

107TH CONGRESS
1ST SESSION

H. R. 333

To amend title 11, United States Code, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 31, 2001

Mr. GEKAS (for himself, Mr. SENSENBRENNER, Mr. BOUCHER, Mr. MORAN of Virginia, Mr. ARMEY, Mr. CHABOT, Mr. GRAHAM, Mr. BARR of Georgia, Mr. ANDREWS, Mr. BARTON of Texas, Mr. BENTSEN, Mr. BEREUTER, Ms. BERKLEY, Mr. BURTON of Indiana, Mr. BUYER, Mr. CAMP, Mr. CASTLE, Mr. COOKSEY, Mr. CRAMER, Mr. CUNNINGHAM, Mrs. DAVIS of California, Mr. DOOLEY of California, Mr. DREIER, Mr. EHRLICH, Mr. ENGLISH, Mr. FOLEY, Mr. FROST, Mr. GOODE, Mr. GOODLATTE, Mr. HILLEARY, Mr. HOLDEN, Ms. EDDIE BERNICE JOHNSON of Texas, Mrs. KELLY, Mr. KLECZKA, Mr. LINDER, Mr. LUCAS of Kentucky, Mr. MALONEY of Connecticut, Mr. MENENDEZ, Mrs. MYRICK, Mr. NETHERCUTT, Mrs. NORTHUP, Mr. OXLEY, Ms. PRYCE of Ohio, Mr. ROTHMAN, Mr. ROYCE, Mr. SIMPSON, Mr. SISISKY, Mr. SMITH of Michigan, Mr. SMITH of Washington, Mr. STUMP, Mr. SUNUNU, Mr. SWEENEY, Mrs. TAUSCHER, Mr. TERRY, Mr. UPTON, Mr. WELDON of Florida, and Mr. WELLER) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend title 11, United States Code, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; REFERENCES; TABLE OF CON-**
 2 **TENTS.**

3 (a) **SHORT TITLE.**—This Act may be cited as the
 4 “Bankruptcy Abuse Prevention and Consumer Protection
 5 Act of 2001”.

6 (b) **TABLE OF CONTENTS.**—The table of contents for
 7 this Act is as follows:

Sec. 1. Short title; references; table of contents.

TITLE I—NEEDS-BASED BANKRUPTCY

- Sec. 101. Conversion.
- Sec. 102. Dismissal or conversion.
- Sec. 103. Sense of Congress and study.
- Sec. 104. Notice of alternatives.
- Sec. 105. Debtor financial management training test program.
- Sec. 106. Credit counseling.
- Sec. 107. Schedules of reasonable and necessary expenses.

TITLE II—ENHANCED CONSUMER PROTECTION

Subtitle A—Penalties for Abusive Creditor Practices

- Sec. 201. Promotion of alternative dispute resolution.
- Sec. 202. Effect of discharge.
- Sec. 203. Discouraging abuse of reaffirmation practices.

Subtitle B—Priority Child Support

- Sec. 211. Definition of domestic support obligation.
- Sec. 212. Priorities for claims for domestic support obligations.
- Sec. 213. Requirements to obtain confirmation and discharge in cases involving domestic support obligations.
- Sec. 214. Exceptions to automatic stay in domestic support obligation proceedings.
- Sec. 215. Nondischargeability of certain debts for alimony, maintenance, and support.
- Sec. 216. Continued liability of property.
- Sec. 217. Protection of domestic support claims against preferential transfer motions.
- Sec. 218. Disposable income defined.
- Sec. 219. Collection of child support.
- Sec. 220. Nondischargeability of certain educational benefits and loans.

Subtitle C—Other Consumer Protections

- Sec. 221. Amendments to discourage abusive bankruptcy filings.
- Sec. 222. Sense of Congress.
- Sec. 223. Additional amendments to title 11, United States Code.

- Sec. 224. Protection of retirement savings in bankruptcy.
- Sec. 225. Protection of education savings in bankruptcy.
- Sec. 226. Definitions.
- Sec. 227. Restrictions on debt relief agencies.
- Sec. 228. Disclosures.
- Sec. 229. Requirements for debt relief agencies.
- Sec. 230. GAO study.

TITLE III—DISCOURAGING BANKRUPTCY ABUSE

- Sec. 301. Reinforcement of the fresh start.
- Sec. 302. Discouraging bad faith repeat filings.
- Sec. 303. Curbing abusive filings.
- Sec. 304. Debtor retention of personal property security.
- Sec. 305. Relief from the automatic stay when the debtor does not complete intended surrender of consumer debt collateral.
- Sec. 306. Giving secured creditors fair treatment in chapter 13.
- Sec. 307. Domiciliary requirements for exemptions.
- Sec. 308. Residency requirement for homestead exemption.
- Sec. 309. Protecting secured creditors in chapter 13 cases.
- Sec. 310. Limitation on luxury goods.
- Sec. 311. Automatic stay.
- Sec. 312. Extension of period between bankruptcy discharges.
- Sec. 313. Definition of household goods and antiques.
- Sec. 314. Debt incurred to pay nondischargeable debts.
- Sec. 315. Giving creditors fair notice in chapters 7 and 13 cases.
- Sec. 316. Dismissal for failure to timely file schedules or provide required information.
- Sec. 317. Adequate time to prepare for hearing on confirmation of the plan.
- Sec. 318. Chapter 13 plans to have a 5-year duration in certain cases.
- Sec. 319. Sense of Congress regarding expansion of rule 9011 of the Federal Rules of Bankruptcy Procedure.
- Sec. 320. Prompt relief from stay in individual cases.
- Sec. 321. Chapter 11 cases filed by individuals.
- Sec. 322. Limitation.
- Sec. 323. Excluding employee benefit plan participant contributions and other property from the estate.
- Sec. 324. Exclusive jurisdiction in matters involving bankruptcy professionals.
- Sec. 325. United States trustee program filing fee increase.
- Sec. 326. Sharing of compensation.
- Sec. 327. Fair valuation of collateral.
- Sec. 328. Defaults based on nonmonetary obligations.

TITLE IV—GENERAL AND SMALL BUSINESS BANKRUPTCY PROVISIONS

Subtitle A—General Business Bankruptcy Provisions

- Sec. 401. Adequate protection for investors.
- Sec. 402. Meetings of creditors and equity security holders.
- Sec. 403. Protection of refinance of security interest.
- Sec. 404. Executory contracts and unexpired leases.
- Sec. 405. Creditors and equity security holders committees.
- Sec. 406. Amendment to section 546 of title 11, United States Code.
- Sec. 407. Amendments to section 330(a) of title 11, United States Code.
- Sec. 408. Postpetition disclosure and solicitation.

- Sec. 409. Preferences.
- Sec. 410. Venue of certain proceedings.
- Sec. 411. Period for filing plan under chapter 11.
- Sec. 412. Fees arising from certain ownership interests.
- Sec. 413. Creditor representation at first meeting of creditors.
- Sec. 414. Definition of disinterested person.
- Sec. 415. Factors for compensation of professional persons.
- Sec. 416. Appointment of elected trustee.
- Sec. 417. Utility service.
- Sec. 418. Bankruptcy fees.
- Sec. 419. More complete information regarding assets of the estate.

Subtitle B—Small Business Bankruptcy Provisions

- Sec. 431. Flexible rules for disclosure statement and plan.
- Sec. 432. Definitions.
- Sec. 433. Standard form disclosure statement and plan.
- Sec. 434. Uniform national reporting requirements.
- Sec. 435. Uniform reporting rules and forms for small business cases.
- Sec. 436. Duties in small business cases.
- Sec. 437. Plan filing and confirmation deadlines.
- Sec. 438. Plan confirmation deadline.
- Sec. 439. Duties of the United States trustee.
- Sec. 440. Scheduling conferences.
- Sec. 441. Serial filer provisions.
- Sec. 442. Expanded grounds for dismissal or conversion and appointment of trustee.
- Sec. 443. Study of operation of title 11, United States Code, with respect to small businesses.
- Sec. 444. Payment of interest.
- Sec. 445. Priority for administrative expenses.

TITLE V—MUNICIPAL BANKRUPTCY PROVISIONS

- Sec. 501. Petition and proceedings related to petition.
- Sec. 502. Applicability of other sections to chapter 9.

TITLE VI—BANKRUPTCY DATA

- Sec. 601. Improved bankruptcy statistics.
- Sec. 602. Uniform rules for the collection of bankruptcy data.
- Sec. 603. Audit procedures.
- Sec. 604. Sense of Congress regarding availability of bankruptcy data.

TITLE VII—BANKRUPTCY TAX PROVISIONS

- Sec. 701. Treatment of certain liens.
- Sec. 702. Treatment of fuel tax claims.
- Sec. 703. Notice of request for a determination of taxes.
- Sec. 704. Rate of interest on tax claims.
- Sec. 705. Priority of tax claims.
- Sec. 706. Priority property taxes incurred.
- Sec. 707. No discharge of fraudulent taxes in chapter 13.
- Sec. 708. No discharge of fraudulent taxes in chapter 11.
- Sec. 709. Stay of tax proceedings limited to prepetition taxes.
- Sec. 710. Periodic payment of taxes in chapter 11 cases.
- Sec. 711. Avoidance of statutory tax liens prohibited.

- Sec. 712. Payment of taxes in the conduct of business.
- Sec. 713. Tardily filed priority tax claims.
- Sec. 714. Income tax returns prepared by tax authorities.
- Sec. 715. Discharge of the estate's liability for unpaid taxes.
- Sec. 716. Requirement to file tax returns to confirm chapter 13 plans.
- Sec. 717. Standards for tax disclosure.
- Sec. 718. Setoff of tax refunds.
- Sec. 719. Special provisions related to the treatment of State and local taxes.
- Sec. 720. Dismissal for failure to timely file tax returns.

TITLE VIII—ANCILLARY AND OTHER CROSS-BORDER CASES

- Sec. 801. Amendment to add chapter 15 to title 11, United States Code.
- Sec. 802. Other amendments to titles 11 and 28, United States Code.

TITLE IX—FINANCIAL CONTRACT PROVISIONS

- Sec. 901. Treatment of certain agreements by conservators or receivers of insured depository institutions.
- Sec. 902. Authority of the corporation with respect to failed and failing institutions.
- Sec. 903. Amendments relating to transfers of qualified financial contracts.
- Sec. 904. Amendments relating to disaffirmance or repudiation of qualified financial contracts.
- Sec. 905. Clarifying amendment relating to master agreements.
- Sec. 906. Federal Deposit Insurance Corporation Improvement Act of 1991.
- Sec. 907. Bankruptcy Code amendments.
- Sec. 908. Recordkeeping requirements.
- Sec. 909. Exemptions from contemporaneous execution requirement.
- Sec. 910. Damage measure.
- Sec. 911. SIPC stay.
- Sec. 912. Asset-backed securitizations.
- Sec. 913. Effective date; application of amendments.

TITLE X—PROTECTION OF FAMILY FARMERS

- Sec. 1001. Permanent reenactment of chapter 12.
- Sec. 1002. Debt limit increase.
- Sec. 1003. Certain claims owed to governmental units.

TITLE XI—HEALTH CARE AND EMPLOYEE BENEFITS

- Sec. 1101. Definitions.
- Sec. 1102. Disposal of patient records.
- Sec. 1103. Administrative expense claim for costs of closing a health care business and other administrative expenses.
- Sec. 1104. Appointment of ombudsman to act as patient advocate.
- Sec. 1105. Debtor in possession; duty of trustee to transfer patients.
- Sec. 1106. Exclusion from program participation not subject to automatic stay.

TITLE XII—TECHNICAL AMENDMENTS

- Sec. 1201. Definitions.
- Sec. 1202. Adjustment of dollar amounts.
- Sec. 1203. Extension of time.
- Sec. 1204. Technical amendments.

- Sec. 1205. Penalty for persons who negligently or fraudulently prepare bankruptcy petitions.
- Sec. 1206. Limitation on compensation of professional persons.
- Sec. 1207. Effect of conversion.
- Sec. 1208. Allowance of administrative expenses.
- Sec. 1209. Exceptions to discharge.
- Sec. 1210. Effect of discharge.
- Sec. 1211. Protection against discriminatory treatment.
- Sec. 1212. Property of the estate.
- Sec. 1213. Preferences.
- Sec. 1214. Postpetition transactions.
- Sec. 1215. Disposition of property of the estate.
- Sec. 1216. General provisions.
- Sec. 1217. Abandonment of railroad line.
- Sec. 1218. Contents of plan.
- Sec. 1219. Discharge under chapter 12.
- Sec. 1220. Bankruptcy cases and proceedings.
- Sec. 1221. Knowing disregard of bankruptcy law or rule.
- Sec. 1222. Transfers made by nonprofit charitable corporations.
- Sec. 1223. Protection of valid purchase money security interests.
- Sec. 1224. Bankruptcy judgeships.
- Sec. 1225. Compensating trustees.
- Sec. 1226. Amendment to section 362 of title 11, United States Code.
- Sec. 1227. Judicial education.
- Sec. 1228. Reclamation.
- Sec. 1229. Providing requested tax documents to the court.
- Sec. 1230. Encouraging creditworthiness.
- Sec. 1231. Property no longer subject to redemption.
- Sec. 1232. Trustees.
- Sec. 1233. Bankruptcy forms.
- Sec. 1234. Expedited appeals of bankruptcy cases to courts of appeals.
- Sec. 1235. Exemptions.

TITLE XIII—CONSUMER CREDIT DISCLOSURE

- Sec. 1301. Enhanced disclosures under an open end credit plan.
- Sec. 1302. Enhanced disclosure for credit extensions secured by a dwelling.
- Sec. 1303. Disclosures related to “introductory rates”.
- Sec. 1304. Internet-based credit card solicitations.
- Sec. 1305. Disclosures related to late payment deadlines and penalties.
- Sec. 1306. Prohibition on certain actions for failure to incur finance charges.
- Sec. 1307. Dual use debit card.
- Sec. 1308. Study of bankruptcy impact of credit extended to dependent students.
- Sec. 1309. Clarification of clear and conspicuous.
- Sec. 1310. Enforcement of certain foreign judgments barred.

TITLE XIV—GENERAL EFFECTIVE DATE; APPLICATION OF AMENDMENTS

- Sec. 1401. Effective date; application of amendments.

1 **TITLE I—NEEDS-BASED**
2 **BANKRUPTCY**

3 **SEC. 101. CONVERSION.**

4 Section 706(c) of title 11, United States Code, is
5 amended by inserting “or consents to” after “requests”.

6 **SEC. 102. DISMISSAL OR CONVERSION.**

7 (a) IN GENERAL.—Section 707 of title 11, United
8 States Code, is amended—

9 (1) by striking the section heading and insert-
10 ing the following:

11 **“§ 707. Dismissal of a case or conversion to a case**
12 **under chapter 11 or 13”;**

13 and

14 (2) in subsection (b)—

15 (A) by inserting “(1)” after “(b)”;

16 (B) in paragraph (1), as redesignated by
17 subparagraph (A) of this paragraph—

18 (i) in the first sentence—

19 (I) by striking “but not at the re-
20 quest or suggestion of” and inserting
21 “trustee, bankruptcy administrator,
22 or”;

23 (II) by inserting “, or, with the
24 debtor’s consent, convert such a case
25 to a case under chapter 11 or 13 of

1 this title,” after “consumer debts”;

2 and

3 (III) by striking “a substantial

4 abuse” and inserting “an abuse”; and

5 (ii) by striking the next to last sen-

6 tence; and

7 (C) by adding at the end the following:

8 “(2)(A)(i) In considering under paragraph (1) wheth-

9 er the granting of relief would be an abuse of the provi-

10 sions of this chapter, the court shall presume abuse exists

11 if the debtor’s current monthly income reduced by the

12 amounts determined under clauses (ii), (iii), and (iv), and

13 multiplied by 60 is not less than the lesser of—

14 “(I) 25 percent of the debtor’s nonpriority un-

15 secured claims in the case, or \$6,000, whichever is

16 greater; or

17 “(II) \$10,000.

18 “(ii)(I) The debtor’s monthly expenses shall be the

19 debtor’s applicable monthly expense amounts specified

20 under the National Standards and Local Standards, and

21 the debtor’s actual monthly expenses for the categories

22 specified as Other Necessary Expenses issued by the In-

23 ternal Revenue Service for the area in which the debtor

24 resides, as in effect on the date of the entry of the order

25 for relief, for the debtor, the dependents of the debtor,

1 and the spouse of the debtor in a joint case, if the spouse
2 is not otherwise a dependent. Notwithstanding any other
3 provision of this clause, the monthly expenses of the debt-
4 or shall not include any payments for debts. In addition,
5 the debtor's monthly expenses shall include the debtor's
6 reasonably necessary expenses incurred to maintain the
7 safety of the debtor and the family of the debtor from fam-
8 ily violence as identified under section 309 of the Family
9 Violence Prevention and Services Act (42 U.S.C. 10408),
10 or other applicable Federal law. The expenses included in
11 the debtor's monthly expenses described in the preceding
12 sentence shall be kept confidential by the court. In addi-
13 tion, if it is demonstrated that it is reasonable and nec-
14 essary, the debtor's monthly expenses may also include an
15 additional allowance for food and clothing of up to 5 per-
16 cent of the food and clothing categories as specified by
17 the National Standards issued by the Internal Revenue
18 Service.

19 “(II) In addition, the debtor's monthly expenses may
20 include, if applicable, the continuation of actual expenses
21 paid by the debtor that are reasonable and necessary for
22 care and support of an elderly, chronically ill, or disabled
23 household member or member of the debtor's immediate
24 family (including parents, grandparents, and siblings of
25 the debtor, the dependents of the debtor, and the spouse

1 of the debtor in a joint case) who is not a dependent and
2 who is unable to pay for such reasonable and necessary
3 expenses.

4 “(III) In addition, for a debtor eligible for chapter
5 13, the debtor’s monthly expenses may include the actual
6 administrative expenses of administering a chapter 13
7 plan for the district in which the debtor resides, up to an
8 amount of 10 percent of the projected plan payments, as
9 determined under schedules issued by the Executive Office
10 for United States Trustees.

11 “(IV) In addition, the debtor’s monthly expenses may
12 include the actual expenses for each dependent child under
13 the age of 18 years up to \$1,500 per year per child to
14 attend a private elementary or secondary school, if the
15 debtor provides documentation of such expenses and a de-
16 tailed explanation of why such expenses are reasonable
17 and necessary.

18 “(iii) The debtor’s average monthly payments on ac-
19 count of secured debts shall be calculated as—

20 “(I) the sum of—

21 “(aa) the total of all amounts scheduled as
22 contractually due to secured creditors in each
23 month of the 60 months following the date of
24 the petition; and

1 “(bb) any additional payments to secured
2 creditors necessary for the debtor, in filing a
3 plan under chapter 13 of this title, to maintain
4 possession of the debtor’s primary residence,
5 motor vehicle, or other property necessary for
6 the support of the debtor and the debtor’s de-
7 pendents, that serves as collateral for secured
8 debts; divided by

9 “(II) 60.

10 “(iv) The debtor’s expenses for payment of all pri-
11 ority claims (including priority child support and alimony
12 claims) shall be calculated as—

13 “(I) the total amount of debts entitled to pri-
14 ority; divided by

15 “(II) 60.

16 “(B)(i) In any proceeding brought under this sub-
17 section, the presumption of abuse may only be rebutted
18 by demonstrating special circumstances that justify addi-
19 tional expenses or adjustments of current monthly income
20 for which there is no reasonable alternative.

21 “(ii) In order to establish special circumstances, the
22 debtor shall be required to—

23 “(I) itemize each additional expense or adjust-
24 ment of income; and

25 “(II) provide—

1 “(aa) documentation for such expense or
2 adjustment to income; and

3 “(bb) a detailed explanation of the special
4 circumstances that make such expenses or ad-
5 justment to income necessary and reasonable.

6 “(iii) The debtor shall attest under oath to the accu-
7 racy of any information provided to demonstrate that ad-
8 ditional expenses or adjustments to income are required.

9 “(iv) The presumption of abuse may only be rebutted
10 if the additional expenses or adjustments to income re-
11 ferred to in clause (i) cause the product of the debtor’s
12 current monthly income reduced by the amounts deter-
13 mined under clauses (ii), (iii), and (iv) of subparagraph
14 (A) when multiplied by 60 to be less than the lesser of—

15 “(I) 25 percent of the debtor’s nonpriority un-
16 secured claims, or \$6,000, whichever is greater; or

17 “(II) \$10,000.

18 “(C) As part of the schedule of current income and
19 expenditures required under section 521, the debtor shall
20 include a statement of the debtor’s current monthly in-
21 come, and the calculations that determine whether a pre-
22 sumption arises under subparagraph (A)(i), that shows
23 how each such amount is calculated.

