

Highlights for Bankruptcy and Domestic Relations Manual 2025-2026 Edition

This annual revision and updating of the Bankruptcy and Domestic Relations Manual focus on relevant case law, Rule or statutory changes affecting domestic support and other obligations arising out of marriage and dissolution of marriage.

Various monetary amounts in the Bankruptcy Code were automatically adjusted effective April 1, 2025, in compliance with 11 U.S.C.A. § 104. Those changes are noted throughout chapters in this revision.

Federal Rules of Bankruptcy Procedure were restyled, effective December 1, 2024, and some Rules had substantive changes. Rules that affect litigation in the Bankruptcy Courts are discussed in chapter 5.

New case law developments are discussed in the chapter updates. For example, exemptions claimed by debtors may become relevant to domestic support obligations. In *In re Masingale*, 108 F.4th 1195 (9th Cir. 2024), the debtors had claimed their homestead as fully exempt at “100% of fair market value.” No party in interest had objected to the exemption claim during the 30-day period under Rule 4003(b). The Ninth Circuit examined whether the debtors had successfully exempted an above-limit interest, so that the relevant state statutory cap for the homestead exemption no longer applied. The Circuit Court held that the debtors did not properly claim an above-limit exemption. A similar issue was examined by *In re Collins*, 669 B.R. 533 (Bankr. S.D. Ohio 2025). The Chapter 13 debtor claimed homestead exemption under Ohio’s statute but did not specify an amount, instead checking the box on Schedule 106C for “100% of fair market value up to any applicable statutory limit.” The trustee objected, asserting that under *Schwab v. Reilly*, 560 U.S. 770 (2010), the exemption claim was not clear without a specific claimed amount. Analyzing *Schwab*

and the judicial authority leading to that decision, the Court noted that subsequent to *Schwab* Schedule 106C had been revised to make it more difficult for a debtor to claim more than a statutory limit in exemption. The Committee Notes to the revision of Form 106C provided: “There is a big difference between exempting 100% of a property’s fair market value, and exempting 100% of a property’s fair market value, *up to any applicable statutory limit*. The former would allow a debtor to circumvent statutory exemption limits and fully exempt an asset (assuming no party asserts a valid objection). But the latter, by definition, only allows a debtor to exempt an asset’s value up to the applicable statutory limit.”

New case law on issues related to determination of whether a debt falls within the scope of domestic support obligation under sections 101(14A) and 523(a)(5) is examined in chapter 6. For example, in *In re Okeiyi*, 664 B.R. 226 (Bankr. M.D. N.C. 2025), the Court concluded that a debt owed to the former son-in-law of the debtor was not a domestic support obligation, and the creditor was not among those parties listed as payees in section 101(14A). Whether a debt that is not domestic support in nature may be excepted from discharge under section 523(a)(15) is examined in chapter 7.

Priority treatment of claims is an important factor in payment of those claims, and priority issues are examined in chapter 9. Recent case law includes, for example, *In re Jackson*, 663 B.R. 851 (Bankr. D. S.C. 2025), where the Court determined that the debtor’s obligations to the former spouse were not domestic support obligations and therefore were not to be treated in Chapter 13 as priority claims.

New case law on property of the estate is examined in chapter 10. Avoidance actions that may affect marital obligations are examined in chapter 11, and chapter 12 reviews particular issues that may arise in reorganization cases.