

BEST CASE[®] SCENARIOS

A Newsletter For Users of Best Case Bankruptcy Software

Volume X, Issue 1

Spring 2006

Dear Best Case Customers,

It's good to be here. I look forward to meeting many of you personally at the NACBA conference next month and at other conferences throughout the year.

Best Case is known for quality, and the quality of its customers is part of that. Right from the start, practical suggestions from users have helped make our software exceptionally well-adapted to the needs of bankruptcy practitioners and intuitively easy to learn and use. Through the years, the loyalty of customers – and their willingness to spread the word – has helped make Best Case the leading bankruptcy software.

Excellent software, happy customers, and market leadership are exactly what made Best Case Solutions so attractive to Wolters Kluwer.

As you know, Best Case Solutions became part of Wolters Kluwer Law & Business on December 30, 2005. If you haven't noticed any difference – that's intentional. You're hearing the same helpful, intelligent people on the line when you call for technical support. You're getting the prompt updates to the program you've come to expect, from the same dedicated development group. You're receiving the emailed news briefings and this newsletter, just as you always have. All these are elements of the Best Case commitment to outstanding service. You can be sure that Wolters Kluwer and you are on the same page in regard to the value of maintaining great service!

*What you will begin to notice are enhancements that should make your relationship with Best Case Solutions even more valuable to your practice. Among them are the benefits of legal research and reports from our CCH division. In fact you'll find some of that information in this issue of **Scenarios**. I also want to call your attention to the due diligence items and credit counseling certificates that you can now order through your favorite software.*

I am proud to have joined the Best Case team. There's an energy and a work ethic here that most companies only dream of. And you have my personal assurance that you can trust Best Case to be your partner in this change, just as you have through the advent of e-filing and bankruptcy reform.

Sincerely,

Susan Berry
General Manager

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Bankruptcy Filing Fees Increase April 9

The "Deficit Reduction Act of 2005" (S. 1932) was signed into law on February 8, 2006. The Act includes a provision which will increase the bankruptcy fees to:

- * \$299 for Chapter 7 (\$245 filing fee plus administrative fees) and
- * \$274 for Chapter 13 (\$235 filing fee plus administrative fees).

According to several court websites: "It appears that Congress intended to increase Chapter 11 filing fees as well, from \$1,000 to \$2,750, which would raise the total fees due at filing to \$2,789. However, there is a drafting error in the language of the Deficit Reduction Act that incorrectly references the statutory subsection prescribing the Chapter 9 fee, rather than the Chapter 11 fee. **Thus at this time the Chapter 11 fee is unaltered.**"

Filing Fees Increase continued:

The new fees will be effective on April 9, 2006, sixty days after the enactment of the Act. In our April 5 interim release, we updated all forms in Best Case that list filing fees, which are:

- * Form 3b. Application for Waiver of Filing Fee
- * Notice to Individual Consumer Debtor of Available Chapters
- * Notice of Available Chapters (Central District of California Local Version)
- * Application to Pay Filing Fees in Installments (Southern District of California Local Version)
- * Checklists of Forms to be Filed (Chapter 7, 11, 12, and 13; can be found in Supplemental Forms folder)

Be sure to go into Best Case, close your client list, and click About/Check for Update to get our latest version, free as long as you are covered by our maintenance plan.

Computing Disposable Monthly Income in Chapter 13s

In Chapter 13 cases, BAPCPA requires you to fill out Form 22C, a form similar to the Means Test form in a Chapter 7. For 13 cases, the form is titled "Statement of Current Monthly Income and Calculation of Commitment Period and Disposable Income."

The purpose of the form is to determine the length of the plan, and whether plan payments should be based on the disposable monthly income calculation (DMI) or not, and if

so, what the DMI is. To do that, Form 22C first lists the debtor's average monthly income over the last six months, then compares this amount with the state median income for the debtor's household size.

- * If the debtor's income is below the median, you don't need to complete the rest of the form, and the commitment period (the length of the plan), is 36 months.
- * If the debtor's income is above the median, the next section looks at the income with a marital adjustment taken out for some debtors, then, if income is still above median, the plan length is generally 60 months, and the form goes on to compute disposable monthly income according to a specific formula. This amount will be the basis of monthly plan payments.

While the form does not instruct you to calculate the disposable income for debtors with income below median, a number of Best Case customers have requested the ability to do just that. In a recent interim release, we added an "Always Compute DMI" checkbox to the Median Income tab of Form 22C. Check this box if the debtor is below Median Income but you still want to calculate the debtor's DMI using the formula set forth by Form 22C.

Bankruptcy in the News

Record 2.08 Million Bankruptcies Filed in 2005

It will come as no surprise to Best Case customers that bankruptcies rose 30% in 2005, with a record 2.08 million filings, many of which occurred in the run-up to BAPCPA's implementation date. In October alone, there were 630,497 filings.

Both personal and business bankruptcies saw an increase, with personal bankruptcies increasing 30% to 2,039,214 and business bankruptcies up 14% to 39,201.

Chapter 7 individual bankruptcies rose 46%, while Chapter 13s declined 8%. (Reuters, US bankruptcy filings up 30 pct to record 2.08 mln, March 24, 2006. Go to www.bestcase.com/whatsnew.htm for more information.)