24 “(3) In considering under paragraph (1) whether the
25 granting of relief would be an abuse of the provisions of

1 this chapter in a case in which the presumption in sub-
2 paragraph (A)(i) of such paragraph does not apply or has
3 been rebutted, the court shall consider—

4 “(A) whether the debtor filed the petition in
5 bad faith; or

6 “(B) the totality of the circumstances (includ-
7 ing whether the debtor seeks to reject a personal
8 services contract and the financial need for such re-
9 jection as sought by the debtor) of the debtor’s fi-
10 nancial situation demonstrates abuse.

11 “(4)(A) The court shall order the counsel for the
12 debtor to reimburse the trustee for all reasonable costs
13 in prosecuting a motion brought under section 707(b), in-
14 cluding reasonable attorneys’ fees, if—

15 “(i) a trustee appointed under section 586(a)(1)
16 of title 28 or from a panel of private trustees main-
17 tained by the bankruptcy administrator brings a mo-
18 tion for dismissal or conversion under this sub-
19 section; and

20 “(ii) the court—

21 “(I) grants that motion; and

22 “(II) finds that the action of the counsel
23 for the debtor in filing under this chapter vio-
24 lated rule 9011 of the Federal Rules of Bank-
25 ruptcy Procedure.

1 “(B) If the court finds that the attorney for the debt-
2 or violated rule 9011 of the Federal Rules of Bankruptcy
3 Procedure, at a minimum, the court shall order—

4 “(i) the assessment of an appropriate civil pen-
5 alty against the counsel for the debtor; and

6 “(ii) the payment of the civil penalty to the
7 trustee, the United States trustee, or the bankruptcy
8 administrator.

9 “(C) In the case of a petition, pleading, or written
10 motion, the signature of an attorney shall constitute a cer-
11 tification that the attorney has—

12 “(i) performed a reasonable investigation into
13 the circumstances that gave rise to the petition,
14 pleading, or written motion; and

15 “(ii) determined that the petition, pleading, or
16 written motion—

17 “(I) is well grounded in fact; and

18 “(II) is warranted by existing law or a
19 good faith argument for the extension, modi-
20 fication, or reversal of existing law and does not
21 constitute an abuse under paragraph (1).

22 “(D) The signature of an attorney on the petition
23 shall constitute a certification that the attorney has no
24 knowledge after an inquiry that the information in the
25 schedules filed with such petition is incorrect.

1 “(5)(A) Except as provided in subparagraph (B) and
2 subject to paragraph (6), the court may award a debtor
3 all reasonable costs (including reasonable attorneys’ fees)
4 in contesting a motion brought by a party in interest
5 (other than a trustee, United States trustee, or bank-
6 ruptcy administrator) under this subsection if—

7 “(i) the court does not grant the motion; and

8 “(ii) the court finds that—

9 “(I) the position of the party that brought
10 the motion violated rule 9011 of the Federal
11 Rules of Bankruptcy Procedure; or

12 “(II) the party brought the motion solely
13 for the purpose of coercing a debtor into
14 waiving a right guaranteed to the debtor under
15 this title.

16 “(B) A small business that has a claim of an aggre-
17 gate amount less than \$1,000 shall not be subject to sub-
18 paragraph (A)(ii)(I).

19 “(C) For purposes of this paragraph—

20 “(i) the term ‘small business’ means an unin-
21 corporated business, partnership, corporation, asso-
22 ciation, or organization that—

23 “(I) has less than 25 full-time employees
24 as determined on the date the motion is filed;
25 and

1 “(II) is engaged in commercial or business
2 activity; and

3 “(ii) the number of employees of a wholly
4 owned subsidiary of a corporation includes the em-
5 ployees of—

6 “(I) a parent corporation; and

7 “(II) any other subsidiary corporation of
8 the parent corporation.

9 “(6) Only the judge, United States trustee, or bank-
10 ruptcy administrator may bring a motion under section
11 707(b), if the current monthly income of the debtor, or
12 in a joint case, the debtor and the debtor’s spouse, as of
13 the date of the order for relief, when multiplied by 12,
14 is equal to or less than—

15 “(A) in the case of a debtor in a household of
16 1 person, the median family income of the applicable
17 State for 1 earner last reported by the Bureau of
18 the Census;

19 “(B) in the case of a debtor in a household of
20 2, 3, or 4 individuals, the highest median family in-
21 come of the applicable State for a family of the same
22 number or fewer individuals last reported by the Bu-
23 reau of the Census; or

24 “(C) in the case of a debtor in a household ex-
25 ceeding 4 individuals, the highest median family in-

1 come of the applicable State for a family of 4 or
2 fewer individuals last reported by the Bureau of the
3 Census, plus \$525 per month for each individual in
4 excess of 4.

5 “(7) No judge, United States trustee, panel trustee,
6 bankruptcy administrator or other party in interest may
7 bring a motion under paragraph (2), if the current month-
8 ly income of the debtor and the debtor’s spouse combined,
9 as of the date of the order for relief when multiplied by
10 12, is equal to or less than—

11 “(A) in the case of a debtor in a household of
12 1 person, the median family income of the applicable
13 State for 1 earner last reported by the Bureau of
14 the Census;

15 “(B) in the case of a debtor in a household of
16 2, 3, or 4 individuals, the highest median family in-
17 come of the applicable State for a family of the same
18 number or fewer individuals last reported by the Bu-
19 reau of the Census; or

20 “(C) in the case of a debtor in a household ex-
21 ceeding 4 individuals, the highest median family in-
22 come of the applicable State for a family of 4 or
23 fewer individuals last reported by the Bureau of the
24 Census, plus \$525 per month for each individual in
25 excess of 4.”.

1 (b) DEFINITION.—Section 101 of title 11, United
2 States Code, is amended by inserting after paragraph (10)
3 the following:

4 “(10A) ‘current monthly income’—

5 “(A) means the average monthly income
6 from all sources which the debtor, or in a joint
7 case, the debtor and the debtor’s spouse, receive
8 without regard to whether the income is taxable
9 income, derived during the 6-month period pre-
10 ceeding the date of determination; and

11 “(B) includes any amount paid by any en-
12 tity other than the debtor (or, in a joint case,
13 the debtor and the debtor’s spouse), on a reg-
14 ular basis to the household expenses of the
15 debtor or the debtor’s dependents (and, in a
16 joint case, the debtor’s spouse if not otherwise
17 a dependent), but excludes benefits received
18 under the Social Security Act and payments to
19 victims of war crimes or crimes against human-
20 ity on account of their status as victims of such
21 crimes;”.

22 (c) UNITED STATES TRUSTEE AND BANKRUPTCY
23 ADMINISTRATOR DUTIES.—Section 704 of title 11, United
24 States Code, is amended—

1 (1) by inserting “(a)” before “The trustee
2 shall—”; and

3 (2) by adding at the end the following:

4 “(b)(1) With respect to an individual debtor under
5 this chapter—

6 “(A) the United States trustee or bankruptcy
7 administrator shall review all materials filed by the
8 debtor and, not later than 10 days after the date of
9 the first meeting of creditors, file with the court a
10 statement as to whether the debtor’s case would be
11 presumed to be an abuse under section 707(b); and

12 “(B) not later than 5 days after receiving a
13 statement under subparagraph (A), the court shall
14 provide a copy of the statement to all creditors.

15 “(2) The United States trustee or bankruptcy admin-
16 istrator shall, not later than 30 days after the date of fil-
17 ing a statement under paragraph (1), either file a motion
18 to dismiss or convert under section 707(b) or file a state-
19 ment setting forth the reasons the United States trustee
20 or bankruptcy administrator does not believe that such a
21 motion would be appropriate, if the United States trustee
22 or bankruptcy administrator determines that the debtor’s
23 case should be presumed to be an abuse under section
24 707(b) and the product of the debtor’s current monthly
25 income, multiplied by 12 is not less than—

1 “(A) in the case of a debtor in a household of
2 1 person, the median family income of the applicable
3 State for 1 earner last reported by the Bureau of
4 the Census; or

5 “(B) in the case of a debtor in a household of
6 2 or more individuals, the highest median family in-
7 come of the applicable State for a family of the same
8 number or fewer individuals last reported by the Bu-
9 reau of the Census.

10 “(3) In any case in which a motion to dismiss or con-
11 vert, or a statement is required to be filed by this sub-
12 section, the United States trustee or bankruptcy adminis-
13 trator may decline to file a motion to dismiss or convert
14 pursuant to section 704(b)(2) if the product of the debt-
15 or’s current monthly income multiplied by 12 exceeds 100
16 percent, but does not exceed 150 percent of—

17 “(A)(i) in the case of a debtor in a household
18 of 1 person, the median family income of the appli-
19 cable State for 1 earner last reported by the Bureau
20 of the Census; or

21 “(ii) in the case of a debtor in a household of
22 2 or more individuals, the highest median family in-
23 come of the applicable State for a family of the same
24 number or fewer individuals last reported by the Bu-
25 reau of the Census; and

1 “(B) the product of the debtor’s current month-
2 ly income, reduced by the amounts determined under
3 section 707(b)(2)(A)(ii) (except for the amount cal-
4 culated under the other necessary expenses standard
5 issued by the Internal Revenue Service) and clauses
6 (iii) and (iv) of section 707(b)(2)(A), multiplied by
7 60 is less than the lesser of—

8 “(i) 25 percent of the debtor’s nonpriority
9 unsecured claims in the case or \$6,000, which-
10 ever is greater; or

11 “(ii) \$10,000.”.

12 (d) NOTICE.—Section 342 of title 11, United States
13 Code, is amended by adding at the end the following:

14 “(d) In an individual case under chapter 7 in which
15 the presumption of abuse is triggered under section
16 707(b), the clerk shall give written notice to all creditors
17 not later than 10 days after the date of the filing of the
18 petition that the presumption of abuse has been trig-
19 gered.”.

20 (e) NONLIMITATION OF INFORMATION.—Nothing in
21 this title shall limit the ability of a creditor to provide in-
22 formation to a judge (except for information commu-
23 nicated ex parte, unless otherwise permitted by applicable
24 law), United States trustee, bankruptcy administrator or
25 trustee.

1 (f) DISMISSAL FOR CERTAIN CRIMES.—Section 707
2 of title 11, United States Code, as amended by this sec-
3 tion, is amended by adding at the end the following:

4 “(c)(1) In this subsection—

5 “(A) the term ‘crime of violence’ has the mean-
6 ing given that term in section 16 of title 18; and

7 “(B) the term ‘drug trafficking crime’ has the
8 meaning given that term in section 924(c)(2) of title
9 18.

10 “(2) Except as provided in paragraph (3), after no-
11 tice and a hearing, the court, on a motion by the victim
12 of a crime of violence or a drug trafficking crime, may
13 when it is in the best interest of the victims dismiss a
14 voluntary case filed by an individual debtor under this
15 chapter if that individual was convicted of that crime.

16 “(3) The court may not dismiss a case under para-
17 graph (2) if the debtor establishes by a preponderance of
18 the evidence that the filing of a case under this chapter
19 is necessary to satisfy a claim for a domestic support obli-
20 gation.”.

21 (g) CONFIRMATION OF PLAN.—Section 1325(a) of
22 title 11, United States Code, is amended—

23 (1) in paragraph (5), by striking “and” at the
24 end;

1 (2) in paragraph (6), by striking the period and
2 inserting a semicolon; and

3 (3) by adding at the end the following:

4 “(7) the action of the debtor in filing the peti-
5 tion was in good faith;”.

6 (h) APPLICABILITY OF MEANS TEST TO CHAPTER
7 13.—Section 1325(b) of title 11, United States Code, is
8 amended—

9 (1) in paragraph (1)(B), by inserting “to unse-
10 cured creditors” after “to make payments”; and

11 (2) by striking paragraph (2) and inserting the
12 following:

13 “(2) For purposes of this subsection, the term
14 ‘disposable income’ means current monthly income
15 received by the debtor (other than child support pay-
16 ments, foster care payments, or disability payments
17 for a dependent child made in accordance with appli-
18 cable nonbankruptcy law to the extent reasonably
19 necessary to be expended for such child) less
20 amounts reasonably necessary to be expended—

21 “(A) for the maintenance or support of the
22 debtor or a dependent of the debtor or for a do-
23 mestic support obligation that first becomes
24 payable after the date the petition is filed and
25 for charitable contributions (that meet the defi-

1 nition of ‘charitable contribution’ under section
2 548(d)(3) to a qualified religious or charitable
3 entity or organization (as that term is defined
4 in section 548(d)(4)) in an amount not to ex-
5 ceed 15 percent of gross income of the debtor
6 for the year in which the contributions are
7 made; and

8 “(B) if the debtor is engaged in business,
9 for the payment of expenditures necessary for
10 the continuation, preservation, and operation of
11 such business.

12 “(3) Amounts reasonably necessary to be ex-
13 pended under paragraph (2) shall be determined in
14 accordance with subparagraphs (A) and (B) of sec-
15 tion 707(b)(2), if the debtor has current monthly in-
16 come, when multiplied by 12, greater than—

17 “(A) in the case of a debtor in a household
18 of 1 person, the median family income of the
19 applicable State for 1 earner last reported by
20 the Bureau of the Census;

21 “(B) in the case of a debtor in a household
22 of 2, 3, or 4 individuals, the highest median
23 family income of the applicable State for a fam-
24 ily of the same number or fewer individuals last
25 reported by the Bureau of the Census; or

1 “(C) in the case of a debtor in a household
2 exceeding 4 individuals, the highest median
3 family income of the applicable State for a fam-
4 ily of 4 or fewer individuals last reported by the
5 Bureau of the Census, plus \$525 per month for
6 each individual in excess of 4.”.

7 (i) CLERICAL AMENDMENT.—The table of sections
8 for chapter 7 of title 11, United States Code, is amended
9 by striking the item relating to section 707 and inserting
10 the following:

 “707. Dismissal of a case or conversion to a case under chapter 11 or 13.”.

11 **SEC. 103. SENSE OF CONGRESS AND STUDY.**

12 (a) SENSE OF CONGRESS.—It is the sense of Con-
13 gress that the Secretary of the Treasury has the authority
14 to alter the Internal Revenue Service standards estab-
15 lished to set guidelines for repayment plans as needed to
16 accommodate their use under section 707(b) of title 11,
17 United States Code.

18 (b) STUDY.—

19 (1) IN GENERAL.—Not later than 2 years after
20 the date of enactment of this Act, the Director of
21 the Executive Office for United States Trustees shall
22 submit a report to the Committee on the Judiciary
23 of the Senate and the Committee on the Judiciary
24 of the House of Representatives containing the find-

1 ings of the Director regarding the utilization of In-
2 ternal Revenue Service standards for determining—

3 (A) the current monthly expenses of a
4 debtor under section 707(b) of title 11, United
5 States Code; and

6 (B) the impact that the application of such
7 standards has had on debtors and on the bank-
8 ruptcy courts.

9 (2) RECOMMENDATION.—The report under
10 paragraph (1) may include recommendations for
11 amendments to title 11, United States Code, that
12 are consistent with the findings of the Director
13 under paragraph (1).

14 **SEC. 104. NOTICE OF ALTERNATIVES.**

15 Section 342(b) of title 11, United States Code, is
16 amended to read as follows:

17 “(b) Before the commencement of a case under this
18 title by an individual whose debts are primarily consumer
19 debts, the clerk shall give to such individual written notice
20 containing—

21 “(1) a brief description of—

22 “(A) chapters 7, 11, 12, and 13 and the
23 general purpose, benefits, and costs of pro-
24 ceeding under each of those chapters; and

1 “(B) the types of services available from
2 credit counseling agencies; and

3 “(2) statements specifying that—

4 “(A) a person who knowingly and fraudu-
5 lently conceals assets or makes a false oath or
6 statement under penalty of perjury in connec-
7 tion with a bankruptcy case shall be subject to
8 fine, imprisonment, or both; and

9 “(B) all information supplied by a debtor
10 in connection with a bankruptcy case is subject
11 to examination by the Attorney General.”.

12 **SEC. 105. DEBTOR FINANCIAL MANAGEMENT TRAINING**
13 **TEST PROGRAM.**

14 (a) DEVELOPMENT OF FINANCIAL MANAGEMENT
15 AND TRAINING CURRICULUM AND MATERIALS.—The Di-
16 rector of the Executive Office for United States Trustees
17 (in this section referred to as the “Director”) shall consult
18 with a wide range of individuals who are experts in the
19 field of debtor education, including trustees who are ap-
20 pointed under chapter 13 of title 11, United States Code,
21 and who operate financial management education pro-
22 grams for debtors, and shall develop a financial manage-
23 ment training curriculum and materials that can be used
24 to educate individual debtors on how to better manage
25 their finances.

1 (b) TEST.—

2 (1) SELECTION OF DISTRICTS.—The Director
3 shall select 6 judicial districts of the United States
4 in which to test the effectiveness of the financial
5 management training curriculum and materials de-
6 veloped under subsection (a).

7 (2) USE.—For an 18-month period beginning
8 not later than 270 days after the date of enactment
9 of this Act, such curriculum and materials shall be,
10 for the 6 judicial districts selected under paragraph
11 (1), used as the instructional course concerning per-
12 sonal financial management for purposes of section
13 111 of title 11, United States Code.

14 (c) EVALUATION.—

15 (1) IN GENERAL.—During the 18-month period
16 referred to in subsection (b), the Director shall
17 evaluate the effectiveness of—

18 (A) the financial management training cur-
19 riculum and materials developed under sub-
20 section (a); and

21 (B) a sample of existing consumer edu-
22 cation programs such as those described in the
23 Report of the National Bankruptcy Review
24 Commission (October 20, 1997) that are rep-
25 resentative of consumer education programs

1 carried out by the credit industry, by trustees
2 serving under chapter 13 of title 11, United
3 States Code, and by consumer counseling
4 groups.

5 (2) REPORT.—Not later than 3 months after
6 concluding such evaluation, the Director shall sub-
7 mit a report to the Speaker of the House of Rep-
8 resentatives and the President pro tempore of the
9 Senate, for referral to the appropriate committees of
10 the Congress, containing the findings of the Director
11 regarding the effectiveness of such curriculum, such
12 materials, and such programs and their costs.

13 **SEC. 106. CREDIT COUNSELING.**

14 (a) WHO MAY BE A DEBTOR.—Section 109 of title
15 11, United States Code, is amended by adding at the end
16 the following:

17 “(h)(1) Subject to paragraphs (2) and (3), and not-
18 withstanding any other provision of this section, an indi-
19 vidual may not be a debtor under this title unless that
20 individual has, during the 180-day period preceding the
21 date of filing of the petition of that individual, received
22 from an approved nonprofit budget and credit counseling
23 agency described in section 111(a) an individual or group
24 briefing (including a briefing conducted by telephone or
25 on the Internet) that outlined the opportunities for avail-

1 able credit counseling and assisted that individual in per-
2 forming a related budget analysis.

3 “(2)(A) Paragraph (1) shall not apply with respect
4 to a debtor who resides in a district for which the United
5 States trustee or bankruptcy administrator of the bank-
6 ruptcy court of that district determines that the approved
7 nonprofit budget and credit counseling agencies for that
8 district are not reasonably able to provide adequate serv-
9 ices to the additional individuals who would otherwise seek
10 credit counseling from that agency by reason of the re-
11 quirements of paragraph (1).

12 “(B) Each United States trustee or bankruptcy ad-
13 ministrator that makes a determination described in sub-
14 paragraph (A) shall review that determination not later
15 than 1 year after the date of that determination, and not
16 less frequently than every year thereafter. Notwith-
17 standing the preceding sentence, a nonprofit budget and
18 credit counseling service may be disapproved by the
19 United States trustee or bankruptcy administrator at any
20 time.

21 “(3)(A) Subject to subparagraph (B), the require-
22 ments of paragraph (1) shall not apply with respect to
23 a debtor who submits to the court a certification that—

24 “(i) describes exigent circumstances that merit
25 a waiver of the requirements of paragraph (1);

1 “(ii) states that the debtor requested credit
2 counseling services from an approved nonprofit
3 budget and credit counseling agency, but was unable
4 to obtain the services referred to in paragraph (1)
5 during the 5-day period beginning on the date on
6 which the debtor made that request; and

7 “(iii) is satisfactory to the court.

8 “(B) With respect to a debtor, an exemption under
9 subparagraph (A) shall cease to apply to that debtor on
10 the date on which the debtor meets the requirements of
11 paragraph (1), but in no case may the exemption apply
12 to that debtor after the date that is 30 days after the debt-
13 or files a petition, except that the court, for cause, may
14 order an additional 15 days.”.

15 (b) CHAPTER 7 DISCHARGE.—Section 727(a) of title
16 11, United States Code, is amended—

17 (1) in paragraph (9), by striking “or” at the
18 end;

19 (2) in paragraph (10), by striking the period
20 and inserting “; or”; and

21 (3) by adding at the end the following:

22 “(11) after the filing of the petition, the debtor
23 failed to complete an instructional course concerning
24 personal financial management described in section
25 111.

