

## 2015 COMMITTEE NOTE

Official Form 107, *Statement of Financial Affairs for Individuals Filing for Bankruptcy*, which applies only in cases of individual debtors, is revised in its entirety as part of the Forms Modernization Project, making it easier to read and, as a result, likely to generate more complete and accurate responses. The goals of the Forms Modernization Project include improving the interface between technology and the forms so as to increase efficiency and reduce the need to produce the same information in multiple formats. Therefore, many of the open-ended questions and multiple-part instructions have been replaced with more specific questions. In addition, the form is renumbered to distinguish it from the version to be used in non-individual cases, and stylistic changes were made throughout the form.

The form is derived from former Official Form 7, *Statement of Financial Affairs*. The new form uses eleven sections likely to be more understandable to non-lawyers, groups questions of a similar nature together, and eliminates questions unrelated to individual debtors. The new form deletes the instruction, previously found in many questions, that married debtors filing under chapter 12 or chapter 13 must include information applicable to their spouse, even if their spouse is not filing with them, unless the spouses are separated. This change was made because a non-filing spouse's general financial affairs are not relevant to the debtor's bankruptcy case.

Part 1, *Give Details About Your Marital Status and Where You Lived Before*, moves the questions regarding the debtor's prior addresses, as well as residences in a community property state, to the beginning of the form. The form eliminates the "name used" question in reference to prior addresses. Also, the debtor is no longer required to list the name of a spouse or former spouse who lived with the debtor in a community property state since that information will be provided in Official Form 106H.

Part 2, *Explain the Sources of Your Income*, consolidates the questions regarding income, adding “wages, commissions, bonuses, tips” as a category for sources of income, and it eliminates the option to report income on a fiscal year basis. In addition, the form provides examples of types of “other income.” The time period is clarified to indicate that the prior two years means two calendar years, plus the portion of the calendar year in which the bankruptcy is filed.

Part 3, *List Certain Payments You Made Before You Filed for Bankruptcy*, includes questions related to payments made in the 90 days prior to bankruptcy, with a separate question for payments made to insiders within one year before filing for bankruptcy. The statutory definition of consumer debt is provided. The question regarding the nature of the debtor’s debts requires the debtor to use checkboxes to indicate whether or not they are primarily consumer debts. The form instructs debtors not to include payments for domestic support obligations in the section regarding insider payments. The form provides a separate question regarding payments or transfers on account of a debt that benefited an insider. For both questions regarding payments to insiders, the debtor is required to provide a reason for the payment. Partnerships of which the debtor is a general partner have been added to the examples of “insiders.”

Part 4, *Identify Legal Actions, Repossessions, and Foreclosures*, consolidates questions regarding actions against the debtor’s property. The form provides examples of types of legal actions, and requires the debtor to indicate the status of any action. The form adds the requirements that a debtor include any property levied on within a year of filing for bankruptcy and that the debtor provide the last four digits of any account number for any setoffs. Also, a debtor must list any assignment for the benefit of creditors made within one year of filing for bankruptcy.

Part 5, *List Certain Gifts and Contributions*, changes the reporting threshold to \$600 per person or charity and increases the look-back period from one to two years.

Part 6, *List Certain Losses*, clarifies how to report insurance coverage for losses. It provides that the debtor must include on this form amounts of insurance that have been paid, but must list pending insurance claims on Official Form 106A/B.

Part 7, *List Certain Payments or Transfers*, includes questions regarding payments or transfers of property by the debtor. The question regarding payments or transfers to anyone who was consulted about seeking bankruptcy or preparing a bankruptcy petition requires the email or website address of the person who was paid, as well as the name of the person who made the payment if it was not the debtor. There is a separate question asked about payments or transfers to anyone who promised to help the debtor deal with creditors or make payments to creditors, reminding the debtor not to include any payments or transfers already listed. Also, the debtor must list any transfers of property, outright or for security purposes, made within two years of filing for bankruptcy, unless the transfer was made in the ordinary course of the debtor's business. There is a reminder not to list gifts or other transfers already included elsewhere on the form. The question regarding self-settled trusts adds an explanation that such trusts are often referred to as asset-protection devices.

Part 8, *List Certain Financial Accounts, Safe Deposit Boxes, and Storage Units*, adds money market accounts to the examples provided for the question regarding financial accounts or instruments and removes "other instruments" from the examples. Also, the form adds a question about whether the debtor has or had property stored in a storage unit within one year of filing for bankruptcy. The debtor must provide the name and address of the storage facility and anyone who has or had

access to the unit, as well as a description of the contents and whether the debtor still has access to the storage unit. Storage units that are part of the building in which the debtor resides are excluded.

Part 9, *Identify Property You Hold or Control for Someone Else*, instructs that the debtor should include any property that the debtor borrowed from, is storing for, or is holding in trust for someone.

