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NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Timber & Lumber Co.*, 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

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TENNESSEE STUDENT ASSISTANCE CORPORATION v. HOOD

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

No. 02-1606. Argued March 1, 2004—Decided May 17, 2004

Respondent Hood had an outstanding balance on student loans guaranteed by petitioner Tennessee Student Assistance Corporation (TSAC), a state entity, at the time she filed a Chapter 7 bankruptcy petition. Hood's general discharge did not cover her student loans, as she did not list them and they are only dischargeable if a bankruptcy court determines that excepting the debt from the order would be an "undue hardship" on the debtor, 11 U.S.C. §523(a)(8). Hood subsequently reopened the petition, seeking an "undue hardship" determination. As prescribed by Federal Rules of Bankruptcy Procedure 7001(6), 7003, and 7004, she filed a complaint and, later, an amended complaint, and served them with a summons on TSAC and others. The Bankruptcy Court denied TSAC's motion to dismiss the complaint for lack of jurisdiction, holding that 11 U.S.C. §106(a) abrogated the State's Eleventh Amendment sovereign immunity. The Sixth Circuit Bankruptcy Appellate Panel affirmed, as did the Sixth Circuit, which held that the Bankruptcy Clause gave Congress the authority to abrogate state sovereign immunity in §106(a). This Court granted certiorari to determine whether the Bankruptcy Clause grants Congress such authority.

Held: Because the Bankruptcy Court's discharge of a student loan debt does not implicate a State's Eleventh Amendment immunity, this Court does not reach the question on which certiorari was granted. Pp. 4–13.

(a) States may be bound by some judicial actions without their consent. For example, the Eleventh Amendment does not bar federal jurisdiction over *in rem* admiralty actions when the State does not possess the res. *California* v. *Deep Sea Research, Inc.*, 523 U. S. 491, 507–

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508. A debt's discharge by a bankruptcy court is similarly an in rem proceeding. The court has exclusive jurisdiction over a debtor's property, wherever located, and over the estate. Once debts are discharged, a creditor who did not submit a proof of claim will be unable to collect on his unsecured loans. A bankruptcy court is able to provide the debtor a fresh start, even if all of his creditors do not participate, because the court's jurisdiction is premised on the debtor and his estate, not on the creditors. Because the court's jurisdiction is premised on the res, however, a nonparticipating creditor cannot be personally liable. States, whether or not they choose to participate in the proceeding, are bound by a bankruptcy court's discharge order no less than other creditors, see, e.g., New York v. Irving Trust Co., 288 U.S. 329, 333. And when the bankruptcy court's jurisdiction over the res is unquestioned, the exercise of its in rem jurisdiction to discharge the debt does not infringe a State's sovereignty. TSAC argues, however, that the individualized process by which student loan debts are discharged unconstitutionally infringes its sovereignty. If a debtor does not affirmatively secure §523(a)(8)'s "undue hardship" determination, States choosing not to submit themselves to the court's jurisdiction might receive some benefit: The debtor's personal liability on the loan may survive the discharge. TSAC misunderstands the proceeding's fundamental nature when it claims that Congress, by making a student loan debt presumptively nondischargeable and singling it out for an individualized determination, has authorized a suit against a State. The bankruptcy court's jurisdiction is premised on the res, not the persona; that States were granted the presumptive benefit of nondischargeability does not alter the court's underlying authority. A debtor does not seek damages or affirmative relief from a State or subject an unwilling State to a coercive judicial process by seeking to discharge his debts. Indeed, this Court has endorsed individual determinations of States' interests within the federal courts' in rem jurisdiction, e.g., Deep Sea Research, supra. Although bankruptcy and admiralty are specialized areas of the law, there is no reason why the exercise of federal courts' in rem bankruptcy jurisdiction is more threatening to state sovereignty than the exercise of their *in rem* admiralty jurisdiction. Pp. 4–9.

(b) With regard to the procedure used in this case, the Bankruptcy Rules require a debtor to file an adversary proceeding against the State to discharge student loan debts. While this is part of the original bankruptcy case and within the bankruptcy court's *in rem* jurisdiction, it requires the service of a summons and a complaint, see Rules 7001(6), 7003, and 7004. The issuance of process is normally an indignity to a State's sovereignty, because its purpose is to establish personal jurisdiction; but the court's *in rem* jurisdiction allows it to adjudicate the debtors' discharge claim without *in personam* juris-

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diction over the State. Section 523(a)(8) does not require a summons, and absent Rule 7001(6) a debtor could proceed by motion, which would raise no constitutional concern. There is no reason why service of a summons, which in this case is indistinguishable in practical effect from a motion, should be given dispositive weight. Dismissal of the complaint is not appropriate here where the court has in rem jurisdiction and has not attempted to adjudicate any claims outside of that jurisdiction. This case is unlike an adversary proceeding by a bankruptcy trustee seeking to recover property in the State's hands on the grounds that the transfer was a voidable preference. Even if this Court were to hold that Congress lacked the ability to abrogate state sovereign immunity under the Bankruptcy Clause, the Bankruptcy Court would still have authority to make the undue hardship determination Hood seeks. Thus, this Court declines to decide whether a bankruptcy court's exercise of personal jurisdiction over a State would be valid under the Eleventh Amendment. If the Bankruptcy Court on remand exceeds its in rem jurisdiction, TSAC would be free to challenge the court's authority. Pp. 10-13.

319 F. 3d 755, affirmed and remanded.

REHNQUIST, C. J., delivered the opinion of the Court, in which STEVENS, O'CONNOR, KENNEDY, SOUTER, GINSBURG, and BREYER, JJ., joined. SOUTER, J., filed a concurring opinion, in which GINSBURG, J., joined. THOMAS, J., filed a dissenting opinion, in which SCALIA, J., joined.