

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF KANSAS
STANDING ORDER NO. 11-3
CONDUIT MORTGAGE PAYMENTS IN CHAPTER 13**

This Standing Order is effective for all Chapter 13 cases filed on or after December 1, 2011.

- I. **REQUIRED CONDUIT PAYMENTS:** Regular payments owed by a Debtor to a Creditor holding a claim secured by the Debtor's principal residence shall be made by the Debtor to the Trustee for payment through the Chapter 13 plan if the Debtor is (I) delinquent as of the petition date, or, (ii) becomes delinquent after the petition date. Such payments are referred to herein as "conduit payments."
- II. **DEFINITIONS:** As used in this Standing Order, the following capitalized terms shall mean:
 - A. The "Arrearage" is the total amount past due as of the petition date, as calculated on Official Form B10 (Attachment A), and shall be equal to the amount contained in the creditor's filed and allowed Proof of Claim, unless specifically controverted in the plan or by an objection to the claim as required by D. Kan. LBR 3015(b).1.
 - B. "Debtor" or "Debtors" are hereafter referred to as "Debtor."
 - C. "Real Property Creditor" is the entity claiming a mortgage or a servicer of the mortgage on the real property that is the principal residence of the Debtor. This Standing Order is intended to cover a loan secured by a security agreement in Debtor's principal residence (i.e., promissory note on a manufactured or mobile home), and such lender will be referred to as a "Real Property Creditor" herein for the sake of simplicity, even if some specific references, e.g., to "mortgage" or "escrow analysis," are not strictly applicable.
 - D. The Standing Chapter 13 Trustee is referred to as "Trustee."

III. OTHER RULES APPLICABLE: Nothing in this Standing Order shall relieve any party from complying with any obligation under the United States Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Rules of the District and Bankruptcy Courts of Kansas, or any applicable Standing Orders. These procedures shall not be modified by any plan language without express order from the Court.

IV. DEBTOR'S DUTIES

- A. Debtor may be excused from complying with this Standing Order only upon the entry of a Court order upon a showing of circumstances justifying the same.¹
- B. Debtor must complete Exhibit B–Mortgage Creditor Checklist and Exhibit C–Authorization to Release Information to the Trustee Regarding Secured Claims Being Paid by the Trustee and forward those documents to Trustee (not to the Court) within 14 days of the filing of the bankruptcy petition.
- C. Debtor or Debtor's attorney shall mail a copy to the Trustee of all correspondence, notices, statements, payment coupons, escrow notices and default notices concerning any adjustment to the monthly payments or interest rate immediately upon receipt of the same.
- D. Debtor shall include the regular payment amount owing to the Real Property Creditor, inclusive of Trustee's fees, in the plan payment to be paid by Debtor to the Trustee.
- E. Pursuant to provisions of Paragraph V(D) below, in the event the monthly conduit payment changes due to either changed escrow requirements or a change in an adjustable

¹See e.g., *In re Perez*, [339 B.R. 385](#) (Bankr. S.D. Tex. 2006) (Court lists 21 non-exclusive factors to be examined in determining whether to excuse debtors from conduit payment scheme or employer withholding orders). The additional cost associated with the trustee fee on the conduit payment will not, by itself, constitute good cause.

interest rate, Debtor's plan payment to the Trustee shall change by the same amount, plus the Trustee's fee.

- F. For any Debtor who is employed and required to make mortgage payments through the Trustee, an employer pay order shall be promptly entered by the Clerk of the Bankruptcy Court as provided in Debtor's plan and served upon the employer of Debtor. Until the employer begins to withhold bankruptcy plan payments from Debtor's pay, Debtor is required to make plan payments directly to the Trustee. A Debtor may be excused from complying with employer pay orders only upon the entry of a Court order upon a showing of circumstances justifying the same.

V. TRUSTEE'S DUTIES

- A. The Trustee is authorized to deduct from any payments collected, pursuant to [11 U.S.C. § 1326](#), the authorized percentage fee on the funds distributed as necessary costs and expenses, together with any fee, charge or amount required under § 1326.
- B. The Trustee shall allow as an administrative expense an amount equal to two full regular monthly payments inclusive of escrow deposits and two associated late fees. This allowance shall reimburse Real Property Creditor for post-petition delinquencies that may accrue until the Trustee begins payments to that creditor. This added amount shall bear interest at the contract rate in effect on the date of the petition.
- C. The Trustee will not make payments to the Real Property Creditor on the pre-petition arrearage until such time as a Proof of Claim is filed with the Court and the Plan is confirmed. The Court is deemed to have granted authority to the Trustee to disburse conduit payments, as if the plan had been confirmed, once the Real Property Creditor has filed a Proof of Claim to which a fully executed Official Form B10 (Attachment A) and Exhibit D (Addendum to Chapter 13 Proof of Claim) has been attached. The Trustee is required to make a full mortgage payment for

each full plan payment made. The Trustee is not required to make partial payments to Real Property Creditors.