Part 10, *Give Details About Environmental Information*, requires the debtor to list the case title and nature of the case for any judicial or administrative proceeding under any environmental law and to indicate the status of the case.

Part 11, *Give Details About Your Business or Connections to Any Business*, eliminates instructions that apply only to corporations and partnerships. The debtor must indicate if, within four years (previously six years) before filing for bankruptcy, the debtor owned a business or had certain connections to a business, with five categories of businesses provided as checkboxes. If the debtor has a connection to a business, the debtor must list the name, address, nature, and Employer Identification number of the business, the dates the business existed, and the name of an accountant or bookkeeper for the business. Accounting information requested is truncated; the debtor is simply required to provide the name of the business bookkeeper or accountant.

Part 12, *Sign Below*, eliminates the signature boxes for a partnership or corporation and a non-attorney bankruptcy petition preparer. Also, the debtor is asked to indicate through checkboxes whether additional pages are attached to the form.

## **HISTORICAL NOTES<sup>1</sup>**

### **2012 COMMITTEE NOTE**

The definition of “insider” is amended to conform to the statutory definition of the term. See 11 U.S.C. § 101(31). Under the Code definition, ownership of 5% or more of the voting shares of a corporate debtor does not automatically make the owner an insider of the corporation. And in order to be an affiliate of the debtor and an insider on that basis, ownership or control of at least 20% of the outstanding voting securities of the debtor is required. 11 U.S.C. § 101(2). The phrase “any owner of 5% or more of the voting or equity securities” is therefore deleted. Because § 101(31) provides that a person in control of a debtor corporation is an insider, that term is substituted for the deleted phrase.

### **2005-2007 COMMITTEE NOTE<sup>2</sup>**

The form is amended in several ways to reflect changes in the Bankruptcy Code made by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Pub. L. No. 109 - 8, 119 Stat. 23 (April 20, 2005). A new sentence in the introduction advises the debtor not to disclose the name and address of any minor child in conformity with § 112, which was added to the Code by the 2005 Act. In addition, the form is amended to add to the reference to Rule 1007(m) with respect to a minor child a direction to include for noticing purposes the name, address, and legal relationship to the child of “a person described” in that rule. Rule 1007(m) requires the person named to be someone on whom process would be served in an adversary proceeding against the child.

The definition of “in business” is amended in the introductory section and in Question 1 and Question 18 to clarify that various part-time activities can result in the debtor being “in business” for purposes of the form.

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<sup>1</sup> Official Form 7 was renumbered to Official Form 107 in 2015.

<sup>2</sup>The 2005-2007 Committee Note incorporates the Committee Note previously published in 2005.

Question 1 is amended to specify that, in addition to the income from the debtor's primary employment, the debtor must include income from part-time activities either as an employee or from self-employment. The debtor now also will report the source of all income from employment or operation of a business, even if there is only one source, in order to assist the trustee in reviewing the pay stubs, etc., filed by the debtor in the case.

Question 3 is amended to accommodate amendments to § 547(c) of the Code enacted in 2005 which exempt from recovery by the trustee payments by a debtor for a domestic support obligation or as part of an alternative repayment schedule negotiated by an approved nonprofit budgeting and credit counseling agency. In addition, Question 3 now requires a debtor with primarily non-consumer debts to report only those transfers that aggregate more than \$5,475 to any creditor in the 90-day period prior to the filing of the petition, as a result of the addition of § 547(c)(9) to the Code in 2005. In addition, the language of the question is revised for clarity.

In Question 10, the extension of the reach-back period for transfers from one year to two years reflects the 2005 amendment to § 548(a)(1) of the Code to permit a trustee to avoid a fraudulent transfer made by the debtor within two years before the date of the filing of the petition. Question 10 also is amended to implement new § 548(e) added to the Code in 2005 to require the debtor to disclose all transfers to any self-settled asset protection trust within the ten years before the filing of the petition.

Question 15 is amended to extend from two years to three years the prepetition time period for which the debtor must disclose the addresses of all premises occupied by the debtor. This information will assist the trustee, the United States trustee, and the court to ascertain whether any homestead exemption asserted by the debtor is properly claimed under § 522(b)(3)(A) as amended, and §§ 522(p) and (q) as added to the Code in 2005.

The form also is amended to extend from six years to eight years the period before the filing of the petition concerning which the debtor is required to disclose the name of the debtor's spouse or of any former spouse who resides or resided with the debtor in a community property state. In addition, the certification by a non-attorney bankruptcy petition preparer is renamed a "declaration" and is amended to include material mandated by 11 U.S.C. § 110 as amended by the 2005 Act.

