

CHAPTER 12

BANKRUPTCY

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I. BANKRUPTCY LAWS – General

Bankruptcy Code Chapters were amended October 17, 2005. If a bankruptcy petition was filed prior to October 16, 2005, refer to the Bankruptcy Basics, Revised Second Edition (see Bankruptcy Codes below). If the bankruptcy was filed on or after October 17, 2005, please refer to the Third Edition, which contains several important changes. These changes were so significant half a million bankruptcies were filed the last two weeks prior to October 17, 2005, compared with 60,000 the same prior year period. As of the first quarter of 2010 with unemployment high, credit card debt and banks reluctant to fund loans the trend on filing for bankruptcy continue to rise.

Owners of property in Washington State who file a bankruptcy petition with a bankruptcy court are subject to U.S. Federal bankruptcy laws. The laws contain specific requirements for creditors, such as claim filing deadlines or refraining from active collection while the case is open, known as an “automatic stay”. Bankruptcy case management may vary depending on each county’s available staffing; however, lack of diligence may result in 1) failure to collect tax dollars your county is entitled to receive and/or 2) a violation of Federal bankruptcy laws.

II. BANKRUPTCY CODES

A widely accepted abbreviated version of U. S. Bankruptcy Laws is available as “Bankruptcy Basics” on the State of Washington’s user-friendly web site www.wawb.uscourts.gov for U.S. Bankruptcy Court, Western District of Washington; and www.waeb.uscourts.gov for the Eastern District of Washington. Select Bankruptcy Basics from the Filing Information Menu. Become familiar with the menus and information available on the district’s web site. The petitioner normally files for bankruptcy in the district where they reside. Their district could be other than in Washington State.

There are six basic “Chapters” of the U.S. Bankruptcy Code outlined in “Bankruptcy Basics”, they are as follows: “Chapter 7 Liquidation Bankruptcy, Chapter 9 Municipality, Chapter 13 Individual Debt, Chapter 11 Reorganization, Chapter 12 Family Farmer or Family Fisherman, and Chapter 15 Ancillary and Other Cross-Border Cases.” Included is a chapter on the “Servicemember’s Civil Relief Act” and “Securities Investor Protection Act” though these are not included in this manual; they are covered in “Bankruptcy Basics”.

The following pages contain a synopsis of each Bankruptcy Chapter except Chapter 9 Municipality Bankruptcy which provides reorganization of municipalities which is covered in the “Bankruptcy Basics”.

CHAPTER 7

Definition

It is the most common case, particularly among individual debtors, and is usually referred to as the “**liquidation or no asset**” bankruptcy. A Chapter 7 case generally allows many kinds of debts to simply be erased and is discharged within several months to a year, then closed. For more information on discharges see EXAMPLE #5. Only consumers whose incomes are below the median levels for their state are eligible for Chapter 7. This Chapter is intended for consumers and small business owners.

General Information

The debtor must file a list of the name, addresses and account numbers of each creditor, a schedule of assets and liabilities, a schedule of income and expenditures, plus a statement of financial affairs, and if applicable a schedule of executor contracts and unexpired leases. This schedule also discloses the value of the debtor’s real and personal property. With this information the Treasurer can know what claims will be placed before their claim. A list may be obtained from the trustee listing each creditor, claim amount, and rank. For more information on proof of claims see EXAMPLE #2

A trustee is appointed to liquidate the estate by converting assets to cash and distributing monies (payment plan) among creditors according to an order set forth in the Bankruptcy Code (title 11). A company stops all operations and goes completely out of business. For more information on payment plans see EXAMPLE #3

Under Chapter 7, only the debtor has the protection of the automatic stay.

After a Chapter 7 discharge the debtor is not eligible to file for Chapter 7 for six years.

CHAPTER 11

Definition

This Chapter is known as a business “**reorganization**” bankruptcy, ordinarily used by commercial enterprises. The debtor is in possession of the business and is required to pay creditors according to a court-approved plan. For more information on payment plans and applying monies see EXAMPLE #3. A Chapter 11 plan might take up to six years to discharge depending on the total debt needing to be repaid and the monthly payment amounts. For more information on discharges see EXAMPLE #5.

General Information

There is not a case trustee appointed unless the creditors or the court have concerns regarding the debtor’s ability to financially run the business. The United States Trustee does oversee and monitors the progress of all Chapter 11 bankruptcy cases.

A plan will be formulated and submitted to the bankruptcy court within a year of the filing date. In the case of a large reorganization, formulization of a plan can take longer. Their plan needs to include the Treasurer’s proof of claim amount.

The qualified debtor in this chapter has a one-time option to convert to Chapter 7.

CHAPTER 12

Definition

Chapter 12 is more streamlined, less complicated and less expensive than the other bankruptcy chapters and is used to adjust debts of a family-owned farmer or family fisherman with a regular annual income. The income of both the family-owned farmer or fisherman must be stable and regular to qualify for relief under this chapter so payments can be made as required by the plan. The family farmer or family fisherman with at least 50% of its gross income from operating the farm or commercial fishing business are eligible to file a claim. The Bankruptcy Case will be discharged upon completion of all payments under the plan. For more information on discharges see EXAMPLE #5.

General Information

The trustee must pay debts within three years unless court approves a longer time frame not to exceed five years. For more information on payment plans and applying monies see EXAMPLE #3 and 4.

Those eligible to file as “family farmers” or “family fisherman” fall into two categories:

1. an individual or individual and spouse
2. a corporation or partnership

The individual or husband and wife must be engaged in a farming or commercial fishing business.

The petition is filed in the court serving the area where the individual lives or where the corporation or partnership has its principal place of business or principal assets.