1 “(12)(A) Paragraph (11) shall not apply with
2 respect to a debtor who resides in a district for
3 which the United States trustee or bankruptcy ad-
4 ministrator of that district determines that the ap-
5 proved instructional courses are not adequate to
6 service the additional individuals required to com-
7 plete such instructional courses under this section.

8 “(B) Each United States trustee or bankruptcy
9 administrator that makes a determination described
10 in subparagraph (A) shall review that determination
11 not later than 1 year after the date of that deter-
12 mination, and not less frequently than every year
13 thereafter.”.

14 (c) CHAPTER 13 DISCHARGE.—Section 1328 of title
15 11, United States Code, is amended by adding at the end
16 the following:

17 “(g) The court shall not grant a discharge under this
18 section to a debtor, unless after filing a petition the debtor
19 has completed an instructional course concerning personal
20 financial management described in section 111.

21 “(h) Subsection (g) shall not apply with respect to
22 a debtor who resides in a district for which the United
23 States trustee or bankruptcy administrator of the bank-
24 ruptcy court of that district determines that the approved
25 instructional courses are not adequate to service the addi-

1 tional individuals who would be required to complete the
2 instructional course by reason of the requirements of this
3 section.

4 “(i) Each United States trustee or bankruptcy ad-
5 ministrator that makes a determination described in sub-
6 section (h) shall review that determination not later than
7 1 year after the date of that determination, and not less
8 frequently than every year thereafter.”.

9 (d) DEBTOR’S DUTIES.—Section 521 of title 11,
10 United States Code, is amended—

11 (1) by inserting “(a)” before “The debtor
12 shall—”; and

13 (2) by adding at the end the following:

14 “(b) In addition to the requirements under subsection
15 (a), an individual debtor shall file with the court—

16 “(1) a certificate from the approved nonprofit
17 budget and credit counseling agency that provided
18 the debtor services under section 109(h) describing
19 the services provided to the debtor; and

20 “(2) a copy of the debt repayment plan, if any,
21 developed under section 109(h) through the ap-
22 proved nonprofit budget and credit counseling agen-
23 cy referred to in paragraph (1).”.

24 (e) GENERAL PROVISIONS.—

1 (1) IN GENERAL.—Chapter 1 of title 11, United
2 States Code, is amended by adding at the end the
3 following:

4 **“§ 111. Credit counseling services; financial manage-**
5 **ment instructional courses**

6 “(a) The clerk of each district shall maintain a pub-
7 licly available list of—

8 “(1) credit counseling agencies that provide 1
9 or more programs described in section 109(h) cur-
10 rently approved by the United States trustee or the
11 bankruptcy administrator for the district, as applica-
12 ble; and

13 “(2) instructional courses concerning personal
14 financial management currently approved by the
15 United States trustee or the bankruptcy adminis-
16 trator for the district, as applicable.

17 “(b) The United States trustee or bankruptcy admin-
18 istrator shall only approve a credit counseling agency or
19 instructional course concerning personal financial manage-
20 ment as follows:

21 “(1) The United States trustee or bankruptcy
22 administrator shall have thoroughly reviewed the
23 qualifications of the credit counseling agency or of
24 the provider of the instructional course under the
25 standards set forth in this section, and the programs

1 or instructional courses which will be offered by such
2 agency or provider, and may require an agency or
3 provider of an instructional course which has sought
4 approval to provide information with respect to such
5 review.

6 “(2) The United States trustee or bankruptcy
7 administrator shall have determined that the credit
8 counseling agency or course of instruction fully sat-
9 isfies the applicable standards set forth in this sec-
10 tion.

11 “(3) When an agency or course of instruction
12 is initially approved, such approval shall be for a
13 probationary period not to exceed 6 months. An
14 agency or course of instruction is initially approved
15 if it did not appear on the approved list for the dis-
16 trict under subsection (a) immediately prior to ap-
17 proval.

18 “(4) At the conclusion of the probationary pe-
19 riod under paragraph (3), the United States trustee
20 or bankruptcy administrator may only approve for
21 an additional 1-year period, and for successive 1-
22 year periods thereafter, any agency or course of in-
23 struction which has demonstrated during the proba-
24 tionary or subsequent period that such agency or
25 course of instruction—

1 “(A) has met the standards set forth under
2 this section during such period; and

3 “(B) can satisfy such standards in the fu-
4 ture.

5 “(5) Not later than 30 days after any final de-
6 cision under paragraph (4), that occurs either after
7 the expiration of the initial probationary period, or
8 after any 2-year period thereafter, an interested per-
9 son may seek judicial review of such decision in the
10 appropriate United States District Court.

11 “(c)(1) The United States trustee or bankruptcy ad-
12 ministrators shall only approve a credit counseling agency
13 that demonstrates that it will provide qualified counselors,
14 maintain adequate provision for safekeeping and payment
15 of client funds, provide adequate counseling with respect
16 to client credit problems, and deal responsibly and effec-
17 tively with other matters as relate to the quality, effective-
18 ness, and financial security of such programs.

19 “(2) To be approved by the United States trustee or
20 bankruptcy administrator, a credit counseling agency
21 shall, at a minimum—

22 “(A) be a nonprofit budget and credit coun-
23 seling agency, the majority of the board of directors
24 of which—

25 “(i) are not employed by the agency; and

1 “(ii) will not directly or indirectly benefit
2 financially from the outcome of a credit coun-
3 seling session;

4 “(B) if a fee is charged for counseling services,
5 charge a reasonable fee, and provide services without
6 regard to ability to pay the fee;

7 “(C) provide for safekeeping and payment of
8 client funds, including an annual audit of the trust
9 accounts and appropriate employee bonding;

10 “(D) provide full disclosures to clients, includ-
11 ing funding sources, counselor qualifications, pos-
12 sible impact on credit reports, and any costs of such
13 program that will be paid by the debtor and how
14 such costs will be paid;

15 “(E) provide adequate counseling with respect
16 to client credit problems that includes an analysis of
17 their current situation, what brought them to that
18 financial status, and how they can develop a plan to
19 handle the problem without incurring negative amor-
20 tization of their debts;

21 “(F) provide trained counselors who receive no
22 commissions or bonuses based on the counseling ses-
23 sion outcome, and who have adequate experience,
24 and have been adequately trained to provide coun-
25 seling services to individuals in financial difficulty,

1 including the matters described in subparagraph
2 (E);

3 “(G) demonstrate adequate experience and
4 background in providing credit counseling; and

5 “(H) have adequate financial resources to pro-
6 vide continuing support services for budgeting plans
7 over the life of any repayment plan.

8 “(d) The United States trustee or bankruptcy admin-
9 istrator shall only approve an instructional course con-
10 cerning personal financial management—

11 “(1) for an initial probationary period under
12 subsection (b)(3) if the course will provide at a
13 minimum—

14 “(A) trained personnel with adequate expe-
15 rience and training in providing effective in-
16 struction and services;

17 “(B) learning materials and teaching
18 methodologies designed to assist debtors in un-
19 derstanding personal financial management and
20 that are consistent with stated objectives di-
21 rectly related to the goals of such course of in-
22 struction;

23 “(C) adequate facilities situated in reason-
24 ably convenient locations at which such course
25 of instruction is offered, except that such facili-

1 ties may include the provision of such course of
2 instruction or program by telephone or through
3 the Internet, if the course of instruction or pro-
4 gram is effective; and

5 “(D) the preparation and retention of rea-
6 sonable records (which shall include the debt-
7 or’s bankruptcy case number) to permit evalua-
8 tion of the effectiveness of such course of in-
9 struction or program, including any evaluation
10 of satisfaction of course of instruction or pro-
11 gram requirements for each debtor attending
12 such course of instruction or program, which
13 shall be available for inspection and evaluation
14 by the Executive Office for United States
15 Trustees, the United States trustee, bankruptcy
16 administrator, or chief bankruptcy judge for the
17 district in which such course of instruction or
18 program is offered; and

19 “(2) for any 1-year period if the provider there-
20 of has demonstrated that the course meets the
21 standards of paragraph (1) and, in addition—

22 “(A) has been effective in assisting a sub-
23 stantial number of debtors to understand per-
24 sonal financial management; and

1 “(B) is otherwise likely to increase sub-
2 stantially debtor understanding of personal fi-
3 nancial management.

4 “(e) The District Court may, at any time, investigate
5 the qualifications of a credit counseling agency referred
6 to in subsection (a), and request production of documents
7 to ensure the integrity and effectiveness of such credit
8 counseling agencies. The District Court may, at any time,
9 remove from the approved list under subsection (a) a cred-
10 it counseling agency upon finding such agency does not
11 meet the qualifications of subsection (b).

12 “(f) The United States trustee or bankruptcy admin-
13 istrator shall notify the clerk that a credit counseling
14 agency or an instructional course is no longer approved,
15 in which case the clerk shall remove it from the list main-
16 tained under subsection (a).

17 “(g)(1) No credit counseling service may provide to
18 a credit reporting agency information concerning whether
19 an individual debtor has received or sought instruction
20 concerning personal financial management from the credit
21 counseling service.

22 “(2) A credit counseling service that willfully or neg-
23 ligently fails to comply with any requirement under this
24 title with respect to a debtor shall be liable for damages
25 in an amount equal to the sum of—

1 “(A) any actual damages sustained by the debt-
2 or as a result of the violation; and

3 “(B) any court costs or reasonable attorneys’
4 fees (as determined by the court) incurred in an ac-
5 tion to recover those damages.”.

6 (2) CLERICAL AMENDMENT.—The table of sec-
7 tions for chapter 1 of title 11, United States Code,
8 is amended by adding at the end the following:

 “111. Credit counseling services; financial management instructional courses.”.

9 (f) LIMITATION.—Section 362 of title 11, United
10 States Code, is amended by adding at the end the fol-
11 lowing:

12 “(i) If a case commenced under chapter 7, 11, or 13
13 is dismissed due to the creation of a debt repayment plan,
14 for purposes of subsection (c)(3), any subsequent case
15 commenced by the debtor under any such chapter shall
16 not be presumed to be filed not in good faith.

17 “(j) On request of a party in interest, the court shall
18 issue an order under subsection (c) confirming that the
19 automatic stay has been terminated.”.

20 **SEC. 107. SCHEDULES OF REASONABLE AND NECESSARY**
21 **EXPENSES.**

22 For purposes of section 707(b) of title 11, United
23 States Code, as amended by this Act, the Director of the
24 Executive Office for United States Trustees shall, not
25 later than 180 days after the date of enactment of this

1 Act, issue schedules of reasonable and necessary adminis-
2 trative expenses of administering a chapter 13 plan for
3 each judicial district of the United States.

4 **TITLE II—ENHANCED**
5 **CONSUMER PROTECTION**
6 **Subtitle A—Penalties for Abusive**
7 **Creditor Practices**

8 **SEC. 201. PROMOTION OF ALTERNATIVE DISPUTE RESOLU-**
9 **TION.**

10 (a) REDUCTION OF CLAIM.—Section 502 of title 11,
11 United States Code, is amended by adding at the end the
12 following:

13 “(k)(1) The court, on the motion of the debtor and
14 after a hearing, may reduce a claim filed under this sec-
15 tion based in whole on unsecured consumer debts by not
16 more than 20 percent of the claim, if—

17 “(A) the claim was filed by a creditor who un-
18 reasonably refused to negotiate a reasonable alter-
19 native repayment schedule proposed by an approved
20 credit counseling agency described in section 111
21 acting on behalf of the debtor;

22 “(B) the offer of the debtor under subpara-
23 graph (A)—

24 “(i) was made at least 60 days before the
25 filing of the petition; and

1 “(ii) provided for payment of at least 60
2 percent of the amount of the debt over a period
3 not to exceed the repayment period of the loan,
4 or a reasonable extension thereof; and

5 “(C) no part of the debt under the alternative
6 repayment schedule is nondischargeable.

7 “(2) The debtor shall have the burden of proving, by
8 clear and convincing evidence, that—

9 “(A) the creditor unreasonably refused to con-
10 sider the debtor’s proposal; and

11 “(B) the proposed alternative repayment sched-
12 ule was made prior to expiration of the 60-day pe-
13 riod specified in paragraph (1)(B)(i).”.

14 (b) **LIMITATION ON AVOIDABILITY.**—Section 547 of
15 title 11, United States Code, is amended by adding at the
16 end the following:

17 “(h) The trustee may not avoid a transfer if such
18 transfer was made as a part of an alternative repayment
19 plan between the debtor and any creditor of the debtor
20 created by an approved credit counseling agency.”.

21 **SEC. 202. EFFECT OF DISCHARGE.**

22 Section 524 of title 11, United States Code, is
23 amended by adding at the end the following:

24 “(i) The willful failure of a creditor to credit pay-
25 ments received under a plan confirmed under this title (in-

1 cluding a plan of reorganization confirmed under chapter
2 11 of this title), unless the plan is dismissed, in default,
3 or the creditor has not received payments required to be
4 made under the plan in the manner required by the plan
5 (including crediting the amounts required under the plan),
6 shall constitute a violation of an injunction under sub-
7 section (a)(2) if the act of the creditor to collect and fail-
8 ure to credit payments in the manner required by the plan
9 caused material injury to the debtor.

10 “(j) Subsection (a)(2) does not operate as an injunc-
11 tion against an act by a creditor that is the holder of a
12 secured claim, if—

13 “(1) such creditor retains a security interest in
14 real property that is the principal residence of the
15 debtor;

16 “(2) such act is in the ordinary course of busi-
17 ness between the creditor and the debtor; and

18 “(3) such act is limited to seeking or obtaining
19 periodic payments associated with a valid security
20 interest in lieu of pursuit of in rem relief to enforce
21 the lien.”.

22 **SEC. 203. DISCOURAGING ABUSE OF REAFFIRMATION**
23 **PRACTICES.**

24 (a) IN GENERAL.—Section 524 of title 11, United
25 States Code, as amended by this Act, is amended—

1 (1) in subsection (c), by striking paragraph (2)
2 and inserting the following:

3 “(2) the debtor received the disclosures de-
4 scribed in subsection (k) at or before the time at
5 which the debtor signed the agreement;”;

6 (2) by adding at the end the following:

7 “(k)(1) The disclosures required under subsection
8 (c)(2) shall consist of the disclosure statement described
9 in paragraph (3), completed as required in that para-
10 graph, together with the agreement, statement, declara-
11 tion, motion and order described, respectively, in para-
12 graphs (4) through (8), and shall be the only disclosures
13 required in connection with the reaffirmation.

14 “(2) Disclosures made under paragraph (1) shall be
15 made clearly and conspicuously and in writing. The terms
16 ‘Amount Reaffirmed’ and ‘Annual Percentage Rate’ shall
17 be disclosed more conspicuously than other terms, data or
18 information provided in connection with this disclosure,
19 except that the phrases ‘Before agreeing to reaffirm a
20 debt, review these important disclosures’ and ‘Summary
21 of Reaffirmation Agreement’ may be equally conspicuous.
22 Disclosures may be made in a different order and may
23 use terminology different from that set forth in para-
24 graphs (2) through (8), except that the terms ‘Amount

1 Reaffirmed’ and ‘Annual Percentage Rate’ must be used
2 where indicated.

3 “(3) The disclosure statement required under this
4 paragraph shall consist of the following:

5 “(A) The statement: ‘Part A: Before agreeing
6 to reaffirm a debt, review these important disclo-
7 sures.’;

8 “(B) Under the heading ‘Summary of Reaffir-
9 mation Agreement’, the statement: ‘This Summary
10 is made pursuant to the requirements of the Bank-
11 ruptcy Code’;

12 “(C) The ‘Amount Reaffirmed’, using that
13 term, which shall be—

14 “(i) the total amount which the debtor
15 agrees to reaffirm, and

16 “(ii) the total of any other fees or cost ac-
17 crued as of the date of the disclosure statement.

18 “(D) In conjunction with the disclosure of the
19 ‘Amount Reaffirmed’, the statements—

20 “(i) ‘The amount of debt you have agreed
21 to reaffirm’; and

22 “(ii) ‘Your credit agreement may obligate
23 you to pay additional amounts which may come
24 due after the date of this disclosure. Consult
25 your credit agreement.’.

1 “(E) The ‘Annual Percentage Rate’, using that
2 term, which shall be disclosed as—

3 “(i) if, at the time the petition is filed, the
4 debt is open end credit as defined under the
5 Truth in Lending Act (15 U.S.C. 1601 et seq.),
6 then—

7 “(I) the annual percentage rate deter-
8 mined under paragraphs (5) and (6) of
9 section 127(b) of the Truth in Lending Act
10 (15 U.S.C. 1637(b)(5) and (6)), as appli-
11 cable, as disclosed to the debtor in the
12 most recent periodic statement prior to the
13 agreement or, if no such periodic state-
14 ment has been provided the debtor during
15 the prior 6 months, the annual percentage
16 rate as it would have been so disclosed at
17 the time the disclosure statement is given
18 the debtor, or to the extent this annual
19 percentage rate is not readily available or
20 not applicable, then

21 “(II) the simple interest rate applica-
22 ble to the amount reaffirmed as of the date
23 the disclosure statement is given to the
24 debtor, or if different simple interest rates
25 apply to different balances, the simple in-

1 terest rate applicable to each such balance,
2 identifying the amount of each such bal-
3 ance included in the amount reaffirmed, or

4 “(III) if the entity making the disclo-
5 sure elects, to disclose the annual percent-
6 age rate under subclause (I) and the sim-
7 ple interest rate under subclause (II);

8 “(ii) if, at the time the petition is filed, the
9 debt is closed end credit as defined under the
10 Truth in Lending Act (15 U.S.C. 1601 et seq.),
11 then—

12 “(I) the annual percentage rate under
13 section 128(a)(4) of the Truth in Lending
14 Act (15 U.S.C. 1638(a)(4)), as disclosed to
15 the debtor in the most recent disclosure
16 statement given the debtor prior to the re-
17 affirmation agreement with respect to the
18 debt, or, if no such disclosure statement
19 was provided the debtor, the annual per-
20 centage rate as it would have been so dis-
21 closed at the time the disclosure statement
22 is given the debtor, or to the extent this
23 annual percentage rate is not readily avail-
24 able or not applicable, then

1 “(II) the simple interest rate applica-
2 ble to the amount reaffirmed as of the date
3 the disclosure statement is given the debt-
4 or, or if different simple interest rates
5 apply to different balances, the simple in-
6 terest rate applicable to each such balance,
7 identifying the amount of such balance in-
8 cluded in the amount reaffirmed, or

9 “(III) if the entity making the disclo-
10 sure elects, to disclose the annual percent-
11 age rate under (I) and the simple interest
12 rate under (II).

13 “(F) If the underlying debt transaction was dis-
14 closed as a variable rate transaction on the most re-
15 cent disclosure given under the Truth in Lending
16 Act (15 U.S.C. 1601 et seq.), by stating ‘The inter-
17 est rate on your loan may be a variable interest rate
18 which changes from time to time, so that the annual
19 percentage rate disclosed here may be higher or
20 lower.’.

21 “(G) If the debt is secured by a security inter-
22 est which has not been waived in whole or in part
23 or determined to be void by a final order of the
24 court at the time of the disclosure, by disclosing that
25 a security interest or lien in goods or property is as-

1 serted over some or all of the obligations you are re-
2 affirming and listing the items and their original
3 purchase price that are subject to the asserted secu-
4 rity interest, or if not a purchase-money security in-
5 terest then listing by items or types and the original
6 amount of the loan.

7 “(H) At the election of the creditor, a state-
8 ment of the repayment schedule using 1 or a com-
9 bination of the following—

10 “(i) by making the statement: ‘Your first
11 payment in the amount of \$111 is due on
12 111 but the future payment amount may be
13 different. Consult your reaffirmation or credit
14 agreement, as applicable.’, and stating the
15 amount of the first payment and the due date
16 of that payment in the places provided;

17 “(ii) by making the statement: ‘Your pay-
18 ment schedule will be.’, and describing the re-
19 payment schedule with the number, amount and
20 due dates or period of payments scheduled to
21 repay the obligations reaffirmed to the extent
22 then known by the disclosing party; or

23 “(iii) by describing the debtor’s repayment
24 obligations with reasonable specificity to the ex-
25 tent then known by the disclosing party.

1 “(I) The following statement: ‘Note: When this
2 disclosure refers to what a creditor ‘may’ do, it does
3 not use the word ‘may’ to give the creditor specific
4 permission. The word ‘may’ is used to tell you what
5 might occur if the law permits the creditor to take
6 the action. If you have questions about your reaffir-
7 mation or what the law requires, talk to the attorney
8 who helped you negotiate this agreement. If you
9 don’t have an attorney helping you, the judge will
10 explain the effect of your reaffirmation when the re-
11 affirmation hearing is held.’.

12 “(J)(i) The following additional statements:

13 “‘Reaffirming a debt is a serious financial decision.
14 The law requires you to take certain steps to make sure
15 the decision is in your best interest. If these steps are not
16 completed, the reaffirmation agreement is not effective,
17 even though you have signed it.