The Need Stays the Same

As the new bankruptcy law begins to be tested and put into practice, some of the questions and concerns raised by the bankruptcy community are starting to find answers. And while the bankruptcy

Form 22C Current Monthly Income, Commitment Period and Disposable Income for Chapter 13 cases

Compare debtor income with the state median for this household size

General | Income | Median | Living | Housing | Car | Necessary | Additional | Debt_Pmt | Summary | Special

Part II. Calculation of §1325(b)(4) Commitment Period

12. Total Current Monthly Income (from line 11)	0.00
13. Marital adjustment <input type="checkbox"/> Claim Marital Adjustment for 1325(b)(4)	0.00
14. Adjusted CMI (12-13) CMI \$4610 Under Median	0.00
15. Annualized current monthly income for § 1325(b)(4).	0.00
16. Median Income: California, 2 in Household Show Table	55,320.00
17. Application of § 1325(b)(4) - Commitment Period	3 Year Plan

Part III. Application of §1325(b)(3) For Determining Disposable Income

18. Total Current Monthly Income (from line 11)	0.00
19. Marital adjustment (if married but not filing jointly)	0.00
20. CMI §1325(b)(3) (19-18) CMI \$4610 Under Median	0.00
21. Annualized current monthly income for § 1325(b)(3).	0.00
22. Median Income: California, 2 in Household	55,320.00
23. Application of § 1325(b)(3) - DMI Method	Under Median, 1-J Pmt

Married, not filing jointly, nonfiling spouse contribution to household

Spouse Income	0.00
- Contribution	0.00
Marital Adjustmt	0.00

Reduces CMI by adjustment amount in lines 13 and 19

Always Compute DMI

CMI Current Monthly Income 0.00 No Income Has Been Entered

Less: Deductions 1,103.00 *** You must select living income ***

= DMI Disposable Income -1,103.00

OK Cancel Help

This new checkbox appears on the Median tab in Chapter 13 cases.

process is certainly more complex in the post-BAPCPA world, at least one fear of bankruptcy attorneys and consumer advocates has turned out to be unfounded. The credit industry successfully lobbied for the requirement that consumer debtors undergo credit counseling as part of the bankruptcy process. The hope, (and the fear of those on the side of the debtor), was that consumers would be talked out of filing bankruptcy and into repayment plans.

But the credit counseling provision isn't having the desired effect. As reported in the Washington Post in January, **the vast majority of consumers undergoing counseling don't get steered into repayment plans**, and counselors are concluding that bankruptcy is the best option for the consumers they see who've already met with bankruptcy attorneys.

A recent study by the National Association of Consumer Bankruptcy Attorneys (NACBA) found the same thing. NACBA interviewed credit counselors about more than 60,000 consumers who had been counseled as part of the bankruptcy process. And they didn't find the deadbeats the law was supposed to weed out. Instead, 97% of those consumers were found to be incapable of repaying any debt, and four out of five were wiped out financially by events beyond their control – job losses, medical expenses, or death of a spouse. See www.bestcase.com/whatsnew.htm for more information.

The Changing Nature of the Consumer Case

In the months directly following October 17, the legislation appeared to have one of the desired effects: a higher percentage of debtors are filing Chapter 13. In the past, the majority of consumers filed under Chapter 7 - some 75% - but in the months directly after the implementation of BAPCPA, 60% opted for Chapter 13 according to a recent article in *USA Today* ("Personal bankruptcies soar 32% in '05", January 11, 2006).

Official statistics are not yet available for the first few months of 2006, but here at Best Case, we're gradually seeing the ratio of Chapter 7 filings to 13s increase. Looking at successful OneTouch filings™, which account for about 30% of all cases filed nationwide, we've seen the percentage of Chapter 7s climb a little each week, reaching 60% in a recent week in late March.

Since so many people who were considering bankruptcy filed Chapter 7 just before October 17, we may continue to see the percentage of Chapter 7 filings increase throughout the year.

Bankruptcies in 2006: Can We Expect a Return to Normal?

Bankruptcy filings slowed to a trickle immediately following the surge, with only 38,000 cases filed after October 17 through December, representing just 2% of the year's total.