CHAPTER 13

Definition

This chapter is referred to as the “**payment plan or wage earner**”, designed for a person, small business owner or sole proprietor who has a regular source of income. Rather than liquidating the assets, the intention is rescheduling the debt. It is limited to individuals who have unsecured debts of less than \$360,475 and secured debts of less than \$1,081,400. A Chapter 13 case is generally discharged after five years or upon completion of all payments under the plan. For more information on discharges see EXAMPLE #5.

General Information

The Debtors file with the court: schedules of assets and liabilities, current income and expenditures, executor contracts and unexpired leases and a statement of financial affairs. Along with the schedules also filed at the court are a certificate of credit counseling and a copy of the debt repayment plan. Debtor remains in possession of the property and makes regular payments through an appointed bankruptcy trustee to satisfy their debts. The trustee can only pay creditors out of funds received through the debtor’s plan. For more information on payment plans and applying monies see EXAMPLE #3 and 4.

In Chapter 13 the debtor and co-signers of consumer debts are protected by the automatic stay, so long as the debtor pays the debt in full over the life of the plan.

Chapter 13 relief is available anytime, despite prior Chapter 7 or 13 filings.

Foreclosure

One of the great advantages of a Chapter 13 plan is that it allows the debtor to get caught up on mortgage payments over the length of the plan (usually three years). If a home is in foreclosure, filing for relief must be done before the foreclosure sale. The automatic stay will immediately prevent the sale of property. If this happens include all foreclosure costs in the proof of claim and make copies for the foreclosure deputy.

CHAPTER 15

Definition

Chapter 15 Ancillary and Other Cross-Border Cases

This new chapter adopted the Model Law on Cross-Border Insolvency officially declared by the United Nations in 1997 and replace section 304 of the Bankruptcy Code. It promotes a uniform and coordinated legal regime for cross-border insolvency cases in participating countries. To understand its purpose and objectives, read the chapter in full.

III. USEFUL TERMINOLOGY

Abandonment- Court releases property from its control. This occurs when property is of little or no value to the estate.

Absolute priority- The order of payment to the different classes of creditors mandated by the Bankruptcy Code. In theory, claims with higher priority are paid in full before other claims receive payment. Junior creditors and shareholders are paid after senior creditors. Specifically, the usual order is: first, administrative claims; second, statutory priority claims such as taxes, rent, consumer deposits and unpaid wages from before the filing; third, secured creditors claims; fourth, unsecured creditors' claims; fifth, equity claims.

Administrative claim- Debt incurred by the debtor after the bankruptcy filing for court costs, lawyer's fees, preserving the estate, trustee's expenses, etc.

Automatic stay- An injunction that automatically stops lawsuits, foreclosure, garnishments and all collection activity against the debtor the moment a bankruptcy petition is filed. With a "stay" in place by the court, annual tax statements may be sent; however, demand notices must not be initiated, and no act may take place to enforce any lien against the property until the bankruptcy has been discharged or dismissed.

Ballot date- Concerning bankruptcy reorganization, the date and time, set by the bankruptcy court, by which all votes for accepting or rejecting the plan of reorganization must be received.

Bankruptcy- Term for a legal state of insolvency.

Bankruptcy Code- The name given to the statutory body of bankruptcy laws after the reform act of 1978. The informal name for title 11 of the United States Code (11 U.S.C. 101-1330), the federal bankruptcy law.

Bankruptcy court- The bankruptcy judges in regular active service in each district; a unit of the district court.

Bankruptcy estate- All legal or equitable interests of the debtor in property at the time of filing. (The estate includes all property in which the debtor has an interest, even it is owned or held by another person.)

Bankruptcy judge- A judicial officer of the United States district court who is the court official with decision making power over federal bankruptcy cases.

Bankruptcy trustee- A private individual or corporation appointed in a case to represent the interest of the estate and debtor's creditors.

Claim – A creditor's assertion of a right to payment from a debtor or the debtor's property.

Confirmation- Approval of a reorganization plan by a bankruptcy judge.

Consumer debts- Debts incurred for personal, as opposed to business, needs.

Conversion- Changing chapters in bankruptcy (e.g. converting from Chapter 11 to Chapter 7 or vice-versa).

Creditor- Person or business in which the debtor owes money.

Debtor- Person or business that has filed a petition for bankruptcy relief seeking protection from creditors under the bankruptcy law.

Discharge- Release of a debtor from personal liability for certain dischargeable debts. After a discharge a creditor is prevented from taking any action against the debtor or his property.

Disclosure statement- Written documentation prepared by the Chapter 11 debtor containing adequate information of their plan of reorganization.

Dismissal- An order terminating the case prior to its normal end.

Exempt/Exemption- Property a debtor may prevent creditors from recovering.

Joint administration- Court approved mechanism under which two or more cases can be administrated together.

Joint petition- One filing by husband and wife together.

Meeting of creditors (341)- An opportunity for creditors to question the debtor under oath regarding their intentions and to bring any issues to the attention of the trustee.

Motion to lift automatic stay- Creditors request to allow action against the debtor's property

No asset case- Cases with no assets available for liquidation to satisfy any portion of the creditors claim.

Non-dischargeable debt- Debt that cannot be eliminated in bankruptcy.

Priority- Claims of some employees, employee benefits plans, taxing bodies and others. May be entitled to payment prior to the claims of unsecured creditors.

Post-petition- Occurring after the filing of a petition. Property transferred after the commencement of the case.

Pre-petition- Occurring before the filing of a bankruptcy; debts that would be included in bankruptcy.