18 “‘1. Read the disclosures in this Part A care-
19 fully. Consider the decision to reaffirm carefully.
20 Then, if you want to reaffirm, sign the reaffirmation
21 agreement in Part B (or you may use a separate
22 agreement you and your creditor agree on).

23 “‘2. Complete and sign Part D and be sure you
24 can afford to make the payments you are agreeing
25 to make and have received a copy of the disclosure

1 statement and a completed and signed reaffirmation
2 agreement.

3 “3. If you were represented by an attorney
4 during the negotiation of the reaffirmation agree-
5 ment, the attorney must have signed the certification
6 in Part C.

7 “4. If you were not represented by an attorney
8 during the negotiation of the reaffirmation agree-
9 ment, you must have completed and signed Part E.

10 “5. The original of this disclosure must be
11 filed with the court by you or your creditor. If a sep-
12 arate reaffirmation agreement (other than the one in
13 Part B) has been signed, it must be attached.

14 “6. If you were represented by an attorney
15 during the negotiation of the reaffirmation agree-
16 ment, your reaffirmation agreement becomes effec-
17 tive upon filing with the court unless the reaffirma-
18 tion is presumed to be an undue hardship as ex-
19 plained in Part D.

20 “7. If you were not represented by an attorney
21 during the negotiation of the reaffirmation agree-
22 ment, it will not be effective unless the court ap-
23 proves it. The court will notify you of the hearing on
24 your reaffirmation agreement. You must attend this
25 hearing in bankruptcy court where the judge will re-

1 view your agreement. The bankruptcy court must
2 approve the agreement as consistent with your best
3 interests, except that no court approval is required
4 if the agreement is for a consumer debt secured by
5 a mortgage, deed of trust, security deed or other lien
6 on your real property, like your home.

7 “Your right to rescind a reaffirmation. You may re-
8 scind (cancel) your reaffirmation at any time before the
9 bankruptcy court enters a discharge order or within 60
10 days after the agreement is filed with the court, whichever
11 is longer. To rescind or cancel, you must notify the cred-
12 itor that the agreement is canceled.

13 “What are your obligations if you reaffirm the debt?
14 A reaffirmed debt remains your personal legal obligation.
15 It is not discharged in your bankruptcy. That means that
16 if you default on your reaffirmed debt after your bank-
17 ruptcy is over, your creditor may be able to take your
18 property or your wages. Otherwise, your obligations will
19 be determined by the reaffirmation agreement which may
20 have changed the terms of the original agreement. For ex-
21 ample, if you are reaffirming an open end credit agree-
22 ment, the creditor may be permitted by that agreement
23 or applicable law to change the terms of the agreement
24 in the future under certain conditions.

1 “‘Are you required to enter into a reaffirmation
2 agreement by any law? No, you are not required to reaffirm
3 a debt by any law. Only agree to reaffirm a debt if
4 it is in your best interest. Be sure you can afford the pay-
5 ments you agree to make.

6 “‘What if your creditor has a security interest or
7 lien? Your bankruptcy discharge does not eliminate any
8 lien on your property. A “lien” is often referred to as a
9 security interest, deed of trust, mortgage or security deed.
10 Even if you do not reaffirm and your personal liability
11 on the debt is discharged, because of the lien your creditor
12 may still have the right to take the security property if
13 you do not pay the debt or default on it. If the lien is
14 on an item of personal property that is exempt under your
15 State’s law or that the trustee has abandoned, you may
16 be able to redeem the item rather than reaffirm the debt.
17 To redeem, you make a single payment to the creditor
18 equal to the current value of the security property, as
19 agreed by the parties or determined by the court.’.

20 “(ii) In the case of a reaffirmation under sub-
21 section (m)(2), numbered paragraph 6 in the disclo-
22 sures required by clause (i) of this subparagraph
23 shall read as follows:

24 “‘6. If you were represented by an attorney
25 during the negotiation of the reaffirmation agree-

1 “‘Signature of Debtor’s Attorney: Date:’.

2 “(B) In the case of reaffirmations in which a pre-
3 sumption of undue hardship has been established, the cer-
4 tification shall state that in the opinion of the attorney,
5 the debtor is able to make the payment.

6 “(C) In the case of a reaffirmation agreement under
7 subsection (m)(2), subparagraph (B) is not applicable.

8 “(6)(A) The statement in support of reaffirmation
9 agreement, which the debtor shall sign and date prior to
10 filing with the court, shall consist of the following:

11 “‘Part D: Debtor’s Statement in Support of Reaffir-
12 mation Agreement.

13 “‘1. I believe this agreement will not impose an
14 undue hardship on my dependents or me. I can afford to
15 make the payments on the reaffirmed debt because my
16 monthly income (take home pay plus any other income re-
17 ceived) is \$111, and my actual current monthly ex-
18 penses including monthly payments on post-bankruptcy
19 debt and other reaffirmation agreements total \$111,
20 leaving \$111 to make the required payments on this
21 reaffirmed debt. I understand that if my income less my
22 monthly expenses does not leave enough to make the pay-
23 ments, this reaffirmation agreement is presumed to be an
24 undue hardship on me and must be reviewed by the court.
25 However, this presumption may be overcome if I explain

1 to the satisfaction of the court how I can afford to make
2 the payments here: 111.

3 “‘2. I received a copy of the Reaffirmation Disclosure
4 Statement in Part A and a completed and signed reaffir-
5 mation agreement.’.

6 “(B) Where the debtor is represented by counsel and
7 is reaffirming a debt owed to a creditor defined in section
8 19(b)(1)(A)(iv) of the Federal Reserve Act (12 U.S.C.
9 461(b)(1)(A)(iv)), the statement of support of the reaffir-
10 mation agreement, which the debtor shall sign and date
11 prior to filing with the court, shall consist of the following:

12 “‘I believe this agreement is in my financial interest.
13 I can afford to make the payments on the reaffirmed debt.
14 I received a copy of the Reaffirmation Disclosure State-
15 ment in Part A and a completed and signed reaffirmation
16 agreement.’

17 “(7) The motion, which may be used if approval of
18 the agreement by the court is required in order for it to
19 be effective and shall be signed and dated by the moving
20 party, shall consist of the following:

21 “‘Part E: Motion for Court Approval (To be com-
22 pleted only where debtor is not represented by an attor-
23 ney.). I (we), the debtor, affirm the following to be true
24 and correct:

1 “I am not represented by an attorney in connection
2 with this reaffirmation agreement.

3 “I believe this agreement is in my best interest
4 based on the income and expenses I have disclosed in my
5 Statement in Support of this reaffirmation agreement
6 above, and because (provide any additional relevant rea-
7 sons the court should consider):

8 “‘Therefore, I ask the court for an order approving
9 this reaffirmation agreement.’.

10 “(8) The court order, which may be used to approve
11 a reaffirmation, shall consist of the following:

12 “‘Court Order: The court grants the debtor’s motion
13 and approves the reaffirmation agreement described
14 above.’.

15 “(9) Subsection (a)(2) does not operate as an injunc-
16 tion against an act by a creditor that is the holder of a
17 secured claim, if—

18 “(A) such creditor retains a security interest in
19 real property that is the debtor’s principal residence;

20 “(B) such act is in the ordinary course of busi-
21 ness between the creditor and the debtor; and

22 “(C) such act is limited to seeking or obtaining
23 periodic payments associated with a valid security
24 interest in lieu of pursuit of in rem relief to enforce
25 the lien.

1 “(l) Notwithstanding any other provision of this title:

2 “(1) A creditor may accept payments from a
3 debtor before and after the filing of a reaffirmation
4 agreement with the court.

5 “(2) A creditor may accept payments from a
6 debtor under a reaffirmation agreement which the
7 creditor believes in good faith to be effective.

8 “(3) The requirements of subsections (c)(2) and
9 (k) shall be satisfied if disclosures required under
10 those subsections are given in good faith.

11 “(m)(1) Until 60 days after a reaffirmation agree-
12 ment is filed with the court (or such additional period as
13 the court, after notice and hearing and for cause, orders
14 before the expiration of such period), it shall be presumed
15 that the reaffirmation agreement is an undue hardship on
16 the debtor if the debtor’s monthly income less the debtor’s
17 monthly expenses as shown on the debtor’s completed and
18 signed statement in support of the reaffirmation agree-
19 ment required under subsection (k)(6)(A) is less than the
20 scheduled payments on the reaffirmed debt. This pre-
21 sumption shall be reviewed by the court. The presumption
22 may be rebutted in writing by the debtor if the statement
23 includes an explanation which identifies additional sources
24 of funds to make the payments as agreed upon under the
25 terms of the reaffirmation agreement. If the presumption

1 is not rebutted to the satisfaction of the court, the court
2 may disapprove the agreement. No agreement shall be dis-
3 approved without notice and hearing to the debtor and
4 creditor and such hearing shall be concluded before the
5 entry of the debtor’s discharge.

6 “(2) This subsection does not apply to reaffirmation
7 agreements where the creditor is a credit union, as defined
8 in section 19(b)(1)(A)(iv) of the Federal Reserve Act (12
9 U.S.C. 461(b)(1)(A)(iv)).”.

10 (b) LAW ENFORCEMENT.—

11 (1) IN GENERAL.—Chapter 9 of title 18, United
12 States Code, is amended by adding at the end the
13 following:

14 **“§ 158. Designation of United States attorneys and**
15 **agents of the Federal Bureau of Inves-**
16 **tigation to address abusive reaffirma-**
17 **tions of debt and materially fraudulent**
18 **statements in bankruptcy schedules**

19 “(a) IN GENERAL.—The Attorney General of the
20 United States shall designate the individuals described in
21 subsection (b) to have primary responsibility in carrying
22 out enforcement activities in addressing violations of sec-
23 tion 152 or 157 relating to abusive reaffirmations of debt.
24 In addition to addressing the violations referred to in the
25 preceding sentence, the individuals described under sub-

1 section (b) shall address violations of section 152 or 157
2 relating to materially fraudulent statements in bankruptcy
3 schedules that are intentionally false or intentionally mis-
4 leading.

5 “(b) UNITED STATES DISTRICT ATTORNEYS AND
6 AGENTS OF THE FEDERAL BUREAU OF INVESTIGATION—

7 The individuals referred to in subsection (a) are—

8 “(1) a United States attorney for each judicial
9 district of the United States; and

10 “(2) an agent of the Federal Bureau of Inves-
11 tigation (within the meaning of section 3107) for
12 each field office of the Federal Bureau of Investiga-
13 tion.

14 “(c) BANKRUPTCY INVESTIGATIONS.—Each United
15 States attorney designated under this section shall, in ad-
16 dition to any other responsibilities, have primary responsi-
17 bility for carrying out the duties of a United States attor-
18 ney under section 3057.

19 “(d) BANKRUPTCY PROCEDURES.—The bankruptcy
20 courts shall establish procedures for referring any case
21 which may contain a materially fraudulent statement in
22 a bankruptcy schedule to the individuals designated under
23 this section.”.

1 (2) CLERICAL AMENDMENT.—The analysis for
 2 chapter 9 of title 18, United States Code, is amend-
 3 ed by adding at the end the following:

“158. Designation of United States attorneys and agents of the Federal Bureau
 of Investigation to address abusive reaffirmations of debt and
 materially fraudulent statements in bankruptcy schedules.”.

4 **Subtitle B—Priority Child Support**

5 **SEC. 211. DEFINITION OF DOMESTIC SUPPORT OBLIGA-** 6 **TION.**

7 Section 101 of title 11, United States Code, is
 8 amended—

9 (1) by striking paragraph (12A); and

10 (2) by inserting after paragraph (14) the fol-
 11 lowing:

12 “(14A) ‘domestic support obligation’ means a
 13 debt that accrues before or after the entry of an
 14 order for relief under this title, including interest
 15 that accrues on that debt as provided under applica-
 16 ble nonbankruptcy law notwithstanding any other
 17 provision of this title, that is—

18 “(A) owed to or recoverable by—

19 “(i) a spouse, former spouse, or child
 20 of the debtor or such child’s parent, legal
 21 guardian, or responsible relative; or

22 “(ii) a governmental unit;

23 “(B) in the nature of alimony, mainte-
 24 nance, or support (including assistance provided

1 by a governmental unit) of such spouse, former
2 spouse, or child of the debtor or such child's
3 parent, without regard to whether such debt is
4 expressly so designated;

5 “(C) established or subject to establish-
6 ment before or after entry of an order for relief
7 under this title, by reason of applicable provi-
8 sions of—

9 “(i) a separation agreement, divorce
10 decree, or property settlement agreement;

11 “(ii) an order of a court of record; or

12 “(iii) a determination made in accord-
13 ance with applicable nonbankruptcy law by
14 a governmental unit; and

15 “(D) not assigned to a nongovernmental
16 entity, unless that obligation is assigned volun-
17 tarily by the spouse, former spouse, child, or
18 parent, legal guardian, or responsible relative of
19 the child for the purpose of collecting the
20 debt;”.

21 **SEC. 212. PRIORITIES FOR CLAIMS FOR DOMESTIC SUP-**
22 **PORT OBLIGATIONS.**

23 Section 507(a) of title 11, United States Code, is
24 amended—

25 (1) by striking paragraph (7);

1 (2) by redesignating paragraphs (1) through
2 (6) as paragraphs (2) through (7), respectively;

3 (3) in paragraph (2), as redesignated, by strik-
4 ing “First” and inserting “Second”;

5 (4) in paragraph (3), as redesignated, by strik-
6 ing “Second” and inserting “Third”;

7 (5) in paragraph (4), as redesignated—

8 (A) by striking “Third” and inserting
9 “Fourth”; and

10 (B) by striking the semicolon at the end
11 and inserting a period;

12 (6) in paragraph (5), as redesignated, by strik-
13 ing “Fourth” and inserting “Fifth”;

14 (7) in paragraph (6), as redesignated, by strik-
15 ing “Fifth” and inserting “Sixth”;

16 (8) in paragraph (7), as redesignated, by strik-
17 ing “Sixth” and inserting “Seventh”; and

18 (9) by inserting before paragraph (2), as redesi-
19 gnated, the following:

20 “(1) First:

21 “(A) Allowed unsecured claims for domes-
22 tic support obligations that, as of the date of
23 the filing of the petition, are owed to or recover-
24 able by a spouse, former spouse, or child of the
25 debtor, or the parent, legal guardian, or respon-

1 sible relative of such child, without regard to
2 whether the claim is filed by such person or is
3 filed by a governmental unit on behalf of that
4 person, on the condition that funds received
5 under this paragraph by a governmental unit
6 under this title after the date of filing of the pe-
7 tition shall be applied and distributed in accord-
8 ance with applicable nonbankruptcy law.

9 “(B) Subject to claims under subpara-
10 graph (A), allowed unsecured claims for domes-
11 tic support obligations that, as of the date the
12 petition was filed are assigned by a spouse,
13 former spouse, child of the debtor, or such
14 child’s parent, legal guardian, or responsible
15 relative to a governmental unit (unless such ob-
16 ligation is assigned voluntarily by the spouse,
17 former spouse, child, parent, legal guardian, or
18 responsible relative of the child for the purpose
19 of collecting the debt) or are owed directly to or
20 recoverable by a government unit under applica-
21 ble nonbankruptcy law, on the condition that
22 funds received under this paragraph by a gov-
23 ernmental unit under this title after the date of
24 filing of the petition be applied and distributed

1 in accordance with applicable nonbankruptcy
2 law.”.

3 **SEC. 213. REQUIREMENTS TO OBTAIN CONFIRMATION AND**
4 **DISCHARGE IN CASES INVOLVING DOMESTIC**
5 **SUPPORT OBLIGATIONS.**

6 Title 11, United States Code, is amended—

7 (1) in section 1129(a), by adding at the end the
8 following:

9 “(14) If the debtor is required by a judicial or
10 administrative order or statute to pay a domestic
11 support obligation, the debtor has paid all amounts
12 payable under such order or statute for such obliga-
13 tion that first become payable after the date on
14 which the petition is filed.”;

15 (2) in section 1208(c)—

16 (A) in paragraph (8), by striking “or” at
17 the end;

18 (B) in paragraph (9), by striking the pe-
19 riod at the end and inserting “; and”; and

20 (C) by adding at the end the following:

21 “(10) failure of the debtor to pay any domestic
22 support obligation that first becomes payable after
23 the date on which the petition is filed.”;

24 (3) in section 1222(a)—

1 (A) in paragraph (2), by striking “and” at
2 the end;

3 (B) in paragraph (3), by striking the pe-
4 riod at the end and inserting “; and”; and

5 (C) by adding at the end the following:

6 “(4) notwithstanding any other provision of this
7 section, a plan may provide for less than full pay-
8 ment of all amounts owed for a claim entitled to pri-
9 ority under section 507(a)(1)(B) only if the plan
10 provides that all of the debtor’s projected disposable
11 income for a 5-year period, beginning on the date
12 that the first payment is due under the plan, will be
13 applied to make payments under the plan.”;

14 (4) in section 1222(b)—

15 (A) by redesignating paragraph (11) as
16 paragraph (12); and

17 (B) by inserting after paragraph (10) the
18 following:

19 “(11) provide for the payment of interest accru-
20 ing after the date of the filing of the petition on un-
21 secured claims that are nondischargeable under sec-
22 tion 1328(a), except that such interest may be paid
23 only to the extent that the debtor has disposable in-
24 come available to pay such interest after making
25 provision for full payment of all allowed claims;”;

1 (5) in section 1225(a)—

2 (A) in paragraph (5), by striking “and” at
3 the end;

4 (B) in paragraph (6), by striking the pe-
5 riod at the end and inserting “; and”; and

6 (C) by adding at the end the following:

7 “(7) if the debtor is required by a judicial or
8 administrative order or statute to pay a domestic
9 support obligation, the debtor has paid all amounts
10 payable under such order for such obligation that
11 first become payable after the date on which the pe-
12 tition is filed.”;

13 (6) in section 1228(a), in the matter preceding
14 paragraph (1), by inserting “, and in the case of a
15 debtor who is required by a judicial or administra-
16 tive order to pay a domestic support obligation, after
17 such debtor certifies that all amounts payable under
18 such order or statute that are due on or before the
19 date of the certification (including amounts due be-
20 fore the petition was filed, but only to the extent
21 provided for in the plan) have been paid” after
22 “completion by the debtor of all payments under the
23 plan”;

24 (7) in section 1307(c)—

1 (A) in paragraph (9), by striking “or” at
2 the end;

3 (B) in paragraph (10), by striking the pe-
4 riod at the end and inserting “; or”; and

5 (C) by adding at the end the following:

6 “(11) failure of the debtor to pay any domestic
7 support obligation that first becomes payable after
8 the date on which the petition is filed.”;

9 (8) in section 1322(a)—

10 (A) in paragraph (2), by striking “and” at
11 the end;

12 (B) in paragraph (3), by striking the pe-
13 riod at the end and inserting “; and”; and

14 (C) by adding in the end the following:

15 “(4) notwithstanding any other provision of this
16 section, a plan may provide for less than full pay-
17 ment of all amounts owed for a claim entitled to pri-
18 ority under section 507(a)(1)(B) only if the plan
19 provides that all of the debtor’s projected disposable
20 income for a 5-year period beginning on the date
21 that the first payment is due under the plan will be
22 applied to make payments under the plan.”;

23 (9) in section 1322(b)—

24 (A) in paragraph (9), by striking “; and”
25 and inserting a semicolon;

1 (B) by redesignating paragraph (10) as
2 paragraph (11); and

3 (C) inserting after paragraph (9) the fol-
4 lowing:

5 “(10) provide for the payment of interest accru-
6 ing after the date of the filing of the petition on un-
7 secured claims that are nondischargeable under sec-
8 tion 1328(a), except that such interest may be paid
9 only to the extent that the debtor has disposable in-
10 come available to pay such interest after making
11 provision for full payment of all allowed claims;
12 and”;

13 (10) in section 1325(a) (as amended by this
14 Act), by adding at the end the following:

15 “(8) the debtor is required by a judicial or ad-
16 ministrative order or statute to pay a domestic sup-
17 port obligation, the debtor has paid all amounts pay-
18 able under such order or statute for such obligation
19 that first becomes payable after the date on which
20 the petition is filed; and”;

21 (11) in section 1328(a), in the matter preceding
22 paragraph (1), by inserting “, and in the case of a
23 debtor who is required by a judicial or administra-
24 tive order to pay a domestic support obligation, after
25 such debtor certifies that all amounts payable under

1 such order or statute that are due on or before the
2 date of the certification (including amounts due be-
3 fore the petition was filed, but only to the extent
4 provided for in the plan) have been paid” after
5 “completion by the debtor of all payments under the
6 plan”.

