

CHAPTER OVERVIEW

10: Bankruptcy

Learning Objectives

After reading this chapter, you should understand the following:

- A short history of US bankruptcy law
- An overview of key provisions of the 2005 bankruptcy act
- The basic operation of Chapter 7 bankruptcy
- The basic operation of Chapter 11 bankruptcy
- The basic operation of Chapter 13 bankruptcy
- What debtor's relief is available outside of bankruptcy

Bankruptcy is understood as an aspect of financing, a system that permits creditors to receive an equitable distribution of the bankrupt person's assets and promises new hope to debtors facing impossible financial burdens. Without such a law, we may reasonably suppose that the level of economic activity would be far less than it is, for few would be willing to risk being personally burdened forever by crushing debt. Bankruptcy gives the honest debtor a fresh start and resolves disputes among creditors.

[10.1: Introduction to Bankruptcy and Overview of the 2005 Bankruptcy Act](#)

[10.2: Case Administration; Creditors' Claims; Debtors' Exemptions and Dischargeable Debts; Debtor's Estate](#)

[10.3: Chapter 7 Liquidation](#)

[10.4: Chapter 11 and Chapter 13 Bankruptcies](#)

[10.5: Alternatives to Bankruptcy](#)

[10.6: Cases](#)

[10.7: Summary and Exercises](#)

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