Proof of claim- Written statement filed by the creditor describing the reason the debtor owes them money.

Reaffirmation agreement- Debtor agrees to continue paying a dischargeable debt after the bankruptcy. The purpose is for debtor to remain in possession of collateral eliminating the debt from being discharged while assuming personal liability.

Secured claim- Property secured by a perfected lien.

Statement of intention- Declaration made by the Chapter 7 debtor regarding plans for secured property of the estate.

Trustee- The person appointed by the U.S. bankruptcy court to take charge of and administer the debtor's estate during bankruptcy proceedings.

Unsecured claim- These claims do not have any priority status. They include debts from credit cards, utilities expenses and personal loans.

IV. FILES AND RETENTION PERIODS

As in all county legal matters, comprehensive file maintenance is mandatory. As papers are received from the bankruptcy court and file notes are made, organize the documents in chronological order in a separate file for each bankruptcy case. Maintain a log of your county's property owners who file a bankruptcy petition and establish a means to maintain the file, reviewing the bankruptcy status and files on a regular basis. Destruction of these records may fall under new mandatory "shredding" laws that are being developed by Federal and State governments. You may be able to obtain requirements from your county Prosecutor's office.

Remove file from cabinet and mark across the top of the label "dismissed, closed, discharged" and the date. Organize the files in a box labeled for the current year. Closed bankruptcy files are retained for six years, after which time they can be destroyed.

V. GENERAL INFORMATION

A governmental unit has 180 days from the date the case is filed to submit a claim (US Code 11, 502(b)(9)). Although a secured (e.g. county tax office) creditor does not need to file a proof of claim in a Chapter 7 case to preserve its security interest or lien, there may be other reasons to file a claim. If you do not receive notice of the bankruptcy, file as soon as you receive word and attach a letter to the court to that effect. In most cases, the claim will be accepted. Some county Prosecutors advise county tax offices to file a claim whether or not the county receives a claim request, regardless of the bankruptcy chapter. Your own Prosecutor's office can advise you and provide the appropriate language for the claim document if you are not provided one by the court or trustee. Unless otherwise advised, prepare four claim sets.

VI. PRE-PETITION and POST-PETITION TAX

When preparing the claim, ascertain whether the tax owed is “pre-petition” or “post-petition” considering the date the bankruptcy petition was filed and the date the property was listed and valued, which for real and personal property is January 1st. Pre-petition taxes are non-dischargeable and considered a secure lien if the listing and valuing of the property is complete before the filing of the petition. Pre-petition interest and penalty is allowed (U.S. v. Ron Pair Enterprises Inc. 109 S Ct. 1026(1989)). Post-petition taxes are based on assessments after Jan 1st of the bankruptcy filing date and are considered unsecured priority tax claims. Other secured creditor’s claims can be satisfied before the post-petition tax depending on the bankruptcy Chapter. Post-petition tax, interest and penalty are to be treated as cost of administrative claim (US Code 11, Sec. 503(b)(1)(b)).

No other claim has priority over a secured tax claim except a priority claim.

A claim should still be filed even if the taxes are paid in full by using a “0” in the claim amount.

BANKRUPTCY PETITION FILING NOTICE

EXAMPLE 1

Upon the filing of a bankruptcy petition, an automatic stay goes into effect, which prohibits creditors from taking or continuing most actions to collect money or property from the debtor. With a “stay” in place by the court, annual tax statements may be sent; however, demand notices must not be initiated, and no act may take place to enforce any lien against the property until the bankruptcy has been discharged or dismissed. However, the property tax is non-dischargeable, even if the property is sold, the taxpayer or secured creditor who reposes the property must pay the tax. See Bankruptcy (US Code 11 Sec. 362). A creditor wishing to proceed with action against the debtor or its property must obtain permission (relief of stay) from the Court, or face a potential fine for damages, including costs and attorney's fees, and, in appropriate circumstances, punitive damages. If the treasurer desires to receive a relief of stay notice, you may submit a separate document to the court with a copy to the trustee and attorney for this request. If uncertain of county's rights, seek advice from the county prosecutor.

UNITED STATES BANKRUPTCY COURT DISTRICT of Northern District of Texas	
③ Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors, & Deadlines A chapter 11 bankruptcy case concerning the debtor Corporation listed below was filed on 8/3/05.	
You may be a creditor of the debtor. This notice lists important deadlines. You may want to consult an attorney to protect your rights. All documents filed in the case may be inspected at the bankruptcy clerk's office at the address listed below. NOTE: The staff of the bankruptcy clerk's office cannot give legal advice.	
See Reverse Side For Important Explanations	
Debtor(s) (name(s) used by the debtor(s) in the last 8 years, including married, maiden, trade, and address): International Communications Group, Inc. aka Corban Networks, Inc., aka ICG 3701 W. Plano Parkway Suite 300 Plano, TX 75075	
Case Number: 05-38729-hdh11	Taxpayer ID/Employer ID/Other Nos.: 75-3123939
Attorney for Debtor(s) (name and address): Jeremy Shawn Mack Jackson Walker 901 Main Street, Suite 6000 Dallas, TX 75202 Telephone number: 214-953-0950	Trustee ⑥
Meeting of Creditors	
Date: December 27, 2005	Time: 10:00 AM
Location: Office of the U.S. Trustee, 1100 Commerce St., Room 976, Dallas, TX 75242	
Deadlines to File a Proof of Claim	
Proof of claim must be received by the bankruptcy clerk's office by the following deadline: For all creditors (except a governmental unit): 3/27/06 For a governmental unit:	
Foreign Creditors	
A creditor to whom this notice is sent at a foreign address should read the information under "Claims" on the reverse side.	
Deadline to File a Complaint to Determine Dischargeability of Certain Debts:	
Creditors May Not Take Certain Actions:	
In most instances, the filing of the bankruptcy case automatically stays certain collection and other actions against the debtor and the debtor's property. Under certain circumstances, the stay may be limited to 30 days or not exist at all, although the debtor can request the court to extend or impose a stay. If you attempt to collect a debt or take other action in violation of the Bankruptcy Code, you may be penalized. Consult a lawyer to determine your rights in this case.	
Address of the Bankruptcy Clerk's Office: 1100 Commerce Street Room 1254 Dallas, TX 75242 Telephone number: 214-753-2000	For the Court: Clerk of the Bankruptcy Court: Tawana C. Marshall
Hours Open: Monday - Friday 8:30 AM - 4:30 PM	Date: 11/18/05

