BRIEFING PAPER

Bankruptcy Law

Introduction to Bankruptcy Law and Overview of Options for Mozambique

NATHAN
ASSOCIATES INC.
www.nathaninc.com

SUBMITTED TO
USAID/Mozambique

SUBMITTED BY
Nathan Associates Inc.

PREPARED BY
Daniel Fitzpatrick

UNDER CONTRACT NO.
PCE-I-00-98-00016-00
Task Order 834

January 2005

Contents

Bankruptcy Law **1**

Section I. The Benefits of an Efficient Bankruptcy System 1

Section II. Legislative Options for the Government of Mozambique in Reforming its Bankruptcy System 3

Section III. Legal Infrastructure and Other Elements Necessary for a Bankruptcy System to Work Effectively 7

Conclusion 9

Annex A. Potential Benefits of an Effective Bankruptcy System A-1

Annex B. Summary of the Bankruptcy Regimes of Portugal, South Africa, Brazil, Germany, and the United States B-1

Bankruptcy Law

Introduction to Bankruptcy Law and Overview of Options for Mozambique

This paper discusses the potential benefits of using improved bankruptcy procedures to resolve company indebtedness in Mozambique and how this might be accomplished over the next several years. Section I discusses the benefits of an efficient bankruptcy system by depicting how bankruptcy cases would progress after reforms are enacted. Section II discusses Mozambique's legislative options in developing such a system, and Section III discusses the additional legal infrastructure that will be necessary to make the system work. Annex A supplements Section I by outlining the particular benefits of an effective system. Annex B outlines the approaches used by other countries in addressing the issues discussed in Sections II and III.

Section I. The Benefits of an Efficient Bankruptcy System

The benefits of improved bankruptcy procedures can be illustrated through two scenarios presenting how company indebtedness might be resolved in Mozambique in the near future, after the necessary infrastructure is in place.

SCENARIO A. THE RESCUE OF AN ALUMINUM SMELTER—JUNE 2008

Up through early 2008, the "Mozambique Aluminum Corporation" (MAC)[1], second to MOZAL in producing aluminum in Mozambique, has enjoyed respectable margins and increasing output. But a recent slump in the commodities market, combined with currency fluctuations, has left MAC unable to pay its debts to several creditors, including foreign ones. To enforce its claim, one creditor has seized MAC's rail cars and aluminum

[1] A fictitious company.

inventories located in South Africa. Several other secured creditors in Mozambique have obtained judgments against MAC and are pushing for the sale of their collateral.

Under pressure, MAC's board decides to file a petition seeking rehabilitation[2] under the newly amended bankruptcy law. Within several days of filing, the court appoints an administrator who will monitor the actions of MAC's management during the proceedings. The court's order, published in the local and international press, sets an initial creditors' meeting date and directs creditors to submit their claims within 60 days.

MAC's administrator and management inform suppliers that although they are temporarily barred from collecting on past debt, new deliveries will be paid for promptly. One of the larger banks, enticed by the new provisions in the bankruptcy law giving a preference to new financing, opens a new line of credit for MAC. The administrator goes to court in South Africa and obtains an order releasing the rail cars and inventories to his control. South African creditors are instructed to file claims in the appropriate court in Mozambique.

Ninety days after filing its petition, MAC makes its rehabilitation plan available to its creditors. The plan includes an offer to provide creditors with a significant equity interest in MAC in exchange for debt reduction. A creditors' committee reviews the plan and offers several suggestions. The court then certifies that its provisions conform to the requirements in the new law. Creditors vote at a meeting presided over by the administrator. After one initial objection, a slightly amended plan is approved by each creditor class. After the court certifies the vote, the claims of each class (even those who dissented) are amended in accordance with the plan. MAC is deemed rehabilitated and it emerges from the proceedings with far less debt and partially owned by its creditors.

SCENARIO B. THE LIQUIDATION OF A MEDIUM-SIZED SUGAR MILL—DECEMBER 2008

The North Mozambique Sugar Mill (NMSM)[3] has struggled since its full privatization in 2004. Ineffective management, a series of scandals, and increasing unpaid wage and tax arrears have left it unable to pay its debts as they come due. Seeking to crack down on tax evaders, the government files a petition under the newly amended bankruptcy law, seeking NMSM's liquidation.

As with the proceedings involving MAC, an administrator is appointed and dates are established for the first creditors' meeting and the filing of claims. After some discussion, NMSM's management decides not to seek rehabilitation.

