**Instructions for Motions to Substitute Collateral or Use Insurance Proceeds**

Motions to substitute collateral or use insurance proceeds to purchase a new asset of equal or greater value may be filed on passive notice and scheduled for a possible hearing on the appropriate case calendar. Proposed orders granting motions to substitute collateral should be filed using the attached form.

**UNITED STATES BANKRUPTCY COURT**

**FOR THE DISTRICT OF SOUTH CAROLINA**

|  |  |
| --- | --- |
| IN RE:  [Debtor Name],  Debtor(s). | C/A No. \_\_\_\_\_\_\_\_\_\_  Chapter \_\_\_  **ORDER GRANTING MOTION TO SUBSTITUTE COLLATERAL OR USE INSURANCE PROCEEDS** |

Before the Court is the Debtors’ Motion to Substitute Collateral or Use Insurance Proceeds (the “Motion”) regarding the secured claim of \_\_\_\_\_\_\_\_ (hereinafter “Creditor”). Having reviewed the pleadings and heard the arguments of counsel, it is hereby

ORDERED that Debtors’ Motion be granted to allow Debtors to use insurance proceeds to purchase a vehicle of equal or greater value to the [description of wrecked vehicle] under lien to the Creditor under the condition that the new vehicle purchased by the Debtors will be substituted as collateral for the allowed secured claim of Creditor and the lien of Creditor will be properly noted on the title of the newly purchased vehicle;

IT IS FURTHER ORDERED that the insurance proceeds shall be forwarded to the Debtors’ attorney, \_\_\_\_\_\_\_\_\_\_\_\_\_ for proper disbursement;

IT IS FURTHER ORDERED that Debtors and Debtors’ attorney shall ensure that the seller of the new vehicle shall forward the title of said vehicle to Creditor so that Creditor may record its lien and hold it until either its claim has been satisfied or the Plan has been discharged;

IT IS FURTHER ORDERED that Creditor shall forward the title to the [description of wrecked vehicle] to the insurance company which distributes the proceeds, so that such insurance company may dispose of the wrecked vehicle. The name and address of the insurance company will be provided by Debtors and Debtors’ attorney to Creditor; and

IT IS FURTHER ORDERED that Debtors’ attorney shall timely monitor all transactions and hold the insurance proceeds in trust to be disbursed for the replacement vehicle and that Debtors’ attorney shall ensure that the seller has notice of and complies with this Order.

**AND IT IS SO ORDERED.**