The bankruptcy court will send this notice if you are listed as a creditor.

Keep all notes and documents in a file folder then file in the cabinet until discharged. For more information see EXAMPLE #5

1. Assigned case number
2. District where bankruptcy is filed
3. Chapter # and date case was filed
4. Debtor(s) name(s) and address
5. Debtor(s) attorney
6. Case trustee if applicable
7. Meeting of creditors date, time and location
8. Deadline to file a proof of claim, if it says, “do not file a claim at this time”, the court will send a notice when its time.
9. Address of the Bankruptcy Clerk’s Office for mailing proof of claim
10. Date notice was prepared

Parcel numbers are not provided on the notice. Look up debtor name and or address. If no taxpayer is found contact the attorney to see why you received the notice.

This notice will be needed to fill out the proof of claim. If you did not receive a copy request one from the bankruptcy court.

Case numbers of new and archived bankruptcies are available through several resources:

District Bankruptcy Court Offices

The districts offer a VCIS (Voice Activated Information System) via telephone. Refer to page 13 of this manual for Eastern and Western Washington bankruptcy court district office addresses and telephone numbers or visit the offices online (refer to Page 1).

PACER (Public Access to Court Electronic Records)

PACER is a user-friendly, low-cost subscription service provided by the federal judiciary for public electronic access to federal court and case information, including written opinions. The Judicial Conference of the U.S. establishes the fees to be collected by PACER. With PACER you can access court case indexes and case information on file with any court in the United States, including the option to print copies of documents connected with the bankruptcy.

PACER’s initial and subsequent costs are exceptionally nominal and well worthwhile. Contact PACER for their current charges. At last writing, the web address is <http://PACER.psc.uscourts.gov>. You may also access PACER through a link at the “US courts”. Web addresses provided in the BANKRUPTCY CODES section. After registering with PACER, you will be provided a login code, password and user manual. Establish a location for all PACER information. Keep copies of PACER “transaction receipts” which contain billable costs for each transaction. PACER will invoice each county depending on frequency and volume. They also offer other means to pay. Contact PACER for further information.

FILING A CLAIM

Claims can be filed electronically at:

<https://ecf.wawb.uscourts.gov/cgi-bin/autoFilingClaims.pl>

Sample of on-line Claim Form and Instructions for Filling out a Claim are shown following:

United States Bankruptcy Court Western District of Washington

File Claim

Case Number

Example: 14-00002

Name of Creditor

Filed by

IMPORTANT NOTICE OF REDACTION RESPONSIBILITY: All filers must redact: Social Security or taxpayer-identification numbers; dates of birth; names of minor children; and financial account numbers, in compliance with Fed. R. Bankr. P. 9037. This requirement applies to all documents, including attachments.

IMPORTANT WARNING: A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

☐ I understand that, if I file, I must comply with the redaction rules. I have read this notice.

Click the Next Button to get a list of Creditors for the case.

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Installed Version: 5.0

<https://ecf.wawb.uscourts.gov/cgi-bin/autoFilingClaims.pl>

United States Bankruptcy Court Western District of Washington

You selected "FILED BY" as CREDITOR. If this is incorrect, START OVER!!

ALL "Yes/No" Questions MUST be ANSWERED

CONFIRM this is the CORRECT Case

Debtor 1

Debtor 2

(Spouse, if filing)

Case number:

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Part 1: Identify the Claim

1. Creditor Name

Telephone Number:

Email:

Other names the creditor used with the debtor

2. Has this claim been acquired from someone else? Yes ☐ No ☐

3. Where should notices and payments to the creditor be sent?

(Notice Address Completed in Section 1)

Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)

☐ **CHECK if Payment Address differs from Notice Address**

Uniform claim identifier for electronic payments in chapter 13 (if you use one):

(See instructions)

4. Does this claim amend one already filed? Yes ☐ No ☐

5. Do you know if anyone else has filed a proof of claim for this claim? Yes ☐ No ☐

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor? Yes ☐ No ☐

7. How much is the claim? (required)

Does this amount include interest or other charges?

☐ No

☒ Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

If you have entered a claim amount of \$0, the claim amount is unknown, or the claim is unliquidated, please enter a brief explanation.

Comment:

8. What is the basis of the claim? (required)

Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card.

Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).

Limit disclosing information that is entitled to privacy, such as healthcare information.

<https://ecf.wawb.uscourts.gov/cgi-bin/autoFilingClaims.pl>

(See instructions)

9. Is all or part of the claim secured?

☐ No

☒ Yes. The claim is secured by a lien on property.

Nature of property:

☐ Real estate.

If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.

☐ Motor vehicle

☐ Other. Describe:

Basis for perfection:

Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)

Value of property:

Amount of the claim that is secured:

Amount of the claim that is unsecured:

(The sum of the secured and unsecured amounts should match the amount in line 7.)