7 **SEC. 214. EXCEPTIONS TO AUTOMATIC STAY IN DOMESTIC**
8 **SUPPORT OBLIGATION PROCEEDINGS.**

9 Section 362(b) of title 11, United States Code, is
10 amended by striking paragraph (2) and inserting the fol-
11 lowing:

12 “(2) under subsection (a)—

13 “(A) of the commencement or continuation
14 of a civil action or proceeding—

15 “(i) for the establishment of paternity;

16 “(ii) for the establishment or modi-
17 fication of an order for domestic support
18 obligations;

19 “(iii) concerning child custody or visi-
20 tation;

21 “(iv) for the dissolution of a marriage,
22 except to the extent that such proceeding
23 seeks to determine the division of property
24 that is property of the estate; or

25 “(v) regarding domestic violence;

1 “(B) the collection of a domestic support
2 obligation from property that is not property of
3 the estate;

4 “(C) with respect to the withholding of in-
5 come that is property of the estate or property
6 of the debtor for payment of a domestic support
7 obligation under a judicial or administrative
8 order;

9 “(D) the withholding, suspension, or re-
10 striction of drivers’ licenses, professional and
11 occupational licenses, and recreational licenses
12 under State law, as specified in section
13 466(a)(16) of the Social Security Act (42
14 U.S.C. 666(a)(16));

15 “(E) the reporting of overdue support
16 owed by a parent to any consumer reporting
17 agency as specified in section 466(a)(7) of the
18 Social Security Act (42 U.S.C. 666(a)(7));

19 “(F) the interception of tax refunds, as
20 specified in sections 464 and 466(a)(3) of the
21 Social Security Act (42 U.S.C. 664 and
22 666(a)(3)) or under an analogous State law; or

23 “(G) the enforcement of medical obliga-
24 tions as specified under title IV of the Social
25 Security Act (42 U.S.C. 601 et seq.);”.

1 **SEC. 215. NONDISCHARGEABILITY OF CERTAIN DEBTS FOR**
2 **ALIMONY, MAINTENANCE, AND SUPPORT.**

3 Section 523 of title 11, United States Code, is
4 amended—

5 (1) in subsection (a)—

6 (A) by striking paragraph (5) and insert-
7 ing the following:

8 “(5) for a domestic support obligation;”;

9 (B) in paragraph (15)—

10 (i) by inserting “to a spouse, former
11 spouse, or child of the debtor and” before
12 “not of the kind”;

13 (ii) by inserting “or” after “court of
14 record,”; and

15 (iii) by striking “unless—” and all
16 that follows through the end of the para-
17 graph and inserting a semicolon; and

18 (C) by striking paragraph (18); and

19 (2) in subsection (c), by striking “(6), or (15)”
20 each place it appears and inserting “or (6)”.

21 **SEC. 216. CONTINUED LIABILITY OF PROPERTY.**

22 Section 522 of title 11, United States Code, is
23 amended—

24 (1) in subsection (c), by striking paragraph (1)
25 and inserting the following:

1 “(1) a debt of a kind specified in paragraph (1)
2 or (5) of section 523(a) (in which case, notwith-
3 standing any provision of applicable nonbankruptcy
4 law to the contrary, such property shall be liable for
5 a debt of a kind specified in section 523(a)(5));”;

6 (2) in subsection (f)(1)(A), by striking the dash
7 and all that follows through the end of the subpara-
8 graph and inserting “of a kind that is specified in
9 section 523(a)(5); or”; and

10 (3) in subsection (g)(2), by striking “subsection
11 (f)(2)” and inserting “subsection (f)(1)(B)”.

12 **SEC. 217. PROTECTION OF DOMESTIC SUPPORT CLAIMS**
13 **AGAINST PREFERENTIAL TRANSFER MO-**
14 **TIONS.**

15 Section 547(c)(7) of title 11, United States Code, is
16 amended to read as follows:

17 “(7) to the extent such transfer was a bona fide
18 payment of a debt for a domestic support obliga-
19 tion;”.

20 **SEC. 218. DISPOSABLE INCOME DEFINED.**

21 (a) CONFIRMATION OF PLAN UNDER CHAPTER 12.—
22 Section 1225(b)(2)(A) of title 11, United States Code, is
23 amended by inserting “or for a domestic support obliga-
24 tion that first becomes payable after the date on which
25 the petition is filed” after “dependent of the debtor”.

1 (b) CONFIRMATION OF PLAN UNDER CHAPTER 13.—
2 Section 1325(b)(2)(A) of title 11, United States Code, is
3 amended by inserting “or for a domestic support obliga-
4 tion that first becomes payable after the date on which
5 the petition is filed” after “dependent of the debtor”.

6 **SEC. 219. COLLECTION OF CHILD SUPPORT.**

7 (a) DUTIES OF TRUSTEE UNDER CHAPTER 7.—Sec-
8 tion 704 of title 11, United States Code, as amended by
9 this Act, is amended—

10 (1) in subsection (a)—

11 (A) in paragraph (8), by striking “and” at
12 the end;

13 (B) in paragraph (9), by striking the pe-
14 riod and inserting a semicolon; and

15 (C) by adding at the end the following:

16 “(10) if, with respect to an individual debtor,
17 there is a claim for a domestic support obligation,
18 provide the applicable notification specified in sub-
19 section (c); and”; and

20 (2) by adding at the end the following:

21 “(c)(1) In any case described in subsection (a)(10),
22 the trustee shall—

23 “(A)(i) notify in writing the holder of the claim
24 of the right of that holder to use the services of a
25 State child support enforcement agency established

1 under sections 464 and 466 of the Social Security
2 Act (42 U.S.C. 664, 666) for the State in which the
3 holder resides for assistance in collecting child sup-
4 port during and after the bankruptcy procedures;

5 “(ii) include in the notice under this paragraph
6 the address and telephone number of the child sup-
7 port enforcement agency; and

8 “(iii) include in the notice an explanation of the
9 rights of the holder of the claim to payment of the
10 claim under this chapter; and

11 “(B)(i) notify in writing the State child support
12 agency of the State in which the holder of the claim
13 resides of the claim;

14 “(ii) include in the notice under this paragraph
15 the name, address, and telephone number of the
16 holder of the claim; and

17 “(iii) at such time as the debtor is granted a
18 discharge under section 727, notify the holder of
19 that claim and the State child support agency of the
20 State in which that holder resides of—

21 “(I) the granting of the discharge;

22 “(II) the last recent known address of the
23 debtor;

24 “(III) the last recent known name and ad-
25 dress of the debtor’s employer; and

1 “(IV) with respect to the debtor’s case, the
2 name of each creditor that holds a claim that—

3 “(aa) is not discharged under para-
4 graph (2), (4), or (14A) of section 523(a);

5 or

6 “(bb) was reaffirmed by the debtor
7 under section 524(c).

8 “(2)(A) A holder of a claim or a State child support
9 agency may request from a creditor described in para-
10 graph (1)(B)(iii)(IV) the last known address of the debtor.

11 “(B) Notwithstanding any other provision of law, a
12 creditor that makes a disclosure of a last known address
13 of a debtor in connection with a request made under sub-
14 paragraph (A) shall not be liable to the debtor or any
15 other person by reason of making that disclosure.”.

16 (b) DUTIES OF TRUSTEE UNDER CHAPTER 11.—
17 Section 1106 of title 11, United States Code, is
18 amended—

19 (1) in subsection (a)—

20 (A) in paragraph (6), by striking “and” at
21 the end;

22 (B) in paragraph (7), by striking the pe-
23 riod and inserting “; and”; and

24 (C) by adding at the end the following:

1 “(8) if, with respect to an individual debtor,
2 there is a claim for a domestic support obligation,
3 provide the applicable notification specified in sub-
4 section (c).”; and

5 (2) by adding at the end the following:

6 “(c)(1) In any case described in subsection (a)(7), the
7 trustee shall—

8 “(A)(i) notify in writing the holder of the claim
9 of the right of that holder to use the services of a
10 State child support enforcement agency established
11 under sections 464 and 466 of the Social Security
12 Act (42 U.S.C. 664, 666) for the State in which the
13 holder resides; and

14 “(ii) include in the notice under this paragraph
15 the address and telephone number of the child sup-
16 port enforcement agency; and

17 “(B)(i) notify, in writing, the State child sup-
18 port agency (of the State in which the holder of the
19 claim resides) of the claim;

20 “(ii) include in the notice under this paragraph
21 the name, address, and telephone number of the
22 holder of the claim; and

23 “(iii) at such time as the debtor is granted a
24 discharge under section 1141, notify the holder of

1 the claim and the State child support agency of the
2 State in which that holder resides of—

3 “(I) the granting of the discharge;

4 “(II) the last recent known address of the
5 debtor;

6 “(III) the last recent known name and ad-
7 dress of the debtor’s employer; and

8 “(IV) with respect to the debtor’s case, the
9 name of each creditor that holds a claim that—

10 “(aa) is not discharged under para-
11 graph (2), (3), or (14) of section 523(a);

12 or

13 “(bb) was reaffirmed by the debtor
14 under section 524(c).

15 “(2)(A) A holder of a claim or a State child support
16 agency may request from a creditor described in para-
17 graph (1)(B)(iii)(IV) the last known address of the debtor.

18 “(B) Notwithstanding any other provision of law, a
19 creditor that makes a disclosure of a last known address
20 of a debtor in connection with a request made under sub-
21 paragraph (A) shall not be liable to the debtor or any
22 other person by reason of making that disclosure.”.

23 (c) DUTIES OF TRUSTEE UNDER CHAPTER 12.—
24 Section 1202 of title 11, United States Code, is
25 amended—

1 (1) in subsection (b)—

2 (A) in paragraph (4), by striking “and” at
3 the end;

4 (B) in paragraph (5), by striking the pe-
5 riod and inserting “; and”; and

6 (C) by adding at the end the following:

7 “(6) if, with respect to an individual debtor,
8 there is a claim for a domestic support obligation,
9 provide the applicable notification specified in sub-
10 section (c).”; and

11 (2) by adding at the end the following:

12 “(c)(1) In any case described in subsection (b)(6), the
13 trustee shall—

14 “(A)(i) notify in writing the holder of the claim
15 of the right of that holder to use the services of a
16 State child support enforcement agency established
17 under sections 464 and 466 of the Social Security
18 Act (42 U.S.C. 664, 666) for the State in which the
19 holder resides; and

20 “(ii) include in the notice under this paragraph
21 the address and telephone number of the child sup-
22 port enforcement agency; and

23 “(B)(i) notify, in writing, the State child sup-
24 port agency (of the State in which the holder of the
25 claim resides) of the claim;

1 “(ii) include in the notice under this paragraph
2 the name, address, and telephone number of the
3 holder of the claim; and

4 “(iii) at such time as the debtor is granted a
5 discharge under section 1228, notify the holder of
6 the claim and the State child support agency of the
7 State in which that holder resides of—

8 “(I) the granting of the discharge;

9 “(II) the last recent known address of the
10 debtor;

11 “(III) the last recent known name and ad-
12 dress of the debtor’s employer; and

13 “(IV) with respect to the debtor’s case, the
14 name of each creditor that holds a claim that—

15 “(aa) is not discharged under para-
16 graph (2), (4), or (14) of section 523(a);

17 or

18 “(bb) was reaffirmed by the debtor
19 under section 524(c).

20 “(2)(A) A holder of a claim or a State child support
21 agency may request from a creditor described in para-
22 graph (1)(B)(iii)(IV) the last known address of the debtor.

23 “(B) Notwithstanding any other provision of law, a
24 creditor that makes a disclosure of a last known address
25 of a debtor in connection with a request made under sub-

1 paragraph (A) shall not be liable to the debtor or any
2 other person by reason of making that disclosure.”.

3 (d) DUTIES OF TRUSTEE UNDER CHAPTER 13.—
4 Section 1302 of title 11, United States Code, is
5 amended—

6 (1) in subsection (b)—

7 (A) in paragraph (4), by striking “and” at
8 the end;

9 (B) in paragraph (5), by striking the pe-
10 riod and inserting “; and”; and

11 (C) by adding at the end the following:

12 “(6) if, with respect to an individual debtor,
13 there is a claim for a domestic support obligation,
14 provide the applicable notification specified in sub-
15 section (d).”; and

16 (2) by adding at the end the following:

17 “(d)(1) In any case described in subsection (b)(6),
18 the trustee shall—

19 “(A)(i) notify in writing the holder of the claim
20 of the right of that holder to use the services of a
21 State child support enforcement agency established
22 under sections 464 and 466 of the Social Security
23 Act (42 U.S.C. 664, 666) for the State in which the
24 holder resides; and

1 “(ii) include in the notice under this paragraph
2 the address and telephone number of the child sup-
3 port enforcement agency; and

4 “(B)(i) notify in writing the State child support
5 agency of the State in which the holder of the claim
6 resides of the claim;

7 “(ii) include in the notice under this paragraph
8 the name, address, and telephone number of the
9 holder of the claim; and

10 “(iii) at such time as the debtor is granted a
11 discharge under section 1328, notify the holder of
12 the claim and the State child support agency of the
13 State in which that holder resides of—

14 “(I) the granting of the discharge;

15 “(II) the last recent known address of the
16 debtor;

17 “(III) the last recent known name and ad-
18 dress of the debtor’s employer; and

19 “(IV) with respect to the debtor’s case, the
20 name of each creditor that holds a claim that—

21 “(aa) is not discharged under para-
22 graph (2), (4), or (14) of section 523(a);

23 or

24 “(bb) was reaffirmed by the debtor
25 under section 524(c).

1 “(2)(A) A holder of a claim or a State child support
2 agency may request from a creditor described in para-
3 graph (1)(B)(iii)(IV) the last known address of the debtor.

4 “(B) Notwithstanding any other provision of law, a
5 creditor that makes a disclosure of a last known address
6 of a debtor in connection with a request made under sub-
7 paragraph (A) shall not be liable to the debtor or any
8 other person by reason of making that disclosure.”.

9 **SEC. 220. NONDISCHARGEABILITY OF CERTAIN EDU-**
10 **CATIONAL BENEFITS AND LOANS.**

11 Section 523(a) of title 11, United States Code, is
12 amended by striking paragraph (8) and inserting the fol-
13 lowing:

14 “(8) unless excepting such debt from discharge
15 under this paragraph would impose an undue hard-
16 ship on the debtor and the debtor’s dependents,
17 for—

18 “(A)(i) an educational benefit overpayment
19 or loan made, insured, or guaranteed by a gov-
20 ernmental unit, or made under any program
21 funded in whole or in part by a governmental
22 unit or nonprofit institution; or

23 “(ii) an obligation to repay funds received
24 as an educational benefit, scholarship, or sti-
25 pend; or

1 “(B) any other educational loan that is a
2 qualified education loan, as that term is defined
3 in section 221(e)(1) of the Internal Revenue
4 Code of 1986, incurred by an individual debt-
5 or;”.

6 **Subtitle C—Other Consumer** 7 **Protections**

8 **SEC. 221. AMENDMENTS TO DISCOURAGE ABUSIVE BANK-** 9 **RUPTCY FILINGS.**

10 Section 110 of title 11, United States Code, is
11 amended—

12 (1) in subsection (a)(1), by striking “a person,
13 other than an attorney or an employee of an attor-
14 ney” and inserting “the attorney for the debtor or
15 an employee of such attorney under the direct super-
16 vision of such attorney”;

17 (2) in subsection (b)—

18 (A) in paragraph (1), by adding at the end
19 the following: “If a bankruptcy petition pre-
20 parer is not an individual, then an officer, prin-
21 cipal, responsible person, or partner of the pre-
22 parer shall be required to—

23 “(A) sign the document for filing; and

1 “(B) print on the document the name and ad-
2 dress of that officer, principal, responsible person or
3 partner.”; and

4 (B) by striking paragraph (2) and insert-
5 ing the following:

6 “(2)(A) Before preparing any document for filing or
7 accepting any fees from a debtor, the bankruptcy petition
8 preparer shall provide to the debtor a written notice to
9 debtors concerning bankruptcy petition preparers, which
10 shall be on an official form issued by the Judicial Con-
11 ference of the United States.

12 “(B) The notice under subparagraph (A)—

13 “(i) shall inform the debtor in simple language
14 that a bankruptcy petition preparer is not an attor-
15 ney and may not practice law or give legal advice;

16 “(ii) may contain a description of examples of
17 legal advice that a bankruptcy petition preparer is
18 not authorized to give, in addition to any advice that
19 the preparer may not give by reason of subsection
20 (e)(2); and

21 “(iii) shall—

22 “(I) be signed by—

23 “(aa) the debtor; and

24 “(bb) the bankruptcy petition pre-
25 parer, under penalty of perjury; and

1 “(II) be filed with any document for fil-
2 ing.”;

3 (3) in subsection (c)—

4 (A) in paragraph (2)—

5 (i) by striking “(2) For purposes” and
6 inserting “(2)(A) Subject to subparagraph
7 (B), for purposes”; and

8 (ii) by adding at the end the fol-
9 lowing:

10 “(B) If a bankruptcy petition preparer is not an indi-
11 vidual, the identifying number of the bankruptcy petition
12 preparer shall be the Social Security account number of
13 the officer, principal, responsible person, or partner of the
14 preparer.”; and

15 (B) by striking paragraph (3);

16 (4) in subsection (d)—

17 (A) by striking “(d)(1)” and inserting
18 “(d)”; and

19 (B) by striking paragraph (2);

20 (5) in subsection (e)—

21 (A) by striking paragraph (2); and

22 (B) by adding at the end the following:

23 “(2)(A) A bankruptcy petition preparer may not offer
24 a potential bankruptcy debtor any legal advice, including
25 any legal advice described in subparagraph (B).

1 “(B) The legal advice referred to in subparagraph
2 (A) includes advising the debtor—
3 “(i) whether—
4 “(I) to file a petition under this title; or
5 “(II) commencing a case under chapter 7,
6 11, 12, or 13 is appropriate;
7 “(ii) whether the debtor’s debts will be elimi-
8 nated or discharged in a case under this title;
9 “(iii) whether the debtor will be able to retain
10 the debtor’s home, car, or other property after com-
11 mencing a case under this title;
12 “(iv) concerning—
13 “(I) the tax consequences of a case
14 brought under this title; or
15 “(II) the dischargeability of tax claims;
16 “(v) whether the debtor may or should promise
17 to repay debts to a creditor or enter into a reaffir-
18 mation agreement with a creditor to reaffirm a debt;
19 “(vi) concerning how to characterize the nature
20 of the debtor’s interests in property or the debtor’s
21 debts; or
22 “(vii) concerning bankruptcy procedures and
23 rights.”;
24 (6) in subsection (f)—

1 (A) by striking “(f)(1)” and inserting
2 “(f)”; and

3 (B) by striking paragraph (2);
4 (7) in subsection (g)—

5 (A) by striking “(g)(1)” and inserting
6 “(g)”; and

7 (B) by striking paragraph (2);
8 (8) in subsection (h)—

9 (A) by redesignating paragraphs (1)
10 through (4) as paragraphs (2) through (5), re-
11 spectively;

12 (B) by inserting before paragraph (2), as
13 redesignated, the following:

14 “(1) The Supreme Court may promulgate rules under
15 section 2075 of title 28, or the Judicial Conference of the
16 United States may prescribe guidelines, for setting a max-
17 imum allowable fee chargeable by a bankruptcy petition
18 preparer. A bankruptcy petition preparer shall notify the
19 debtor of any such maximum amount before preparing any
20 document for filing for a debtor or accepting any fee from
21 the debtor.”;

22 (C) in paragraph (2), as redesignated—

23 (i) by striking “Within 10 days after
24 the date of filing a petition, a bankruptcy

1 petition preparer shall file a” and inserting
2 “A”;

3 (ii) by inserting “by the bankruptcy
4 petition preparer shall be filed together
5 with the petition,” after “perjury”; and

6 (iii) by adding at the end the fol-
7 lowing: “If rules or guidelines setting a
8 maximum fee for services have been pro-
9 mulgated or prescribed under paragraph
10 (1), the declaration under this paragraph
11 shall include a certification that the bank-
12 ruptcy petition preparer complied with the
13 notification requirement under paragraph
14 (1).”;

15 (D) by striking paragraph (3), as redesign-
16 nated, and inserting the following:

17 “(3)(A) The court shall disallow and order the
18 immediate turnover to the bankruptcy trustee any
19 fee referred to in paragraph (2) found to be in ex-
20 cess of the value of any services—

21 “(i) rendered by the preparer during the
22 12-month period immediately preceding the
23 date of filing of the petition; or

1 “(ii) found to be in violation of any rule or
2 guideline promulgated or prescribed under
3 paragraph (1).

4 “(B) All fees charged by a bankruptcy petition
5 preparer may be forfeited in any case in which the
6 bankruptcy petition preparer fails to comply with
7 this subsection or subsection (b), (c), (d), (e), (f), or
8 (g).

