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SCHOOL OF LAW

COVID-19



Navigating the Waters of Business Bankruptcy in the Wake of the Coronavirus Pandemic

MAY 7, 12 NOON | FREE WEBINAR | REGISTER AT [TAMULAWANSWERS.INFO](https://tamulawanswers.info)



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Overview of Bankruptcy Relief and Tools Available for Business Debtors

Professor Wayne Barnes



Types of Bankruptcy Cases

- Chapter 7 (straight liquidation)
 - (give up (non-exempt) assets, keep future income (if any))
 - Means test (for individuals) determines if allowed to file Ch. 7 vs. Ch. 13
- Chapter 13 (individual repayment plan)
 - (give up 3 to 5 years of income, keep assets)
 - Individuals/sole proprietorships only (not corporations, LLCs)
 - Regular income required
 - Debt limits (if over, required to file Ch. 11 or Ch. 7):
 - Unsecured - \$419,275
 - Secured – \$1,257,850
- Chapter 11 (Business Reorganization)
 - “normal” case (expensive, complex, many players have say, time-consuming)
 - Allows many different plans (selling certain assets, new investment, etc.)
 - new “Small Business Debtor Reorganization” subchapter

Overview of Bankruptcy Benefits

- Automatic Stay
 - Temporarily prevents creditors and other parties from taking collection actions once bankruptcy is filed
- Continuation of Ordinary Business Operations
- Debtor-in-Possession Financing
- Assume or Reject Executory Contracts and Leases
- Stripdown of business secured loans (if underwater)
 - And reduced payoff/discharge of underwater “unsecured” portion over time in plan
- Selling assets “free and clear”
- Extend payment of Unsecured Tax Debts (in plan)
- Collective Remedy
- Discharge of Pre-Bankruptcy Plan Unsecured Debts
 - Except for corporations filing Chapter 7



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Questions?

Please also see

Tamulawanswers.info

for more info

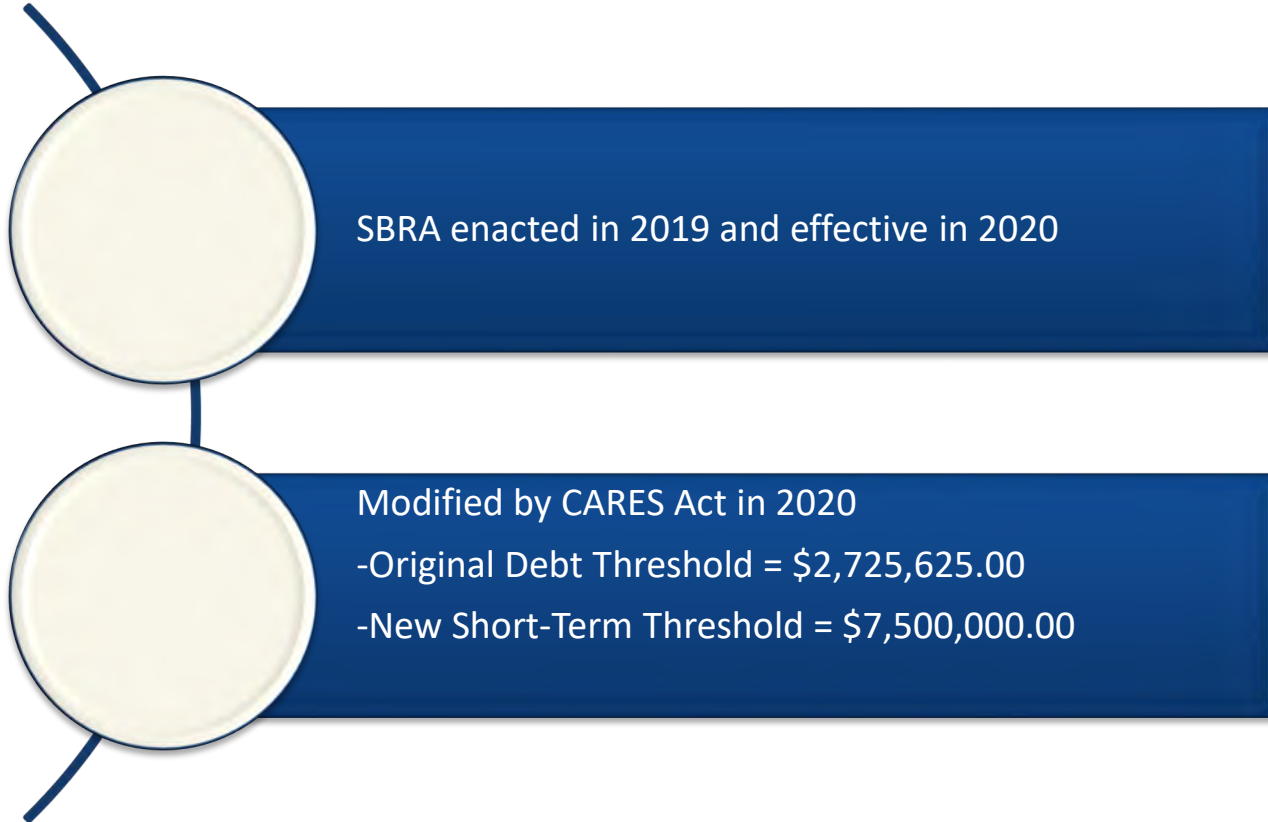


KELLY HART

ATTORNEYS AT LAW



The Small Business Reorganization Act of 2019



Who Qualifies As a Small Business Debtor?

Person or Entity

Must be Engaged in
Commercial or Business
Activity (must show at least
50% of its pre-petition debt
arose from these activities)

Have Aggregated Secured
and Unsecured Debts of up
to \$7.5 million

Publicly Traded
Corporations and Debtors
that Own Single Asset Real
Estate Not Eligible

What are the Positives of SBRA?



Why Are SBRA Cases More Affordable?

No Creditors' Committee
Appointment



No Disclosure Statement
Requirement



No U.S. Trustee Quarterly
Fees



Administrative Expense
Claims Paid Over Plan Term



Why Are SBRA Cases Quicker?



Why Are SBRA Cases Likely More Successful?

(Why Are They More Likely to Reach Plan Confirmation?)



Plan Not Subject to Absolute Priority Rule

Plan May be Confirmed Even if All Impaired Classes Reject Plan

Trustee Facilitates Consensual Plan

Only Debtor May File Plan

No Creditors' Committee Appointment

How Do SBRA Debtors Maintain More Control?





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LegalLine is a community service program offered twice a month by the Tarrant County Bar Association. Volunteer attorneys from the Tarrant County Bar Association offer free advice to Tarrant County residents on the 2nd and 4th Thursday of every month from 5–7pm.

As part of the Tarrant County Bar Association’s commitment to the public, local lawyers volunteer two hours of their time to answer questions covering a broad range of topics.

Anyone interested can sign up for an appointment time at tarrantbar.org





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