Bankruptcy & Creditors’ Remedies – Spring 2013

Professor Charles Shafer  
cshafer@ubalt.edu  
410 837 4623 (v)  
410 837 4492 (f)

Office Hours  
Wednesday 3:00 – 5:00  
Thursday 12:00 – 2:00

Required Reading  
Note: the bookstore has both the regular version of this book and the looseleaf version (which contains an electronic copy of the book).

All statutes, additional problems, cases and other course materials are available on TWEN

Grading Policy

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<td>(2) The science is in. There is no such thing as multitasking. You cannot be participating in class and absorbing the material if you are also reading the news or your email.</td>
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<td>(4) I may give homework assignments regarding the operation of some statute sections. These may be voluntary or required. If required, they may be computed as part of the class participation grade.</td>
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I. Security Interests Under Article Nine of the Uniform Commercial Code

Understanding some basic principles of Article Nine is important in understanding bankruptcy. This unit serves the following purposes:
1. Providing an understanding of those parts of Article Nine that come up in this course.
2. Providing a brief introduction to two significant themes in this entire course:
   a. The rights of creditors versus the debtor
   b. The rights of creditors versus other creditors

B. Basic Documents

This question in this part involves the following documents:

<table>
<thead>
<tr>
<th>#1 Promissory Note</th>
<th>#2 Security Agreement</th>
<th>#3 Financing Statement</th>
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<tbody>
<tr>
<td>I promise to pay to the order of Ed Norton, $100 on April 1, 2012.</td>
<td>I hereby grant to Ed Norton a security interest in my Magic Can Openers as collateral to secure the performance of my obligation to pay Ed Norton $100.</td>
<td></td>
</tr>
<tr>
<td>Ralph Kramden February, 1, 2012</td>
<td>Ralph Kramden February, 1, 2012</td>
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C. Basic Facts

Ralph Kramden had an idea for a new business venture involving the sale of a product called the “Miracle Kitchen Tool” However, Ralph was afraid that his wife would not approve. So without telling her, he took $100 out of their piggy bank to purchase a thousand of the tools. He then became afraid that his wife would discover the money was missing before he would be able to replenish the piggy bank with the profits from the venture. So he asked his friend Norton to loan him $100 so that Ralph could replace the money in the family Piggy Bank.

D. Scenario #1

Ralph gave Norton a promissory note promising to repay the money on 4/1/2012. (See Document #1). If Ralph is unable to pay back the money, Norton could sue Ralph for the $100, get a judgment, have the can openers seized and sold. But that would take Norton a lot of time and expense. Norton would like to just seize the can openers and sell them.

Article 9 of the Uniform Commercial Code does provide a method for a creditor to seize property and sell it in order to satisfy an obligation. See §9-610. However, §9-610 only gives that right to certain parties.
1. What parties have the rights under §9-610? __________
2. What code section defines such a party? ________________
3. The first part of that section defines such parties as those that have a ______ created by a ______.
E. Scenario #2:
Norton has Ralph sign both Documents #1 and #2. Document #2 (the Security Agreement) gives Norton the right to seize the property up default. Note the crucial difference between the Promissory note and the Security agreement.
1. Which document creates an obligation? ________________
2. Which document creates an interest in the debtor’s property? ____________

F. Scenario #3:
Ralph is not a dishonest person, but he is very nervous and frightened of his wife’s anger. Therefore, unbeknownst to Norton, on January 15, Ralph wrote a promissory note and security agreement granting Mike Morgan a security interest in the Miracle Kitchen Tools.
1. Using §922(a)(3) does Mike or Norton have priority to the Miracle Kitchen tools? ________________

G. Scenario #4:
On 1/15/2012 Ralph signed the documents (#1 & #2) granting Mike a security interest in the Miracle Can Openers. However, on 2/1/2012 when Ralph asked Norton for the money, Norton knew his friend’s business practices were a little sloppy. So, in addition to Documents #1 & #2, Norton filed (on February 2, 2012) a Financing Statement (Document #3) with the appropriate state office. Notice that the identify of the property covered in the financing statement is little more general than stated in the security agreement. That is OK.
1. Who has priority with regard to the Kitchen Tools? ________________
2. Which document creates the debt?
3. Which document creates the security interest?
4. Which document gives notice to third parties that someone has a security interest in the debtor’s property?

H. Scenario 5
Kramden asked his friend Mike to consider loaning him the money. With this possibility in mind, on January 15, Mike files a financing statement in the appropriate office. Norton and Ralph engage in the transaction as described above (including promissory note, security agreement, filing financing statement) on February 1.
1. See §932(a)(1). Which party has priority?