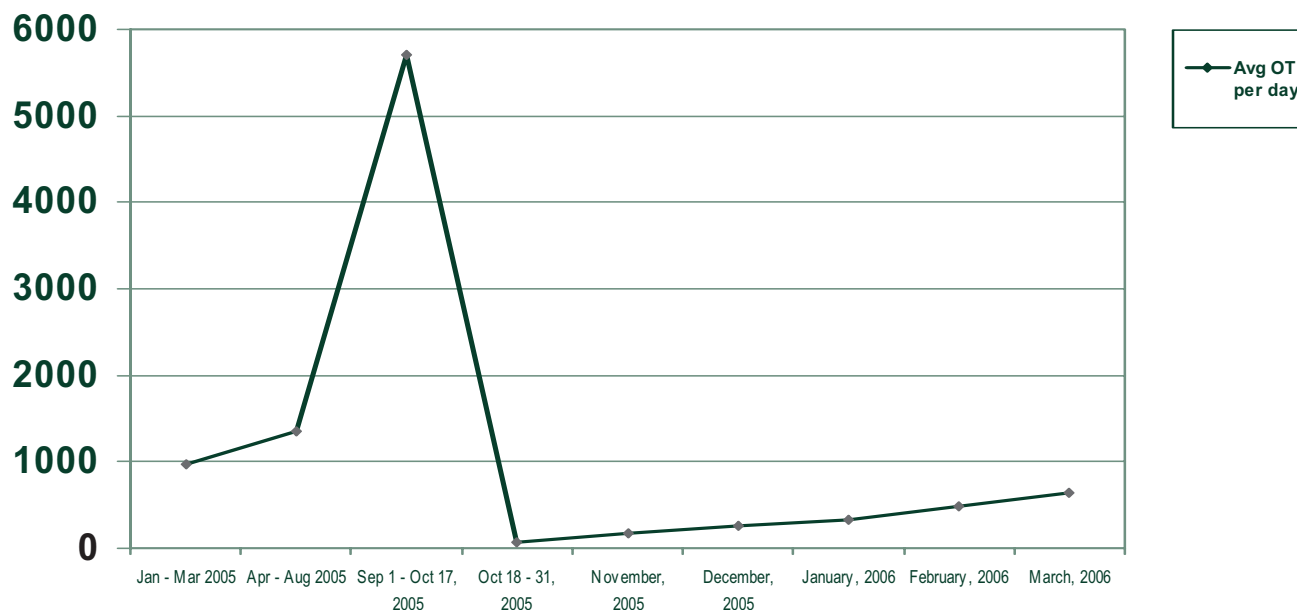
However, filings have increased steadily, though slowly, since then. Official statistics are not yet available for the first quarter of 2006, but we've seen Best Case OneTouch filings increase each week, as the graph on page 4 illustrates. And while rates are not at pre-BAPCPA figures, filings per day in recent weeks appear to be more than triple November filing rates.

Will bankruptcy rates ever reach pre-BAPCPA rates again? A new report by the Aite Group, an independent consulting group, states that bankruptcy reform is unlikely to change the volume of bankruptcies. Eva Weber, author of the report, states "the most immediate and obvious impact of BAPCPA has been the glut of filings that took place immediately prior to the enactment of the new law in October, 2005. Once those filings have made their way through the system, a return to normal in terms of bankruptcy filings seems likely." (See www.bestcase.com/bkreform.htm for a link.)

We think so, too. Consider the following:

- * Energy and medical costs are high.
- * Many of the economic factors that have pushed people to bankruptcy are still in place.
- * Minimum credit card payments doubled for many consumers in January due to new banking regulations.
- * The new credit counseling requirement isn't deterring people from filing or pushing them into repayment plans.
- * The median and means tests are not as restrictive as popularly believed. The vast majority of consumers who filed prior to October 17 would still have been able to file under Chapter 7 after October 17.
- * Credit card companies and other lenders still lend aggressively to consumers, often extending large amounts of credit with high rates of interest to consumers with lower-than-average incomes and existing debt.
- * Consumers are ill-informed about how long it will take to repay debts, what the penalties for late payments are, and how much debt it is reasonable for them to take on.
- * As Best Case customers know, the majority of people who traditionally file bankruptcy are not the sort of people the law was designed to catch: people who ring up large amounts of debt with no intention of repaying it. Instead, they are people suffering major financial problems, often precipitated by divorce, job loss, a medical problem, or a combination of factors. When they incurred debt, they weren't planning to file bankruptcy, and new laws aren't likely to deter them from taking on debt or change the factors that pushed them to the point of bankruptcy.

Average OneTouch™ filings per day



So why aren't more consumers filing now? We think there are two main reasons. First, a huge number of people filed last fall, mistakenly believing that they wouldn't be able to file after October 17. If BAPCPA hadn't passed, many of those filers likely would have filed throughout 2006 instead. Second, there have been so many articles in the popular media which contain incorrect information about the new bankruptcy law. We've seen numerous reports saying that people with above average income can't file Chapter 7 (untrue – they'll go on to take the means test, and most people in enough trouble to consider bankruptcy will pass), and that the law makes bankruptcy much more restrictive (it doesn't – it just makes it more expensive and more of a pain.)

The public needs to be educated that bankruptcy is still an option for consumers in financial trouble. And with all of the new traps, they also need to understand that it would be foolish to file without a bankruptcy attorney. The bankruptcy community must work together to counter the effects of the media reports that contain false information, and through word of mouth among citizens, letters to newspapers that contain false or misleading information about the new bankruptcy law, advertising and education by attorneys who recognize that consumers are being misled, and efforts of lobbyist groups like NACBA, the bankruptcy community can level the playing field so that people in dire financial straits will seek out your services and bankruptcy protection.

Guest Editorial

When Can the New Pre-Petition Credit Counseling Requirement Be Waived?

By James Caher

Your client is about to lose her home unless you file a Chapter 13 within the next two days. You are generally aware that the new bankruptcy act requires pre-petition credit counseling, but that a waiver is available for exigent circumstances. You've practiced before your local bankruptcy judge and know that he is not likely to allow debtors to lose their homes for a trivial misstep. In the past, you would file an emergency petition, stop the foreclosure and complete the paperwork later—a fairly common practice prior to October 17, 2005. So you focus on the foreclosure sale, file your case and request additional time for your client to complete credit counseling.

As a number of lawyers have learned the hard way, this is no longer a good strategy.

Even the most sympathetic judges are concluding that they have no choice but to dismiss the case. And it is likely that a new filing will bring only limited automatic stay protection. If that weren't enough, you might have liability under §526(c)(2).