- D. Any notice filed pursuant to Fed. R. Bankr. P. 3002.1(b) or (c) shall be treated as an amendment to the creditor's claim and Debtor's plan. The Trustee shall be authorized to disburse the new conduit payment or fees as soon as practicable and without seeking formal modification of the plan.
- E. Should the new conduit payment or fees jeopardize the feasibility of the plan, the Trustee may file a motion to amend the plan or seek conversion or dismissal of the case, whichever the Trustee deems appropriate.

VI. REAL PROPERTY CREDITOR'S DUTIES

- A. The Real Property Creditor shall file a Proof of Claim, to which it shall attach the Official Form B10 (Attachment A) and Addendum for Residential Home Mortgage Debt Paid Through the Chapter 13 Trustee (Exhibit D).
- B. At least 45 days prior to a change of the name of the Real Property Creditor payee, or the address to which payments should be made, Real Property Creditor shall notify the Trustee, Debtor and the attorney for the Debtor, of any such change in a document that conforms to Exhibit E, Notice of Transfer of Servicing and Claim, or Exhibit F, Notice of Transfer of Claim (Other than for Security).
- C. During the pendency of the Chapter 13 case, Real Property Creditor shall submit to the Trustee, Debtor, and Debtor's attorney on or before the 10th of January of each year, a 12 month summary of the activity on the loan with a form substantially in conformity with Exhibit G, Model Mortgage Payment History.
- D. Any amount paid or tendered to the Real Property Creditor prior to confirmation shall be applied to the next post-petition payment under the terms of the note due, without penalty. Alternatively, the mortgage holder may apply the payment as it deems appropriate, but said application shall be deemed to be the Real Property Creditor's waiver of all

fees and expenses to which it is entitled under the loan documents.

- E. Confirmation of the plan shall impose an affirmative duty and legal obligation on the Real Property Creditor to do all of the following:
 1. Apply the payments received from the Trustee for payment on the Arrearage, if any, only to such Arrearage pursuant to the plan. The Arrearage shall be deemed paid in full upon the entry of the Discharge Order in this case, unless otherwise ordered by the Court.
 2. Deem the pre-petition Arrearage (and post-petition Arrearage, if any) contractually current upon confirmation of the plan so as to preclude the imposition of late payment charges or other default-related fees and services based solely on any pre-petition default or the payments referred to in paragraph V(B), above. This obligation will have no force and effect if the case is dismissed or converted.
 3. Apply the post-petition monthly mortgage payments paid by the Trustee or by Debtor to the month in which they were designated to be made under the plan. Even if such payments are placed into a suspense, forbearance or similar account, they will be deemed to have been applied to the note pursuant to this subsection.
- VII. These procedures may be varied in a particular case only by order of the Court.

IT IS HEREBY ORDERED that this Standing Order rescinds D. Kan. Bk. S.O. 09-2 and shall become effective December 1, 2011, and shall remain in effect until further order of the Court.

Dated this 10th day of November, 2011.

s/ Robert E. Nugent
ROBERT E. NUGENT
Chief Judge

s/ Janice Miller Karlin
JANICE MILLER KARLIN
Judge

s/ Dale L. Somers
DALE L. SOMERS
Judge

s/ Robert D. Berger
ROBERT D. BERGER
Judge

Exhibits:

- Exhibit A: Intentionally omitted
- Exhibit B: The same as former Exhibit A - Mortgage Creditor Checklist
- Exhibit C: The same as former Exhibit B - Authorization to Release Information to the Trustee Regarding Secured Claims Being Paid by the Trustee
- Exhibit D: Addendum to Chapter 13 Proof of Claim for Residential Home Mortgage Debt Paid Through Chapter 13 Trustee
- Exhibit E: Notice of Transfer of Servicing and Claim
- Exhibit F: Notice of Transfer of Claim (Other than for Security)
- Exhibit G: The same as former Exhibit H - Model Mortgage Payment History

-Exhibit B-

MORTGAGE CREDITOR CHECKLIST¹

(FILE WITH TRUSTEE ONLY—DO NOT FILE WITH THE COURT)

Debtor Name(s): _____ Bk Case #: _____

Property Address: _____

Daytime Phone: () _____ Evening Phone: () _____

Attorney name: (if any) _____

THE FOLLOWING INFORMATION MUST BE COMPLETED FOR ALL MORTGAGES. PLEASE BE SURE TO COMPLETE THIS FORM TO THE BEST OF YOUR ABILITY AND ATTACH THE MOST RECENT PAYMENT COUPON OR STATEMENT THAT WAS SUPPLIED BY YOUR MORTGAGE CREDITOR(S).