I. Scenario 6
Norton and Ralph engaged in the above transactions on February 1. On February 15, Ralph sold Magic Kitchen Tools to his friends at work.
1. Who has priority (the purchasers or Norton)? See §9-320?

J. Scenario 7
Ralph sells one of his Magic Kitchen Tools to Buyer, a coworker. Buyer is unable to pay the price, so Ralph loans Buyer the $2.00 necessary and obtains a promissory note and security agreement from Buyer. Since it is such a small amount of money, Ralph does not bother with the financing statement. A few days after the transfer, Buyer borrows some money from Drake, another coworker. Buyer gives drake a promissory note a security agreement. And Drake files in the appropriate office the financing statement. Ralph, you will recall, has never bothered with the financing statement. See §9-309.
1. Who has priority to the tool, Ralph or Drake?
II. Property of the Estate - Overview

When a person files for Chapter 7 Bankruptcy an “estate” is created. See §541. The trustee has the job of assembling, protecting, and selling that property. Please note that the Code refers to “interests of the debtor in property.” This is language that is absolutely crucial. We should never speak of the “debtor’s property” but rather the “debtor’s interest in property.”

B. Casebook
1. Pages 113-128
4. PS 5: 5.1, 5.2, 5.5, 5.6

C. Additional Problems

D. Problems
1. Dorrit’s only property is his 1958 Marshallacree which he owns free and clear of liens. Marshallacree is worth $100,000. If Dorrit files for Bankruptcy what will be the property of the estate and what will be the value of the estate. In this and in all subsequent problems ignore any possibility of exemptions.
2. Assume the above facts except that:
   a) Dorrit owns the property as a tenant by the entirety with his spouse.
   b) Dorrit owns the property as tenant in common with his daughter Amy.
   c) Dorrit owns the property as joint tenant with his daughter Fanny
3. Suppose - in the above examples, Spouse, Amy or Fanny died shortly before Dorrit filed his Bankruptcy petition.
4. Suppose in the above examples, Spouse, Amy, or Fanny died shortly after Dorrit filed his Bankruptcy petition.
5. Dorrit’s only property is his 1946 Marshall automobile worth $100,000. On March 1, 2010, Dorrit borrowed $50,000 from First London Bank & Distrust (FIRSTBANK) and gave FIRSTBANK a security interest in the Marshall. The security interest was properly perfected. If Dorrit filed for Bankruptcy on March 15, 2012 what is the property of the estate and what is the value of the estate? Base your answer on §541(a).
6. Assume the facts of #5 plus the following additional facts: On March 10, 2010, Dorrit borrowed $25,000 from SECONDABANK and gave SECONDABANK a security interest in the Marshall. The security interest was properly perfected. If Dorrit filed for Bankruptcy on March 15, 2011, what will be the property of the estate and what will be the value of the estate. To what will each party be entitled? Base your answer on both the UCC and §541(a).
7. Assume that the loan from FIRSTBANK was for $120,000. If Dorrit files for Bankruptcy what will be the property of the estate and what will be the value of the estate
Title9. Secured Transactions

§ 9-102. Definitions and index of definitions

(a) In this title:

(7) “Authenticate” means:

(A) To sign; or

(B) To execute or otherwise adopt a symbol, or encrypt or similarly process a record in whole or in part, with the present intent of the authenticating person to identify the person and adopt or accept a record, to attach to or logically associate with the record an electronic sound, symbol, or process.

(12) “Collateral” means the property subject to a security interest or agricultural lien. The term includes:

(A) Proceeds to which a security interest attaches;

(B) Accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and

(C) Goods that are the subject of a consignment.

(22) “Consumer debtor” means a debtor in a consumer transaction.

(23) “Consumer goods” means goods that are used or bought for use primarily for personal, family, or household purposes.

(24) “Consumer-goods transaction” means a consumer transaction in which:

(A) An individual incurs an obligation primarily for personal, family, or household purposes; and

(B) A security interest in consumer goods secures the obligation.

(25) “Consumer obligor” means an obligor who is an individual and who incurred the obligation as part of a transaction entered into primarily for personal, family, or household purposes.

(26) “Consumer transaction” means a transaction in which (i) an individual incurs an obligation primarily for personal, family, or household purposes, (ii) a security interest secures the obligation, and (iii) the collateral is held or acquired primarily for personal, family, or household purposes. The term includes consumer-goods transactions.

