

Inside



Bankruptcy Law

What Matters and Why

Second Edition

Nathalie Martin
Ocean Tama



Wolters Kluwer
Law & Business

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Law & Business

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*This book is dedicated to Reva Paley,
an inspiration to all who knew her.*

Preface

This short book is designed to give you a succinct overview of the law of bankruptcy and creditors' rights. It is for the reader who wants a good understanding of the topic, along with a bit of context, but who does not want to read a 500-page treatise on the subject. It is designed to put bankruptcy in context—in the context of society and our cultural values as a whole, and in the context of a larger body of law. It can be used by law students as a backdrop to introductory bankruptcy and creditors' rights classes, as well as in a more advanced CHAPTER 11 class. It also can be used by general practitioners as a way to become familiar with bankruptcy law.

Our book is different from most other study guides in the following ways:

- Recognizing that some people are visual learners, while others absorb abstract ideas more easily, this book presents charts, diagrams, cartoons, pictures, and other visual aids to supplement the written explanations. The visual aids should make it easier and more enjoyable to understand and remember the subject matter.
- Each short chapter starts with an **Overview**. This is a very brief summary of the topics in the chapter and can be used as an easy reference if you're looking for a specific topic or trying to put all the pieces together.
- The chapters end with **Connections**, which explain why the topics in the chapter are important in the overall context of debtor-creditor law and how they connect with other topics in the book.
- Our book features **FAQs** (Frequently Asked Questions) and **Sidebars** that explain terminology, offer additional examples from the real world, and provide study tips.
- Key terms in this book are boldfaced, to help you learn the most important language of debtor-creditor law. Like so many areas of law, learning to speak the language will help you to understand the concepts.

Studies of learning theory suggest that if a word is repeated in different contexts, people quickly learn to understand the meaning of that word based on the context in which it is used. Thus we have used words frequently and in different contexts, so that you can master the new language with a real understanding of the concepts, not just a surface recognition of them. The words in bold are bankruptcy-specific vocabulary, and they are highlighted to allow you to recognize them and to pay special attention to their context. Some are technical legal terms and others are commonly used legal jargon.

In this second edition, we have updated the case law to reflect important developments in Supreme Court jurisprudence and other federal courts and circuit courts of appeal. We also have updated all the charts and used current statutory amounts

that reflect cost-of-living and inflation adjustments. And we revamped our coverage of the means test in Chapter 10—one of the most controversial and confusing subjects to have emerged from the 2005 amendments. Hopefully these revisions will make the second edition even more practical and user-friendly than its predecessor.

Part 1, Consumer Bankruptcies Under CHAPTERS 7 and 13, covers general bankruptcy principles and consumer bankruptcy, mostly in the context of CHAPTER 7 and CHAPTER 13 cases. Part 2, Business Reorganizations Under CHAPTER 11, covers more-complex business issues arising in CHAPTER 11 cases.

This book has been reviewed by faculty members as well as by law students. It has been edited by students who have taken the basic and advanced bankruptcy classes, as well as students who have never taken these classes. Why have we asked students to read this book? To make sure that it is understandable and useful to you, which is the ultimate test of its success.

We thank you for buying it, and we hope that it is valuable for you.

Nathalie Martin
Ocean Tama
January 2011

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Inside Bankruptcy Law

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