcy forms](https://www.uscourts.gov/forms/bankruptcy-forms) when filing bankruptcy in Massachusetts . If you [hire a lawyer](https://upsolve.org/find-a-lawyer/), their office will put together the completed forms for your review and signature based on the information you have provided to their office. Since your lawyers won't know what they don't know, it's important to answer all of their questions and requests as completely as possible, without leaving anything out. Keep in mind, however, that while it can be a good and smart investment in some cases, you are able to file a Chapter 7 bankruptcy in Massachusetts without a lawyer. In that case you are responsible for making sure all of the forms are completed pursuant to the [official instructions](https://www.uscourts.gov/sites/default/files/instructions_individuals.pdf) and everything is done according to Massachusetts bankruptcy laws and procedures. If can't afford a lawyer but would like some help with this step of the process, you should [check if you qualify](https://my.upsolve.org/screener) to file using Upsolve. Whichever route you go, just remember that you are preparing these forms for filing with a federal court, and intentionally leaving out information can have serious consequences.

### **Get Your Filing Fee**

If you've determined that you are not eligible to have your court filing fee waived because you make too much money, make sure you plan to file your Chapter 7 bankruptcy in Massachusetts only after you've had the chance to raise the full $335. Since some of the information in your bankruptcy forms is time sensitive, it doesn't make sense to get everything ready to file and then start saving up for the court filing fee, especially if it will take you a few pay periods to do so. The court accepts cash and money orders from folks filing bankruptcy in Massachusetts, so don't plan on bringing a personal check; the court will not accept that. If there is a reason to file your case before you can raise the full fee, such as a scheduled foreclosure, or a wage garnishment that is either going on already or about to start, you should complete [this application](https://www.uscourts.gov/sites/default/files/form_b103a.pdf) to request the ability pay your court filing fee in installments. This will allow you to file your Massachusetts bankruptcy right away and get protected by the [automatic stay](https://upsolve.org/learn/what-is-automatic-stay-bankruptcy). If you do request to pay your fee in installments, it's important that you make all of the payments to the court on time as set forth in the payment schedule ordered by the court as missing even just one payment can result in your bankruptcy case being dismissed.

### **Print Your Bankruptcy Forms**

Regardless of whether you are filing on your own ("pro se"), or with a lawyer who will ultimately be able to file all of the documents for your Chapter 7 bankruptcy in Massachusetts electronically, someone has to print everything at least once. That's because you have to actually sign all of the documents that are filed with the court. Without a lawyer, that task falls to you, and since you are not able to file your Massachusetts bankruptcy case electronically, you have to print everything so it can be filed with the court in paper format. That means using regular, white, 8.5" x 11" paper and no double-sided printing or stapling pages together. Even though only the original is filed with the court, it's a good idea to either print a second set or make a copy of the bankruptcy forms you are going to submit to the court. That way you have the exact same version of the documents you gave to the bankruptcy court in your own records. If you are [working with Upsolve](https://upsolve.org/how-we-work/), you will receive a single PDF containing all of the documents required for filing Chapter 7 in Massachusetts . If you completed the forms on your own, and they are all saved in different PDF files on your hard drive, it's a good idea to print out [a checklist like this one](https://www.uscourts.gov/sites/default/files/form_2000.pdf) first, so you don't inadvertently miss anything.

### **Go to Court to File Your Forms**

Even though Massachusetts is a single federal district, it has three divisions with a courthouse located in each one of them. Which courthouse you have to visit to file your Chapter 7 bankruptcy in Massachusetts depends on the city or town you live in. You can [look up](http://www.mab.uscourts.gov/mab/where-file) the appropriate location for filing your case either by town or zip code. While you can file all of your documents by mailing them to the courthouse, if it is not hardship, you should do it in person instead. That way the clerk's office can assist you face to face and let you know right away if there are any issues or missing documents. Plus, you will know your Chapter 7 bankruptcy in Massachusetts has been officially filed once you come out the courthouse with a file stamped copy of everything in your hands. Detailed directions to each one of the courts, including public transit options where applicable, are provided on the court's website. If you are not familiar with the part of town you are going to, it may be a good idea to look up the parking options near the courthouse first. The last thing you want to worry about while filing bankruptcy in Massachusetts is whether you are getting a parking ticket while in the middle of it. Make sure you bring your copy along with the original you are filing with the court, so the clerk can stamp it for you, and remember that you will be required to pass through a security check on the way into the courthouse.

### **Mail Documents to Your Trustee**

One of the first things the court does in every Chapter 7 bankruptcy in Massachusetts is to assign a [Chapter 7 trustee](https://upsolve.org/learn/what-is-a-bankruptcy-trustee) and schedule a date and time for the [creditors' meeting](https://upsolve.org/learn/what-is-the-meeting-of-creditors/). The Chapter 7 trustee - your trustee - is required to review not only the documents you filed with the court, but they also have to review your tax return and make sure it matches up with the information you have disclosed in your bankruptcy forms. You are required by applicable Massachusetts bankruptcy laws and procedures, to provide a full copy of the prior year's income tax return to the trustee at least 7 days before the date set for your creditors' meeting. Additionally, everyone filing Chapter 7 in Massachusetts has to provide copies of each paycheck stub they received in the 60 days before their case was filed to their trustee at the same time. It's important to redact (black out) any [sensitive information](http://www.mab.uscourts.gov/mab/privacy-policy-and-redaction-requirements) in these documents, such as the name and social security number of minors, the full social security numbers of individuals not filing bankruptcy in Massachusetts with you, and everything but the last four digits of your social security number, before sending them to the trustee. Finally, it is possible that your trustee sends you a letter after your case is filed asking you to submit these and certain other documents or information to their office prior to the creditors' meeting. Since everyone filing Chapter 7 in Massachusetts has a duty to cooperate with their trustee's reasonable requests for information, make sure to keep an eye out for any such correspondence from your trustee after filing your case.

