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A New Landscape for Small Business Lenders

02.27.20 RMA Portland Metro Chapter

Small businesses now have an ability to get a chapter 11 plan confirmed without any creditor voting in favor of its plan and with no ability for creditors to file competing plans under a new law effective February 19, 2020. The Small Business Reorganization Act of 2019 ("SBRA") enables small businesses to essentially discharge their debt after making payments under a three to five-year plan like a chapter 12 or chapter 13 case. The debtor can keep its equity without paying its creditors' claims in full or providing new value in consideration of keeping that equity under the SBRA. In other words, there is no absolute priority rule in a small business case where the debtor "opts-in" to subchapter V of chapter 11. As a result, it will be easier for businesses to confirm plans under the SBRA as opposed to traditional chapter 11 cases.

Read the full article on the [RMA Portland Metro Chapter website](#).

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