---

[2] Rehabilitation, sometimes referred to as reorganization or rescue, is a judicially supervised proceeding where the debtor negotiates new financial arrangements with its creditors.
[3] Another fictitious company.

NMSM's administrator prepares NMSM's plant for sale as an operating unit. He encourages the creditors, several of them large agricultural companies that had supplied NMSM with sugar cane, to band together and make a bid for the company's assets. In the meantime, controversy arises over the validity of claims submitted by several creditors. This, however, does not postpone the scheduled sale. NMSM's assets are sold debt-free to a consortium of upstream agricultural suppliers/creditors in late 2008. Controversies with the claims are sorted out by late 2009, and the case is closed in early 2010 with unsecured creditors receiving approximately 35 percent of their original claims. In the meantime, the new NMSM has been operating with little debt under new ownership for the past 18 months.

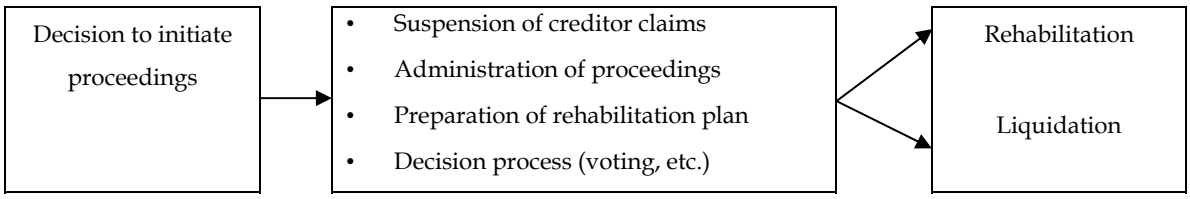
Admittedly, these scenarios are optimistic. To come to pass, they would require a new law or a significantly amended bankruptcy regime. Just as important, enforcement of the new rules would require judges, administrators, and creditors well-versed in bankruptcy; and greater societal understanding and acceptance of bankruptcy mechanisms. Nevertheless, the scenarios are meant to provide a visceral sense of the potential benefits of an effective bankruptcy system. (For more detail, see the comprehensive list of potential benefits in Annex A.)

Section II. Legislative Options for the Government of Mozambique in Reforming its Bankruptcy System

Should Mozambique decide to move forward in bankruptcy reform, the following are issues likely to arise in preparing new legislation.

WHAT MODEL TO CHOOSE?

As little as ten years ago, bankruptcy experts spoke about the UK/Commonwealth approach, the U.S. approach, and the Civil approach. During the 1990s, however, numerous countries amended and modernized their laws. Speaking very broadly, corporate bankruptcy appears to be converging toward a model that allows (a) either the debtor or its creditors to initiate a bankruptcy case, (b) a period of time for making a decision as to the fate of the company, and (c) an outcome that involves either liquidation or rehabilitation.



Significant differences among various countries and models remain. In many cases, there exist many options over which reasonable people could disagree. These are discussed below.

ADDRESS INDIVIDUALS *AND* COMPANIES, OR ONLY COMPANIES?

Some countries address individual and corporate bankruptcy in the same legislation. Others contemplate bankruptcy proceedings for corporate entities alone, and address individual bankruptcy in separate legislation, or not at all. A law that addressed both individuals and companies would be more comprehensive. A law that addressed only companies would be somewhat simpler and would address the vast majority of economically important cases likely to arise in the near future.

AMENDMENTS TO EXISTING LAW OR ENTIRELY NEW LAW?

Mozambique could likely work with either the current provisions in the Civil Procedure Code or establish an entirely new, separate law. To a significant degree, this will depend on the content of current provisions.[4] On the one hand, working with the current provisions would promote continuity and result in a law that fits well within the existing legal framework. On the other hand, writing a new law from scratch or based on an outside model would likely result in a simpler and clearer piece of legislation. There is a risk, however, that attorneys well versed in Mozambique's legislation might find such a bankruptcy transplant strange, or incongruous with Mozambique's legislative framework.

EASY OR DIFFICULT FOR A DEBTOR TO START A CASE?

Before the reforms of the 1990s many countries required the debtor to meet many statutory requirements before a case could start. This would often generate disputes at the outset, while the debtor languished. Accordingly, several countries have moved toward very simple procedures for the debtor to start a case, making the process almost automatic. In these countries, debtors use the bankruptcy proceedings to protect themselves from straightforward debt collection by creditors.[5]

EASY OR DIFFICULT FOR A CREDITOR TO START A CASE?

