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Credit Counseling Briefing



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Bankruptcy Article of the Week

Examining the Bankruptcy Filing Statistics for Fiscal Year 2007

Last week, the [Administrative Office of the U.S. Courts](#) released its bankruptcy filing statistics for the federal Judiciary's Fiscal Year 2007, **which marked the 12-month period beginning October 1, 2006 and ending this past September 30th.**

While there was natural emphasis on the "fact" that FY 2007 bankruptcy filings were down 28 percent as compared to FY 2006, there is a problem with relying solely on this figure. To begin with, the federal Judiciary's FY 2006 began at the end of 2005—on October 1st of that year to be exact.

As we all know, that month saw a rush in bankruptcy filings before the inception of the Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA), which officially took effect on October 17, 2005. The perception that it would be harder to file bankruptcy after BAPCPA caused many people to do so last minute before the law officially took effect.

Therefore, it's no surprise that the federal Judiciary's FY 2006 bankruptcy filings are skewed, especially in the first quarter. The total number of bankruptcy filings in the first quarter of FY 2006 was an anomaly that ultimately makes it hard to compare FY 2006 with FY 2007. While the credit industry and mainstream media will likely persist in the optimistic interpretations that followed past statistics and use the raw year-to-year decrease as a means to say that BAPCPA has achieved its intended measures, we obviously are not falling into this trap.

Rather, we can look at interesting statistics such as the ones below as indications of the actual trends.

- Bankruptcy filings rose in each quarter of FY 2007.

FY 2007 Quarterly Filings	Totals	Percent Change from Previous Quarter
First Quarter (October-December 2006)	177,599	+ 3.77%
Second Quarter (January-March 2007)	193,641	+ 9.03%
Third Quarter (April-June 2007)	210,449	+ 8.67%
Fourth Quarter (July-September 2007)	218,909	+ 4.01%

- The 218,909 bankruptcy filings in the fourth quarter of FY 2007 were the highest total of filings for a period since the first quarter of FY 2006, when there were a total of 667,431 filings due to this rush to file pre-BAPCPA.

Fourth Quarter Bankruptcy Filings	FY 2006	FY 2007	Percent Change
July	52,016	70,869	+ 36.24%
August	59,565	78,963	+ 32.56%
September	57,492	69,077	+ 20.15%
Totals	169,073	218,909	+ 29.47%

- Chapter 13 bankruptcy filings were up nearly 14% in FY 2007.

Chapter 13 Bankruptcy Filings	Totals	Percent Change from Previous FY
FY 2007	310,802	+ 13.87%
FY 2006	272,937	- 36.43%
FY 2005	429,316	- 5.53%

Just as the bankruptcy process can be a victim of its bad stigma, something similar can be said for interpreting filing statistics. But this will likely be the last period in which the credit industry public relations machine can put a brave face on the situation—with the October 2005 rush to file finally dropping off the stage in quarter-to-quarter and year-to-year analyses, we should finally see some meaningful comparisons beginning next quarter...and all indications are that those comparisons will show exactly what consumer bankruptcy attorneys predicted more than two years ago.

Deciphering Bankruptcy Statistics, Part Two

In our very [first issue of the SFT Newsletter](#), we hit on a similar theme of how it can be very misleading to compare bankruptcy statistics that incorporate the pre-BAPCPA rush with figures following the law change.

Our inaugural issue examined the value of the bankruptcy filing stats for the first three months of 2007 as they finally provided the opportunity for an accurate comparison with the same period in 2006, when BAPCPA had already taken effect.

Take a look back at what we said about previous filing statistics in our August 1st issue and remember that you can always access our past newsletters at our [SFT Newsletters Archives Page](#).

The Numbers Game

On national average, there were 2.62 bankruptcy filings per every 1,000 people in the United States for the year ended on September 30th, according to figures from the Administrative Office of U.S. Courts.

The [American Bankruptcy Institute \(ABI\)](#) has also reported that there was a 50 percent jump in bankruptcy filings nationally during the first nine months of 2007 as compared to the same time period for last year.

The Value of Start Fresh Today

Here's what one attorney had to say about working with SFT products.

"It is difficult imagining how a bankruptcy practitioner could operate under the new laws without the assistance of a company like Start Fresh. Start Fresh has cut my anticipated staffing needs and has taken the guesswork out of meeting the due diligence requirements under BAPCPA. I strongly recommend Start Fresh to my colleagues as a cost-effective measure for practicing under the new bankruptcy laws."

— Gus Sparagis
Chicago, IL

Got any feedback about our products that you'd like to share? Do you have any tips or suggestions for improving our services? Let us know by simply sending us an email at info@startfreshtoday.com. We look forward to your feedback.

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Kevin's Corner

Practice Management Tip of the Week:



Tracking the impact of your marketing campaigns means more than just asking callers

how they heard about you. You don't know which marketing outlets are *really* working for you until you assess how many of those prospects actually become clients—and how much work it took to get them there.

"The first step is making sure that data is collected at every step of the process, and from everyone in your office. The easiest way to do this is to set up a centrally-available spreadsheet or other tracking system so that everyone who works directly with prospects and clients can update it at each step in the process. You'll still want to designate someone who has specific responsibility for making sure that the data is up to date and synthesizing it.

"In that spreadsheet, you'll track every step of the process, from initial phone call to the moment that prospect becomes a paying client. Some of the key entries will include:

- General source (television, yellow pages, referral)
- Specific source (which ad? which yellow pages? what television station? who referred?)
- Who took the initial call? Did the prospect speak with anyone else during that call?
- Was an appointment scheduled during that initial call?
- Was the appointment kept?
- If the appointment was not kept, who made the follow-up call?
- Was the appointment rescheduled during the follow-up call?
- Was the rescheduled appointment kept?
- Did the client retain your firm at the initial appointment?
- If not, did he express clear plans to do so at a later date?
- Did the prospect who said he'd be back come back? How much later?

"This is a very basic list of data you may want to collect in order to begin accurately tracking the success of your marketing efforts. In the next newsletter, we'll explain how you can use this information—and other information you may choose to gather—not just to choose your marketing outlets but to actively make them work for you."

—Kevin Chern
President, Start Fresh Today

Telephonic Credit Counseling & Debtor Ed Courses

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- Follow the prompt to "Click Here for instructions to access..." the respective course that you've purchased.

This last action will take you to a screen with all the pertinent information that your client will need to complete the telephonic credit counseling or debtor education course.

Like with our online credit counseling course, clients will need to have their financial documents detailing their income, monthly expenses, debts, assets, etc. when calling in for the telephonic credit counseling course.

Also make sure to inform your clients to have a notepad handy when taking the telephonic debtor education course as they'll need to write down pertinent information such as PIN numbers to verify that they completed the course.

Our telephonic credit counseling course can be purchased for \$50 while the debtor education course is available for \$59.

If you have any questions about our new telephonic courses, call **our new toll-free phone number at 1-800-435-9138** or rather send an email to info@startfreshtoday.com. We are more than glad to answer any questions that you may have.