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Update to Small Business Reorganization Act and Chapter 11 Cases Due to COVID-19

05.07.20 RMA Portland Metro Chapter

More small and medium-sized businesses will be entitled to take advantage of the more debtor-friendly subchapter 5 process after the CARES Act increased the debt limit on subchapter 5 chapter 11 small business reorganizations cases for a period of one year for cases filed on or before March 27, 2021. Since the Small Business Reorganization Act ("SBRA") went into effect in February and the CARES Act was enacted, one bankruptcy court has also held that a business does not need to be in operation when it files for a subchapter 5, and another held that a chapter 11 debtor who filed prior to the SBRA's effective date could convert to a subchapter 5 proceeding. In addition, three judges have issued orders and opinions instructing the Small Business Administration that it cannot categorically deny debtors-in-possession in chapter 11 cases from obtaining PPP loans.

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

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