In some countries, creditors use bankruptcy proceedings as a means for collecting debts, either by filing cases or threatening to do so. Given that bankruptcy is an expensive, disruptive process, this tactic should be discouraged. The best way to help creditors is to improve the remedies available to them for simple debt collection. Bankruptcy should be used against companies that *cannot* rather than *will not* pay.

---

[4] I have not seen any such analysis nor have I been able to obtain an English translation of the applicable provisions of the Civil Procedure Code.

[5] This makes the presence of a basic creditor remedies for breach of contract, etc. an extremely important part of the overall system necessary to support an effective bankruptcy regime. See Section III.

HOW MANY CLASSES OF CREDITORS AND WHO COMES FIRST?

No country treats all creditors equally in bankruptcy. Whether in a liquidation or a rehabilitation, certain creditors (usually those holding secured claims, tax claims, or wage claims) get special treatment. How many categories of creditors should the law allow? In terms of bankruptcy policy, experts generally agree that the fewer categories, the simpler the proceedings and the greater likelihood of having a rehabilitation plan approved. But politics can interfere. Legislators often cannot resist creating additional creditor categories to placate one interest group or another.

SHOULD SECURED CREDITORS BE FORCED TO PARTICIPATE?

A reliable mechanism for enforcing claims secured by collateral is crucial to economic development. To the extent that bankruptcy proceedings frustrate the right of a secured creditor to collect, the benefits of a secured lending system are compromised. To prevent this, many bankruptcy regimes simply state that secured creditors are not affected by the proceedings. They can enforce their claims separately according to applicable law.

Seeing that this approach may prevent a rehabilitation, the legislators of some countries have decided that that the rights of secured creditors to enforce their claims should be suspended, but only for a specified amount of time (e.g., 90 days). If a rehabilitation plan cannot be approved by then, the secured creditors can enforce their rights unfettered by the bankruptcy proceedings.

Further, some countries prevent secured creditors from enforcing their claims separately, even in a liquidation, but make it clear that these creditors are among the very first to be paid from any proceeds from the sale of the debtor's assets.

These are reasonable approaches. What is hard to justify from the standpoint of economic development are rules whereby secured creditors are not allowed to enforce their claims separately while being subordinated to other creditors (e.g., the state for taxes and workers for wage arrears) in ranking of payment. These types of regimes reduce incentives to lend at affordable interest rates.

WHO SHOULD OPERATE THE DEBTOR DURING THE PROCEEDINGS?

When it is clear that the bankruptcy case will result in a liquidation, almost all bankruptcy regimes contemplate the appointment of an administrator (sometimes called a liquidator) who takes full control of the debtor and its property. Similarly, almost all bankruptcy regimes allow for the appointment of an administrator when a decision on rehabilitation is pending. Differences exist as to the relative responsibilities of incumbent management versus the administrator. Some countries contemplate the administrator replacing

the management, while others contemplate the administrator acting as a mere monitor. Other regimes contemplate a less clear blending of responsibilities that are worked out case by case.

HOW EASY SHOULD IT BE FOR A DEBTOR TO ATTEMPT A REHABILITATION?

Experience has shown that many attempts at rehabilitation either fail to get approved or fail after approval. In case of such failure, the usual result is a conversion to liquidation. Liquidation payouts at this later date usually fall below the levels that would have been reached had the company been liquidated in the first place. To prevent rehabilitation being used as a stalling mechanism, some countries have installed statutory filters to determine early on whether a debtor should be allowed to attempt a rehabilitation.

Such early filters have had mixed success. In such circumstances, a decision of whether a debtor is worthy enough to attempt a rehabilitation will need to be decided by the judge. This will be a difficult decision, especially early in the case, and will likely prove to be controversial. In most cases, it is simply better to move this decision to a vote of the creditors as soon as possible.

WHO MAKES THE BIG DECISIONS?

Once a case has begun, various decisions regarding claims, sales procedures, existing contracts, rehabilitation plans, etc. need to be made. A bankruptcy law should allocate decision making authority among the creditors, the administrator, and the judge. Recent reforms have shifted more and more power to creditors, reflecting the realization that these are the parties who stand to gain the most when a decision is correct and lose the most if a decision is incorrect. Similarly, greater emphasis has been placed on restricting the court's decision making authority, especially when it comes to a decision as commercially sophisticated as whether to approve a rehabilitation plan.

THE PERFECT LAW OR THE WORKABLE LAW?