(28) “Debtor” means:

(A) A person having an interest, other than a security interest or other lien, in the collateral, whether or not the person is an obligor;

(B) A seller of accounts, chattel paper, payment intangibles, or promissory notes; or

(C) A consignee.

(36) “File number” means the number assigned to an initial financing statement pursuant to § 9-519(a) § 9-519(a).

(37) “Filing office” means an office designated in § 9-501 § 9-501 as the place to file a financing statement.

(38) “Filing-office rule” means a rule adopted pursuant to § 9-526 § 9-526.

(39) “Financing statement” means a record or records composed of an initial financing statement and any filed record relating to the initial financing statement.

(42) “General intangible” means any personal property, including things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, or other minerals before extraction. The term includes payment intangibles and software.

(53) “Lien creditor” means:

(A) A creditor that has acquired a lien on the property involved by attachment, levy, or the like;

(B) An assignee for benefit of creditors from the time of assignment;

(C) A trustee in bankruptcy from the date of the filing of the petition; or

(D) A receiver in equity from the time of appointment.

(74) “Record”, except as used in “for record”, “of record”, “record or legal title”, and “record owner”, means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

(75) “Secured party” means:

(A) A person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;

(B) A person that holds an agricultural lien;

(C) A consignor;

(D) A person to which accounts, chattel paper, payment intangibles, or promissory notes have been sold;

(E) A trustee, indenture trustee, agent, collateral agent, or other representative in whose favor a security interest or agricultural lien is created or provided for; or

(F) A person that holds a security interest arising under § 2-401, § 2-505, § 2-711(3), § 2A-508(5), § 4-210, or § 5-118 of this article.

(76) “Filing office” means an office designated in § 9-501 § 9-501 as the place to file a financing statement.

(b) Except as otherwise provided in subsections (c) through (i), a security interest is enforceable against the debtor and third parties with respect to the collateral only if:

(1) Value has been given;

(2) The debtor has rights in the collateral or the power to transfer rights in the collateral to a secured party; and

(3) One of the following conditions is met:

(A) The debtor has authenticated a security agreement that provides a description of the collateral and, if the security interest covers timber to be cut, a description of the land concerned;

(B) The collateral is not a certificated security and is in the possession of the secured party under § 9-313 pursuant to the debtor's security agreement;

(C) The collateral is a certificated security in registered form and the security certificate has been delivered to the secured party under § 8-301 of this article pursuant to the debtor's security agreement;

(D) The collateral is deposit accounts, electronic chattel paper, investment property, letter-of-credit rights, or electronic documents, and the secured party has control under § 7-106, § 9-104, § 9-105, § 9-106, or § 9-107 pursuant to the debtor's security agreement.

(f) The attachment of a security interest in collateral gives the secured party the rights to proceeds provided by § 9-315 and is also attachment of a security interest in a supporting obligation for the collateral.

(g) The attachment of a security interest in a right to payment or performance secured by a security interest or other lien on personal
or real property is also attachment of a security interest in the security interest, mortgage, or other lien.

(h) The attachment of a security interest in a securities account is also attachment of a security interest in the security entitlements carried in the securities account.

(i) The attachment of a security interest in a commodity account is also attachment of a security interest in the commodity contracts carried in the commodity account.

§ 9-103. Purchase-money security interest; application of payments; burden of establishing

(a) In this section:

(1) “Purchase-money collateral” means goods or software that secures a purchase-money obligation incurred with respect to that collateral; and

(2) “Purchase-money obligation” means an obligation of an obligor incurred as all or part of the price of the collateral or for value given to enable the debtor to acquire rights in or the use of the collateral if the value is in fact so used.

(b) A security interest in goods is a purchase-money security interest:

(1) To the extent that the goods are purchase-money collateral with respect to that security interest;

(2) If the security interest is in inventory that is or was purchase-money collateral, also to the extent that the security interest secures a purchase-money obligation incurred with respect to other inventory in which the secured party holds or held a purchase-money security interest; and

(3) Also to the extent that the security interest secures a purchase-money obligation incurred with respect to software in which the secured party holds or held a purchase-money security interest.

(e) If the extent to which a security interest is a purchase-money security interest depends on the application of a payment to a particular obligation, the payment must be applied:

(1) In accordance with any reasonable method of application to which the parties agree;

(2) In the absence of the parties' agreement to a reasonable method, in accordance with any intention of the obligor manifested at or before the time of payment; or

(3) In the absence of an agreement to a reasonable method and a timely manifestation of the obligor's intention, in the following order:

(A) To obligations that are not secured; and

(B) If more than one obligation is secured, to obligations secured by purchase-money security interests in the order in which those obligations were incurred.

