



DEBTOR EDUCATION
Course



CREDIT COUNSELING
Briefing



DUE DILIGENCE
One-Stop Shopping!



CREATE A FREE ACCOUNT
Why wait? Start Now!

Bankruptcy Article of the Week

Bush Mortgage Plan Too Little, Too Late – But Judiciary Committee Passes Bankruptcy Bill

Often, media reports about bankruptcy and economic issues just don't match up with the reality we see on a daily basis. One of the clearest examples is the way that local newspapers across the country run stories every quarter with dramatic headlines announcing the decline in bankruptcy filings, even as we're watching those filings climb period after period. Context is everything.

It seems, however, that we're all on the same page for once. [President Bush's mortgage "plan"](#) is drawing similar reactions from local media, *The New York Times*, political candidates like John Edwards and Hillary Clinton, and bankruptcy and economic experts like [Elizabeth Warren](#).

Overall, the objection seems to boil down to this: it's too little, too late. Of course, critics are more specific; John Edwards says that five years is not enough, and Elizabeth Warren points out that the "plan" is actually more of a suggestion. Clinton has reportedly gone so far as to suggest that the plan is "designed to help as few people as possible." In particular, Clinton is concerned about the approximately 400,000 homeowners whose mortgage rates will re-set this quarter and who are excluded from the plan's application.

Those who won't see help under the initiative include:

- Homeowners whose loans originated before 2005 or after July 31, 2007;
- Homeowners whose interest rates re-set before January of 2008;
- Homeowners whose mortgage loans are already in default;
- Homeowners whose credit scores are at or above 660;
- Homeowners who are not currently residing in the mortgaged property; and
- Homeowners whose credit scores have increased by more than 10% since the loan originated.

Estimates regarding the number of subprime borrowers who might actually be aided by the initiative range from 145,000 to 240,000; it has been estimated that approximately 2 million subprime borrowers will face foreclosure over the next two years.

So what's the point? Some commentators are suggesting that the real motivation behind the plan has nothing to do with helping subprime borrowers avoid foreclosure and a lot to do with sandbagging the movement to allow bankruptcy judges to modify home mortgages. Naturally, investors prefer the "voluntary" plan the Bush administration has set forth to placing that power in the hands of bankruptcy judges.



If that was the intent, it appears that the move may have backfired. The National Association of Federal Credit Unions ([NAFCU announced today](#)) that the organization has reached a compromise with key House Judiciary Committee members, including Chairman John Conyers (D-Mich) and Rep. Steve Chabot (R-Ohio), and other consumer groups. The resulting amendment to H.R. 3609 would apply the modification options only to subprime and non-traditional loans originated after January 1, 2000 and would expire after seven years. The Committee passed the bill 17-15 today and it is expected to reach the House floor in late January or early February.

November Bankruptcy Filing Statistics

Last week, the [Automated Access to Court Electronic Records \(AACER\)](#) made the monthly bankruptcy filing statistics for November 2007 available.

And what was found? Here's a breakdown, with data provided by University of Illinois Law Professor Robert Lawless.

- Bankruptcy filings increased in November 2007 as compared to November 2006.

Month	Total Bankruptcy Filings
November 2006	57,316
November 2007	73,892
Percent Change	+ 28.92%

- Total bankruptcy filings in November 2007 were down from the month before.

Month	Total Bankruptcy Filings	Percent Change from Previous Month
November 2007	73,892	-8.85%
October 2007	81,065	

However, this chart above is deceiving as there were 22 filing days in October as compared to just 20 filing days in November (due to the Thanksgiving Holiday and Black Friday).

- With that in mind, the daily filing rate between the two months was very comparable.

Month	Total Bankruptcy Filings	Business Days	Daily Filing Rate
November 2007	73,892	20	3695
October 2007	81,062	22	3685

Roughly speaking, there were 10 more bankruptcy filings per day in November as compared to October.

For Lawless' full analysis of these numbers, read the [Credit Slips Blog](#).

Need More Client Inserts?

Simply fill out our new [order form](#) to request more credit counseling and debtor education inserts for your client intake folders.

All you have to do is indicate whether you are or are not a SFT customer, fill out the required fields as indicated by a **red ***, and click the "Submit" button.

Upon receiving your request, we will ship out your client inserts free of charge as soon as possible. All we ask is that you include your new copies in your client intake folders.

Thanks for your cooperation, and please feel free to call **1-800-435-9138** or email info@startfreshtoday.com with any questions that you may have.

NOW OFFERING TELEPHONIC



- CREDIT COUNSELING**
- DEBTOR EDUCATION**

Kevin's Corner

Practice Management Tip of the Week:



"The end of 2007 is upon us, and it's time to think about the 2008 marketing budget.

"It's easy to make the mistake of being swayed by what's happened over the past couple of months, especially if you've just started tracking the return on your marketing investments recently, but it's important to remember that November and December may not be representative of the rest of your business year.

"For one thing, there is usually a slow-down during the holiday season. For another, certain outlets might yield better results at certain times of the year.

"If business is a bit slow at this time of year, use that down time to make a thorough assessment of your cost per acquisition (CPA) per media source. Remember, though, that it's not all about cost—you also have to evaluate the value of those clients. Some marketing outlets may have a higher CPA, but generate clients who are willing to pay more, bring more repeat business and/or referrals and require less hand-holding.

"Build yourself a marketing budget now, and stick to it—but be creative! Rather than just placing the same old ads, think about inexpensive solutions that may set you apart. For instance, create a play area for kids and then advertise 'child care provided during appointments' as a means of drawing in new clients.

"Don't neglect your past and existing clients, either. Remember that repeat and word-of-mouth business are cream on an investment already recouped; you'll want to make the most of those relationships.

"Consider sending out a year-end newsletter or investing in an email campaign manager to help you affordably communicate with clients on a regular basis."

*-Kevin Chern
President, Start Fresh Today*

Did You Know...

that you can access information from our past newsletters at our [new and improved SFT Bankruptcy Newsletters Archives Page?](#)

That's right! Finding information from previous newsletters is especially easy with our revamped Archives Page.

Rather than just listing and linking to each newsletter, we've broken down each weekly edition into its key points, including its:

- Bankruptcy Article of the Week;
- Practice Management Tip; and
- SFT Account Feature.

So whether you need to access a past article on bankruptcy legislation, an applicable practice management tip from SFT President Kevin Chern, or some pertinent information as you're working in your SFT Account, the updated Archives Page offers quick and easy help.

And if you ever have any questions about accessing our Archives Page or anything else, please call our **new toll-free telephone number at 1-800-435-9138** or email info@startfreshtoday.com. As always, we're more than glad to help you out in any way possible.

The Numbers Game

Last week, we cited figures from the [Administrative Office of U.S. Courts](#) detailing that there were 623,399 total bankruptcy filings through the first three quarters of 2007.

With that in mind, approximately **96.75 percent** of those total bankruptcy filings through the first three quarters of this year were filed by individuals or households with consumer debt.

These 603,139 consumer bankruptcy filings through the first nine months of 2007 marked a **40.2 percent increase** over the same period for 2006, when there were 430,364 consumer bankruptcy filings through three quarters.