As they move through the issues in reforming Mozambique's bankruptcy regime, the drafters will face difficult choices. Often, the choices will cast the optimal, sophisticated approach against the less optimal but simpler and more predictable approach. It is easy to fall into a trap where one choice to adopt a complex approach creates the need to adopt another complex approach and so on. Numerous pieces of bankruptcy legislation drafted in many countries over the past ten years contain provisions that sound good theoretically, but that are rarely implemented, or even worse, work against efficient and predictable results.

Section III. Legal Infrastructure and Other Elements Necessary for a Bankruptcy System to Work Effectively

Enacting progressive bankruptcy reforms, while a crucial step forward, is not sufficient to establish an effective bankruptcy system. A whole range of elements are necessary for the system to work. These are discussed below.

AN EFFECTIVE MECHANISM FOR GENERAL DEBT COLLECTION

It is difficult, if not impossible, to imagine a bankruptcy law working effectively in an environment where the legal system cannot handle straightforward debt collection proceedings fairly and efficiently. Where bankruptcy reforms are enacted in such an environment, two things usually occur. Either (1) the law fails to be implemented properly because the issues overwhelm the capacity of the judicial system, or (2) creditors start using it as an alternative collection device, wasting judicial resources as a result. In short, the benefits of a new bankruptcy will be significantly eroded if introduced into a system that cannot handle straightforward debt collection. Countries have addressed these problems by undertaking system-wide reform, or by establishing a commercial court with a jurisdiction limited to certain types of commercial cases.

JUDGES WHO UNDERSTAND BANKRUPTCY PROCEEDINGS FULLY

It is a nearly universal principle that a judge must be very familiar with bankruptcy cases to adjudicate them efficiently and fairly. A judge hearing his third bankruptcy case will be much more effective than one hearing his first. Formal training is necessary to give judges a set of basic skills by which to tackle these cases and to supplement their experience afterwards. For judges to receive meaningful experience and training, they have to be limited in number. This does not necessarily require formal establishment of bankruptcy courts. Simply designating a particular judge to hear bankruptcy cases stemming from a particular region would likely suffice.[6] Alternatively, bankruptcy could be designated a specialized type of case that a commercial court would hear if such were eventually created.

A GROUP OF TRAINED ADMINISTRATORS COMPETING FOR BUSINESS

In most countries, administrators are private individuals who take on tasks that, at least theoretically, are under the court's purview. Rather than being paid a government salary, they receive compensation from the debtor's income or assets. A bankruptcy regime needs to identify, train, and license competent and honest

[6] These cases would replace an appropriate portion of the judge's normal caseload.

individuals to serve as administrators. Afterwards, they should be required to compete for administrator positions. This means allowing creditors to have a significant say in who gets appointed to any particular case.

A MEANS OF INFORMING CREDITORS AND OTHER PARTIES IN A BANKRUPTCY CASE

A bankruptcy case requires regular communication with dozens and, sometimes, hundreds of creditors. Regular mechanisms for serving legal papers are often insufficient (or too expensive) for this task. This aspect of legal infrastructure needs to be looked at closely. Creative solutions (e.g., use of the Internet or service of papers by electronic means) should be allowed.

OPPORTUNITIES TO SELL THE DEBTOR'S PROPERTY ON THE OPEN MARKET

An administrator in a liquidation is required to maximize the sales value of the debtor's property. This means allowing him or her to sell to the highest bidder. To the extent legal or political constraints prevent that, the goals of bankruptcy are compromised.

CREDITORS (INCLUDING GOVERNMENT CREDITORS) WHO UNDERSTAND THE BANKRUPTCY PROCESS

In a bankruptcy, creditors take on a role similar to that of shareholders. If they are to make intelligent decisions about the fate of a company and monitor effectively the actions of the administrator and judge, they need to understand the bankruptcy system. Any training program on bankruptcy should include a component that educates officials from the largest potential bankruptcy creditors—large banks, tax authorities, large suppliers—on how to protect their rights in bankruptcy.

GREATER UNDERSTANDING OF BANKRUPTCY PROCESS AMONG WORKERS AND THE PUBLIC

Bankruptcy is an emotionally charged issue. Protests by workers and other interest groups could significantly hinder the implementation of a new law. To the extent possible, these groups need to be helped to understand that bankruptcy is not the *cause*, but rather the *cure* when financial distress arises. They should be consulted closely during any legislative drafting and, when applicable, they should be provided the know-how necessary to participate constructively in bankruptcies that affect their interests.

