

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN

201 JUN -4 P 12: 57

In re:

Administrative Order Adopting New  
Guideline 12 Regarding Procedure for Lien  
Strip of a Junior Mortgage in Chapter 13

U.S. BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN - DETROIT  
No. 09-09

It is hereby ordered that the Courts adopts the following new Guideline 12:

**Guideline 12 Procedure for Lien Strip of a Junior Mortgage in Chapter 13**

This guideline applies to any Chapter 13 case in which a debtor proposes to strip a junior lien on real property under §§ 1322(b)(2) and 506(a) of the Bankruptcy Code. If the lien strip is agreed upon by the debtor and the lien holder, the debtor and the lien holder may file a stipulation in the bankruptcy case and submit a proposed order accomplishing the lien strip. If the debtor does not have the agreement of the lien holder to the lien strip, the debtor must file an adversary proceeding contemporaneous with the debtor's Chapter 13 plan. In such case, the plan must contain a provision informing the lien holder that an adversary proceeding to strip the lien has been filed under §§ 1322(b)(2) and 506(a) of the Bankruptcy Code. A Chapter 13 debtor filing such adversary proceeding is exempt from payment of the adversary proceeding filing fee. Any lien strip default judgment entered in such adversary proceeding must include the following language:

IT IS ORDERED that upon completion of the debtor's Chapter 13 plan and the entry of a Chapter 13 discharge order in bankruptcy case number \_\_\_\_\_, the mortgage ("Mortgage") dated \_\_\_\_\_, covering the following described property ("Property") situated in the City of \_\_\_\_\_, County of \_\_\_\_\_, State of \_\_\_\_\_, and further described as follows:


[legal description]

recorded in the \_\_\_\_\_ County Register of Deeds on \_\_\_\_\_, Liber \_\_\_\_\_, Page \_\_\_\_\_, will be stripped from the Property and discharged.

IT IS FURTHER ORDERED that upon completion of the debtor's Chapter 13 plan and the entry of a Chapter 13 discharge order in bankruptcy case number \_\_\_\_\_, the debtor may record a certified copy of this order, with a copy of the debtor's Chapter 13 discharge order attached, with the \_\_\_\_\_ County Register of Deeds, which will constitute and effectuate the discharge of the Mortgage.

IT IS FURTHER ORDERED that if the debtor fails to complete the debtor's Chapter 13 plan and obtain a Chapter 13 discharge order in bankruptcy case number \_\_\_\_\_, this order does not affect the validity or enforceability of the Mortgage and may not be used in any subsequent bankruptcy case of the debtor either to compel

the holder of the Mortgage to execute a discharge of the Mortgage, or to otherwise act as a discharge of the Mortgage.

  
PHILLIP J. SHEFFERLY, Chief Judge  
United States Bankruptcy Court

**Dated: June 4, 2009**