Amount necessary to cure any default as of the date of the petition:

☐ Fixed

Annual Interest Rate (when case was filed) %

☐ Variable

10. Is this claim based on a lease?

☐ No

☒ Yes. Amount necessary to cure any default as of the date of the petition. \$

11. Is this claim subject to a right of setoff?

☐ No

☐ Yes. Identify the property:

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

☐ No

☒ Yes Check all that apply:

Amount entitled to priority

Documents: Attach redacted copies of any documents that show that the debt exists, a lien secures the debt, or both.

Also attach redacted copies of any documents that show perfection of any security interest or any assignments or transfers of the debt. In addition to the documents, a summary may be added. Federal Rule of Bankruptcy Procedure (called "Bankruptcy Rule") 3001(c) and (d). (See instructions, and the definition of "redacted".)

Attachments:

- Necessary documentation can be attached to the Proof of Claim after the information for the form is submitted.
- Attachments to the Proof of Claim are required to be PDF files.
- Attachments to the Proof of Claim are NOT to exceed 10.0 Mb in size.
- Multiple attachments to the Proof of Claim are permitted.
- Do not upload a completed Proof of Claim form as an attachment to this filing. Attaching a completed Proof of Claim will result in multiple versions of the form being filed (the electronically created proof of claim form plus the proof of claim attached). If filing an Amended Proof of Claim, the attachment of the previously filed claim is allowed.

Note: You will have the option to select files to upload for this claim once you click on the "Submit Claim" button below

Do you wish to attach supporting documentation? ☒ Yes ☐ No

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

Check the appropriate box: (required)

☐ I am the creditor.

<https://ecf.wawb.uscourts.gov/cgi-bin/autoFilingClaims.pl>

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157 and 3571.

- ☒ I am the creditor's attorney or authorized agent.
☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.
☒ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this Proof of Claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this Proof of Claim and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Print the name of the person who is completing and signing this claim:

Signature* _____ *Type Full Name (required)
Title _____
Company _____

Identify the corporate servicer as the company if the authorized agent is a servicer

Address _____
Number and Street _____
(City, State, Zip) _____
Contact Phone: _____
Email: _____

STATED

Enter Verification Code (required)

** Verify debtor name(s) prior to submitting claim to be filed.

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both.
18 U.S.C. §§ 152, 157, and 3571.

<https://ecf.wawb.uscourts.gov/cgi-bin/autoFilingClaims.pl>

Instructions for Filling out a Claim

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, there may be exceptions to these general rules.

Items to be completed in Proof of Claim form

Court, Name of Debtor, and Case Number:

Fill in the federal judicial district where the bankruptcy case was filed (for example, Central District of California), the bankruptcy debtor's name, and the bankruptcy case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is located at the top of the notice.

Creditor's Name and Address:

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:

State the total amount owed to the creditor on the date of the Bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:

Use this space to report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

4. Secured Claim:

Check the appropriate box and provide the requested information if the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See DEFINITIONS, below.) State the type and the value of property that secures the claim, attach copies of lien documentation, and state annual interest rate and the amount past due on the claim as of the date of the bankruptcy filing.

5. Amount of Claim Entitled to Priority Under

11 U.S.C. §507(a):

If any portion of your claim falls in one or more of the listed categories, check the appropriate box(es) and state the amount entitled to priority. (See DEFINITIONS, below.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:

Attach to this proof of claim form redacted copies documenting the existence of the debt and of any lien securing the debt. You may also attach a summary. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary. FRBP 3001(c) and (d). Do not send original documents, as attachments may be destroyed after scanning.

Date and Signature:

The person filing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2), authorizes courts to establish local rules specifying what constitutes a signature. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. Attach a complete copy of any power of attorney. Criminal penalties apply for making a false statement on a proof of claim.

DEFINITIONS

Debtor

A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

Creditor

A creditor is the person, corporation, or other

Unsecured Claim

An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

INFORMATION

Acknowledgment of Filing of Claim

To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim or you may access the court's PACER system (www.pacer.psc.uscourts.gov) for a small fee to view your filed proof of claim.

<http://www.wawb.uscourts.gov/instructions-filing-out-claim>

entity owed a debt by the debtor on the date of the bankruptcy filing.

Claim

A claim is the creditor's right to receive payment on a debt that was owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101 (5). A claim may be secured or unsecured.

Proof of Claim

A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the clerk of the same bankruptcy court in which the bankruptcy case was filed.

Secured Claim Under 11 U.S.C. §506(a)

A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car. A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien. A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

Claim Entitled to Priority Under 11 U.S.C. §507(a)

Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

Redacted

A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor should redact and use only the last four digits of any social-security, individual's tax identification, or financial-account number, all but the initials of a minor's name and only the year of any person's date of birth.

Evidence of Perfection

Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

Offers to Purchase a Claim

Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 *et seq.*), and any applicable orders of the bankruptcy court.

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both.
18 U.S.C. §§ 152 and 3571.