9 “(C) An individual may exempt any funds re-
10 covered under this paragraph under section
11 522(b).”; and

12 (E) in paragraph (4), as redesignated, by
13 striking “or the United States trustee” and in-
14 serting “the United States trustee, the bank-
15 ruptcy administrator, or the court, on the ini-
16 tiative of the court,”;

17 (9) in subsection (i)(1), by striking the matter
18 preceding subparagraph (A) and inserting the fol-
19 lowing:

20 “(i)(1) If a bankruptcy petition preparer violates this
21 section or commits any act that the court finds to be
22 fraudulent, unfair, or deceptive, on motion of the debtor,
23 trustee, United States trustee, or bankruptcy adminis-
24 trator, and after the court holds a hearing with respect

1 to that violation or act, the court shall order the bank-
2 ruptcy petition preparer to pay to the debtor—”;

3 (10) in subsection (j)—

4 (A) in paragraph (2)—

5 (i) in subparagraph (A)(i)(I), by strik-
6 ing “a violation of which subjects a person
7 to criminal penalty”;

8 (ii) in subparagraph (B)—

9 (I) by striking “or has not paid
10 a penalty” and inserting “has not
11 paid a penalty”; and

12 (II) by inserting “or failed to dis-
13 gorge all fees ordered by the court”
14 after “a penalty imposed under this
15 section,”;

16 (B) by redesignating paragraph (3) as
17 paragraph (4); and

18 (C) by inserting after paragraph (2) the
19 following:

20 “(3) The court, as part of its contempt power, may
21 enjoin a bankruptcy petition preparer that has failed to
22 comply with a previous order issued under this section.
23 The injunction under this paragraph may be issued upon
24 motion of the court, the trustee, the United States trustee,
25 or the bankruptcy administrator.”; and

1 (11) by adding at the end the following:

2 “(1)(1) A bankruptcy petition preparer who fails to
3 comply with any provision of subsection (b), (c), (d), (e),
4 (f), (g), or (h) may be fined not more than \$500 for each
5 such failure.

6 “(2) The court shall triple the amount of a fine as-
7 sessed under paragraph (1) in any case in which the court
8 finds that a bankruptcy petition preparer—

9 “(A) advised the debtor to exclude assets or in-
10 come that should have been included on applicable
11 schedules;

12 “(B) advised the debtor to use a false Social
13 Security account number;

14 “(C) failed to inform the debtor that the debtor
15 was filing for relief under this title; or

16 “(D) prepared a document for filing in a man-
17 ner that failed to disclose the identity of the pre-
18 parer.

19 “(3) The debtor, the trustee, a creditor, the United
20 States trustee, or the bankruptcy administrator may file
21 a motion for an order imposing a fine on the bankruptcy
22 petition preparer for each violation of this section.

23 “(4)(A) Fines imposed under this subsection in judi-
24 cial districts served by United States trustees shall be paid
25 to the United States trustee, who shall deposit an amount

1 equal to such fines in a special account of the United
2 States Trustee System Fund referred to in section
3 586(e)(2) of title 28. Amounts deposited under this sub-
4 paragraph shall be available to fund the enforcement of
5 this section on a national basis.

6 “(B) Fines imposed under this subsection in judicial
7 districts served by bankruptcy administrators shall be de-
8 posited as offsetting receipts to the fund established under
9 section 1931 of title 28, and shall remain available until
10 expended to reimburse any appropriation for the amount
11 paid out of such appropriation for expenses of the oper-
12 ation and maintenance of the courts of the United
13 States.”.

14 **SEC. 222. SENSE OF CONGRESS.**

15 It is the sense of Congress that States should develop
16 curricula relating to the subject of personal finance, de-
17 signed for use in elementary and secondary schools.

18 **SEC. 223. ADDITIONAL AMENDMENTS TO TITLE 11, UNITED**

19 **STATES CODE.**

20 Section 507(a) of title 11, United States Code, is
21 amended by inserting after paragraph (9) the following:

22 “(10) Tenth, allowed claims for death or per-
23 sonal injuries resulting from the operation of a
24 motor vehicle or vessel if such operation was unlaw-

1 ful because the debtor was intoxicated from using al-
2 cohol, a drug, or another substance.”.

3 **SEC. 224. PROTECTION OF RETIREMENT SAVINGS IN BANK-**
4 **RUPTCY.**

5 (a) IN GENERAL.—Section 522 of title 11, United
6 States Code, is amended—

7 (1) in subsection (b)—

8 (A) in paragraph (2)—

9 (i) in subparagraph (A), by striking
10 “and” at the end;

11 (ii) in subparagraph (B), by striking
12 the period at the end and inserting “;
13 and”;

14 (iii) by adding at the end the fol-
15 lowing:

16 “(C) retirement funds to the extent that those
17 funds are in a fund or account that is exempt from
18 taxation under section 401, 403, 408, 408A, 414,
19 457, or 501(a) of the Internal Revenue Code of
20 1986.”; and

21 (iv) by striking “(2)(A) any property”
22 and inserting:

23 “(3) Property listed in this paragraph is—

24 “(A) any property”;

1 (B) by striking paragraph (1) and insert-
2 ing:

3 “(2) Property listed in this paragraph is property
4 that is specified under subsection (d), unless the State law
5 that is applicable to the debtor under paragraph (3)(A)
6 specifically does not so authorize.”;

7 (C) by striking “(b) Notwithstanding” and
8 inserting “(b)(1) Notwithstanding”;

9 (D) by striking “paragraph (2)” each place
10 it appears and inserting “paragraph (3)”;

11 (E) by striking “paragraph (1)” each place
12 it appears and inserting “paragraph (2)”;

13 (F) by striking “Such property is—”; and

14 (G) by adding at the end the following:

15 “(4) For purposes of paragraph (3)(C) and sub-
16 section (d)(12), the following shall apply:

17 “(A) If the retirement funds are in a retirement
18 fund that has received a favorable determination
19 under section 7805 of the Internal Revenue Code of
20 1986, and that determination is in effect as of the
21 date of the commencement of the case under section
22 301, 302, or 303 of this title, those funds shall be
23 presumed to be exempt from the estate.

24 “(B) If the retirement funds are in a retirement
25 fund that has not received a favorable determination

1 under such section 7805, those funds are exempt
2 from the estate if the debtor demonstrates that—

3 “(i) no prior determination to the contrary
4 has been made by a court or the Internal Rev-
5 enue Service; and

6 “(ii)(I) the retirement fund is in substan-
7 tial compliance with the applicable requirements
8 of the Internal Revenue Code of 1986; or

9 “(II) the retirement fund fails to be in
10 substantial compliance with the applicable re-
11 quirements of the Internal Revenue Code of
12 1986 and the debtor is not materially respon-
13 sible for that failure.

14 “(C) A direct transfer of retirement funds from
15 1 fund or account that is exempt from taxation
16 under section 401, 403, 408, 408A, 414, 457, or
17 501(a) of the Internal Revenue Code of 1986, under
18 section 401(a)(31) of the Internal Revenue Code of
19 1986, or otherwise, shall not cease to qualify for ex-
20 emption under paragraph (3)(C) or subsection
21 (d)(12) by reason of that direct transfer.

22 “(D)(i) Any distribution that qualifies as an eli-
23 gible rollover distribution within the meaning of sec-
24 tion 402(c) of the Internal Revenue Code of 1986 or
25 that is described in clause (ii) shall not cease to

1 qualify for exemption under paragraph (3)(C) or
2 subsection (d)(12) by reason of that distribution.

3 “(ii) A distribution described in this clause is
4 an amount that—

5 “(I) has been distributed from a fund or
6 account that is exempt from taxation under sec-
7 tion 401, 403, 408, 408A, 414, 457, or 501(a)
8 of the Internal Revenue Code of 1986; and

9 “(II) to the extent allowed by law, is de-
10 posited in such a fund or account not later than
11 60 days after the distribution of that amount.”;
12 and

13 (2) in subsection (d)—

14 (A) in the matter preceding paragraph (1),
15 by striking “subsection (b)(1)” and inserting
16 “subsection (b)(2)”; and

17 (B) by adding at the end the following:

18 “(12) Retirement funds to the extent that those
19 funds are in a fund or account that is exempt from tax-
20 ation under section 401, 403, 408, 408A, 414, 457, or
21 501(a) of the Internal Revenue Code of 1986.”.

22 (b) AUTOMATIC STAY.—Section 362(b) of title 11,
23 United States Code, is amended—

24 (1) in paragraph (17), by striking “or” at the
25 end;

1 (2) in paragraph (18), by striking the period
2 and inserting a semicolon;

3 (3) by inserting after paragraph (18) the fol-
4 lowing:

5 “(19) under subsection (a), of withholding of
6 income from a debtor’s wages and collection of
7 amounts withheld, under the debtor’s agreement au-
8 thorizing that withholding and collection for the ben-
9 efit of a pension, profit-sharing, stock bonus, or
10 other plan established under section 401, 403, 408,
11 408A, 414, 457, or 501(a) of the Internal Revenue
12 Code of 1986, that is sponsored by the employer of
13 the debtor, or an affiliate, successor, or predecessor
14 of such employer—

15 “(A) to the extent that the amounts with-
16 held and collected are used solely for payments
17 relating to a loan from a plan that satisfies the
18 requirements of section 408(b)(1) of the Em-
19 ployee Retirement Income Security Act of 1974
20 or is subject to section 72(p) of the Internal
21 Revenue Code of 1986; or

22 “(B) in the case of a loan from a thrift
23 savings plan described in subchapter III of
24 chapter 84 of title 5, that satisfies the require-
25 ments of section 8433(g) of such title;” and

1 (4) by adding at the end of the flush material
2 at the end of the subsection, the following: “Nothing
3 in paragraph (19) may be construed to provide that
4 any loan made under a governmental plan under
5 section 414(d), or a contract or account under sec-
6 tion 403(b) of the Internal Revenue Code of 1986
7 constitutes a claim or a debt under this title.”.

8 (c) EXCEPTIONS TO DISCHARGE.—Section 523(a) of
9 title 11, United States Code, as amended by this Act, is
10 amended by adding at the end the following:

11 “(18) owed to a pension, profit-sharing, stock
12 bonus, or other plan established under section 401,
13 403, 408, 408A, 414, 457, or 501(c) of the Internal
14 Revenue Code of 1986, under—

15 “(A) a loan permitted under section
16 408(b)(1) of the Employee Retirement Income
17 Security Act of 1974, or subject to section
18 72(p) of the Internal Revenue Code of 1986; or

19 “(B) a loan from the thrift savings plan
20 described in subchapter III of chapter 84 of
21 title 5, that satisfies the requirements of section
22 8433(g) of such title.

23 Nothing in paragraph (18) may be construed to pro-
24 vide that any loan made under a governmental plan
25 under section 414(d), or a contract or account under

1 section 403(b), of the Internal Revenue Code of
2 1986 constitutes a claim or a debt under this title.”.

3 (d) PLAN CONTENTS.—Section 1322 of title 11,
4 United States Code, is amended by adding at the end the
5 following:

6 “(f) A plan may not materially alter the terms of a
7 loan described in section 362(b)(19) and any amounts re-
8 quired to repay such loan shall not constitute ‘disposable
9 income’ under section 1325.”.

10 (e) ASSET LIMITATION.—Section 522 of title 11,
11 United States Code, is amended by adding at the end the
12 following:

13 “(n) For assets in individual retirement accounts de-
14 scribed in section 408 or 408A of the Internal Revenue
15 Code of 1986, other than a simplified employee pension
16 under section 408(k) of that Code or a simple retirement
17 account under section 408(p) of that Code, the aggregate
18 value of such assets exempted under this section, without
19 regard to amounts attributable to rollover contributions
20 under section 402(c), 402(e)(6), 403(a)(4), 403(a)(5), and
21 403(b)(8) of the Internal Revenue Code of 1986, and
22 earnings thereon, shall not exceed \$1,000,000 (which
23 amount shall be adjusted as provided in section 104 of
24 this title) in a case filed by an individual debtor, except

1 that such amount may be increased if the interests of jus-
2 tice so require.”.

3 **SEC. 225. PROTECTION OF EDUCATION SAVINGS IN BANK-**
4 **RUPTCY.**

5 (a) **EXCLUSIONS.**—Section 541 of title 11, United
6 States Code, is amended—

7 (1) in subsection (b)—

8 (A) in paragraph (4), by striking “or” at
9 the end;

10 (B) by redesignating paragraph (5) as
11 paragraph (10); and

12 (C) by inserting after paragraph (4) the
13 following:

14 “(5) funds placed in an education individual re-
15 tirement account (as defined in section 530(b)(1) of
16 the Internal Revenue Code of 1986) not later than
17 365 days before the date of filing of the petition,
18 but—

19 “(A) only if the designated beneficiary of
20 such account was a son, daughter, stepson,
21 stepdaughter, grandchild, or step-grandchild of
22 the debtor for the taxable year for which funds
23 were placed in such account;

24 “(B) only to the extent that such funds—

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

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

7 “(C) in the case of funds placed in all such
8 accounts having the same designated bene-
9 ficiary not earlier than 720 days nor later than
10 365 days before such date, only so much of
11 such funds as does not exceed \$5,000;

12 “(6) funds used to purchase a tuition credit or
13 certificate or contributed to an account in accord-
14 ance with section 529(b)(1)(A) of the Internal Rev-
15 enue Code of 1986 under a qualified State tuition
16 program (as defined in section 529(b)(1) of such
17 Code) not later than 365 days before the date of fil-
18 ing of the petition, but—

19 “(A) only if the designated beneficiary of
20 the amounts paid or contributed to such tuition
21 program was a son, daughter, stepson, step-
22 daughter, grandchild, or step-grandchild of the
23 debtor for the taxable year for which funds
24 were paid or contributed;

1 “(B) with respect to the aggregate amount
2 paid or contributed to such program having the
3 same designated beneficiary, only so much of
4 such amount as does not exceed the total con-
5 tributions permitted under section 529(b)(7) of
6 such Code with respect to such beneficiary, as
7 adjusted beginning on the date of the filing of
8 the petition by the annual increase or decrease
9 (rounded to the nearest tenth of 1 percent) in
10 the education expenditure category of the Con-
11 sumer Price Index prepared by the Department
12 of Labor; and

13 “(C) in the case of funds paid or contrib-
14 uted to such program having the same des-
15 ignated beneficiary not earlier than 720 days
16 nor later than 365 days before such date, only
17 so much of such funds as does not exceed
18 \$5,000;” and

19 (2) by adding at the end the following:

20 “(e) In determining whether any of the relationships
21 specified in paragraph (5)(A) or (6)(A) of subsection (b)
22 exists, a legally adopted child of an individual (and a child
23 who is a member of an individual’s household, if placed
24 with such individual by an authorized placement agency
25 for legal adoption by such individual), or a foster child

1 of an individual (if such child has as the child's principal
2 place of abode the home of the debtor and is a member
3 of the debtor's household) shall be treated as a child of
4 such individual by blood.”.

5 (b) DEBTOR'S DUTIES.—Section 521 of title 11,
6 United States Code, as amended by this Act, is amended
7 by adding at the end the following:

8 “(c) In addition to meeting the requirements under
9 subsection (a), a debtor shall file with the court a record
10 of any interest that a debtor has in an education individual
11 retirement account (as defined in section 530(b)(1) of the
12 Internal Revenue Code of 1986) or under a qualified State
13 tuition program (as defined in section 529(b)(1) of such
14 Code).”.

15 **SEC. 226. DEFINITIONS.**

16 (a) DEFINITIONS.—Section 101 of title 11, United
17 States Code, is amended—

18 (1) by inserting after paragraph (2) the fol-
19 lowing:

20 “(3) ‘assisted person’ means any person whose
21 debts consist primarily of consumer debts and whose
22 non-exempt assets are less than \$150,000;”;

23 (2) by inserting after paragraph (4) the fol-
24 lowing:

1 “(4A) ‘bankruptcy assistance’ means any goods
2 or services sold or otherwise provided to an assisted
3 person with the express or implied purpose of pro-
4 viding information, advice, counsel, document prepa-
5 ration, or filing, or attendance at a creditors’ meet-
6 ing or appearing in a proceeding on behalf of an-
7 other or providing legal representation with respect
8 to a case or proceeding under this title;”;

9 (3) by inserting after paragraph (12) the fol-
10 lowing:

11 “(12A) ‘debt relief agency’ means any person
12 who provides any bankruptcy assistance to an as-
13 sisted person in return for the payment of money or
14 other valuable consideration, or who is a bankruptcy
15 petition preparer under section 110, but does not
16 include—

17 “(A) any person that is an officer, director,
18 employee or agent of that person;

19 “(B) a nonprofit organization which is ex-
20 empt from taxation under section 501(c)(3) of
21 the Internal Revenue Code of 1986;

22 “(C) a creditor of the person, to the extent
23 that the creditor is assisting the person to re-
24 structure any debt owed by the person to the
25 creditor;

1 “(D) a depository institution (as defined in
2 section 3 of the Federal Deposit Insurance Act)
3 or any Federal credit union or State credit
4 union (as those terms are defined in section
5 101 of the Federal Credit Union Act), or any
6 affiliate or subsidiary of such a depository insti-
7 tution or credit union; or

8 “(E) an author, publisher, distributor, or
9 seller of works subject to copyright protection
10 under title 17, when acting in such capacity.”.

11 (b) CONFORMING AMENDMENT.—Section 104(b)(1)
12 of title 11, United States Code, is amended by inserting
13 “101(3),” after “sections”.

14 **SEC. 227. RESTRICTIONS ON DEBT RELIEF AGENCIES.**

15 (a) ENFORCEMENT.—Subchapter II of chapter 5 of
16 title 11, United States Code, is amended by adding at the
17 end the following:

18 **“§ 526. Restrictions on debt relief agencies**

19 “(a) A debt relief agency shall not—

20 “(1) fail to perform any service that such agen-
21 cy informed an assisted person or prospective as-
22 sisted person it would provide in connection with a
23 case or proceeding under this title;

24 “(2) make any statement, or counsel or advise
25 any assisted person or prospective assisted person to

1 make a statement in a document filed in a case or
2 proceeding under this title, that is untrue and mis-
3 leading, or that upon the exercise of reasonable care,
4 should have been known by such agency to be untrue
5 or misleading;

6 “(3) misrepresent to any assisted person or pro-
7 spective assisted person, directly or indirectly, af-
8 firmatively or by material omission, with respect
9 to—

10 “(i) the services that such agency will pro-
11 vide to such person; or

12 “(ii) the benefits and risks that may result
13 if such person becomes a debtor in a case under
14 this title; or

15 “(4) advise an assisted person or prospective
16 assisted person to incur more debt in contemplation
17 of such person filing a case under this title or to pay
18 an attorney or bankruptcy petition preparer fee or
19 charge for services performed as part of preparing
20 for or representing a debtor in a case under this
21 title.

22 “(b) Any waiver by any assisted person of any protec-
23 tion or right provided under this section shall not be en-
24 forceable against the debtor by any Federal or State court

1 or any other person, but may be enforced against a debt
2 relief agency.

3 “(c)(1) Any contract for bankruptcy assistance be-
4 tween a debt relief agency and an assisted person that
5 does not comply with the material requirements of this
6 section, section 527, or section 528 shall be void and may
7 not be enforced by any Federal or State court or by any
8 other person, other than such assisted person.

9 “(2) Any debt relief agency shall be liable to an as-
10 sisted person in the amount of any fees or charges in con-
11 nection with providing bankruptcy assistance to such per-
12 son that such debt relief agency has received, for actual
13 damages, and for reasonable attorneys’ fees and costs if
14 such agency is found, after notice and hearing, to have—

15 “(A) intentionally or negligently failed to com-
16 ply with any provision of this section, section 527,
17 or section 528 with respect to a case or proceeding
18 under this title for such assisted person;

19 “(B) provided bankruptcy assistance to an as-
20 sisted person in a case or proceeding under this title
21 that is dismissed or converted to a case under an-
22 other chapter of this title because of such agency’s
23 intentional or negligent failure to file any required
24 document including those specified in section 521; or

1 “(C) intentionally or negligently disregarded the
2 material requirements of this title or the Federal
3 Rules of Bankruptcy Procedure applicable to such
4 agency.

5 “(3) In addition to such other remedies as are pro-
6 vided under State law, whenever the chief law enforcement
7 officer of a State, or an official or agency designated by
8 a State, has reason to believe that any person has violated
9 or is violating this section, the State—

10 “(A) may bring an action to enjoin such viola-
11 tion;

12 “(B) may bring an action on behalf of its resi-
13 dents to recover the actual damages of assisted per-
14 sons arising from such violation, including any liabil-
15 ity under paragraph (2); and

16 “(C) in the case of any successful action under
17 subparagraph (A) or (B), shall be awarded the costs
18 of the action and reasonable attorney fees as deter-
19 mined by the court.

20 “(4) The United States District Court for any district
21 located in the State shall have concurrent jurisdiction of
22 any action under subparagraph (A) or (B) of paragraph
23 (3).

24 “(5) Notwithstanding any other provision of Federal
25 law and in addition to any other remedy provided under

1 Federal or State law, if the court, on its own motion or
2 on motion of the United States trustee or the debtor, finds
3 that a person intentionally violated this section, or en-
4 gaged in a clear and consistent pattern or practice of vio-
5 lating this section, the court may—

6 “(A) enjoin the violation of such section; or

7 “(B) impose an appropriate civil penalty
8 against such person.”.