(f) A purchase-money security interest does not lose its status as such, even if:

(1) The purchase-money collateral also secures an obligation that is not a purchase-money obligation;

(2) Collateral that is not purchase-money collateral also secures the purchase-money obligation; or

(3) The purchase-money obligation has been renewed, refinanced, consolidated, or restructured.

(g) A secured party claiming a purchase-money security interest has the burden of establishing the extent to which the security interest is a purchase-money security interest.

§ 9-308. When security interest or agricultural lien is perfected; continuity of perfection

(a) Except as otherwise provided in this section and § 9-309, a security interest is perfected if it has attached and all of the applicable requirements for perfection in §§ 9-310 through 9-316 have been satisfied. A security interest is perfected when it attaches if the applicable requirements are satisfied before the security interest attaches.

(b) An agricultural lien is perfected if it has become effective and all of the applicable requirements for perfection in § 9-310 have been satisfied. An agricultural lien is perfected when it becomes effective if the applicable requirements are satisfied before the agricultural lien becomes effective.

(c) A security interest or agricultural lien is perfected continuously if it is originally perfected by one method under this article and is later perfected by another method under this article, without an intermediate period when it was unperfected.

(d) Perfection of a security interest in collateral alsoperfects a security interest in a supporting obligation for the collateral.

(e) Perfection of a security interest in a right to payment or performance alsoperfects a security interest in a security interest, mortgage, or other lien on personal or real property securing the right.

(f) Perfection of a security interest in a securities account alsoperfects a security interest in the security entitlements carried in the securities account.

(g) Perfection of a security interest in a commodity account alsoperfects a security interest in the commodity contracts carried in the commodity account.

§ 9-309. Security interest perfected upon attachment

The following security interests are perfected when they attach:

(1) A purchase-money security interest in consumer goods, except as otherwise provided in § 9-311(b) with respect to consumer goods that are subject to a statute or treaty described in § 9-311(a);

(12) An assignment for the benefit of all creditors of the transferor and subsequent transferees by the assignee thereunder

§ 9-310. When filing required to perfect security interest or agricultural lien; security interests and agricultural liens to which filing provisions do not apply

(a) Except as otherwise provided in subsection (b) and § 9-312(b), a financing statement must be filed to perfect all security interests and agricultural liens.

(b) The filing of a financing statement is not necessary to perfect a security interest:

(1) That is perfected under § 9-308(d), (e), (f), or (g);

(2) That is perfected under § 9-309 when it attaches;

(3) In property subject to a statute, regulation, or treaty described in § 9-311(a);

(4) In goods in possession of a bailee which is perfected under § 9-312(d)(1) or (2);

(5) In certificated securities, documents, goods, or instruments which is perfected without filing, control, or possession under § 9-312(e), (f), or (g);

(6) In collateral in the secured party's possession under § 9-313;

(7) In a certificated security which is perfected by delivery of the security certificate to the secured party under § 9-313;

(8) In deposit accounts, electronic chattel paper, electronic documents, investment property, or letter-of-credit rights which is perfected by control under § 9-314;

(9) In proceeds which is perfected under § 9-315;

(10) That is perfected under § 9-316.

(c) If a secured party assigns a perfected security interest or agricultural lien, a filing under this article is not required to continue the perfected status of the security interest against creditors of and transferees from the original debtor.
§ 9-317. Interests that take priority over or take free of unperfected security interest or agricultural lien
(a) A security interest or agricultural lien is subordinate to the rights of:
(1) A person entitled to priority under § 9-322; and
(2) Except as provided in subsection (e), a person that becomes a lien creditor before the earlier of the time:
(A) The security interest or agricultural lien is perfected; or
(B) One of the conditions specified in § 9-203(b)(3) is met and a financing statement covering the collateral is filed.
(b) Except as otherwise provided in subsection (e), a buyer, other than a secured party, of tangible chattel paper, tangible documents, goods, instruments, or a certificate takes free of a security interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.
(c) Except as otherwise provided in subsection (e), a lessee of goods takes free of a security interest or agricultural lien if the lessee gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.
(e) Except as otherwise provided in subsection (e), a lessee of goods, products from a person who used or bought the goods for use primarily for personal, family, or household purposes takes free of a security interest, even if perfected, if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.
(a) Except as otherwise provided in subsection (e), a buyer, other than a secured party, of tangible chattel paper, tangible documents, goods, instruments, or a certificate of title takes free of a security interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.
(b) Except as otherwise provided in subsection (e), a buyer, other than a secured party, of tangible chattel paper, tangible documents, goods, instruments, or a certificate of title takes free of a security interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.
(c) Except as otherwise provided in subsection (e), a lessee of goods takes free of a security interest or agricultural lien if the lessee gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