<http://www.wawb.uscourts.gov/instructions-filling-out-claim>

Western Washington mailing address/telephone/website:

US Bankruptcy Court
Western District of Washington
700 Stewart Street, Suite 6301
Seattle, WA 98101
(206) 370-5200 VCIS (888) 409-4662 (refer to Page 11)
www.wawb.uscourts.gov

Eastern Washington mailing address/telephone/website:

US Bankruptcy Court
Eastern District of Washington
904 West Riverside Avenue, Suite 304
Spokane, WA 99201
(509) 353-2404 (same phone number for VCIS1)
www.waeb.uscourts.gov

PAYMENT PLAN (CHAPTER 13)

EXAMPLE 3

UNITED STATES BANKRUPTCY COURT WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re:)
HARRY HARDTIMES,)
Debtor.)
Case No. 04-0000
CHAPTER 13 PLAN

1. Plan Payments:

Within 30 days of the filing of the Plan, the Debtor will commence making payments to the Trustee as follows:

- A. AMOUNT: \$360.00; FREQUENCY: XX Monthly; ___ Semi-Monthly; ___ Bi-Weekly; ___ Weekly
B. TAX REFUNDS: Debtor commits tax refunds in excess of \$1,500.00 to funding the Plan.
C. PAYMENTS: Debtor shall make Plan payments directly to Chapter 13 Trustee.

Debtor will reduce monthly 401(k) contributions by \$200.00 in order to make Plan payments. Debtor will continue repayment of prepetition 401(k) loan.

2. Plan Duration:

The length of the Plan is set forth in paragraph 3E2 below. The Plan will run a minimum of 36 months, unless all timely filed claims are sooner paid in full, plus appropriate interest. If the Debtor so elects later, and without notice or hearing, the Plan may be extended up to 60 months after confirmation in order to pay, in full, administrative expenses, secured claims, priority claims and any creditors placed in a special class for full payment.

3. Distribution of Plan Payments:

From the payments so received, the Trustee shall make disbursements in the following order:

A. ADMINISTRATIVE EXPENSES:

1. Trustee. The percentage set pursuant to 28 USC §586(e).
2. Attorney's Fees: All allowed fees and costs are to be paid ahead of all other creditors.

B. CURRENT CHILD SUPPORT/MAINTENANCE: Not Applicable.

C. SECURED CLAIMS/LEASES: Payments to creditors whose claims are filed, as follows, unless ranked otherwise. Interest rates are stated as per annum, un compounded.

	Debtor Value of Collateral	Description of Collateral	Interest Rate
1.	\$222.00 monthly to Bank of America \$7,000.00	1994 Saab	4%

Secured creditors, except as provided in 26 USC 6621(a)(2) and 11 USC 1322(b)(2), will be paid the amount of their claim or the value of their collateral, whichever is less, plus interest as stated above. Interest rate and monthly payment in the Plan controls unless creditors timely file an objection to confirmation. Value of collateral stated in the Proof of Claim controls unless otherwise ordered following timely objection to claim. The unsecured portion of any claim shall be paid as a general unsecured claim unless entitled to priority by law. For creditors holding secured claims not listed above, the interest rate shall be 4 %.

D. PRIORITY CLAIMS: Debts entitled to priority under and in the order prescribed by §507 of the Bankruptcy Code will be all be provided for in this Plan as follows:

Rank	Name	Amount of Claim	Basis for Priority
1	IRS	\$22,000.00	§ 507(a)(8)

E. UNSECURED CLAIMS: From the balance remaining after the above payments, dividends to unsecured creditors whose claims are allowed as follows:

1. Special Unsecured Claims. The following unsecured claims will receive a higher distribution than general unsecured claims: Ajax Suppliers will be paid its allowed claim of \$1,500.00 ahead of other non-priority creditors because it is a critical vendor. Without a continued relationship with Ajax Suppliers the debtor could not operate his sole proprietorship business to generate revenues for this Chapter 13 Plan.

Debtor will also pay his student loan, in the amount of \$5,000.00, ahead of other unsecured creditors.

2. General Unsecured Claims. The Debtor will pay allowed claims on a Best Efforts basis for a minimum of 36 months.

4. Secured Property Surrendered:

The secured property described below will be surrendered to the following named creditors on confirmation.

Debtor will surrender his 2004 Mercedes Benz to Friendly Lender.

5. Executory Contracts and Leases:

The Debtor will assume or reject executory contracts or unexpired leases as noted below. Assumption will be by separate motion and order, and all payments shall be paid pursuant to paragraph 3C or 6. Any executory contract or unexpired lease not assumed pursuant to 11 USC 365(d) is rejected. If rejected, the Debtor shall surrender any collateral or leased property and any duly filed and allowed unsecured claim for damages shall be paid under paragraph 3E2.

Contract/Lease

Assumed or Rejected

Lucky Lease Co. (Business premises lease)

Will Assume

6. Direct Payments by Debtor Outside of the Plan:

The following creditors shall be paid directly by the Debtor and shall receive no payments from the Trustee,

Name

Amount of Claim

Monthly Payment

Home Mortgage Co.

\$189,444.00

\$ as per contract

7. Revestment of Property:

Upon confirmation, all property of the estate, as defined in 11 USC §1306(a) shall remain vested in the Debtor under the exclusive jurisdiction of the Court and the Debtor shall not, without the appropriate consent of the Trustee or the Court, sell or otherwise dispose of or transfer such property other than in accordance with the terms of the confirmed plan.

8. Liquidation Analysis:

The Debtor estimates that there would be nothing available to pay unsecured creditors in a Chapter 7 liquidation.

The Debtor propose to pay at least this amount to unsecured creditors with allowed claims in this Plan, or an amount sufficient to pay allowed unsecured claims in full, whichever is less.

9. Certification:

The Debtor or their attorney, certify that this Plan conforms with Local Bankruptcy Rule 3015-1, except as set forth below: Section 7 and 8 have been modified.

10. Other Plan Provisions: Secured and priority claims, if any, to be paid in full prior to distribution to general unsecured creditors. Payment of administrative expenses, including attorney's fees, may delay distribution to creditors during life of plan.

All allowed post-petition claims will be paid in full through this Plan.

