

Highlights for Bankruptcy and Domestic Relations Manual 2026-2027 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, with relevant current Rules found in this revision. Rules that affect litigation in the Bankruptcy Courts are discussed in chapter 5.

New case law developments related to domestic relations are discussed in the chapter updates, and new case law includes discussion of issues related to whether a debt falls within the scope of domestic support obligation under sections 101(14A) and 523(a)(5). Those issues may involve attorney fees for a former spouse of the debtor. For example, *In re Wilson*, 670 B.R. 822 (Bankr. S.D. N.Y. 2025), involved a section 523(a)(5) complaint filed by the former attorney for the Chapter 13 debtor's wife, and the Court found nondischargeable the attorney's state-court judgment awarding \$20,000 fees, holding that the judgment was a domestic support obligation. In such opinions, standing of the attorney to file the dischargeability complaint may be an issue, as discussed in chapter 6 of this work, but the *Wilson* Court cited Second Circuit authority, finding it "clearly establishes that debts in the nature of support need not be payable directly to one of the parties listed in § 523(a)(5) in order to be nondischargeable."

If a disputed obligation is found not to be support in nature, that decision may involve a determination of the state court's intent in creating the obligation, and this issue is discussed in Chapter 6. For example, *In re Sprecher*, 672 B.R. 86 (Bankr. E.D. Pa. 2025), involved obligations that the Court found to be property settlement related to equitable distribution of marital property, when there was no intention by the divorce court to create a domestic support obligation. The property settlement obligation and the former spouse's attorney fees related to the property settlement were dischargeable under section 523(a)(5).

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 *In re Bagley*, 676 B.R. 1 (Bankr. D. R.I. 2025), which examined whether a domestic support obligation that was incurred after the bankruptcy filing was entitled to priority treatment in a Chapter 13 plan. That Court found that although a portion of the former spouse's attorney fees were not entitled to priority because those fees were incurred postpetition, that portion remained a domestic support obligation that must be fully paid as a condition of the debtor obtaining confirmation under section 1325(a)(8).

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 issues that may arise in reorganization cases.