No Accounting for Debt

Last year, Congress unveiled a new reorganization law, known as "Subchapter V". Because this subchapter is intended to help small businesses, it can only be used by a debtor that has "aggregate noncontingent liquidated secured and unsecured debts" of not more than $2,725,625. A Maryland bankruptcy judge recently determined that certain debts do not count for calculating whether debtor has gone over this limit.

First, the court decided that the claims of landlords resulting from the debtor's decision to reject certain leases in its bankruptcy case were contingent at the commencement of the case, because the debtor had not yet sought to reject the leases. Second, the court decided that the debtor's PPP loan was also contingent, because the debtor could later obtain forgiveness of the loan by using it entirely for appropriate expenditures. Thus, whether a future event creates a debt not presently existing or removes a presently existing debt, in either case, the debt is contingent and not counted.
In re Parking Management, 620 B.R. 544 (Bankr. D. Md. 2020).

Creditor Collects from Retirement Account

Under Maryland law, funds in a retirement plan, such as an IRA or a 401(k), are exempt from claims of the plan beneficiary's creditors. On the other hand, a resident of a healthcare facility who does not pay his or her bill may be required "to pay the facility from the funds determined by the [Maryland Medical Assistance Program] to be available."

Ms. Barsir suffered a stroke and entered a nursing care facility, incurring a bill of $30,847.67. She subsequently filed a bankruptcy petition, seeking to discharge the debt. She claimed the funds in her retirement account as exempt. The nursing care facility objected to her claim of exemption with respect to its bill, asserting that its statutory right to require payment superseded the exemption statute. A Maryland federal court agreed, and permitted the nursing care facility to be paid from the funds in the retirement account.
Basir v. Manor Care, 620 B.R. 236 (D. Md. 2020).

Assignee of Lender is a Lender

Maryland consumer protection laws prohibit a lender from charging a fee to inspect residential real property which is mortgaged to secure a loan.

Ms. Kemp fell behind in her mortgage payments, and Fannie Mae, which had acquired the loan from her original lender, inspected the property and charged her a fee for doing so. Ms. Kemp sued Fannie Mae, alleging violation of the consumer protection law. Fannie Mae responded that it was not a "lender", because it had acquired the loan later, by assignment. A Maryland appellate court rejected that argument, holding that an assignee is a "lender" within the meaning of the consumer protection statute.
Kemp v. Nationstar Mortgage Ass'n, 248 Md. App. 1 (2020).

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