Debtor intends to bring a wrongful discharge action against Malevolent Mortgage Company during the pendency of this Chapter 13 proceeding.

Attorney for Debtor

Harry Hardtimes

SS#

Birthdate

Date

Date

GENERAL INFORMATION

If you are not listed on the payment plan, or the claim amount is not correct, an objection may be made in writing to the bankruptcy court.

The plan will include

1. The dollar amount collected by the trustee for disbursement
2. Commitments of tax refunds
3. Any change in 401(k) contributions
4. Duration time of plan
5. Distribution of creditor payments with interest rates, our tax payments are entitled to 12%

Creditors will be paid by rank classification then by proof of claim filing date.

REAFFIRMATION AGREEMENT PAYMENT PLAN

AGREEMENT PRIOR TO DISCHARGE

A reaffirmation is a voluntary agreement between debtor and creditor for all or a portion of an otherwise dischargeable debt to be repaid outside of the bankruptcy. A secured creditor is generally not required to accept a proposed reaffirmation by the debtor. The creditor cannot foreclose or repossess provided the debtor makes the scheduled payments.

AGREEMENT MUST BE FILED WITH COURT

A written agreement to reaffirm a debt must be filed and approved with the bankruptcy court. The attorney for the debtor must file an affidavit certifying that the agreement represents a full informed and voluntary agreement that does not impose an undue hardship on the debtor.

RECEIVING PAYMENTS

EXAMPLE 4

Most all payments will come from the Chapter 13 trustee. These payments do not have to pay the taxes in full. Partial payments are allowed for bankruptcy. However, the taxpayer can pay a post-petition year in full outside of the bankruptcy.

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND - NOT A WHITE BACKGROUND

CHAPTER 13 SEATTLE, TRUST ACCOUNT
 600 UNIVERSITY STREET #2200, SEATTLE WA 98101 (206)624-5124

26-1
340 **2657566**

May 21, 2004

FOR: [REDACTED]

ACCT: 390218-131084-0000 COMM: F98 01 7.18 Year
 PRINCIPAL: 783.13 INTEREST: 34.69 O REAL PROPERTY TAX BALANCE: 2,685.92

*****\$817.82
 VOID AFTER 90 DAYS

PAY ONLY **SEVEN** **82**
 EIGHT ONE CTCTS

TO THE ORDER OF WHATCOM CO TREASURER
 PO BOX 5268
 BELLINGHAM WA 98227

K. Michael Fitzgerald
 CHAPTER 13 TRUSTEE

THE BACK OF THIS DOCUMENT CONTAINS AN ARTIFICIAL WATERMARK - HOLD AT AN ANGLE TO VIEW

The check indicates case number, debtor, creditor account number and what year the payment should be applied to.

Follow the chart below to calculate the interest.

INTEREST RATES FOR 2006-2007

TX YR	May 06	Jun 06	July 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07	April 07
2006	1	5	6	7	8	9	10	19	20	21	22	23
2005	24	25	26	27	28	29	30	31	32	33	34	35
2004	36	37	38	39	40	41	42	43	44	45	46	47
2003	48	49	50	51	52	53	54	55	56	57	58	59
2002	60	61	62	63	64	65	66	67	68	69	70	71
2001	72	73	74	75	76	77	78	79	80	81	82	83
2000	84	85	86	87	88	89	90	91	92	93	94	95
1999	96	97	98	99	100	101	102	103	104	105	106	107
1998	108	109	110	111	112	113	114	115	116	117	118	119

- 1 Divide check amount by interest + 100% = (A)
- 2 (A) - check amount (B). It will leave the amount to go toward penalty & interest
- 3 Penalty is paid first. (B) - penalty = interest amount
- 4 (A) - full assessment = amount towards the tax

FORCED PAYMENTS – BASED ON 12% PER ANNUM INTEREST

1. On the “interest rates” scale that is attached, locate year that is being paid and the month of payment.

Example: If paying part of the 1996 tax year in October 1999, interest rate is 53% (per interest chart).

2. Perform the following calculations:

Take check amount and divide by percentage from chart plus 100. Subtotal. Then take subtotal amount and multiply by percentage from chart. This will give the correct amount to use for payment on penalty and interest. Then take amount of the check and subtract penalty/interest part of check, as this will give you the correct amount to use for payment on assessments and base tax. Add assessment/base tax figure to penalty/interest figure to make sure they total the amount of check.

Example: Check amount is \$1304.81. Divide by 153% (% from chart if paying on the 1996 tax year in October 1999 plus 100%). Subtotal. Then take the subtotaled amount and divide by 53% (percentage from chart). Subtotal. The subtotaled amount of \$451.99 is the portion that is available for payment of penalty and interest. Of the \$451.99 you pay penalty first then any remaining amount to interest (if the penalty has already been paid off due to previous partial payments then the full \$451.99 would all be applied to interest). Then take the check amount of \$1304.81 and subtract the penalty/interest portion to get the amount available for payment on assessment and base tax. In this case \$852.82. Pay the assessment first then apply remaining balance to base tax (if the assessment has already been paid due to previous partial payment then the full \$852.82 would be applied to base tax). Make sure to add penalty/interest amount to assessment/base tax amount and make sure that those two amounts equal the check amount. $\$852.82 + \$451.99 = \$1304.81$.

3. Photocopy check. Print 2 statements and stamp with “adjusted for bankruptcy”. Write in case number and initial. Make adjustments to your statement per your above calculations. Circle all adjustments. Add all adjustments to make sure they total check amount. Give to cashier and request a receipt. Put receipt and photocopy of check in appropriate bankruptcy file.

