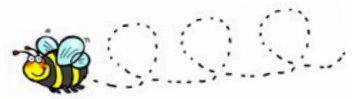




# Minnesota Bankruptcy Buzz

## KAIN & SCOTT P.A.

ISSUE 19 October 2017



### Bankruptcy news Minnesota Lawyers can use FACTS AND FIGURES

**M**innesotans filed 747 Chapter 7 and Chapter 13 Bankruptcies in September, 2017. In September, 2016, Minnesotans had filed 726 Chapter 7 and Chapter 13 Bankruptcies. That is an increase of 2.9% year over year.

Thus far, in 2017, Minnesotans filed 7,296 Chapter 7 and Chapter 13 Bankruptcy cases. Compared to this time in 2016, Minnesotans had filed 7,228 Bankruptcy cases. That is an increase of .0094%.

*Testimonial: "Life is just that again, my life. It's good to have it back. Thank you, Eric"*



## More bankruptcy news you can use

Wesley Scott is the managing partner at Minnesota's oldest bankruptcy law firm, Kain & Scott. On September 14, 2017, Mr. Scott met with Senator Franken's team, in Washington D.C., to discuss discharging student loan debt in bankruptcy.

At the present time, student loans are not dischargeable in bankruptcy, unless the student sues the student loan company, in bankruptcy, and proves to a bankruptcy judge, that repaying the student loan would cause the student/debtor and her family undue hardship. This is quite expensive for the average student to do so these suits are a rarity in bankruptcy, says Wesley Scott. This leaves the student saddled with the student loan debt after a bankruptcy discharge.

Several ideas were discussed with Senator Franken's team. One option would be to have student loans dischargeable in bankruptcy.

According to Scott, currently, there is a bill pending in Congress to do just that. Democratic Representative John Delaney from Maryland has sponsored H.R. 2366 – Discharge Student Loans in Bankruptcy Act of 2017 which would do what the bill title says- discharge student loan debt in bankruptcy.

Another option would be to make student loan debt a priority in bankruptcy so that student loan debt would receive distributions before general unsecured creditors like credit cards and unsecured loans. Yet, another option would be to have student loans dischargeable in Chapter 13 Bankruptcy (a government sponsored debt consolidation plan) where students would receive a student loan discharge after 7 years of repaying what the student can afford to pay to their creditors and student loans.

At the present time, while student loans are not dischargeable in bankruptcy, Chapter 13 Trustees are successfully arguing that debtor's cant repay student loan debt, while in Chapter 13 Bankruptcy, because repayment of student loan debt is prejudicial to other unsecured creditors. This results in student loan interest compounding, leaving the student debtor with much larger student loans when the Chapter 13 began.

CONTINUE READING

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**- Thomas Jefferson**

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