Conclusion

An effective bankruptcy system (including the judicial infrastructure), merely by sitting as an insurance policy, increases incentives to lend and invest in a country's economy. And when things go wrong, it provides a template of principles and procedures for allocating scarce resources and making rational economic decisions as to the fate of a troubled company.

Experience has shown that getting to this point is a challenge. Bankruptcy laws are complex and emotionally charged. It is very easy for a legislature to do a less than perfect job. Further, beyond the legislation, a country seeking to establish a workable system needs to address judicial performance, public attitudes, and administrator training. Without the infrastructure to support it, a bankruptcy law, no matter how well drafted, is unlikely to prove effective.

Annex A. Potential Benefits of an Effective Bankruptcy System

Political cover for difficult economic decisions: In all market economies, companies fail, leading to economic dislocation and political fallout. But probably the worst way for society to address these events is on a case-by-case basis, without recourse to principles and procedures. An effective bankruptcy system represents the emergency plan that society can turn to in times of corporate financial distress. Politicians, judges, and creditors will have a much easier time defending their decisions if those decisions are required or framed by a bankruptcy law.

The opportunity for creditors to work collectively with the debtor to resolve financial stress: When a company finds itself in debt, one way out is to negotiate informally with the creditors as a group in an "out-of-court" setting. This process works well in many countries. The problem is that such deals can be undercut by (a) individual creditors seeking to get paid while others are negotiating and (b) individual creditors refusing to agree to the deal that the majorities negotiate. Bankruptcy proceedings solve the first problem by temporarily suspending the rights of most creditors to enforce their claims, and they solve the second problem by establishing voting procedures where the will of the majority binds dissenting creditors.

A greater likelihood of keeping financially distressed companies intact, operating, and employing workers: Whether the debtor is going to be liquidated (assets sold to pay back creditors) or reorganized (new credit arrangements and other restructuring), a bankruptcy proceeding maximizes the chances that a company's assets will be kept together to employ workers.

A means of ending stagnation for indebted companies: Often, when a large company falls into severe financial distress, the whole process locks up, with creditors, shareholders and management stumbling through inadequate short-term solutions. Bankruptcy procedures provide a time-bound route for comprehensively addressing financial distress.

A means by which workers could act collectively to address wage arrears and corporate corruption: In many countries workers have had to sit by powerless while management drove companies into the ground, leaving them unpaid and out of work. A bankruptcy law could give workers with significant wage claims a chance to force change at their company.

A means of addressing corporate malfeasance: In many countries undergoing economic development, managers and shareholders have been known to sell off company assets to entities owned by friends or relatives, leaving workers and creditors with claims against an empty shell. Bankruptcy laws usually contain provisions for canceling such transactions and having the property returned. An effective bankruptcy system both deters such wrongful transactions and provides a remedy when they do occur.

Greater certainty for lenders and equity investors: When a company is financially healthy, a clear bankruptcy law, consistently applied, gives lenders and equity investors greater certainty about possible risks. When a company falls into financial distress, a clear bankruptcy law gives potential "white knight" investors[7] a roadmap for investing in and revitalizing the company.

A means for addressing failed privatizations: For various reasons, privatized companies sometimes perform poorly, incurring large amounts of debt, especially in the form of tax and wage arrears. A well functioning bankruptcy system could afford the government the opportunity to fix past mistakes by re-auctioning the company, with the proceeds going to repay creditors.

An objective criterion for writing off bad debt: A creditor with an uncollectible claim should be allowed to declare it as such and seek a tax benefit to offset the loss. This is considered controversial in many countries, however, because of the possibility of fraudulent declarations. A bankruptcy case provides an objective indication of a company's inability to pay back debt, thereby justifying the write off and tax benefit.

Better protections for Mozambique companies operating in or exporting materials to other countries. A real life example best explains this benefit. In 1998 Philippine Airlines (PAL) fell into financial distress and defaulted on loans to U.S. creditors and filed for bankruptcy relief in the Philippines. Despite this, the U.S. creditors were waiting in Los Angeles with legal papers authorizing them to seize the airline's jumbo jets as they landed. PAL, however, was able to go to U.S. bankruptcy court and obtain an order prohibiting such actions pending the resolution of the bankruptcy case in the Philippines. This occurred primarily because the U.S. court was persuaded that the Philippines had a bankruptcy system that could protect U.S. creditors. Other countries are taking similar stances. A fair and efficient bankruptcy system would provide a similar defense for Mozambique corporations with assets and operations in other countries.