### **Take Bankruptcy Course 2**

In addition to the course that is required before filing bankruptcy in Massachusetts, you also have to take a course after filing your case. This course focuses on financial management and is a requirement everyone in a Chapter 7 bankruptcy in Massachusetts has to complete before their [discharge](https://upsolve.org/learn/what-is-a-bankruptcy-discharge) can be entered. While there is no hard deadline by which to complete the course, there is a risk that the court will close your case without entering your discharge if you don't file a [certification](https://www.uscourts.gov/sites/default/files/form_b423.pdf) that you have completed it within 60 days from the date of your creditors' meeting. A lot of folks use the date set for their creditors' meeting as an informal deadline of sorts, so they don't accidentally forget about it later down the road. Additionally, completing this requirement for your Massachusetts bankruptcy before the creditors' meeting allows you to walk out of the courthouse once the meeting is concluded knowing that you have done everything that everyone filing Chapter 7 in Massachusetts has to do to obtain a discharge. The United States Trustee again has to pre-approve the companies offering the course, and [publishes a full list](https://www.justice.gov/ust/eo/bapcpa/ccde/DE_Files/DE_Approved_Agencies_HTML/de_massachusetts/de_massachusetts.htm) of them on their website.

### **Attend Your 341 Meeting**

The creditors' meeting, sometimes referred to as the 341 meeting based on the section of the Bankruptcy Code that requires it, takes place approximately 20 - 40 days after a Chapter 7 bankruptcy in Massachusetts has been filed with the court. You will learn the date and time of your creditors' meeting when you receive this [official notice](https://www.uscourts.gov/sites/default/files/form_b309a_0.pdf) from the court. If your Massachusetts bankruptcy case is being handled by the court in Boston, your creditors meeting will take place in either Boston or Brockton, depending on where you live. If your case was filed in the Worcester court, your 341 meeting will be scheduled to take place in either Worcester, Pittsfield, or Springfield. Everyone filing bankruptcy in Massachusetts has to appear at their 341 meeting and provide the trustee with a picture ID and [acceptable proof](https://www.justice.gov/sites/default/files/ust-regions/legacy/2011/07/13/proof_of_id_341_meeting.pdf) of their social security number. Most meetings take less than 10 minutes to complete, with the trustee only asking the standard questions they are required to ask everyone filing Chapter 7 in Massachusetts. Your creditors are invited to attend the meeting and, if they do, are allowed to ask you questions as well, though that happens only rarely. If you take just a [few minutes to prepare](https://www.youtube.com/watch?v=z_Ssx94WRjI&t) and review all of your bankruptcy forms before going in, the creditors' meeting will be nowhere as stressful as you think it will be.

### **Dealing with Your Car**

Your car plays two important roles in your case. First, it is an [asset](https://upsolve.org/learn/asset-bankruptcy/) in your Chapter 7 bankruptcy in Massachusetts , though most of the time it is an asset with no value if there is a large loan balance leaving no [equity](https://upsolve.org/learn/what-is-equity). The second role your car plays is that of [collateral](https://www.merriam-webster.com/dictionary/collateral) for one of your creditors. Your car loan has to be listed as a [secured debt](https://upsolve.org/learn/what-is-secured-debt-in-bankruptcy) on your [Schedule D](https://www.uscourts.gov/sites/default/files/form_b106d.pdf) and you have disclose what you want to do with it in your [Statement of Intentions](https://www.uscourts.gov/sites/default/files/form_b108.pdf). Everyone with a car loan when filing Chapter 7 in Massachusetts gets the same three options on how to deal with their car and the loan it secures. If your car is in good shape, and the terms of the loan, including the amount of the monthly payment, work for you, you can keep everything essentially the same by entering into a [reaffirmation agreement](https://upsolve.org/learn/how-to-get-a-reaffirmation-agreement-in-chapter-7-bankruptcy#what-is-a-reaffirmation-agreement). If the car's value is significantly lower than the loan balance, and you don't want to have to pay on the loan going forward you have a couple of options. You can walk away completely, [surrender](https://upsolve.org/learn/surrender-car-bankruptcy) the car to the bank, and discharge your liability on the loan as part of your Chapter 7 bankruptcy in Massachusetts . Alternatively, if you can come up with money equal to the car's actual current value, you can [redeem](https://upsolve.org/learn/how-redeem-car/) the vehicle, essentially purchasing it from the lender to get out of the loan early. This has the effect of allowing you to keep your car without exposing you to a potential deficiency balance on the loan.