

U.S. Bankruptcy Court for the Middle District of Pennsylvania
Attorney Advisory Committee
May 26, 2022, at 1:00 PM

Attendance: Troy Sellars, Bob Kidwell, David Harris, Jim Jones, Seth Eisenberg, Mario Hanyon, Dawn Cutaia, Judge Van Eck, Judge Conway, Johanna Rehkamp, Jack Zaharopoulos, Bob Chernicoff, Kara Gendron, Terry Miller, Gary Imblum, Lisa Doran, Karen Muroski, Matt Smith

Minutes

OLD BUSINESS:

1. Amendments to Local Rules 2016-1 and 2016-2 (attorney fees) (Jim Jones)
 - a. The new rules have been implemented.
 - b. Jim Jones: the process is completed. The rule is approved. We may be doing a lodestar seminar but other than that, everything is good.
2. Addition of a page limitation rule (Judge Van Eck)
 - a. The new rule has been implemented.
 - b. Judge Van Eck: the rule has been implemented. Over time we will see how effective this is. This can come off now.
3. Proposed L.B.R. 9019 Amendments (Troy Sellars)
 - a. Update on redlines.
 - b. Troy: Our concern was that some party needs the responsibility for notice of loan mods. In the end there was a significant difference of opinion as to when the rule would apply. Two drafts were provided to the rules committee. We never came to a consensus, but we gave everything to rules committee.
 - c. Jim Jones: I will circulate to the committee to see if we can come up with something.
 - d. We'll leave on for next time for an update.

NEW BUSINESS:

1. Student Loan Portal (Kara Gendron)
 - a) Kara Gendron: In November of last year Stretto reached out about a student loan portal for Ch 13's similar to a loan mod. Meant to streamline the process to get into an IBR

plan. EDPA has it and they love it. Doesn't seem like it would cause any harm, maybe most wouldn't use it but maybe it would be helpful for a small number of cases.

- b) Jack Zaharopoulos: We have a potential issue if student loan creditors are being paid more. However, we understand this would help people get into an income contingent plan. If it doesn't affect other creditors much, we wouldn't have an issue.
 - c) Jim Jones: There is also a cost to the debtor to use the service in addition to the atty fees whereas if they go straight to the servicer, its free.
 - d) Kara: But without this portal, the Department of Education won't talk to the debtor if they are in bankruptcy.
 - e) Kara: Scott Waterman has shown us the local rules and some motions and other documents that they have implemented.
 - f) Judge Van Eck: Maybe we can get some data from EDPA. Kara should find out about the business. We don't want to informally endorse a business or service provider through reference in our local rules.
 - g) Leave on agenda for next time.
2. I would love to hear from attys about what's happening out there (Judge Van Eck)
- a) Judge Van Eck: filings are once again down. What are you seeing?
 - b) Bob Chernicoff: ABI says things are about to change with # of loans in default and foreclosures picking up. I'm getting business clients saying the money is slow to come and once that runs out they are back to cash flow problems.
 - c) David Harris: I am hearing supply chain issues, etc. Even companies where gross receipts are the same the cost of materials has increased. I think business bankruptcies will increase.
 - d) Kara: We are seeing an increase in chapter 12's. Two filed this week and I had a consult this week.
 - e) Troy Sellars: I get a weekly stat from ABI comparing filings for the week. The trend has been the same. Chapter 13 has shown a little bit of a rebound. Up 28% from 2020. 7 and 11 have not rebounded yet.
 - f) Mario Hanyon: I am hearing the same thing that "it's coming". I can say the referrals are higher than I've ever seen at this firm but the filings haven't resulted yet. I do think it's coming by the end of the year.
 - g) Seth Eisenberg: Office of Admin of Courts report. They have leading indicators and show predictors of filings. They say bankruptcy filings are about a 1-to-2-year lag. They think an increase of 68% increase in filing in 2023 and another 45% in 2024.
 - h) Terry Miller: Local numbers show a decline even before COVID. 13s have rebounded a bit. I think they are up comparatively to Chapter 7.

FUTURE MEETING DATE(S):

Thursday, August 18 at 1:00 PM