CALL LORRAINE BRITTON (SNOHOMISH COUNTY) AT
(425) 338-3350 FOR UPDATED INTEREST CALCULATIONS.

Rev.: February 7, 2000

Whatcom County Treasurer
 311 Grand Ave #104
 PO Box 5268
 Bellingham, WA 98227-5268

Manual Receipt Form

First ☐ Second ☐
 Full ☒

Parcel Number

380124 XXXX

Year	Tax	FP	FC	Other	Penalty	Interest	Total Due
2004	599.80	27.72			23.45	33.03	684.00
Paid By:			Interest Date:			Johnson	
Chapter 13			Oct 04			Case # 04-XXX	

0.00 T

Check - 684.00 +
 109.00 *
 627.52 *

0.00 T

684.00 +
 627.52 -
 56.48 T

56.48 +
 Pen - 23.45 -
 Int - 33.03 T

0.00 T

Check 684.00 +
 - Pen, Int 33.03 -
 23.45 -
 27.72 -
 599.80 T
 - tax

DISCHARGE / DISMISSED / COMPLETED / CLOSED

EXAMPLE 5

DISCHARGED

The debtor has met their obligation according to the bankruptcy plan. However, this does not mean that the case is closed as the trustee might still be liquidating assets. If not, the property reverts to its original state and collections can proceed as normal.

DISMISSED

Like the bankruptcy never happened. This can be due to many reasons such as non-compliance to the plan or failure to meet the criteria of the plan (non-payment, false filing).

COMPLETED

Plan is completed. Proceed with the same steps as in case discharged.

CLOSED

Case has been discharged, the attorney has been paid and the debtor is no longer in bankruptcy. Proceed with the same steps as in case discharged. We very seldom receive a closed notice as it costs money to send them out. Many debtors do not have the assets to pay for this function.

GENERAL INFORMATION

These notices will be received for an individual. Corporations do not receive discharges; instead the case will be completed or closed.

Real estate and personal property taxes are a non-dischargeable debt.

Delinquent taxes need to be printed and mailed to the debtor. If the taxes go back far enough to be in foreclosure give a copy of the discharge to the foreclosure deputy. If the taxes are for a mobile home give a copy of the discharge to the personal property deputy.

IF THE PROPERTY IS GOING TO BE SOLD BY THE TRUSTEE

- ❖ Mail the trustee a current tax statement for their information.
- ❖ Do not enter discharge date until the trustee has finished looking at the assets.
- ❖ Do not move against the trustee if property is being held with the intent to sell.

Usually after a discharge, the only thing left for the trustee to complete is the final report, although the trustee may still be administering the assets. Technically, when property is sold, the trustee is responsible to pay the unsecured creditors. The debtor may still have some interest in the property, in which case the trustee will pay the debtor as well when the property sells. The property will only be sold if there is enough money to pay the unsecured creditors. The trustee does not care about secured creditors (us) because tax debts are not discharged in bankruptcy.

United States Bankruptcy Court

Western District of Washington
700 Stewart St, Room 6301
Seattle, WA 98101

Case No. 04-25101-TTG

RECEIVED
NOV 29 2005

In re: Debtor(s) (name(s) used by the debtor(s) in the last 8 years, including married, maiden, trade, and address):

Earl M Erickson
2712 Iron St
Bellingham, WA 98225

Nancy A Erickson
2712 Iron St
Bellingham, WA 98225

Social Security No.:
xxx-xx-1695

xxx-xx-7519

Employer's Tax I.D. No.:

**DISCHARGE OF DEBTOR AFTER COMPLETION
OF CHAPTER 13 PLAN**

The Debtor(s) filed a Chapter 13 case on November 24, 2004. It appearing that the Debtor is entitled to a discharge,

IT IS ORDERED:

The Debtor is granted a discharge under 11 U.S.C. § 1328(a).

BY THE COURT

Dated: October 27, 2005

Thomas T. Glover
United States Bankruptcy Judge

SEE THE BACK OF THIS ORDER FOR IMPORTANT INFORMATION.

When a case is dismissed and the tax remains unpaid, the Treasurer may contact the owner for payment and resume normal channels to ensure the tax is paid. This may include attaching and charging the personal property lien to real property owned by the debtor anywhere in the State, in accordance with [RCW84.60.020](#) and [040](#).

K. MICHAEL FITZGERALD, TRUSTEE
2200 One Union Square
600 University St
Seattle WA 98101-4100

SERVING THE US BANKRUPTCY
COURT IN CHAPTER 13

October 13, 2005

RECEIVED
OCT 19 2005

(206) 624-5124
FAX (206) 624-5282

WHATCOM CO TREASURER
PO BOX 5268
BELLINGHAM WA

98227

CHAPTER 13 CASE # 04-22388
RE: PATRICK GRAHAM HOLLORAN
VALERIA JEANNE HOLLORAN
CREDITOR # 017788 13/0205
ACCT #
REMARK

Please be advised that the above Chapter 13 Plan has been
DISMISSED PRIOR TO CONFIRMATION.

We disbursed no funds to you.

Please look to the debtor for future payments effective 10/06/2005.

The last known address for the debtor(s) is shown below.

If you have any questions, please contact our auditing department.

Very truly yours,

SOULI VONGMANI

For the Trustee

SV

[FG171.112800]

CC: LESTER & ASSOCIATES PS
217 PROSPECT ST
BELLINGHAM WA

98225

PATRICK GRAHAM HOLLORAN
7157 BRENT LANE
LYNDEN WA

98264

VALERIA JEANNE HOLLORAN
7157 BRENT LANE
LYNDEN WA

98264