Creditor Name: _____		
Account #: _____		
Payment Address: _____		
Street Address		
_____	_____	_____
City	State	Zip
Creditor Phone Number: (if known) _____		
Regular Monthly Payment Amount: \$ _____ Current Interest Rate: _____		
Monthly Payment Due Date: _____		
Date Payment Late: _____ Monthly Late Charge Amount \$ _____		
Is this a variable interest rate loan? <input type="checkbox"/> Yes <input type="checkbox"/> No		
If yes, when is the next anticipated adjustment date? _____		
Are property taxes included in the monthly payment? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Is insurance included in the monthly payment? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Is the loan due in full and payable in less than 5 years? <input type="checkbox"/> Yes <input type="checkbox"/> No		
If yes, date due: _____		

¹File one of these forms with the Trustee for each creditor to whom you granted a mortgage on your home.

-Exhibit C-

**AUTHORIZATION TO RELEASE INFORMATION TO
THE TRUSTEE REGARDING SECURED CLAIMS
BEING PAID BY THE TRUSTEE**

(FILE WITH TRUSTEE ONLY—DO NOT FILE WITH THE COURT)

Debtor Name(s): _____ Case #: _____

The debtor(s) in the above captioned bankruptcy case do/does hereby authorize any and all lien holder(s) on real property of the bankruptcy estate to release information to the Standing Chapter 13 Trustee in this bankruptcy filing.

The information to be released includes, but is not limited to, the amount of the post-petition monthly installment, the annual interest rate and its type, the loan balance, escrow accounts, amount of the contractual late charge and the mailing address for payments. This information will only be used by the Trustee and his/her staff in the administration of the bankruptcy estate and may be included in motions before the Court.

DATE:

Debtor's Signature

DATE:

Joint Debtor's Signature

-EXHIBIT D-

**ADDENDUM TO CHAPTER 13 PROOF OF CLAIM
FOR RESIDENTIAL HOME MORTGAGE DEBT
PAID THROUGH CHAPTER 13 TRUSTEE**

I. Creditor Information

Loan No: _____
Creditor Name: _____

Servicer Name: _____
Address: _____
Contact Person: _____
 Tel No: _____
 Fax No: _____
 Email: _____

Payments should be made payable to: _____

Address to which payments are to be sent: _____

Creditor Attorney Name: _____
Address: _____
Contact: _____
 Tel No: _____
 Fax No: _____
 Email: _____

II. Loan Information

Type of Loan and rate as of petition date: _____
 Fixed Rate: _____% (State interest rate as of date of petition)
 Adjustable Rate: _____% (State interest rate as of date of petition)
 Last Adjustment Date: _____
 Next Adjustment Date: _____

Date of month payment due: _____

Date of month payment considered late under note: _____

Amount of late fee: _____

Post-petition payments	\$	_____
Principal & Interest:	\$	_____
Taxes:	\$	_____
Insurance:	\$	_____
Other: _____	\$	_____
Other: _____	\$	_____
Total post-petition payment:	\$	_____

III. Interest on Pre-petition Arrearage

- Creditor demands interest on the full pre-petition arrearage of \$ _____
 - This loan was executed prior to October 22, 1994.
 - The loan documents provided for interest on all arrearages.
 - The loan jurisdiction allows for interest on arrearages.
 - Interest is demanded at the contract rate of _____ %.
 - Interest is demanded at _____ %.

- Creditor demands interest on the advances of \$ _____
 - The loan documents provide for interest on advances.
 - The loan jurisdiction allows for interest on advances.
 - Interest is demanded at the contract rate of _____ %.
 - Interest is demanded at _____ %.

-EXHIBIT E-

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF KANSAS**

IN RE:)	Case No.
John Q. Debtor,)	Chapter 13
)	
Debtor.)	
)	
)	
)	
_____)	

NOTICE OF TRANSFER OF SERVICING AND CLAIM

PLEASE TAKE NOTICE that the servicing of the mortgage loan represented by the Proof of Claim #4 filed on 2/24/07 in the amount of \$100,000, by Many Mortgages Incorporated, Transferor, with the address of 1234 Main St., Anywhere, IN 46601 has been transferred to Universal Servicing Company, Transferee (Loan No. 222222).

Chapter 13 Trustee payments and regular monthly payments should be sent to Universal Servicing Company, Bankruptcy Department, 123 Walnut, Anytown, PA 65432.

