

COVID-19 Bankruptcy Relief Extension
Act of 2021

effective March 27, 2021

United States Bankruptcy Court,
District of Rhode Island



The COVID–19 Bankruptcy Relief Extension Act of 2021, extends for one year certain provisions amending the Bankruptcy Code included in the Bankruptcy Provisions of the Coronavirus Aid, Relief and Economic Security Act (CARES Act).

As a result of the enactment of this legislation, the following provisions in the CARES Act are extended through to March 27, 2022:



1. Amended SBRA to increase the maximum “aggregate noncontingent liquidated secured and unsecured debts” of the debtor from \$2,725,625 to \$7,500,000. This new maximum does not apply to cases filed prior to the enactment of the CARES Act. See 11 U.S.C. § 1182(1)(A).



2. Amended the definition of “current monthly income” to exclude “[p]ayments made under Federal law relating to the national emergency declared by the President . . . with respect to the coronavirus disease 2019.” See 11 U.S.C. § 101(10A)(B)(ii)(V).

3. Amended the definition of “disposable income” in chapter 13 cases to exclude “payments made under Federal law relating to the national emergency declared by the President . . . with respect to the coronavirus disease 2019.” See 11 U.S.C. § 1325(b)(2).



4. Amended provisions regarding modification of chapter 13 plans after confirmation:

(1) to allow a plan to be modified on request of the debtor “if the debtor is experiencing or has experienced a material financial hardship due, directly or indirectly, to the coronavirus disease 2019 (COVID-19) pandemic” (see 11 U.S.C. § 1329(d)(1)); and

(2) to allow that a plan modified under the above paragraph (1) “may not provide for payments over a period that expires more than 7 years after the time that the first payment under the original confirmed plan was due.” See 11 U.S.C. § 1329(d)(2).



These provisions sunset on March 27, 2022, meaning as of that date these provisions will be completely removed from the Bankruptcy Code.

The American Bankruptcy Institute hosted a webinar on April 7, 2020 discussing the above consumer-related provisions and possible issues arising therefrom; that presentation and associated materials are available here: [https://cle.abi.org/product/no-cle-abi-live-consumer-provisions-cares-act-and-local-court-responses-pandemic.](https://cle.abi.org/product/no-cle-abi-live-consumer-provisions-cares-act-and-local-court-responses-pandemic)

