
Satisfaction Not Guaranteed – Claims Against Guarantors in Bankruptcy

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I. Introduction

Many finance lawyers believe that a creditor is entitled to assert the full face amount of its claim against a guarantor in bankruptcy, without having to reduce such claim to reflect any partial payments by the primary obligor on the underlying debt. Thus, there is a traditional notion in bankruptcy practice that a creditor is entitled to receive a distribution from the guarantor based on the full face amount of its debt, potentially obtaining a recovery in excess of those received by other holders of claims with the same priority of payment that have received partial payments from the debtor.

Attorney

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