---

[7] A white knight investor, borrowing from European medieval lore, is an investor who comes in and saves the company in distress from liquidation.

Annex B. Summary of the Bankruptcy Regimes of Portugal, South Africa, Brazil, Germany, and the United States

The bankruptcy laws of Portugal, Brazil, and South Africa are under review. In South Africa, the review is focusing on simplifying and unifying the legislation, which is shared among several laws, and on making successful rehabilitations more likely. In Portugal the review is focusing on greater specialization and delegating more powers to the administrator. In Brazil, the review is focusing on allowing the sale of a business free and clear of past debt, the limitation of wage and tax claims, and the clarification of the status of secured claims.

Aspect	Portugal	South Africa	Brazil	Germany	United States
Scope of coverage	Individual entrepreneurs and businesses. Public companies, banks, insurance companies excluded.	Individuals are addressed in the Insolvency Act (no rehabilitation). Companies are addressed in the Companies Act and in the Insolvency Act.	Merchants, which include companies and individual businessmen.	Companies and entrepreneurs. There is a separate subset of procedures for consumers.	Individuals, corporations, and municipalities. Banks and insurance companies excluded.
Court hearing bankruptcy cases	A commercial court hears such cases in regions where they have been established. Otherwise, the civil courts hear the case.	The High Court (which is a general civil court, but which hears cases involving larger amounts of money).	General civil court.	General civil court.	At least one separate bankruptcy court in each state.
Initiation of case	Management, the creditors, or the public prosecutor may file.	A creditor, a shareholder, the Ministry of Trade and Industry, the Master of the High Court.	A creditor may initiate a case if the debtor cannot pay a valid debt. A debtor may file a voluntary petition.	The debtor or its creditors must meet one of three tests (1) inability to pay, (2) future inability to pay, or (3) excessive indebtedness. Filing by debtor usually starts the proceedings automatically.	Simple filing for a debtor. For creditors, three (filing jointly) must show non-payment.
Role of administrator before and during rehabilitation	Management continues controlling the company, supervised by an administrator.	Takes over and displaces management.	Administrator is chosen from among the largest creditors. He or she takes over the debtor's assets.	Takes over and displaces management in most cases. Court may allow management certain authorities as an exception.	The existing management has all the duties and responsibilities that an administrator would have.
Role of an administrator in a liquidation	Takes control of property, sells it, and pays creditors.	Takes control of property, sells it, and pays creditors.	Takes control of property, sells it, and pays creditors.	Takes control of property, sells it, and pays creditors.	Takes control of property, sells it, and pays creditors.

Aspect	Portugal	South Africa	Brazil	Germany	United States
Treatment of secured creditors	May not enforce against the debtor during the proceedings; however, eventual payment is made separately based on a separate sale of the collateral.	Rights to collect are suspended during a liquidation. Otherwise they are the first to be paid.	Are not affected by any rehabilitation procedure. But are paid after wage claims and tax claims in the event of a liquidation.	Rights to collect are temporarily suspended. Secured creditors can be affected by a plan, but they need to approve such treatment in separate voting.	Rights to enforce are temporarily suspended. But many procedures ensure likelihood of payment up to the value of the collateral.
Status of wage and tax claim versus other creditors	Tax and other state claims treated as common credits. Workers' claims enjoy a preference.	Wage claims (for three months of unpaid salary and other benefits) have a preference versus unsecured claims. Status of tax claims is unspecified.	Labor claims have priority over all other claims. Tax claims have priority over secured and unsecured creditors.	All non-secured claims are treated equally. Preferences for workers and government have been abolished. Workers may instead receive compensation from a state insurance fund.	Preferred status versus ordinary creditors, but not versus secured creditors. Preferred status of wages limited to a specific amount.
Opportunity for debtor to seek rehabilitation	Allowed, without prior approval.	"Judicial management" is seen as the exception to liquidation. The procedure is considered inadequate.	Debtor may seek a "concordata." But the minimal terms are already established.	The debtor or the administrator can propose a plan.	Debtor is entitled to do so, without need to obtain prior court or creditor approval.
Approval process for a proposed rehabilitation plan	Debtor has six months to obtain approval of a plan from the creditors.	Apparently no process by which creditor claims are adjusted either as a whole or by class.	Creditor approval does not appear to be required so long as the debtor offers the minimal terms.	Voting by class of creditors. In general, the majority of creditors in each class must approve the plan. Creditor vote may be overridden in exceptional circumstances.	Creditors vote by class. Approval is required by each class. Under limited circumstances, court may override the objections of a class.