

February 10, 2015

**COMMENTS ON PROPOSED NATIONAL CHAPTER 13 PLAN:  
A DIVERSE GROUP OF BANKRUPTCY PROFESSIONALS  
PROPOSE A COMPROMISE SOLUTION**

Dear Judge Ikuta and Members of the Committee:

We are a diverse group of bankruptcy professionals who have worked to arrive at a compromise to the current divide concerning the issue of a national form plan. Many of us testified before you in January of this year.

While each of us are members of various entities and have had numerous conversations with other bankruptcy professionals, the views expressed here are our own and are not the official position of any of those entities.

In forming this compromise, we consulted with a vast array of constituents. These included:

- Lenders who service the vast majority of residential mortgages<sup>1</sup> that are the subject of chapter 13 plans.
- Lenders who are some of the largest auto lenders holding claims in chapter 13 cases.
- One of the principal leaders of an organization that seeks to promote the interests of individuals who file chapter 13 bankruptcies.
- Attorneys for multiple states who handle consumer bankruptcy cases for those states.
- A large number of chapter 13 bankruptcy trustees from around the nation.
- Multiple bankruptcy judges who signed a letter opposing adoption of the national plan.
- Multiple bankruptcy judges who signed a letter favoring adoption of the national plan.

Not everyone who we consulted endorses the compromise. Many wish to remain committed to supporting or opposing the adoption of a mandatory national plan. But, *everyone* who we consulted falls into one of three groups:

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<sup>1</sup> Mortgage servicers who have already indicated support for the compromise include Wells Fargo, J.P. Morgan Chase, and Nationstar.

- Some support the compromise as the best alternative. This group believes that the compromise is acceptable, and has the benefit of healing any rift that may have developed in the bankruptcy community.
- Some continue to believe that adoption of the national plan is the best alternative. However, *everyone* who we spoke with in this group believes that this proposed compromise is superior to the status quo.
- Some continue to believe that preservation of the status quo is the best alternative. However, *everyone* who we spoke with in this group believes that this proposed compromise is superior to the adoption of the mandatory national plan.

Like most compromises, this one has features that various parties dislike. However, we have incorporated significant changes advocated by individuals, such as the leading consumer advocate referenced above, who have not joined in proposing the compromise. Our goal was to arrive at a compromise that was acceptable to a broad range of parties, was consistent with the law, and that was functional to administer.

Several of us believe that an official form for the chapter 13 plan, used nationally, will be very beneficial to the bankruptcy system, in part by providing a solution to the due process defect exposed in the Supreme Court decision, *United Student Aid Funds v. Espinosa*, and by eliminating current barriers to information sharing regarding chapter 13 plan terms. We believe that the current draft of Official Form 113 (with whatever final changes may emerge from this last round of rule-making) provides an effective vehicle to permit debtors to exercise their rights under chapter 13 while providing better due process to creditors and flexibility to accommodate local variations as needed. This group includes Bankruptcy Judge Rebecca Connelly, and Attorney Karen Cordry.

Attorney Mike Bates and Attorney Alane Becket prefer a national plan, but see the compromise contained in this letter as an excellent alternative.

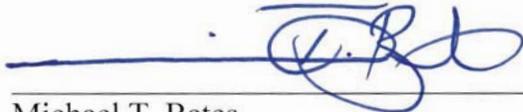
Judge Marvin Isgur, Judge Roger Efremsky, Chapter 13 Trustee David Peake, Chapter 13 Trustee George Stevenson, and Chapter 13 Trustee Rick Yarnell have concluded that—although we initially preferred no action by the Committee—the adoption of the proposed compromise is the best alternative. We respect the views of some of our colleagues who believe that the existence of a national plan would be beneficial to practice in their districts. Although we have not seen significant problems following *Espinosa*, we understand the desire to avoid future problems by having a locally-mandated form. And, we respect the desire of many creditors to be able to review plans with greater ease and efficiency.

Despite our divergent views, we have reached a true compromise. It contains features that each of us dislikes, but that all of us can tolerate. Accordingly, in the interest of compromise, we ask for the Committee to:

- Adopt the draft of Rule 3015(c) that is attached to this letter.

- Adopt an Informational Statement, in the form attached to this letter.
- Set the deadline for the filing of proofs of claims by non-governmental entities at 70 days (rather than at 60 days) from the petition date.

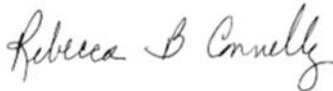
Accordingly, each of us commits to support this compromise. We respectfully request that the Committee consider this compromise before proceeding to a vote on the adoption of the mandatory national plan.



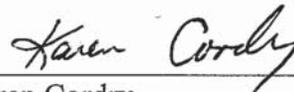
Michael T. Bates  
Senior Company Counsel  
Wells Fargo Bank



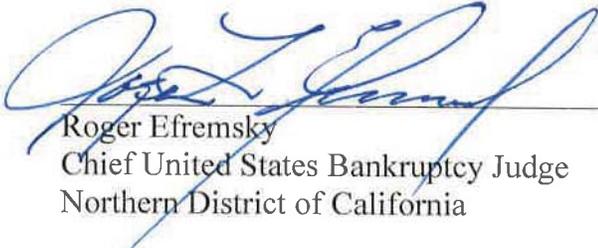
Alane Becket  
Partner  
Becket & Lee, LLP



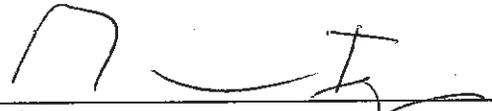
Rebecca Connelly  
Chief United States Bankruptcy Judge  
Western District of Virginia



Karen Cordry  
Bankruptcy and Special Issues Counsel  
National Association of Attorneys General



Roger Efremsky  
Chief United States Bankruptcy Judge  
Northern District of California



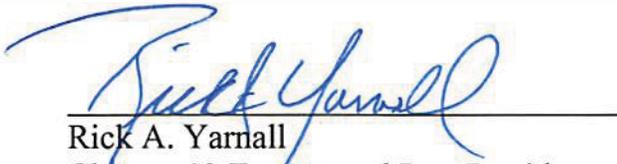
Marvin Isgur  
United States Bankruptcy Judge  
Southern District of Texas



David G. Peake  
Chapter 13 Trustee and Current Treasurer  
and Board Member of the National  
Association of Chapter 13 Trustees



George Stevenson  
Chapter 13 Trustee and Past President of  
the National Association of Chapter 13  
Trustees



Rick A. Yarnall  
Chapter 13 Trustee and Past President of  
the National Association of Chapter 13  
Trustees