§ 9-320. Buyer of goods
(a) Except as otherwise provided in subsection (e), a buyer in ordinary course of business, other than a person buying farm products from a person engaged in farming operations, takes free of a security interest created by the buyer's seller, even if the security interest is perfected and the buyer knows of its existence.
(b) Except as otherwise provided in subsection (e), a buyer of goods from a person who used or bought the goods for use primarily for personal, family, or household purposes takes free of a security interest, even if perfected, if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.
(e) Subsections (a) and (b) do not affect a security interest in good in the possession of the secured party under § 9-313.

§ 9-322. Priorities among conflicting security interests in and agricultural liens on same collateral
(a) Except as otherwise provided in this section, priority among conflicting security interests and agricultural liens in the same collateral is determined according to the following rules:
(1) Conflicting perfected security interests and agricultural liens rank according to priority in time of filing or perfection.
Priority dates from the earlier of the time a filing covering the collateral is first made or the security interest or agricultural lien is first perfected, if there is no period thereafter when there is neither filing nor perfection.
(2) A perfected security interest or agricultural lien has priority over a conflicting unperfected security interest or agricultural lien.
(b) Every aspect of a disposition of collateral, including the method, manner, time, place, and other terms, must be commercially reasonable. If commercially reasonable, a secured party may dispose of collateral by public or private proceedings, by one or more contracts, as a unit or in parcels, and at any time and place and on any terms.
§ 541. Property of the estate

(a) The commencement of a case under section 301, 302, or 303 of this title creates an estate. Such estate is comprised of all the following property, wherever located and by whomever held:

1 Except as provided in subsections (b) and (c)(2) of this section, all legal or equitable interests of the debtor in property as of the commencement of the case.

2 All interests of the debtor and the debtor's spouse in community property as of the commencement of the case that is--

(A) under the sole, equal, or joint management and control of the debtor; or

(B) liable for an allowable claim against the debtor, or for both an allowable claim against the debtor and an allowable claim against the debtor's spouse, to the extent that such interest is so liable.

3 Any interest in property that the trustee recovers under section 329(b), 363(n), 543, 550, 553, or 723 of this title.

4 Any interest in property preserved for the benefit of or ordered transferred to the estate under section 510(c) or 551 of this title.

5 Any interest in property that would have been property of the estate if such interest had been an interest of the debtor on the date of the filing of the petition, and that the debtor acquires or becomes entitled to acquire within 180 days after such date--

(A) by bequest, devise, or inheritance;

(B) as a result of a property settlement agreement with the debtor's spouse, or of an interlocutory or final divorce decree; or

(C) as a beneficiary of a life insurance policy or of a death benefit plan.

6 Proceeds, product, offspring, rents, or profits of or from property of the estate, except such as are earnings from services performed by an individual debtor after the commencement of the case.

7 Any interest in property that the estate acquires after the commencement of the case.

(b) Property of the estate does not include--

1 any power that the debtor may exercise solely for the benefit of an entity other than the debtor;

2 any interest of the debtor as a lessee under a lease of nonresidential real property that has terminated at the expiration of the stated term of such lease before the commencement of the case under this title, and ceases to include any interest of the debtor as a lessee under a lease of nonresidential real property that has terminated at the expiration of the stated term of such lease during the case;

3 funds placed in an education individual retirement account (as defined in section 530(b)(1) of the Internal Revenue Code of 1986) not later than 365 days before the date of the filing of the petition in a case under this title, but--

(A) only if the designated beneficiary of such account was a child, stepchild, grandchild, or stepgrandchild of the debtor for the taxable year in which funds were placed in such account;

(B) only to the extent that such funds--

(i) are not pledged or promised to any entity in connection with any extension of credit; and

(ii) are not excess contributions (as described in section 4973(e) of the Internal Revenue Code of 1986); and

(C) in the case of funds placed in all such accounts having the same designated beneficiary not earlier than 720 days nor later than 365 days before such date, only so much of such funds as does not exceed $5,850 [FN1];