Section 109(h) specifies that an individual may not be a debtor without completing pre-petition credit counseling

unless he: (1) files a certification (2) details the exigent circumstances that merit a waiver of the credit counseling requirement (3) states that he actually requested counseling before filing bankruptcy but was unable to get it within 5 days and (4) the certification must be satisfactory to the court. Absent satisfaction of all 4 criteria, the petition must be dismissed. If he re-files within the next year, the court may conclude a new case should be presumed to be filed not in good faith.

Section 362(c)(3)(C) says that if a previous case was "pending" and "dismissed" within the preceding year, then the stay in that second case will only be good for thirty days unless you (i) file a motion, (ii) obtain a hearing and ruling by the Court within such thirty-day period and (iii) prove by clear and convincing evidence that the second case was filed in good faith. And don't forget §526(c)(2) which provides any debt relief agency (which by most accounts includes a debtors' attorney) shall be liable to her client for a return of fees plus actual damages and attorney fees if a case is dismissed due to the agency's intentional or negligent failure to file any required document.

A debtor seeking additional time to complete credit counseling has a steep hill to climb. First, he must have actually requested counseling prior to filing bankruptcy. Even if he knows that counseling will not be available within five days. Courts have disagreed on whether:

- a lawyer may make this request or debtor must do so personally
- inquiry must be made of all approved credit counseling agencies
- debtor must wait five days after making the request to file bankruptcy.

Establishing that counseling could not be obtained within five days will not be easy since at least two counseling agencies (Hummingbird Credit Counseling <http://www.hummingbirdcreditcounseling.org/> and the Institute for Financial Literacy <http://www.financiallit.org/>) promise internet or phone counseling within less than 24 hours. But watch out. There is a question of whether debtor may file on the same day he receives credit counseling or must wait until the next day because §109(h) "during the 180-day period *preceding* the date of filing."

Then debtor must show that "exigent circumstances" justify a waiver of pre-petition credit counseling. So far, most courts have found that an imminent loss of property is sufficiently "exigent," but at least one court said that the requirement of "exigent circumstances" refers to circumstances preventing a person from obtaining credit counseling, rather than the need to save property from foreclosure.

Debtor must then file, with his petition, a "certification" that credit counseling was not available and recite the specific circumstances that required an immediate filing. This recital should be as detailed as possible. A certification must be signed by the debtor rather than his attorney, but courts disagree on whether it must be signed under oath.

Finally, the request must be "satisfactory to the court." It's anyone's guess what this means, but one court has ruled (and been affirmed by the Eighth Circuit Bankruptcy Appellate Panel) that an imminent home foreclosure sale did not qualify because debtor should not have waited until the eve of the sale to file bankruptcy.

So, if the debtor filed without first obtaining credit counseling his case will probably fail unless there was an exception (incapacity, disability, active military service in a combat zone, or the debtor resides in a district in which the US Trustee has determined that adequate counseling resources were unavailable). But a couple of courts have suggested ways to avoid the no-automatic stay consequence of a second filing. One is to obtain credit counseling and then file a second case before the first one is actually dismissed. The automatic stay restriction only applies if the second case was filed *after* a previous case has been dismissed. Also, you might ask that the first case be "stricken" rather than "dismissed." The rationale is that a filing by a person, who by virtue of §109(h) was not eligible to be a debtor is a nullity. Thus there is no actual case to be dismissed.

Like so much of BAPCPA, the credit counseling requirement is more of a "gotcha" than a real impediment to filing. You just have to jump through the hoops, and not rely on a sympathetic judge to excuse you. Even a judge who said:

- the credit counseling requirement is one of the more "absurd" and "inane" provisions of the new Act
- no rational human being can make a cogent argument that the requirement makes any sense at all
- it is not the individual consumers of this country that make the donations to the members of Congress that allow them to be elected and re-elected and re-elected and re-elected.

Yet the court said that its hands were tied, and dismissed the case. In re Sosa, CASE NO. 05-20097-FM (B.D.Tx 2006) (Frank Monroe J).

James Caher is a Best Case customer and author of ***Personal Bankruptcy for Dummies***, updated for BAPCPA and available at all major bookstores and Amazon.com.

The Chapter 13 Plans listed below have recently been updated in Best Case® Bankruptcy. Please follow steps on the next page to access the revised plan:

District	New Jurisdiction to Install	Comments
Southern District of Alabama		Revised Custom Chapter 13 Plan per BAPCPA changes.
Eastern and Western Districts of Arkansas	AR-E-ZX; AR-W-ZX	Coop and Babin are using one plan.
Eastern and Western Districts of Arkansas	AR-E-ZY; AR-W-ZY	Goldman plan.
Eastern District of California		Added two new form preferences to the Custom Chapter 13 Plan for this district see help file.
Northern District of California – Oakland	CA-N-OZ	Revised Custom Chapter 13 Plan per BAPCPA changes.
Northern District of California – San Francisco	CA-N-SF	Revised Custom Chapter 13 Plan per BAPCPA changes.
Northern District of California	CA-N-ZY (long)	Has to be split into 2 separate plans. Revised Custom Chapter 13 Plan per BAPCPA changes.
Southern District of California	CAS-ZX	Revised Custom Chapter 13 Plan per BAPCPA changes.
Southern District of Florida		Revised Custom Chapter 13 Plan per BAPCPA changes.
Middle District of Georgia		Revised Custom Chapter 13 Plan per BAPCPA changes.
Northern District of Georgia	GA-N-ZZ	Revised Custom Chapter 13 Plan per BAPCPA changes.
Southern District of Georgia		Revised Custom Chapter 13 Plan per BAPCPA changes.
Northern District of Illinois	IL-N-YZ	Revised Custom Chapter 13 Plan per BAPCPA changes.
Southern District of Indiana	IN-S-ZZ	Revised Custom Chapter 13 Plan per BAPCPA changes.
Eastern District of Kentucky	KY-E-ZY	Revised Custom Chapter 13 Plan per BAPCPA changes.
District of Maryland		Revised Custom Chapter 13 Plan per BAPCPA changes. Added the local Pre-Confirmation Certification to Add-On.
District of Minnesota		Revised Custom Chapter 13 Plan per BAPCPA changes.
Eastern District of Missouri	MO-E-ZZ	NEW Chapter 13 plan - requires Add-On purchase.
Western District of Missouri	MO-W-ZW	Revised Custom Chapter 13 Plan per BAPCPA changes. Added a new form preference to the Custom 13 Plan - see help file for details.
Middle District of North Carolina	NC-M-ZZ	Revised Custom Chapter 13 Plan per BAPCPA changes.
Western District of North Carolina		Revised Custom Chapter 13 Plan per BAPCPA changes.
District of Nebraska		Revised Custom Chapter 13 Plan per BAPCPA changes.
District of Oregon	OR-A-ZZ	Revised Custom Chapter 13 Plan per BAPCPA changes.
Western District of Pennsylvania		Revised Custom Chapter 13 Plan per BAPCPA changes.
District of South Carolina		Revised Custom Chapter 13 Plan per BAPCPA changes
Middle District of Tennessee		Revised Custom Chapter 13 Plan per BAPCPA changes. Added a new form preferences – see help file.
Western District of Tennessee		Per Proposed Revisions, we have added 3 new form preferences to the Custom 13 Plan for this District. See help file for details.
Eastern District of Texas	TX-E-ZZ	NEW Chapter 13 plan requires Add-On purchase.
Northern District of Texas		Revised Custom Chapter 13 Plan per BAPCPA changes.
Southern District of Texas	TX-S-ZZ	Revised Custom Chapter 13 Plan per BAPCPA changes. 060301 Added the local Plan Summary and Statistical Cover Sheet to TX-SOU Add-on.
Southern District of Texas – McAllen		Minor changes.
Western District of Texas – El Paso/Waco	TX-W-EN	Revised Custom Chapter 13 Plan per BAPCPA changes.
Western District of Texas – Odessa	TX-W-MZ	Revised Custom Chapter 13 Plan per BAPCPA changes.
District of Utah		NEW Chapter 13 plan requires Add-On purchase.
Western District of Washington		Revised Custom Chapter 13 Plan per BAPCPA changes.
Eastern District of Wisconsin		Revised Custom Chapter 13 Plan per BAPCPA changes.

Trust Best Case to be on Top of Changing Chapter 13 Plans

Since BAPCPA went into effect last fall, many Chapter 13 trustees have revised their preferred Chapter 13 plan formats to incorporate changes in Chapter 13 law. At Best Case, our development team has been busy in the last six months revising many 13 plans and instructions. The table on page 6 contains a list of plans that have recently been updated or added to Best Case.

To get these revisions, you'll need to run our Check for Update feature, then, for many plans, install a new jurisdiction file. **Please see complete instructions below so that you don't miss a step.**

One final note: Thanks to all of our customers for letting us know about changes in your district. You are usually the best source of information about local documents, so if your 13 plan has recently changed, please let us know by calling 1.800.492.8037. We may ask you to fax a copy of the form to us.

After installing our latest version, access updated instructions for your plan through the help file in Best Case, or go to www.bestcase.com/c13instructions.htm and click your district. These are available in PDF for easy printing.

To access the revised form, you will need to use our Check for Update feature:

1. Make sure this computer is connected to the Internet, and then start your Best Case® Bankruptcy program.
2. If you are using a network version, make sure all other users have exited Best Case.
3. If you have a client file open, close it, and then close the Client List Window.
4. At the top of the screen, next to File, Edit, and Setup, click Help/Check for Update.
5. Follow on-screen prompts to download and apply the changes.

Installing the New Jurisdiction (IMPORTANT!)

In Best Case, we use jurisdiction files to determine which forms apply to clients in a district, among other things. When a plan changes dramatically, the changes sometimes require us to add or change plan classes. In order for you to have access to both the old version of a 13 plan (for old cases), and the new version, we don't overwrite your old jurisdiction. Instead, we create a new jurisdiction file with the new plan classes and plan format. You must install the new jurisdiction to have access to the new plan.

If something is filled in the column "new jurisdiction to install" in the table on page 6, follow these instructions to install the new jurisdiction and apply it:

1. After running Check for Update, detailed above, install the new jurisdiction:
 - a. Close any entry screens that are open, then close the Forms and Schedules Menu.
 - b. Close the Client List Window.
 - c. Click on Setup in the Main Menu bar, then click Jurisdictions.
 - d. Click the Install New Jurisdiction button in the bottom left corner.
2. A list of jurisdictions appears. Highlight the name of the one you want to install (your new one is listed in the table) then click **Select**.
3. Click on **Change Usual** to set the new jurisdiction as default. Click **OK**. This will assign the new jurisdiction to new cases you start in Best Case.
4. To get the new plan for a case that you've already started, you'll need to open the case, go into the Voluntary Petition, click the Filing Information tab, and select the new jurisdiction. (If you don't, this case will use the older version of the 13 Plan.)

