



Andrea Chase and Eric Van Horn Discuss Potential Changes to Bankruptcy Code Debt Limits

Spencer Fane attorneys [Andrea Chase](#) and [Eric Van Horn](#) recently authored an article published in *The Show-Me Banker*, the official magazine of the Missouri Independent Bankers Association, on a House bill that could change bankruptcy code debt limits.

In the article, [House Bill Could Change Bankruptcy Code Debt Limits For Subchapter V And Chapter 13 With Sunset Clause](#), Andrea and Eric outline new bills that propose to make permanent the debt limit of \$7.5 million provided by Section 1182(1) of the Code for debtors to qualify for relief under Subchapter V. Subchapter V of Chapter 11 of the Bankruptcy Code is a fast-track small business bankruptcy option provided by the Small Business Reorganization Act of 2019 (SBRA).

In the article, Andrea and Eric state, "As a result of the return to the lower Subchapter V debt limit, creditors, especially banks, credit unions, and other lending institutions, may experience a decrease in the number of borrowers who file cases under Subchapter V and an increase in those who are now forced to file under traditional Chapter 11 unless and until the bill is passed into law. Additionally, banks and other lending institutions may become more frequently involved in Chapter 13 cases than before and may need additional awareness and guidance on how to navigate the Chapter 13 case and plan process."

To read the full article, please click [here](#).

Please note, since publication the House passed the Senate version of the bill (S. 3823, referenced in the article), and it was signed into law by the President on June 21, 2022.