6 funds used to purchase a tuition credit or certificate or contributed to an account in accordance with section 529(b)(1)(A) of the Internal Revenue Code of 1986 under a qualified State tuition program (as defined in section 529(b)(1) of such Code) not later than 365 days before the date of the filing of the petition in a case under this title, but--

(A) only if the designated beneficiary of the amounts paid or contributed to such tuition program was a child, stepchild, grandchild, or stepgrandchild of the debtor for the taxable year for which funds were paid or contributed;

(B) with respect to the aggregate amount paid or contributed to such program having the same designated beneficiary, only so much of such amount as does not exceed the total contributions permitted under section 529(b)(6) of such Code with respect to such beneficiary, as adjusted beginning on the date of the filing of the petition in a case under this title by the annual increase or decrease (rounded to the nearest tenth of 1 percent) in the education expenditure category of the Consumer Price Index prepared by the Department of Labor; and

(C) in the case of funds paid or contributed to such program having the same designated beneficiary not earlier than 720 days nor later than 365 days before such date, only so much of such funds as does not exceed $5,850 [FN1];

7 any amount--

(A) withheld by an employer from the wages of employees for payment as contributions--

(i) to--

(I) an employee benefit plan that is subject to title I of the Employee Retirement Income Security Act of 1974 or under an employee benefit plan which is a governmental plan under section 414(d) of the Internal Revenue Code of 1986;

(II) a deferred compensation plan under section 457 of the Internal Revenue Code of 1986; or

(III) a tax-deferred annuity under section 403(b) of the Internal Revenue Code of 1986;

except that such amount under this subparagraph shall not constitute disposable income as defined in section 1325(b)(2); or

(ii) to a health insurance plan regulated by State law whether or not subject to such title; or

(B) received by an employer from employees for payment as contributions--

(i) to--

(I) an employee benefit plan that is subject to title I of the Employee Retirement Income Security Act of 1974 or under an employee benefit plan which is a governmental plan under section 414(d) of the Internal Revenue Code of 1986;

(II) a deferred compensation plan under section 457 of the Internal Revenue Code of 1986; or

(III) a tax-deferred annuity under section 403(b) of the Internal Revenue Code of 1986;
except that such amount under this subparagraph shall not constitute disposable income, as defined in section 1325(b)(2); or

(ii) to a health insurance plan regulated by State law whether or not subject to such title;

(8) subject to subchapter III of chapter 5, any interest of the debtor in property where the debtor pledged or sold tangible personal property (other than securities or written or printed evidences of indebtedness or title) as collateral for a loan or advance of money given by a person licensed under law to make such loans or advances, where--

(A) the tangible personal property is in the possession of the pledgee or transferee;

(B) the debtor has no obligation to repay the money, redeem the collateral, or buy back the property at a stipulated price; and

(C) neither the debtor nor the trustee have exercised any right to redeem provided under the contract or State law, in a timely manner as provided under State law and section 108(b); or

(9) any interest in cash or cash equivalents that constitute proceeds of a sale by the debtor of a money order that is made--

(A) on or after the date that is 14 days prior to the date on which the petition is filed; and

(B) under an agreement with a money order issuer that prohibits the commingling of such proceeds with property of the debtor (notwithstanding that, contrary to the agreement, the proceeds may have been commingled with property of the debtor), unless the money order issuer had not taken action, prior to the filing of the petition, to require compliance with the prohibition.

(d) Property in which the debtor holds, as of the commencement of the case, only legal title and not an equitable interest, such as a mortgage secured by real property, or an interest in such a mortgage, sold by the debtor but as to which the debtor retains legal title to service or supervise the servicing of such mortgage or interest, becomes property of the estate under subsection (a)(1) or (2) of this section only to the extent of the debtor's legal title to such property, but not to the extent of any equitable interest in such property that the debtor does not hold.

(e) In determining whether any of the relationships specified in paragraph (5)(A) or (6)(A) of subsection (b) exists, a legally adopted child of an individual (and a child who is a member of an individual's household, if placed with such individual by an authorized placement agency for legal adoption by such individual), or a foster child of an individual (if such child has as the child's principal place of abode the home of the debtor and is a member of the debtor's household) shall be treated as a child of such individual by blood.

(f) Notwithstanding any other provision of this title, property that is held by a debtor that is a corporation described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code may be transferred to an entity that is not such a corporation, but only under the same conditions as would apply if the debtor had not filed a case under this title.