Please remember that custom Chapter 13 Plans are sold as "add-ons" which are available for additional fees. If you already had a custom plan, you can get the revised version for no charge while covered by our maintenance plan. If you haven't yet bought the custom plan for your district, contact Best Case Solutions at 1.800.492.8037 for pricing.

Study Examines Medical Debt and Bankruptcy

A study based on a survey of debtors in bankruptcy courts reported in *Health Affairs* journal determined that medical debt contributed to over 25 percent of bankruptcies in 2001. The study collected information on medical expenses, diagnoses, access to care, work loss, or insurance coverage. The survey examined 1,771 personal bankruptcy filers in five federal courts and subsequently completed in-depth interviews with 931 of them.

The study sought answers to the following questions:

- 1) Who files for bankruptcy?
 - 2) How frequently do illness and medical bills contribute to bankruptcy?
 - 3) When medical bills contribute, how large are they and for what services?
 - 4) Does inadequate health insurance play a role in bankruptcy?
 - 5) Does bankruptcy compromise access to care?
- The study questionnaire asked about specific reasons for filing for bankruptcy; it also asked whether the debtor had medical debts exceeding \$1,000, had lost two or more weeks of work-related income because of illness, or had health insurance

coverage at the time of filing, and whether there had been a gap of one month or more in that coverage during the past two years.

Medical Debts a Contributing Factor

The simultaneous occurrence of medical and job problems was a common theme – many debtors lost their jobs after experiencing a medical issue and as a result lost their health coverage. Another common theme was parents of premature infants or chronically ill children taking time off from work or incurring large bills for home care while they were at their jobs.

More than twenty-five percent of those interviewed cited illness or injury as a specific reason for bankruptcy; a similar number reported uncovered medical bills exceeding \$1,000. Some debtors cited more than one medical contributor. 46.2 percent of debtors met at least one of the study's criteria for "major medical bankruptcy" while 54.5 percent met criteria for "any medical bankruptcy."

Lapse in Health Insurance and Access to Care

A lapse in health insurance coverage during the two years before filing was a strong predictor of a medical cause of bankruptcy. Medical debtors were 42 percent more likely than other debtors to experience lapses in health coverage. In addition, 43 percent had failed to fill a prescription because of the cost. Medical debtors also experienced more problems in access to care than other debtors did. Sixty percent of medical debtors went without a needed doctor or dentist visit, and nearly half failed to fill a prescription.

For more information, visit www.healthaffairs.org.

From "Bankruptcy Law Reports" Number 695, March 20, 2006

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For more information about *Bankruptcy Law Reports*, contact CCH at 1.800.344.3734.

New Means Test Figures:

We've Got You Covered

The Office of the U.S. Trustee released new means test numbers in early February which apply to cases filed on or after February 13, 2006. The following data changed:

- * median income numbers for all 50 states
- * IRS Allowances
- * the administrative multipliers used to determine the cost of administering a hypothetical Chapter 13 Case

In most cases, median income figures and IRS allowances increased slightly, which may benefit some clients who were previously just above median. We issued an interim release on February 7 containing this new data, and adding a new date field in the means test asking when the case is expected to be filed. Once you fill in this date, we can apply the appropriate data to each case.

To notify you of this important update, which was available for no charge to customers covered by our maintenance plan, we sent two email notices and a postcard. In Best Case, you can click About/Check for Update at any time to see whether a newer release is available. (Network licensees need to have all users exit Best Case first.)

If you aren't receiving emails about our updates, please send an email to help@bestcase.com with your current email address, your name, law firm name, and telephone number so that we can find you in our records.

Making Due Diligence Manageable

New in our April 5 release!

Best Case now helps you to order due diligence and credit counseling products online through CIN Legal. You can use our Due Diligence Explorer to order:

- * tax transcripts
- * real property appraisals
- * title products
- * automobile valuations and
- * credit counseling and debtor education.

To order due diligence or credit counseling products, you will need to become a member of CIN Legal. You can find out more about becoming a member by logging onto the CIN Legal website at <http://www.cinlegal.com/>. Once you've signed up, use the following instructions to order products:

Ordering Due Diligence and Credit Counseling Products

1. Open a client file to the Forms and Schedules Menu.
2. In the menu bar, click on Credit Reports >> Due Diligence and Credit Counseling.
3. Click the Order Due Diligence Items or Credit Counseling button to open the Due Diligence Explorer.
4. The Due Diligence Explorer connects you directly to the CIN Legal website where you can pick the products to

order. As you work through the screens for ordering products, Best Case fills in the client's name, address and other information for you based on the data you have entered for the client in the Voluntary Petition, making the order process simple.

5. The due diligence products that you order will be sent to you as email attachments and will be made available by CIN Legal through their secured website.

If you choose to order credit counseling through CIN Legal, CIN Legal will place an order for you with the credit counseling agency then email your debtor and you with an acknowledgment and instructions for obtaining counseling over the telephone or through the internet. Once your client has received counseling, you'll receive an email notifying you and containing a PDF of the Certificate of Completion.

Look for enhancements coming soon that will allow you to download these PDFs directly into client files in Best Case!

Best Case Files Your Credit Counseling Certificates and Pay Stubs Electronically

The Best Case OneTouch Plus™ system is fast, reliable, and easy, allowing you to submit all electronic files with just a few clicks, and returning a case number. But did you know that it can also file credit counseling certificates and pay stubs, new requirements under BAPCPA?

