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Who Is a Secured Creditor and What's the Difference Between a Secured Creditor and an Unsecured Creditor?

Creditor's Rights Toolkit

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A secured creditor is a creditor whose claim is supported by a security interest in a debtor's assets. A classic example of a secured creditor is a lender who has a loan agreement with the debtor under which the amount of the loan is secured by a lien on all the debtor's assets. However, not all secured creditors look the same. Indeed, while many secured creditors are lenders, others can have security interests arising from state law (e.g., a mechanic's lien) or a judicial lien arising from a judgment against the debtor.

This article discusses the key issues and differences between a Secured Creditor and an Unsecured Creditor in a Chapter 11 Case. To access this article and read other insights from our Creditor's Rights Toolkit, please click here.

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