9 “(d) No provision of this section, section 527, or sec-
10 tion 528 shall—

11 “(1) annul, alter, affect, or exempt any person
12 subject to such sections from complying with any
13 law of any State except to the extent that such law
14 is inconsistent with those sections, and then only to
15 the extent of the inconsistency; or

16 “(2) be deemed to limit or curtail the authority
17 or ability—

18 “(A) of a State or subdivision or instru-
19 mentality thereof, to determine and enforce
20 qualifications for the practice of law under the
21 laws of that State; or

22 “(B) of a Federal court to determine and
23 enforce the qualifications for the practice of law
24 before that court.”.

1 (b) CONFORMING AMENDMENT.—The table of sec-
2 tions for chapter 5 of title 11, United States Code, is
3 amended by inserting before the item relating to section
4 527, the following:

“526. Debt relief enforcement.”.

5 **SEC. 228. DISCLOSURES.**

6 (a) DISCLOSURES.—Subchapter II of chapter 5 of
7 title 11, United States Code, as amended by this Act, is
8 amended by adding at the end the following:

9 **“§ 527. Disclosures**

10 “(a) A debt relief agency providing bankruptcy assist-
11 ance to an assisted person shall provide—

12 “(1) the written notice required under section
13 342(b)(1) of this title; and

14 “(2) to the extent not covered in the written no-
15 tice described in paragraph (1), and not later than
16 3 business days after the first date on which a debt
17 relief agency first offers to provide any bankruptcy
18 assistance services to an assisted person, a clear and
19 conspicuous written notice advising assisted persons
20 that—

21 “(A) all information that the assisted per-
22 son is required to provide with a petition and
23 thereafter during a case under this title is re-
24 quired to be complete, accurate, and truthful;

1 “(B) all assets and all liabilities are re-
2 quired to be completely and accurately disclosed
3 in the documents filed to commence the case,
4 and the replacement value of each asset as de-
5 fined in section 506 of this title must be stated
6 in those documents where requested after rea-
7 sonable inquiry to establish such value;

8 “(C) current monthly income, the amounts
9 specified in section 707(b)(2), and, in a case
10 under chapter 13, disposable income (deter-
11 mined in accordance with section 707(b)(2)),
12 are required to be stated after reasonable in-
13 quiry; and

14 “(D) information that an assisted person
15 provides during their case may be audited pur-
16 suant to this title, and that failure to provide
17 such information may result in dismissal of the
18 proceeding under this title or other sanction in-
19 cluding, in some instances, criminal sanctions.

20 “(b) A debt relief agency providing bankruptcy assist-
21 ance to an assisted person shall provide each assisted per-
22 son at the same time as the notices required under sub-
23 section (a)(1) with the following statement, to the extent
24 applicable, or one substantially similar. The statement
25 shall be clear and conspicuous and shall be in a single

1 document separate from other documents or notices pro-
2 vided to the assisted person:

3 “‘IMPORTANT INFORMATION ABOUT BANK-
4 RUPTCY ASSISTANCE SERVICES FROM AN AT-
5 TORNEY OR BANKRUPTCY PETITION PRE-
6 PARER.

7 “‘If you decide to seek bankruptcy relief, you can
8 represent yourself, you can hire an attorney to represent
9 you, or you can get help in some localities from a bank-
10 ruptcy petition preparer who is not an attorney. THE
11 LAW REQUIRES AN ATTORNEY OR BANKRUPTCY
12 PETITION PREPARER TO GIVE YOU A WRITTEN
13 CONTRACT SPECIFYING WHAT THE ATTORNEY
14 OR BANKRUPTCY PETITION PREPARER WILL DO
15 FOR YOU AND HOW MUCH IT WILL COST. Ask to
16 see the contract before you hire anyone.

17 “‘The following information helps you understand
18 what must be done in a routine bankruptcy case to help
19 you evaluate how much service you need. Although bank-
20 ruptcy can be complex, many cases are routine.

21 “‘Before filing a bankruptcy case, either you or your
22 attorney should analyze your eligibility for different forms
23 of debt relief made available by the Bankruptcy Code and
24 which form of relief is most likely to be beneficial for you.
25 Be sure you understand the relief you can obtain and its

1 limitations. To file a bankruptcy case, documents called
2 a Petition, Schedules and Statement of Financial Affairs,
3 as well as in some cases a Statement of Intention need
4 to be prepared correctly and filed with the bankruptcy
5 court. You will have to pay a filing fee to the bankruptcy
6 court. Once your case starts, you will have to attend the
7 required first meeting of creditors where you may be ques-
8 tioned by a court official called a ‘trustee’ and by credi-
9 tors.

10 “‘If you choose to file a chapter 7 case, you may
11 be asked by a creditor to reaffirm a debt. You may want
12 help deciding whether to do so and a creditor is not per-
13 mitted to coerce you into reaffirming your debts.

14 “‘If you choose to file a chapter 13 case in which
15 you repay your creditors what you can afford over 3 to
16 5 years, you may also want help with preparing your chap-
17 ter 13 plan and with the confirmation hearing on your
18 plan which will be before a bankruptcy judge.

19 “‘If you select another type of relief under the Bank-
20 ruptcy Code other than chapter 7 or chapter 13, you will
21 want to find out what needs to be done from someone fa-
22 miliar with that type of relief.

23 “‘Your bankruptcy case may also involve litigation.
24 You are generally permitted to represent yourself in litiga-

1 tion in bankruptcy court, but only attorneys, not bank-
2 ruptcy petition preparers, can give you legal advice.’.

3 “(c) Except to the extent the debt relief agency pro-
4 vides the required information itself after reasonably dili-
5 gent inquiry of the assisted person or others so as to ob-
6 tain such information reasonably accurately for inclusion
7 on the petition, schedules or statement of financial affairs,
8 a debt relief agency providing bankruptcy assistance to an
9 assisted person, to the extent permitted by nonbankruptcy
10 law, shall provide each assisted person at the time re-
11 quired for the notice required under subsection (a)(1) rea-
12 sonably sufficient information (which shall be provided in
13 a clear and conspicuous writing) to the assisted person
14 on how to provide all the information the assisted person
15 is required to provide under this title pursuant to section
16 521, including—

17 “(1) how to value assets at replacement value,
18 determine current monthly income, the amounts
19 specified in section 707(b)(2)) and, in a chapter 13
20 case, how to determine disposable income in accord-
21 ance with section 707(b)(2) and related calculations;

22 “(2) how to complete the list of creditors, in-
23 cluding how to determine what amount is owed and
24 what address for the creditor should be shown; and

1 “(3) how to determine what property is exempt
2 and how to value exempt property at replacement
3 value as defined in section 506 of this title.

4 “(d) A debt relief agency shall maintain a copy of
5 the notices required under subsection (a) of this section
6 for 2 years after the date on which the notice is given
7 the assisted person.”.

8 (b) CONFORMING AMENDMENT.—The table of sec-
9 tions for chapter 5 of title 11, United States Code, as
10 amended by this Act, is amended by inserting after the
11 item relating to section 526 the following:

“527. Disclosures.”.

12 **SEC. 229. REQUIREMENTS FOR DEBT RELIEF AGENCIES.**

13 (a) ENFORCEMENT.—Subchapter II of chapter 5 of
14 title 11, United States Code, as amended by this Act, is
15 amended by adding at the end the following:

16 **“§ 528. Requirements for debt relief agencies**

17 “(a) A debt relief agency shall—

18 “(1) not later than 5 business days after the
19 first date such agency provides any bankruptcy as-
20 sistance services to an assisted person, but prior to
21 such assisted person’s petition under this title being
22 filed, execute a written contract with such assisted
23 person that explains clearly and conspicuously—

24 “(A) the services such agency will provide
25 to such assisted person; and

1 “(B) the fees or charges for such services,
2 and the terms of payment;

3 “(2) provide the assisted person with a copy of
4 the fully executed and completed contract;

5 “(3) clearly and conspicuously disclose in any
6 advertisement of bankruptcy assistance services or of
7 the benefits of bankruptcy directed to the general
8 public (whether in general media, seminars or spe-
9 cific mailings, telephonic or electronic messages, or
10 otherwise) that the services or benefits are with re-
11 spect to bankruptcy relief under this title; and

12 “(4) clearly and conspicuously using the fol-
13 lowing statement: ‘We are a debt relief agency. We
14 help people file for bankruptcy relief under the
15 Bankruptcy Code.’ or a substantially similar state-
16 ment.

17 “(b)(1) An advertisement of bankruptcy assistance
18 services or of the benefits of bankruptcy directed to the
19 general public includes—

20 “(A) descriptions of bankruptcy assistance in
21 connection with a chapter 13 plan whether or not
22 chapter 13 is specifically mentioned in such adver-
23 tisement; and

24 “(B) statements such as ‘federally supervised
25 repayment plan’ or ‘Federal debt restructuring help’

1 or other similar statements that could lead a reason-
2 able consumer to believe that debt counseling was
3 being offered when in fact the services were directed
4 to providing bankruptcy assistance with a chapter
5 13 plan or other form of bankruptcy relief under
6 this title.

7 “(2) An advertisement, directed to the general public,
8 indicating that the debt relief agency provides assistance
9 with respect to credit defaults, mortgage foreclosures, evic-
10 tion proceedings, excessive debt, debt collection pressure,
11 or inability to pay any consumer debt shall—

12 “(A) disclose clearly and conspicuously in such
13 advertisement that the assistance may involve bank-
14 ruptcy relief under this title; and

15 “(B) include the following statement: ‘We are a
16 debt relief agency. We help people file for bank-
17 ruptcy relief under the Bankruptcy Code,’ or a sub-
18 stantially similar statement.”.

19 (b) CONFORMING AMENDMENT.—The table of sec-
20 tions for chapter 5 of title 11, United States Code, as
21 amended by this Act, is amended by inserting after the
22 item relating to section 527, the following:

“528. Debtor’s bill of rights.”.

23 **SEC. 230. GAO STUDY.**

24 (a) STUDY.—Not later than 270 days after the date
25 of enactment of this Act, the Comptroller General of the

1 United States shall conduct a study of the feasibility, ef-
2 fectiveness, and cost of requiring trustees appointed under
3 title 11, United States Code, or the bankruptcy courts,
4 to provide to the Office of Child Support Enforcement
5 promptly after the commencement of cases by individual
6 debtors under such title, the names and social security
7 numbers of such debtors for the purposes of allowing such
8 Office to determine whether such debtors have out-
9 standing obligations for child support (as determined on
10 the basis of information in the Federal Case Registry or
11 other national database).

12 (b) REPORT.—Not later than 300 days after the date
13 of enactment of this Act, the Comptroller General shall
14 submit to the President pro tempore of the Senate and
15 the Speaker of the House of Representatives a report con-
16 taining the results of the study required by subsection (a).

17 **TITLE III—DISCOURAGING** 18 **BANKRUPTCY ABUSE**

19 **SEC. 301. REINFORCEMENT OF THE FRESH START.**

20 Section 523(a)(17) of title 11, United States Code,
21 is amended—

22 (1) by striking “by a court” and inserting “on
23 a prisoner by any court”,

1 (2) by striking “section 1915(b) or (f)” and in-
2 serting “subsection (b) or (f)(2) of section 1915”,
3 and

4 (3) by inserting “(or a similar non-Federal
5 law)” after “title 28” each place it appears.

6 **SEC. 302. DISCOURAGING BAD FAITH REPEAT FILINGS.**

7 Section 362(e) of title 11, United States Code, is
8 amended—

9 (1) in paragraph (1), by striking “and” at the
10 end;

11 (2) in paragraph (2), by striking the period at
12 the end and inserting a semicolon; and

13 (3) by adding at the end the following:

14 “(3) if a single or joint case is filed by or
15 against an individual debtor under chapter 7, 11, or
16 13, and if a single or joint case of the debtor was
17 pending within the preceding 1-year period but was
18 dismissed, other than a case refiled under a chapter
19 other than chapter 7 after dismissal under section
20 707(b)—

21 “(A) the stay under subsection (a) with re-
22 spect to any action taken with respect to a debt
23 or property securing such debt or with respect
24 to any lease shall terminate with respect to the

1 debtor on the 30th day after the filing of the
2 later case;

3 “(B) upon motion by a party in interest
4 for continuation of the automatic stay and upon
5 notice and a hearing, the court may extend the
6 stay in particular cases as to any or all credi-
7 tors (subject to such conditions or limitations
8 as the court may then impose) after notice and
9 a hearing completed before the expiration of the
10 30-day period only if the party in interest dem-
11 onstrates that the filing of the later case is in
12 good faith as to the creditors to be stayed; and

13 “(C) for purposes of subparagraph (B), a
14 case is presumptively filed not in good faith
15 (but such presumption may be rebutted by clear
16 and convincing evidence to the contrary)—

17 “(i) as to all creditors, if—

18 “(I) more than 1 previous case
19 under any of chapter 7, 11, or 13 in
20 which the individual was a debtor was
21 pending within the preceding 1-year
22 period;

23 “(II) a previous case under any
24 of chapter 7, 11, or 13 in which the
25 individual was a debtor was dismissed

1 within such 1-year period, after the
2 debtor failed to—

3 “(aa) file or amend the peti-
4 tion or other documents as re-
5 quired by this title or the court
6 without substantial excuse (but
7 mere inadvertence or negligence
8 shall not be a substantial excuse
9 unless the dismissal was caused
10 by the negligence of the debtor’s
11 attorney);

12 “(bb) provide adequate pro-
13 tection as ordered by the court;
14 or

15 “(cc) perform the terms of a
16 plan confirmed by the court; or

17 “(III) there has not been a sub-
18 stantial change in the financial or per-
19 sonal affairs of the debtor since the
20 dismissal of the next most previous
21 case under chapter 7, 11, or 13 or
22 any other reason to conclude that the
23 later case will be concluded—

24 “(aa) if a case under chap-
25 ter 7, with a discharge; or

1 “(bb) if a case under chap-
2 ter 11 or 13, with a confirmed
3 plan which will be fully per-
4 formed; and

5 “(ii) as to any creditor that com-
6 menced an action under subsection (d) in
7 a previous case in which the individual was
8 a debtor if, as of the date of dismissal of
9 such case, that action was still pending or
10 had been resolved by terminating, condi-
11 tioning, or limiting the stay as to actions
12 of such creditor; and

13 “(4)(A)(i) if a single or joint case is filed by or
14 against an individual debtor under this title, and if
15 2 or more single or joint cases of the debtor were
16 pending within the previous year but were dismissed,
17 other than a case refiled under section 707(b), the
18 stay under subsection (a) shall not go into effect
19 upon the filing of the later case; and

20 “(ii) on request of a party in interest, the court
21 shall promptly enter an order confirming that no
22 stay is in effect;

23 “(B) if, within 30 days after the filing of the
24 later case, a party in interest requests the court may
25 order the stay to take effect in the case as to any

1 or all creditors (subject to such conditions or limita-
2 tions as the court may impose), after notice and
3 hearing, only if the party in interest demonstrates
4 that the filing of the later case is in good faith as
5 to the creditors to be stayed;

6 “(C) a stay imposed under subparagraph (B)
7 shall be effective on the date of entry of the order
8 allowing the stay to go into effect; and

9 “(D) for purposes of subparagraph (B), a case
10 is presumptively not filed in good faith (but such
11 presumption may be rebutted by clear and con-
12 vincing evidence to the contrary)—

13 “(i) as to all creditors if—

14 “(I) 2 or more previous cases under
15 this title in which the individual was a
16 debtor were pending within the 1-year pe-
17 riod;

18 “(II) a previous case under this title
19 in which the individual was a debtor was
20 dismissed within the time period stated in
21 this paragraph after the debtor failed to
22 file or amend the petition or other docu-
23 ments as required by this title or the court
24 without substantial excuse (but mere inad-
25 vertence or negligence shall not be sub-

1 stantial excuse unless the dismissal was
2 caused by the negligence of the debtor’s at-
3 torney), failed to pay adequate protection
4 as ordered by the court, or failed to per-
5 form the terms of a plan confirmed by the
6 court; or

7 “(III) there has not been a substan-
8 tial change in the financial or personal af-
9 fairs of the debtor since the dismissal of
10 the next most previous case under this
11 title, or any other reason to conclude that
12 the later case will not be concluded, if a
13 case under chapter 7, with a discharge,
14 and if a case under chapter 11 or 13, with
15 a confirmed plan that will be fully per-
16 formed; or

17 “(ii) as to any creditor that commenced an
18 action under subsection (d) in a previous case
19 in which the individual was a debtor if, as of
20 the date of dismissal of such case, such action
21 was still pending or had been resolved by termi-
22 nating, conditioning, or limiting the stay as to
23 action of such creditor.”.

1 **SEC. 303. CURBING ABUSIVE FILINGS.**

2 (a) IN GENERAL.—Section 362(d) of title 11, United
3 States Code, is amended—

4 (1) in paragraph (2), by striking “or” at the
5 end;

6 (2) in paragraph (3), by striking the period at
7 the end and inserting “; or”; and

8 (3) by adding at the end the following:

9 “(4) with respect to a stay of an act against
10 real property under subsection (a), by a creditor
11 whose claim is secured by an interest in such real
12 estate, if the court finds that the filing of the bank-
13 ruptcy petition was part of a scheme to delay,
14 hinder, and defraud creditors that involved either—

15 “(A) transfer of all or part ownership of,
16 or other interest in, the real property without
17 the consent of the secured creditor or court ap-
18 proval; or

19 “(B) multiple bankruptcy filings affecting
20 the real property.

21 If recorded in compliance with applicable State laws gov-
22 erning notices of interests or liens in real property, an
23 order entered under this subsection shall be binding in any
24 other case under this title purporting to affect the real
25 property filed not later than 2 years after the date of entry
26 of such order by the court, except that a debtor in a subse-

1 quent case may move for relief from such order based
2 upon changed circumstances or for good cause shown,
3 after notice and a hearing. Any Federal, State, or local
4 governmental unit that accepts notices of interests or liens
5 in real property shall accept any certified copy of an order
6 described in this subsection for indexing and recording.”.

7 (b) AUTOMATIC STAY.—Section 362(b) of title 11,
8 United States Code, is amended by inserting after para-
9 graph (19), as added by this Act, the following:

10 “(20) under subsection (a), of any act to en-
11 force any lien against or security interest in real
12 property following the entry of an order under sec-
13 tion 362(d)(4) as to that property in any prior bank-
14 ruptcy case for a period of 2 years after entry of
15 such an order, except that the debtor, in a subse-
16 quent case, may move the court for relief from such
17 order based upon changed circumstances or for
18 other good cause shown, after notice and a hearing;

19 “(21) under subsection (a), of any act to en-
20 force any lien against or security interest in real
21 property—

22 “(A) if the debtor is ineligible under sec-
23 tion 109(g) to be a debtor in a bankruptcy case;
24 or

1 “(B) if the bankruptcy case was filed in
2 violation of a bankruptcy court order in a prior
3 bankruptcy case prohibiting the debtor from
4 being a debtor in another bankruptcy case;”.

5 **SEC. 304. DEBTOR RETENTION OF PERSONAL PROPERTY**
6 **SECURITY.**

7 Title 11, United States Code, is amended—

8 (1) in section 521(a) (as so designated by this
9 Act)—

10 (A) in paragraph (4), by striking “, and”
11 at the end and inserting a semicolon;

12 (B) in paragraph (5), by striking the pe-
13 riod at the end and inserting “; and”; and

14 (C) by adding at the end the following:

15 “(6) in an individual case under chapter 7 of
16 this title, not retain possession of personal property
17 as to which a creditor has an allowed claim for the
18 purchase price secured in whole or in part by an in-
19 terest in that personal property unless, in the case
20 of an individual debtor, the debtor, not later than 45
21 days after the first meeting of creditors under sec-
22 tion 341(a), either—

23 “(A) enters into an agreement with the
24 creditor pursuant to section 524(c) of this title

1 with respect to the claim secured by such prop-
2 erty; or

3 “(B) redeems such property from the secu-
4 rity interest pursuant to section 722 of this
5 title.

6 If the debtor fails to so act within the 45-day period re-
7 ferred to in paragraph (6), the stay under section 362(a)
8 of this title is terminated with respect to the personal
9 property of the estate or of the debtor which is affected,
10 such property shall no longer be property of the estate,
11 and the creditor may take whatever action as to such prop-
12 erty as is permitted by applicable nonbankruptcy law, un-
13 less the court determines on the motion of the trustee
14 brought before the expiration of such 45-day period, and
15 after notice and a hearing, that such property is of con-
16 sequential value or benefit to the estate, orders appro-
17 priate adequate protection of the creditor’s interest, and
18 orders the debtor to deliver any collateral in the debtor’s
19 possession to the trustee.”; and

20 (2) in section 722, by inserting “in full at the
21 time of redemption” before the period at the end.