Many courts require that the debtor's payment advices (pay stubs) and credit counseling certificates be filed as separate PDF documents on the court's CM/ECF system. In these districts, Best Case will automatically file these PDFs during our OneTouch Plus™ process if they are saved correctly in the ECF manager. Here's how you should save the documents:

- * **Payment advices** should be scanned using our BestScan™ feature and saved with the name "Paystubs.PDF".
- * **Credit Counseling Certificates** should be scanned and saved in the ECF manager with the name "CCC.PDF". (If the Certificate was issued in PDF format, simply save the PDF to the ECF Manager, usually c:\ECF\[Client Name], and be sure to rename the file CCC.PDF). If there are separate certificates for each debtor in a joint case, save the first Certificate as "CCC1.PDF" and the second as "CCC2.PDF".

As of our April 5, 2006 release, Best Case files the Credit Counseling Certificate in all districts, **except** Arizona, Pennsylvania Middle, Texas West, and Virginia East, where the courts do not want them filed electronically.

Best Case currently files Paystubs.PDF in the following districts:

- | | |
|-----------------------|-----------------------|
| * Alabama Middle | * Alabama North |
| * California North | * Connecticut |
| * Florida Middle | * Florida South |
| * Florida North | * Georgia Middle |
| * Georgia South | * Georgia North |
| * Guam | * Iowa South |
| * Indiana South | * Kansas |
| * Louisiana East | * Louisiana Middle |
| * Missouri West | * Montana |
| * Mississippi South | * North Dakota |
| * New York East | * New York North |
| * New York West | * Ohio North |
| * Oklahoma North | * Pennsylvania East |
| * Pennsylvania West | * Tennessee East |
| * Texas North | * Utah |
| * Wisconsin West | * West Virginia North |
| * West Virginia South | * Wyoming |

In other districts, courts do not want pay stubs filed electronically as of press time.

Since courts are still figuring out how to handle these new requirements, Best Case stays in touch with each court regularly to find out about changing requirements, and can update our OneTouch™ system quickly when we find out about new filing requirements.

While We're On the Subject...

We first introduced our OneTouch™ electronic filing system back in August, 2001, and we're proud to say that to our knowledge, Best Case® Bankruptcy was the first bankruptcy software to fully automate the electronic submission of cases.

At the time, OneTouch only worked in certain districts where the courts had added a "case upload" module to their CM/ECF software. We demonstrated our OneTouch system

to attorneys and court staff across the country. They were very impressed, and more and more courts added the case upload module to make filing easier for attorneys.

In 2003, we introduced OneTouch Plus™, which used different underlying technology to make our OneTouch system work in all CM/ECF districts.

Since 2001, other bankruptcy software companies have added case upload features, but OneTouch is unique to Best Case. What makes it unique? We've developed a rigorous technological infrastructure that allows us to:

- * **Customize the process to each district's specifications.** We can put forms in the right order, name them according to your court's specifications, and upload all the PDF documents you need to initiate a case in one step.
- * **Closely monitor filing activity.** When there are problems with the court's system, or when a local court changes its software, we can detect it early and update our OneTouch system, often providing you with an update as you actually file, giving you the changes you need without interrupting your work.
- * **Make OneTouch™ reliable.** We have staff on hand who are in close contact with members of the court and who daily look for any problems with document submission, making our OneTouch system rock-solid and reliable.

We're proud to have brought simple, easy electronic filing to the bankruptcy community, and to continue to deliver the most reliable system available. The Best Case OneTouch™ system is now the most widely-used electronic filing feature in the bankruptcy courts.

OneTouch™ and OneTouch Plus™ are trademarks of Best Case Solutions, Wolters Kluwer Law & Business.

Taking Our Show on the Road

Upcoming Conferences and Seminars Where We'll Exhibit

Annual Seminar of the Southeastern Bankruptcy Law Institute

April 6th – April 8th, 2006 in Atlanta, Georgia

Best Case representatives will exhibit our software at the Annual Seminar of the Southeastern Bankruptcy Law Institute at the Grand Hyatt Hotel in Atlanta. This Annual Seminar brings in a panel of experts, and offers several interesting workshops and break-out sessions for consumer bankruptcy attorneys. To review the agenda, please check out their web site: www.sbli-inc.com.

A special Best Case class is being offered on April 5th in downtown Atlanta. See information at right.

19th Annual Northwest Bankruptcy Institute

April 14 – 15th, 2006 in Portland, Oregon

Best Case will be in Portland, exhibiting Best Case Bankruptcy software at the Northwest Bankruptcy Institute. This year's conference covers several topics of interest for every bankruptcy practitioner, including updates on case law, a session on means-testing with The Honorable Eugene R. Wedoff, a panel discussion with several Chapter 13 Trustees, a session with a panel of Bankruptcy Judges from Washington & Oregon, and much more! Co-sponsored by the Oregon State Bar and the Washington State Bar Association, this conference is happening in Portland at the Hilton Hotel & Executive Tower. To make your conference registration, contact the CLE Service Desk of Oregon State Bar by calling 503-684-7413, or by printing the **registration form** from their website, www.osbar.org.

Annual Convention of the National Association of Consumer Bankruptcy Attorneys*

May 19 – 21, 2006 in New Orleans, Louisiana

We'll be in New Orleans May 18- 21 for NACBA's 14th Annual Convention at the New Orleans Marriott. Covering case law updates, means-testing strategies, credit counseling and debtor education requirements, and many other hot topics, the 2006 Convention is expected to be an informative and engaging experience for every attendee.

