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## Bankruptcy Article of the Week

### Revised Bankruptcy Rules and Forms Took Effect on December 1

New Federal Rules took effect on December 1—rules that have been in the works for more than two years and were intended primarily to clarify and simplify existing rules. The old rules, as you well know, could be tangled and archaic in places, and the key motivation for the change was simply to make the rules clearer, easier to understand and easier to use.

Although most of the changes are more form than substance, it is inevitable that changing language has some impact, and some "style-substance" changes have been included as well. Within the bankruptcy rules, we see not just amendments but a couple of entirely new rules. A clean copy of the revised bankruptcy rules is available at: [Amendments to the Federal Rules of Bankruptcy Procedure](#).

Substantive changes include:

- Rule 1014 now explicitly allows the court to order a change of venue on its own motion;
- Rule 3007 precludes inclusion in an objection to claim of requests for relief that should properly be raised in an adversary proceeding and allows for omnibus objections (with certain limitations);
- Rule 4001 increases some notice requirements and establishes form-of-pleading requirements including page limitations and attachments;
- Rule 6003 limits relief the court may grant within 20 days of filing, "except to the extent that relief is necessary to avoid immediate and irreparable harm";
- Rule 6006 allows for omnibus motions to reject, assume or assign executory contracts, although the motions must contain adequate specificity with regard to each party;
- Rule 7007.1 requires any party to file its corporate ownership statement with its first appearance, pleading, motion, response, or other request addressed to the court; and
- Rule 9037 is a new rule addressing privacy and security concerns and restricts the information to be included in filings.

Several form amendments approved in the [September 2007 report](#) also took effect on December 1, 2007. This report provides a breakdown of the technical and conforming amendments to the rules as well.

The amended forms include 1, 3A, 3B, 4, 5, 6, 7, 9, 10, 16A, 18, 19, 21, 23, and 24. The updated forms are available here: [Amended Bankruptcy Official Forms](#)

Some of these changes are intended to facilitate the statistical data collection that has proven sadly lacking in some recent studies attempted by the Government Accountability Office at the request of the EOUST and in compliance with statutory mandates. Other changes simply implement changes made by the revised rules (listing of a minor by initials only, for instance) or provide clarification for debtors.

Four new forms for use in Chapter 11 proceedings will be introduced on December 1, 2008, to coincide with additional rules changes that take effect on that day.

## Bankruptcy Legislation in the News

Last week, U.S. Senator Chris Dodd (D-CT) announced his plans to introduce legislation that would reform the 2005 bankruptcy law, which he has described as being pro-credit card companies and banks and inadequate in terms of offering options to Americans with debt.

Among its initiatives, Dodd's bankruptcy reform legislation would:

- give bankruptcy judges the power to consider specific individual circumstances when deciding how much debtors can pay, thus ensuring that the needs of children are covered;
- ensure that alimony and child support payments take precedence and are not taken over by creditors;
- make private student loans and all medical debts dischargeable; and
- give mortgages the same status as other secured debts and thus allow homeowners the opportunity to alter the terms of their mortgages and not lose their homes to foreclosure.

A Democratic Presidential hopeful, Dodd has said that the current bankruptcy law needs to do a better job of protecting vulnerable members of our society rather than punishing them. As an example of Dodd's point, the [Center for Responsible Lending](#) has detailed its own research revealing how current bankruptcy law makes it easier for owners of boats and second homes to seek relief in bankruptcy as opposed to primary owners of home.



Dodd is no stranger to reform. As chairman of the Senate Banking Committee, he has targeted abuses in the credit card industry and also pushed for legislation reforming predatory lending.

## Foreclosure Prevention Update

*The Next Chapter* has detailed the foreclosure crisis in various past editions, including Issues [6](#), [8](#), [11](#), and [12](#). Here's the latest update.

Earlier this week, U.S. Senator Hillary Rodham Clinton (D-NY) urged for a foreclosure moratorium for at least 90 days on owner-occupied homes with subprime loans.

Clinton also called for freezing the monthly rate of subprime adjustable-rate mortgages for either five years or until they are converted into affordable, fixed-rate loans.

As part of this initiative, Clinton would require the mortgage industry to provide status reports of how many mortgages have been modified.

Follow the latest efforts to stop foreclosure [right here](#).

## Requesting More Client Inserts

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## Kevin's Corner

### Practice Management Tip of the Week:



"In the last issue, we talked about keeping detailed records to assess the success of your various marketing campaigns. Obviously, you'll want to use that information to determine which marketing outlets are and are not paying off and to fine tune your decisions about where to spend your marketing dollars. But that isn't the only purpose this information serves. You can also use these records to increase the effectiveness of your existing marketing.

"The first step will be to consider dropping or reducing your investment in any marketing outlet that isn't generating inquiries for you. But remember, generating calls isn't the same thing as generating business—your investment isn't paying off until those callers turn into paying clients. So, the next step will be to assess those marketing avenues that generate calls but don't translate (or rarely translate) to business.

"Maximizing those marketing outlets that are converting *sometimes* can be just as important as weeding out the ones that clearly don't work. For instance, if more than one person in your office is taking initial calls, take a look at the rate at which each is able to set appointments, and the proportion of those appointments that are kept. You may learn something about the most effective approach to initial calls in general, but breaking that information down even further may provide more—and more valuable—information.

"For instance, it may be that one person in your office has a lot of success converting calls generated by television advertising, while another does well with yellow page callers. That may simply mean that person's style and personality 'work better' for people in that demographic...and learning that will allow you to route calls to the person most likely to connect with that prospective client.

"It's easy, in the day-to-day hustle, to gloss over these details, but maximizing the return on your marketing investment can be one of the most time-efficient and cost-efficient ways to build revenues."

-Kevin Chern  
President, Start Fresh Today

## Did You Know...

that U.S. Senator Barack Obama (D-IL) recently said that he could create a "credit card bill of rights" if he was elected President?

In short, Obama's "credit card bill of rights" would include:

- giving consumers the option to drop out of agreements if [credit card companies](#) raise interest rates;
- banning the practices of [increasing rates on debts](#) and charging interest rates on transaction fees; and
- forcing credit card issuers to provide additional disclosures of the terms of the agreement.

The idea of a "credit card bill of rights" is interesting to say the least, and provides a nice forum to pose these questions:

- What would you include in a "credit card bill of rights?"
- Is Obama missing out on anything else important?

Give these questions some thought and feel free to shoot us your suggestions for a "credit card bill of rights" by simply emailing [info@startfreshtoday.com](mailto:info@startfreshtoday.com).

We welcome your ideas and are highly interested in sharing some suggestions in future newsletters! Thanks for your time and input.

## The Numbers Game

There were **623,399** total bankruptcy filings in the United States during the first three quarters of 2007, according to the [Administrative Office of the U.S. Courts](#).

This total of bankruptcy filings through this past September 30th represented a **40.2 percent** increase over the same period in 2006.

There were approximately **444,789** bankruptcy filings through the first three quarters of 2006.