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Priority of Estate Creditors

In Texas Estates Code Section 355.102, there is an order in which creditors are paid. Claims against the estate have the following order of priority.

Class 1 Claims: Funeral expenses and expenses of the decedent's last illness. These claims are limited to \$15,000 for funeral expenses and \$15,000 for expenses of the decedent's last illness. The remaining will be treated as unsecured claims.

Class 2 Claims: Include the following:

1. Expenses of administration;
2. Expenses incurred for safeguarding, preserving and managing the estate, including fees and expenses awarded in will contest; and
3. Unpaid expenses of administration awarded in a guardianship of the descendant.

Class 3 Claims: Secured debts, including tax liens, to the extent it can be paid out of proceeds from the sale of the property subject to the mortgage.

Class 4 claims: Delinquent child support, including any interest confirmed as judgement.

Class 5 claims: Claims for taxes, penalties and interest (IRS, state municipality).

Class 6 claims: Cost of confinement established by the TDCJ

Class 7 claims: Claims for repaying of medical assistance from the State of Texas. (Medicaid)

Class 8 claims: all other unsecured claims not otherwise described.