#### 2005 COMMITTEE NOTE

The form is amended in several ways to reflect changes in the Bankruptcy Code made by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Pub. L. No. 109 - 8, 119 Stat. 23 (April 20, 2005). A new sentence in the introduction advises the debtor not to disclose the name and address of any minor child.

The definition of "in business" is amended in the introductory section and in Question 1 and Question 18 to clarify that various part-time activities can result in the debtor being "in business" for purposes of the form.

Question 1 is amended to specify that, in addition to the income from the debtor's primary employment, the debtor must include income from part-time activities either as an employee or from self-employment. The debtor now also will report the source of all income from employment or operation of a business, even if there is only one source, in order to assist the trustee in reviewing the pay stubs, etc., filed by the debtor in the case.

Question 3 is amended to accommodate amendments to § 547(c) of the Code enacted in 2005 which exempt from recovery by the trustee payments by a debtor for a domestic support obligation or as part of an alternative repayment schedule negotiated by an approved nonprofit budgeting and credit counseling agency. In addition, Question 3 now requires a debtor with primarily non-consumer debts to report only those transfers that aggregate

more than \$5,000 to any creditor in the 90-day period prior to the filing of the petition, as a result of the addition of § 547(c)(9) to the Code in 2005.

In Question 10, the extension of the reachback period for transfers from one year to two years reflects the 2005 amendment to § 548(a)(1) of the Code to permit a trustee to avoid a fraudulent transfer made by the debtor within two years of the date of the filing of the petition. Question 10 also is amended to implement new § 548(e) added to the Code in 2005 to require the debtor to disclose all transfers to any self-settled asset protection trust within the ten years before the filing of the petition.

Question 15 is amended to extend from two years to three years the prepetition time period for which the debtor must disclose the addresses of all premises occupied by the debtor. This information will assist the trustee, the United States trustee, and the court to ascertain whether any homestead exemption asserted by the debtor is properly claimed under § 522(v)(3)(A) as amended, and §§ 522(p) and (q) as added to the Code in 2005.

The form also is amended to extend from six years to eight years the period before the filing of the petition concerning which the debtor is required to disclose the name of the debtor's spouse or of any former spouse who resides or resided with the debtor in a community property state. In addition, the certification by a non-attorney bankruptcy petition preparer is renamed a "declaration" and is amended to include material mandated by 11 U.S.C. § 110 as amended by the 2005 Act.

#### 2003 COMMITTEE NOTE

Pursuant to § 110(c) of the Bankruptcy Code, the certification by a non-attorney bankruptcy petition preparer requires a petition preparer to provide the full social security number of the individual who actually prepares the document.



## 2000 COMMITTEE NOTE

The form has been amended to provide more information to taxing authorities, pension fund supervisors, and governmental units charged with environmental protection and regulation. Four new questions have been added to the form, covering community property owned by a debtor and the debtor's non-filing spouse or former spouse (Question 16), environmental information (Question 17), any consolidated tax group of a corporate debtor (Question 24), and the debtor's contributions to any employee pension fund (Question 25). In addition, every debtor will be required to state on the form whether the debtor has been in business within six years before filing the petition and, if so, must answer the remaining questions on the form (Questions 19-25). This is an enlargement of the two-year period previously specified. One reason for the longer "reach back" period is that business debtors often owe taxes that have been owed for more than two years. Another is that some of the questions already addressed to business debtors request information for the six-year period before the commencement of the case. Application of a six-year period to this section of the form will assure disclosure of all relevant information.

## 1995 COMMITTEE NOTE

This form is a "document for filing" that may be prepared by a "bankruptcy petition preparer" as defined in 11 U.S.C. § 110, which was added to the Code by the Bankruptcy Reform Act of 1994; accordingly, a signature line for such preparer is added. In addition to signing, a bankruptcy petition preparer is required by section 110 to disclose the information requested.

## 1993 COMMITTEE NOTE

The form has been amended in two ways. In the second paragraph of the instructions, the third sentence has been deleted to clarify that only a debtor that is or had been in business as defined in the form should answer Questions 16 - 21. In addition, administrative proceedings have been

added to the types of legal actions to be disclosed in Question 4.a.

#### 1991 COMMITTEE NOTE

This form consolidates questions from former Official Forms No. 7, No. 8, and No. 10. This form is to be completed by all debtors. An individual debtor engaged in business as a sole proprietor, partner, family farmer, or self-employed professional should provide the information requested on this statement concerning all such activities as well as the individual's personal affairs.

The Chapter 13 Statement, former Official Form No. 10, has been abrogated. Chapter 13 debtors are to complete this statement and the schedules prescribed in Official Form 6.

All questions have been converted to affirmative directions to furnish information, and each question must be answered. If the answer is "none," or the question is not applicable, the debtor is required to so state by marking the box labeled "None" provided at each question.

See Committee Note to Form 2 for a discussion of the unsworn declaration at the end of this form.