

Report Shows Western NY Is One of the Nation's™ Best Places for Individual Debtors to Emerge from Bankruptcy

WNY District Has Nation's 5th

Highest Plan Completion Rate in U.S., NNY District Has 9th

Highest Rate

September 22, 2014 – BUFFALO, N.Y. –

New data from the Administrative Office of the U.S. Courts shows that Chapter 13 nonbusiness debtors in the two judicial districts located entirely in the region are experiencing greater success at emerging from bankruptcy. In fact, the U.S. Bankruptcy Court for the Western District of New York last year had the fifth highest Chapter 13 plan completion rate in the nation and the U.S. Bankruptcy Court for the Northern District of New York had the ninth highest rate, according to a Tully Rinckey PLLC analysis of the data

in the Administrative Office's 2013 Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA) report

. Out of the 2,093 Chapter 13 cases closed in the Western District in 2013, 1,538 of them involved completed plans, resulting in a plan completion rate of 73.5 percent. That plan completion rate was up significantly from the region's 2012 rate of 65.6 percent. The Northern District saw 1,600 completed plans out of 2,360 closed cases in 2013, representing a 67.8 percent plan completion rate, compared to 62.2 percent the previous year. The higher completion rates suggest debt-laden upstate New Yorkers are proposing and confirming Chapter 13 plans that they can perform and which still provide a fair return to creditors. The two upstate districts' plan completion rates in 2013 were also well above the average national rate of 45.2 percent. Only the U.S. districts of Vermont, Eastern Oklahoma, North Dakota, and the Northern Mariana Islands had higher rates than the Western District of New York. See chart

. There are 94 federal judicial districts. At 12.5 percent, or one out of eight, the Central District of California had the nation's worst 2013 plan completion rate. "With three out of four Chapter 13 debtors in the Western District and two out of three in the Northern District successfully emerging from bankruptcy, a financial fresh start is clearly within reach in upstate, provided the debtors obtain experienced counsel who can help them propose a feasible plan that provides the required treatment of creditors' claims," said Tully Rinckey PLLC Senior Council Robert J. Rock, who has been practicing bankruptcy law throughout New York State for over three decades. Under Chapter 13, debtors must pay back creditors in accordance to a court-approved plan of repayment. When a plan is completed, usually after three to five years, the Chapter 13 case is closed and the debtor is said to "emerge" from bankruptcy. But not all Chapter 13 debtors, however, get that far. A failure to make plan payments is generally the

most commonly cited reason for dismissal. In 2013, for example, 42 percent of case dismissals statewide were prompted by plan payment failures. Other reasons include exceeding the maximum five-year repayment period, failure to provide requested or required documents to the Chapter 13 trustee and court after plan confirmation (e.g., annual tax returns, proof of current income), and failure to disclose assets that later come to light. Since the enactment of the Bankruptcy Abuse Prevention Consumer Protection Act of 2005, debtors whose income exceeded certain levels have been required to file for Chapter 13 instead of Chapter 7, under which creditors are generally repaid through the liquidation of assets. However, under Chapter 13 debtors may be able to save property that would have to be sold under Chapter 7, such as stocks, real estate investments and vehicles. To speak with Robert Rock, or for more information, please contact James Schlett at (716) 439-4700 or at jschlett@1888law4life.com

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