If you're attending this year's Convention, then we cordially invite you to stop by our booth, chat with us, and pick up a cool giveaway. We look forward to meeting you and listening to your suggestions! Haven't made reservations for NACBA's Convention, yet? Visit www.nacba.org to register today.

A special Best Case class is being offered on May 18 in New Orleans. See information at right.

*The National Association of Consumer Bankruptcy Attorneys (NACBA) is, according to its website, "the only national organization dedicated to serving the needs of consumer bankruptcy attorneys and protecting the rights of debtors in bankruptcy." NACBA is not affiliated with Best Case Solutions.

The 41st Annual Seminar of the National Association of Chapter Thirteen Trustees

June 27 – July 2, 2006 in Denver, Colorado

On June 27 through July 2, Best Case will be exhibiting our software in Denver, Colorado for the Annual Conference of the NACTT at the Adam's Mark Hotel. Please visit <http://nactt.org/seminars/annualSem.cfm> to read more about this conference.

National Conference of Bankruptcy Clerks

August 29 – September 1, 2006 in Newport, Rhode Island

Staying connected to the members of your local courts allows Best Case to stay on top of change, and attending the annual conference of the National Conference of Bankruptcy Clerks is a critical piece of this process. Best Case will be exhibiting our software at this year's conference, located in Newport, Rhode Island at the Hyatt Hotel. To learn more about what's scheduled for this event, check out <http://ncbcimpact.org/2006.html>.

Annual Convention of the National Association of Bankruptcy Trustees

September 14 – 17, Seattle, WA

Best Case is heading to Seattle in September for the Annual Convention of the National Association of Bankruptcy Trustees. We look forward to meeting the trustees of your district(s) and demonstrating the newest features in our software. To take a look at this year's conference agenda, visit <http://nabt.com/conventions.html>.

Free Classes on Bankruptcy Reform and More with Best Case Bankruptcy

The following classes are open to all members of the bankruptcy community, but space is limited so advance registration is required. Call 1.800.492.8037 if you have questions.

April 5th, 2006 in Atlanta, Georgia

Join Best Case for a free class at the Sheraton Midtown Atlanta Hotel at 3:00 pm on Wednesday, April 5th where you'll learn about Best Case's Means Test Calculator, how to order due diligence products, and much more!

If you're planning to attend the SBLI conference or practice in the Atlanta area, we recommend attending!

To learn more about this class, go to www.bestcase.com/ontour.htm and follow the link to our registration form. To reserve your spot in the class, simply complete the form, and fax it back to us at 847-492-8038.

May 18th, 2006 in New Orleans, Louisiana

Best Case is pleased to announce a free one-hour class covering means testing and other bankruptcy reform features at the New Orleans Marriott on the evening of May 18th. For your convenience, we're holding two sessions - one class from 6:30 p.m. to 7:30 p.m. (which is almost full!), and a

second class from 8:00 p.m. to 9:00 p.m. (which has plenty of space!). Please pick the time that works best for you.

If you're planning to attend NACBA in New Orleans, or you live in the New Orleans area, we recommend reserving a spot in our class!

To learn more about this class, go to www.bestcase.com/ontour.htm and follow the link to our registration form. Be sure to reserve your spot now, as last year's class was standing room only! To register, complete the form and fax it back to us at 847-492-8038.

New Authentication Process for Ordering Credit Reports

If you're ordering credit reports for your clients, you'll be happy to know that you can now say good-bye to the paperwork! Instead of authenticating the debtor's identity by faxing paperwork and photo IDs to your credit report provider, you'll have your client answer a few simple questions to verify his identity, then you'll be able to download the report to Best Case. Questions can be answered on-line at the time you place the order.

The new authentication process applies to both vendors that we work with, Online Credit Reporting Corp. and Credit Infonet, and was implemented based on new compliance requirements by the major credit bureaus.

Signing Up to Order Credit Reports

For many attorneys, ordering credit reports is now a standard part of the bankruptcy process because of the increased burden on the attorney to verify information in the petition. With our credit report import feature, you can order reports quickly through an order wizard in Best Case, then download liabilities from reports directly to creditor schedules, saving time.

If you are not yet ordering credit reports through Best Case, please see www.bestcase.com/crminfo.htm for more information.

We work with two well-respected vendors to deliver credit reports to you quickly:

- * Online Credit Reporting Corp
(www.bankruptcycreditreports.com),
telephone 1.877.311.1234 and
- * Credit Infonet's CIN Legal Data Services
(www.CINLegal.com),
telephone 1.866.218.1003
– ask for an Account Manager.

Please contact the vendors directly for more information about their products.

Best Case[®] SCENARIOS

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and forecasts for your
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Got a Quick Question About a Case?

Try the NACBA ListServ!

Many Best Case customers have enjoyed the benefits of joining the National Association of Consumer Bankruptcy Attorneys (NACBA). A major bonus now that the bankruptcy process has changed so much is that NACBA members benefit from the experience of their colleagues around the country.

NACBA's ListServ, open to NACBA members only, allows attorneys to pose questions and share information about cases, laws, and the bankruptcy process. Please see www.nacba.com for membership information and to sign up for the listserv. We recommend opening a special gmail account (www.gmail.com) for the listserv, since dozens of NACBA messages can be generated in a single day.