

PROPOSED BANKRUPTCY LOCAL RULE 6007-1

Rule 6007-1. Surrender of Property.

- (a) If a chapter 13 plan is confirmed that provides for the surrender of property, the procedures in this rule govern the implementation of the surrender.
- (b) If the plan provides that the Debtor may make payments on the surrendered property in lieu of a surrender, the procedures set forth in the rule must be implemented not later than 7 days after a Notice of Surrender is filed. If a plan provides for the surrender of the property without the option to make payments, the procedures set forth in the rule must be implemented not later than 7 days following entry of the order confirming the plan.
- (c) If the surrendered property is real property:
 - i. The Debtors must send a letter, substantially in the form set forth on the Court's website, offering immediate possession of the real property to each holder of a lien on the real property.
 - ii. The letter must be sent by prepaid United States Mail to (i) the last known address of the holder of the lien; and (ii) if a proof of claim has been filed, to the address for notices set forth on the proof of claim; and (iii) if the holder of the lien has appeared through counsel in the case, to the counsel who has appeared.
 - iii. If a dispute arises between the lien holders as to the disposition of the property, the lien holders must promptly notify the Debtors. In the event of such a dispute, the Debtors must vacate the property within 14 days of receipt of the notice.
 - iv. If a lien holder requests possession of the property, the Debtors must fully cooperate in vacating the premises, turning over all keys, garage door openers, alarm codes, and other information that will allow the lien holder unfettered access to the property. These items must be accomplished not later than the date set forth in writing by the lien holder, which date may not be sooner than 14 days following delivery of the request. Any request will be considered delivered to the Debtors upon delivery to the Debtor's counsel by email, and physical delivery of the notice to the real property.
 - v. The Debtors and the lien holders may agree to vary the procedures set forth in this Rule. Any such variance must be in writing and signed by the Debtors and the lien holders. Notwithstanding this subparagraph, no such variance may impose liability on the Debtors with respect to the debt secured by the lien.

- vi. The procedures set forth in subparagraphs (iii), (iv) and (v) of this subparagraph may be implemented by a holder of a lien immediately following the 7 day period set forth in BLR 6007-1(b) and without waiting for the sending or receipt of the letter required by BLR 6007-1(c)(1).
- (d) The Clerk will establish separate registration systems for surrender locations for vehicles and for personal property. A Registered Surrender Location is a location designated by a lien holder for receipt of property that is surrendered in a chapter 13 bankruptcy case pending in this district. Registered Surrender Locations must be open and staffed with at least one person (i) not less than 4 days per week; (ii) at least one weekend day each week; (iii) by 7:00 a.m. on at least one day each week; and (iv) until at least 9:00 p.m. on at least one day each week.
 - (e) A Qualifying Registered Surrender Location is a Registered Surrender Location that is not greater than 25 driving miles from the Debtors' home address listed on the docket sheet.
 - (f) If the surrendered property is a vehicle:
 - i. If the lienholder has a "Qualifying Registered Surrender Location", the Debtors must deliver the vehicle and all keys to the Registered Surrender Location not later than the date set forth in BLR 6007-1(b).
 - ii. If the lienholder has a Qualifying Registered Surrender Location, the Debtors must maintain insurance on the vehicle until the vehicle is delivered to the Registered Surrender Location.
 - iii. Debtors may deliver a vehicle to a Registered Surrender Location even if there is no Qualifying Registered Surrender Location.
 - iv. Upon delivery of the vehicle, the Registered Surrender Location must execute and deliver a receipt to the Debtors, which receipt will merely reflect that the vehicle was delivered. The receipt will not be an acknowledgement that the vehicle was received in any particular condition.
 - v. Upon delivery of the vehicle, the Debtors and the Registered Surrender Location must each take pictures of the interior and exterior of the vehicle. The pictures will be taken after delivery, but prior to the execution of the receipt.
 - vi. If the Debtors do not have insurance on the vehicle or if the vehicle is inoperable, the Debtors may not deliver the vehicle to a Registered Surrender Location. In those events, the vehicle must be made available for retrieval by the lienholder. The Debtors must (i) immediately cease driving the vehicle; and (ii) inform the lien holder of the location of the vehicle. Notices to the lien holder must be sent to (i) the last known address of the holder of the lien;

and (ii) if a proof of claim has been filed, to the address for notices set forth on the proof of claim; and (iii) if the holder of the lien has appeared through counsel in the case, to the counsel who has appeared. The lienholder must provide, in writing, a date and time for the retrieval of the vehicle. The retrieval time must be in a range of not greater than 3 hours. The Debtors must inform the lien holder of the location of the vehicle, and must be present during the 3 hour range. When the vehicle is retrieved, the Debtors and the retriever must take pictures of the interior and exterior of the vehicle.

- vii. If the lien holder does not have a Qualifying Registered Surrender Location, the Debtors (i) must immediately cease driving the vehicle; (ii) may allow the insurance on the vehicle to lapse; and (iii) must inform the lien holder of the location of the vehicle. Notices to the lien holder must be sent to (i) the last known address of the holder of the lien; and (ii) if a proof of claim has been filed, to the address for notices set forth on the proof of claim; and (iii) if the holder of the lien has appeared through counsel in the case, to the counsel who has appeared. In such an event, the Debtors are not required to deliver the vehicle and the lien holder may exercise its rights of retrieval in accordance with applicable non bankruptcy law.
- (g) If the surrendered property is personal property weighing less than 50 pounds, the surrendered property must be delivered by the Debtor to a Qualifying Registered Surrender Location. If there is no Qualifying Registered Surrender Location or if the personal property weighs more than 50 pounds, the Debtors and the lien holder must agree on a reasonable date, time and place for the lien holder to retrieve the property on which it has a lien.
- (h) The Clerk will publish a list of all Registered Surrender Locations on the Court's website. The list will reflect the lien holder's name, the name of the Registered Surrender Location, and the physical address, business hours and telephone numbers of each Registered Surrender Location.