Dated:

By: John Smith
Agency for Universal Servicing Company as
Servicer for Many Mortgages Incorporated

CERTIFICATE OF SERVICE

Creditor (Transferee), Universal Servicing Company, certifies that it has served a copy of this Notice by ordinary U.S. mail or served electronically through the Court's ECF System on this

_____ day of _____, 2007:

Debtor(s)

John Q. Debtor
1234 Main Street
Anywhere, IN 46601

Debtor's Attorney

Mary Counselor, Esquire
Jones & Associates
123 Pine St.
Anywhere, IN 46601

Trustee

Jan Hamilton
PO Box 3527
Topeka, KS 66601

Transferor

Many Mortgages Incorporated
123 Walnut
Anytown, PA 65432

U.S. Trustee

Office of the United States Trustee
301 N. Main, Ste 1150
Wichita, KS 67202

-EXHIBIT F-

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF KANSAS**

IN RE: _____) Case No.
John Q. Debtor,)
) Chapter 13
Debtor.)
)
)
_____)

NOTICE OF TRANSFER OF CLAIM (Other than for Security)

A Proof of Claim has been filed in this case. The transferee hereby evidences, by way of documentation attached hereto, that the referenced claim has been transferred, other than the security, as is referenced in this Notice. This Notice must be used when any of the original payment information in a Proof of Claim changes. However, it should not be used for an amendment to the amount of the claim. For changes in the amount of the claim or the arrears only, an Amended Proof of Claim must be filed.

Original Claim Information:

Name of Claimant: _____
Name of Payee [if different from claimant]: _____
Payment Address: _____
Last 4 digits of Account #: _____
Claim # on Court's Registry: _____ [Or date of entry of Order allowing claim]
Amount of Claim: _____ [Total debt] _____ [Arrears]

Transferee Information:

Name of Claimant: _____
Name of Payee [if different from claimant]: _____
Payment Address: _____
Name/Address for Notices [if different from payment address]:

Phone #: _____
Last 4 digits of Account #: _____

I, _____, do hereby declare under penalty of perjury that the information provided in this Notice is true and accurate to the best of my knowledge. I hereby declare that a copy of this Notice has been mailed to the Transferor and that proof of the transfer is annexed thereto.

By: _____ Date: _____
Transferee/Agent of Transferee

CERTIFICATE OF SERVICE

Creditor (Transferee), Universal Servicing Company, certifies that it has served a copy of this Notice by ordinary U.S. mail or served electronically through the Court's ECF System on

this _____ day of _____, 2007:

Debtor(s)

John Q. Debtor
1234 Main St.
Anywhere, IN 46601

Debtor's Attorney

Mary Counselor, Esquire
Jones & Associates
123 Pine St.
Anywhere, IN 46601

Trustee

Jan Hamilton
PO Box 3527
Topeka, KS 66601

Transferor

Many Mortgages Incorporated
123 Walnut
Anytown, PA 65432

U.S. Trustee

Office of the United States Trustee
301 N. Main, Ste 1150
Wichita, KS 67202

-EXHIBIT G-

MODEL MORTGAGE PAYMENT HISTORY

***(FILE WITH TRUSTEE, DEBTOR and DEBTOR'S ATTORNEY ONLY
DO NOT FILE WITH THE COURT)***

Debtor: John Q. Debtor
 Case Number: 07-112345

Plan = POC = \$10,300

TRANSACTION DATE	AMOUNT RECEIVED	ARREARS or MONTHLY	POST DUE DATE	POST MONTHLY PAYMENT	PRE-PETITION BALANCE	SPECIAL ASSESSMENT	SUSPENSE
1/1/2007	\$ 800.00	Monthly	1/1/2007	\$ 800.00	\$ 10,300.00		
2/10/2007	\$ 800.00	Monthly	2/1/2007	\$ 800.00	\$ 10,300.00		
2/15/2007	\$ 120.00	Arrears			\$ 10,180.00		
3/3/2007	\$ 800.00	Monthly	3/1/2007	\$ 800.00	\$ 10,180.00		
3/13/2007	\$ 100.00	Arrears			\$ 10,080.00		
4/3/2007	\$ 850.00	Monthly	4/1/2007	\$ 800.00			\$ 50.00
6/10/2007	\$ 1,200.00	Monthly	5/1/2007	\$ 400.00			\$ 400.00
7/1/2007	\$ 1,200.00	Monthly	6/1/2007	\$ 800.00			\$ 400.00
7/2/2007	\$ 800.00*	Monthly	7/1/2007	\$ 800.00			
7/16/2007						\$32.00 LC	
7/24/2007						\$15.00 PI	
7/31/2007						\$500.00 Attorney Fee	

* Payment Made from Suspense