

.12 BANKRUPTCY PROCEEDINGS

The objective of the bankruptcy management effort is to convert a non-performing loan into a performing loan by collecting at least one month's payment each month while the loan is in bankruptcy or promptly removing the loan from bankruptcy proceedings.

A. Notification

If a borrower files for bankruptcy, the Servicer must submit a Notification of Recommended Action ([Form SER-71](#)) to AHFC **within 5 business days**. The notification should include the following:

1. Circumstances of the bankruptcy
2. Type of bankruptcy
3. Name(s) of the debtor(s)
4. Borrower's intentions with the property
5. Date of the creditor's hearing
6. Name of the debtor's attorney
7. Servicer's plan concerning further action

If updating AHFC after the initial bankruptcy notification, the Servicer can send an email providing the updated information. Servicer is to provide status updates to AHFC at least **every 60** days, or as material events in **the** bankruptcy case occur, such as:

1. Proof of Claim filing date
2. Date Chapter 13 plan filed and any amendments thereafter
3. Chapter 13 plan confirmation date
4. Any objections filed
5. Relief from stay referred, filed and obtained
6. Hearing dates (postponements and continuations)

Servicer is to notify AHFC **within 10 business days** after the case is dismissed, discharged, or closed, including the date the event occurred.