

Conversion from 13 to 7: The Allure, the Pitfalls, and the Perils

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1



Why Do Debtors Convert from 13 to 7?

- Loss of job
- Loss of income
- Divorce
- Illness
- Loss of asset debtor tried to save in chapter 13
- To retain a new asset

2

Benefits of Conversion

- No more plan payments
- No more chapter 13 administrative requirements
- Quicker discharge
- Finality
- Possibility of retaining a new asset*



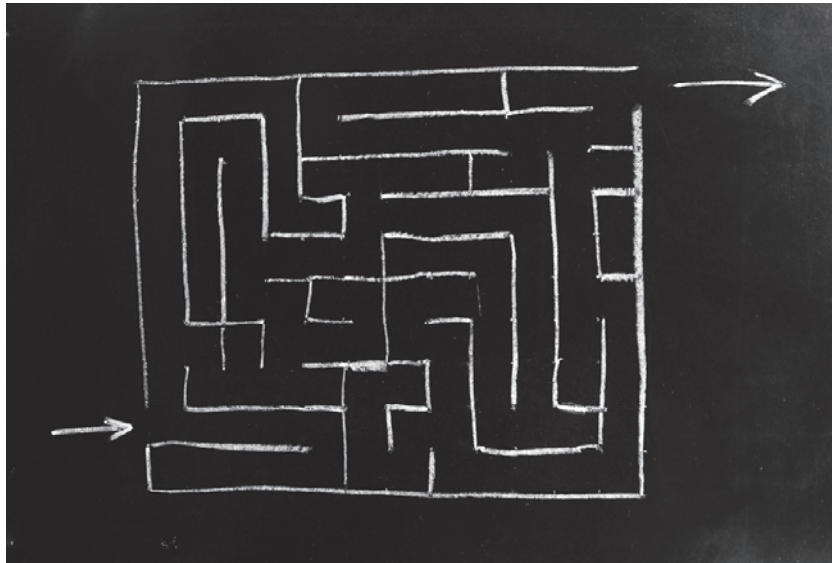
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Possible Perils of Conversion



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It's All About Section 348 and BR 1019

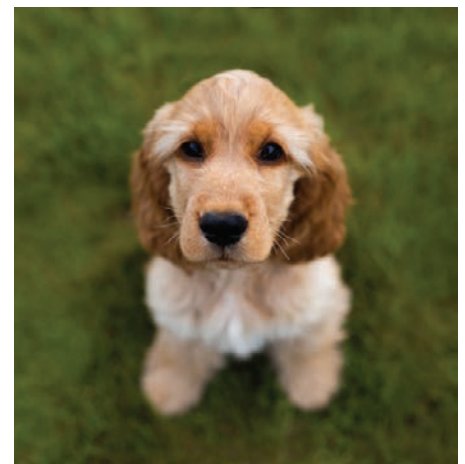


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Section 348(a)—Conversion in General

Conversion of a case from a case under one chapter of this title to a case under another chapter of this title **constitutes an order for relief under the chapter to which the case is converted**, *but*, except as provided in subsections (b) and (c) of this section, **does not effect a change in the date of the filing of the petition, the commencement of the case, or the order for relief.**

In other words, the general rule is that conversion does not change the original petition date (commencement or order for relief) or any of the deadlines tied to or consequences of that original date.



Sit and stay!

6

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