1 **SEC. 305. RELIEF FROM THE AUTOMATIC STAY WHEN THE**
2 **DEBTOR DOES NOT COMPLETE INTENDED**
3 **SURRENDER OF CONSUMER DEBT COLLAT-**
4 **ERAL.**

5 Title 11, United States Code, is amended—

6 (1) in section 362—

7 (A) in subsection (e), by striking “(e), and
8 (f)” inserting “(e), (f), and (h)”;

9 (B) by redesignating subsection (h) as sub-
10 section (k); and

11 (C) by inserting after subsection (g) the
12 following:

13 “(h)(1) In an individual case under chapter 7, 11,
14 or 13, the stay provided by subsection (a) is terminated
15 with respect to personal property of the estate or of the
16 debtor securing in whole or in part a claim, or subject
17 to an unexpired lease, and such personal property shall
18 no longer be property of the estate if the debtor fails with-
19 in the applicable time set by section 521(a)(2) of this
20 title—

21 “(A) to file timely any statement of intention
22 required under section 521(a)(2) of this title with
23 respect to that property or to indicate in that state-
24 ment that the debtor will either surrender the prop-
25 erty or retain it and, if retaining it, either redeem
26 the property pursuant to section 722 of this title, re-

1 affirm the debt it secures pursuant to section 524(c)
2 of this title, or assume the unexpired lease pursuant
3 to section 365(p) of this title if the trustee does not
4 do so, as applicable; and

5 “(B) to take timely the action specified in that
6 statement of intention, as it may be amended before
7 expiration of the period for taking action, unless the
8 statement of intention specifies reaffirmation and
9 the creditor refuses to reaffirm on the original con-
10 tract terms.

11 “(2) Paragraph (1) does not apply if the court deter-
12 mines, on the motion of the trustee filed before the expira-
13 tion of the applicable time set by section 521(a)(2), after
14 notice and a hearing, that such property is of consequen-
15 tial value or benefit to the estate, and orders appropriate
16 adequate protection of the creditor’s interest, and orders
17 the debtor to deliver any collateral in the debtor’s posses-
18 sion to the trustee. If the court does not so determine,
19 the stay provided by subsection (a) shall terminate upon
20 the conclusion of the proceeding on the motion.”; and

21 (2) in section 521—

22 (A) in subsection (a)(2), as so designated
23 by this Act, by striking “consumer”;

24 (B) in subsection (a)(2)(B), as so des-
25 ignated by this Act—

1 (i) by striking “forty-five days after
2 the filing of a notice of intent under this
3 section” and inserting “30 days after the
4 first date set for the meeting of creditors
5 under section 341(a) of this title”; and

6 (ii) by striking “forty-five day” and
7 inserting “30-day”;

8 (C) in subsection (a)(2)(C), as so des-
9 ignated by this Act, by inserting “, except as
10 provided in section 362(h) of this title” before
11 the semicolon; and

12 (D) by adding at the end the following:

13 “(d) If the debtor fails timely to take the action speci-
14 fied in subsection (a)(6) of this section, or in paragraphs
15 (1) and (2) of section 362(h) of this title, with respect
16 to property which a lessor or bailor owns and has leased,
17 rented, or bailed to the debtor or as to which a creditor
18 holds a security interest not otherwise voidable under sec-
19 tion 522(f), 544, 545, 547, 548, or 549 of this title, noth-
20 ing in this title shall prevent or limit the operation of a
21 provision in the underlying lease or agreement which has
22 the effect of placing the debtor in default under such lease
23 or agreement by reason of the occurrence, pendency, or
24 existence of a proceeding under this title or the insolvency
25 of the debtor. Nothing in this subsection shall be deemed

1 to justify limiting such a provision in any other cir-
2 cumstance.”.

3 **SEC. 306. GIVING SECURED CREDITORS FAIR TREATMENT**

4 **IN CHAPTER 13.**

5 (a) IN GENERAL.—Section 1325(a)(5)(B)(i) of title
6 11, United States Code, is amended to read as follows:

7 “(i) the plan provides that—

8 “(I) the holder of such claim retain
9 the lien securing such claim until the ear-
10 lier of—

11 “(aa) the payment of the under-
12 lying debt determined under nonbank-
13 ruptcy law; or

14 “(bb) discharge under section
15 1328; and

16 “(II) if the case under this chapter is
17 dismissed or converted without completion
18 of the plan, such lien shall also be retained
19 by such holder to the extent recognized by
20 applicable nonbankruptcy law; and”.

21 (b) RESTORING THE FOUNDATION FOR SECURED
22 CREDIT.—Section 1325(a) of title 11, United States Code,
23 is amended by adding at the end the following flush sen-
24 tence:

1 “For purposes of paragraph (5), section 506 shall not
2 apply to a claim described in that paragraph if the creditor
3 has a purchase money security interest securing the debt
4 that is the subject of the claim, the debt was incurred
5 within the 5-year period preceding the filing of the peti-
6 tion, and the collateral for that debt consists of a motor
7 vehicle (as defined in section 30102 of title 49) acquired
8 for the personal use of the debtor, or if collateral for that
9 debt consists of any other thing of value, if the debt was
10 incurred during the 1-year period preceding that filing.”.

11 (c) DEFINITIONS.—Section 101 of title 11, United
12 States Code, as amended by this Act, is amended—

13 (1) by inserting after paragraph (13) the fol-
14 lowing:

15 “(13A) ‘debtor’s principal residence’—

16 “(A) means a residential structure, includ-
17 ing incidental property, without regard to
18 whether that structure is attached to real prop-
19 erty; and

20 “(B) includes an individual condominium
21 or cooperative unit, a mobile or manufactured
22 home, or trailer;” and

23 (2) by inserting after paragraph (27), the fol-
24 lowing:

1 “(27A) ‘incidental property’ means, with re-
2 spect to a debtor’s principal residence—

3 “(A) property commonly conveyed with a
4 principal residence in the area where the real
5 estate is located;

6 “(B) all easements, rights, appurtenances,
7 fixtures, rents, royalties, mineral rights, oil or
8 gas rights or profits, water rights, escrow
9 funds, or insurance proceeds; and

10 “(C) all replacements or additions;”.

11 **SEC. 307. DOMICILIARY REQUIREMENTS FOR EXEMPTIONS.**

12 Section 522(b)(3)(A) of title 11, United States Code,
13 as so designated by this Act, is amended—

14 (1) by striking “180 days” and inserting “730
15 days”; and

16 (2) by striking “, or for a longer portion of
17 such 180-day period than in any other place” and
18 inserting “or if the debtor’s domicile has not been
19 located at a single State for such 730-day period,
20 the place in which the debtor’s domicile was located
21 for 180 days immediately preceding the 730-day pe-
22 riod or for a longer portion of such 180-day period
23 than in any other place”.

1 **SEC. 308. RESIDENCY REQUIREMENT FOR HOMESTEAD EX-**
2 **EMPTION.**

3 Section 522 of title 11, United States Code, is
4 amended—

5 (1) in subsection (b)(3)(A), as so designated by
6 this Act, by inserting “subject to subsections (o) and
7 (p),” before “any property”; and

8 (2) by adding at the end the following:

9 “(o) For purposes of subsection (b)(3)(A), and not-
10 withstanding subsection (a), the value of an interest in—

11 “(1) real or personal property that the debtor
12 or a dependent of the debtor uses as a residence;

13 “(2) a cooperative that owns property that the
14 debtor or a dependent of the debtor uses as a resi-
15 dence; or

16 “(3) a burial plot for the debtor or a dependent
17 of the debtor;

18 shall be reduced to the extent that such value is attrib-
19 utable to any portion of any property that the debtor dis-
20 posed of in the 7-year period ending on the date of the
21 filing of the petition with the intent to hinder, delay, or
22 defraud a creditor and that the debtor could not exempt,
23 or that portion that the debtor could not exempt, under
24 subsection (b), if on such date the debtor had held the
25 property so disposed of.”.

1 **SEC. 309. PROTECTING SECURED CREDITORS IN CHAPTER**
2 **13 CASES.**

3 (a) STOPPING ABUSIVE CONVERSIONS FROM CHAP-
4 TER 13.—Section 348(f)(1) of title 11, United States
5 Code, is amended—

6 (1) in subparagraph (A), by striking “and” at
7 the end;

8 (2) in subparagraph (B)—

9 (A) by striking “in the converted case,
10 with allowed secured claims” and inserting
11 “only in a case converted to a case under chap-
12 ter 11 or 12, but not in a case converted to a
13 case under chapter 7, with allowed secured
14 claims in cases under chapters 11 and 12”; and

15 (B) by striking the period and inserting “;
16 and”; and

17 (3) by adding at the end the following:

18 “(C) with respect to cases converted from chap-
19 ter 13—

20 “(i) the claim of any creditor holding secu-
21 rity as of the date of the petition shall continue
22 to be secured by that security unless the full
23 amount of such claim determined under appli-
24 cable nonbankruptcy law has been paid in full
25 as of the date of conversion, notwithstanding
26 any valuation or determination of the amount

1 of an allowed secured claim made for the pur-
2 poses of the chapter 13 proceeding; and

3 “(ii) unless a prebankruptcy default has
4 been fully cured under the plan at the time of
5 conversion, in any proceeding under this title or
6 otherwise, the default shall have the effect given
7 under applicable nonbankruptcy law.”.

8 (b) GIVING DEBTORS THE ABILITY TO KEEP
9 LEASED PERSONAL PROPERTY BY ASSUMPTION.—Section
10 365 of title 11, United States Code, is amended by adding
11 at the end the following:

12 “(p)(1) If a lease of personal property is rejected or
13 not timely assumed by the trustee under subsection (d),
14 the leased property is no longer property of the estate and
15 the stay under section 362(a) is automatically terminated.

16 “(2)(A) In the case of an individual under chapter
17 7, the debtor may notify the creditor in writing that the
18 debtor desires to assume the lease. Upon being so notified,
19 the creditor may, at its option, notify the debtor that it
20 is willing to have the lease assumed by the debtor and
21 may condition such assumption on cure of any outstanding
22 default on terms set by the contract.

23 “(B) If, not later than 30 days after notice is pro-
24 vided under subparagraph (A), the debtor notifies the les-
25 sor in writing that the lease is assumed, the liability under

1 the lease will be assumed by the debtor and not by the
2 estate.

3 “(C) The stay under section 362 and the injunction
4 under section 524(a)(2) shall not be violated by notifica-
5 tion of the debtor and negotiation of cure under this sub-
6 section.

7 “(3) In a case under chapter 11 in which the debtor
8 is an individual and in a case under chapter 13, if the
9 debtor is the lessee with respect to personal property and
10 the lease is not assumed in the plan confirmed by the
11 court, the lease is deemed rejected as of the conclusion
12 of the hearing on confirmation. If the lease is rejected,
13 the stay under section 362 and any stay under section
14 1301 is automatically terminated with respect to the prop-
15 erty subject to the lease.”.

16 (c) ADEQUATE PROTECTION OF LESSORS AND PUR-
17 CHASE MONEY SECURED CREDITORS.—

18 (1) CONFIRMATION OF PLAN.—Section
19 1325(a)(5)(B) of title 11, United States Code, is
20 amended—

21 (A) in clause (i), by striking “and” at the
22 end;

23 (B) in clause (ii), by striking “or” at the
24 end and inserting “and”; and

25 (C) by adding at the end the following:

1 “(iii) if—

2 “(I) property to be distributed
3 pursuant to this subsection is in the
4 form of periodic payments, such pay-
5 ments shall be in equal monthly
6 amounts; and

7 “(II) the holder of the claim is
8 secured by personal property, the
9 amount of such payments shall not be
10 less than an amount sufficient to pro-
11 vide to the holder of such claim ade-
12 quate protection during the period of
13 the plan; or”.

14 (2) PAYMENTS.—Section 1326(a) of title 11,
15 United States Code, is amended to read as follows:

16 “(a)(1) Unless the court orders otherwise, the debtor
17 shall commence making payments not later than 30 days
18 after the date of the filing of the plan or the order for
19 relief, whichever is earlier, in the amount—

20 “(A) proposed by the plan to the trustee;

21 “(B) scheduled in a lease of personal property
22 directly to the lessor for that portion of the obliga-
23 tion that becomes due after the order for relief, re-
24 ducing the payments under subparagraph (A) by the
25 amount so paid and providing the trustee with evi-

1 dence of such payment, including the amount and
2 date of payment; and

3 “(C) that provides adequate protection directly
4 to a creditor holding an allowed claim secured by
5 personal property to the extent the claim is attrib-
6 utable to the purchase of such property by the debt-
7 or for that portion of the obligation that becomes
8 due after the order for relief, reducing the payments
9 under subparagraph (A) by the amount so paid and
10 providing the trustee with evidence of such payment,
11 including the amount and date of payment.

12 “(2) A payment made under paragraph (1)(A) shall
13 be retained by the trustee until confirmation or denial of
14 confirmation. If a plan is confirmed, the trustee shall dis-
15 tribute any such payment in accordance with the plan as
16 soon as is practicable. If a plan is not confirmed, the trust-
17 ee shall return any such payments not previously paid and
18 not yet due and owing to creditors pursuant to paragraph
19 (3) to the debtor, after deducting any unpaid claim al-
20 lowed under section 503(b).

21 “(3) Subject to section 363, the court may, upon no-
22 tice and a hearing, modify, increase, or reduce the pay-
23 ments required under this subsection pending confirma-
24 tion of a plan.

1 “(4) Not later than 60 days after the date of filing
2 of a case under this chapter, a debtor retaining possession
3 of personal property subject to a lease or securing a claim
4 attributable in whole or in part to the purchase price of
5 such property shall provide the lessor or secured creditor
6 reasonable evidence of the maintenance of any required
7 insurance coverage with respect to the use or ownership
8 of such property and continue to do so for so long as the
9 debtor retains possession of such property.”.

10 **SEC. 310. LIMITATION ON LUXURY GOODS.**

11 Section 523(a)(2)(C) of title 11, United States Code,
12 is amended to read as follows:

13 “(C)(i) for purposes of subparagraph (A)—

14 “(I) consumer debts owed to a single cred-
15 itor and aggregating more than \$250 for luxury
16 goods or services incurred by an individual
17 debtor on or within 90 days before the order for
18 relief under this title are presumed to be non-
19 dischargeable; and

20 “(II) cash advances aggregating more than
21 \$750 that are extensions of consumer credit
22 under an open end credit plan obtained by an
23 individual debtor on or within 70 days before
24 the order for relief under this title, are pre-
25 sumed to be nondischargeable; and

1 “(ii) for purposes of this subparagraph—

2 “(I) the term ‘extension of credit under an
3 open end credit plan’ means an extension of
4 credit under an open end credit plan, within the
5 meaning of the Consumer Credit Protection Act
6 (15 U.S.C. 1601 et seq.);

7 “(II) the term ‘open end credit plan’ has
8 the meaning given that term under section 103
9 of Consumer Credit Protection Act (15 U.S.C.
10 1602); and

11 “(III) the term ‘luxury goods or services’
12 does not include goods or services reasonably
13 necessary for the support or maintenance of the
14 debtor or a dependent of the debtor.”.

15 **SEC. 311. AUTOMATIC STAY.**

16 Section 362(b) of title 11, United States Code, is
17 amended by inserting after paragraph (21), as added by
18 this Act, the following:

19 “(22) under subsection (a)(3), of the continu-
20 ation of any eviction, unlawful detainer action, or
21 similar proceeding by a lessor against a debtor in-
22 volving residential real property in which the debtor
23 resides as a tenant under a rental agreement;

24 “(23) under subsection (a)(3), of the com-
25 mencement of any eviction, unlawful detainer action,

1 or similar proceeding by a lessor against a debtor in-
2 volving residential real property in which the debtor
3 resides as a tenant under a rental agreement that
4 has terminated under the lease agreement or appli-
5 cable State law;

6 “(24) under subsection (a)(3), of eviction ac-
7 tions based on endangerment to property or person
8 or the use of illegal drugs;

9 “(25) under subsection (a) of any transfer that
10 is not avoidable under section 544 and that is not
11 avoidable under section 549;”.

12 **SEC. 312. EXTENSION OF PERIOD BETWEEN BANKRUPTCY**
13 **DISCHARGES.**

14 Title 11, United States Code, is amended—

15 (1) in section 727(a)(8), by striking “six” and
16 inserting “8”; and

17 (2) in section 1328, by inserting after sub-
18 section (e) the following:

19 “(f) Notwithstanding subsections (a) and (b), the
20 court shall not grant a discharge of all debts provided for
21 by the plan or disallowed under section 502 if the debtor
22 has received a discharge in any case filed under this title
23 within 5 years before the order for relief under this chap-
24 ter.”.

1 **SEC. 313. DEFINITION OF HOUSEHOLD GOODS AND AN-**
2 **TIQUES.**

3 (a) DEFINITION.—Section 522(f) of title 11, United
4 States Code, is amended by adding at the end the fol-
5 lowing:

6 “(4)(A) Subject to subparagraph (B), for purposes
7 of paragraph (1)(B), the term ‘household goods’ means—

8 “(i) clothing;

9 “(ii) furniture;

10 “(iii) appliances;

11 “(iv) 1 radio;

12 “(v) 1 television;

13 “(vi) 1 VCR;

14 “(vii) linens;

15 “(viii) china;

16 “(ix) crockery;

17 “(x) kitchenware;

18 “(xi) educational materials and educational
19 equipment primarily for the use of minor dependent
20 children of the debtor, but only 1 personal computer
21 only if used primarily for the education or entertain-
22 ment of such minor children;

23 “(xii) medical equipment and supplies;

24 “(xiii) furniture exclusively for the use of minor
25 children, or elderly or disabled dependents of the
26 debtor; and

1 “(xiv) personal effects (including the toys and
2 hobby equipment of minor dependent children and
3 wedding rings) of the debtor and the dependents of
4 the debtor.

5 “(B) The term ‘household goods’ does not include—

6 “(i) works of art (unless by or of the debtor or
7 the dependents of the debtor);

8 “(ii) electronic entertainment equipment (except
9 1 television, 1 radio, and 1 VCR);

10 “(iii) items acquired as antiques;

11 “(iv) jewelry (except wedding rings); and

12 “(v) a computer (except as otherwise provided
13 for in this section), motor vehicle (including a trac-
14 tor or lawn tractor), boat, or a motorized rec-
15 reational device, conveyance, vehicle, watercraft, or
16 aircraft.”.

17 (b) STUDY.—Not later than 2 years after the date
18 of enactment of this Act, the Director of the Executive
19 Office for United States Trustees shall submit a report
20 to the Committee on the Judiciary of the Senate and the
21 Committee on the Judiciary of the House of Representa-
22 tives containing its findings regarding utilization of the
23 definition of household goods, as defined in section
24 522(f)(4) of title 11, United States Code, as added by this
25 section, with respect to the avoidance of nonpossessory,

1 nonpurchase money security interests in household goods
2 under section 522(f)(1)(B) of title 11, United States Code,
3 and the impact that section 522(f)(4) of that title, as
4 added by this section, has had on debtors and on the bank-
5 ruptcy courts. Such report may include recommendations
6 for amendments to section 522(f)(4) of title 11, United
7 States Code, consistent with the Director’s findings.

8 **SEC. 314. DEBT INCURRED TO PAY NONDISCHARGEABLE**
9 **DEBTS.**

10 (a) IN GENERAL.—Section 523(a) of title 11, United
11 States Code, is amended by inserting after paragraph (14)
12 the following:

13 “(14A) incurred to pay a tax to a governmental
14 unit, other than the United States, that would be
15 nondischargeable under paragraph (1);”.

16 (b) DISCHARGE UNDER CHAPTER 13.—Section
17 1328(a) of title 11, United States Code, is amended by
18 striking paragraphs (1) through (3) and inserting the fol-
19 lowing:

20 “(1) provided for under section 1322(b)(5);

21 “(2) of the kind specified in paragraph (2), (3),
22 (4), (5), (8), or (9) of section 523(a);

23 “(3) for restitution, or a criminal fine, included
24 in a sentence on the debtor’s conviction of a crime;
25 or

1 “(4) for restitution, or damages, awarded in a
2 civil action against the debtor as a result of willful
3 or malicious injury by the debtor that caused per-
4 sonal injury to an individual or the death of an indi-
5 vidual.”.

6 **SEC. 315. GIVING CREDITORS FAIR NOTICE IN CHAPTERS 7**
7 **AND 13 CASES.**

8 (a) NOTICE.—Section 342 of title 11, United States
9 Code, as amended by this Act, is amended—

10 (1) in subsection (c)—

11 (A) by inserting “(1)” after “(c)”;

12 (B) by striking “, but the failure of such
13 notice to contain such information shall not in-
14 validate the legal effect of such notice”; and

15 (C) by adding at the end the following:

16 “(2) If, within the 90 days prior to the date of
17 the filing of a petition in a voluntary case, the cred-
18 itor supplied the debtor in at least 2 communications
19 sent to the debtor with the current account number
20 of the debtor and the address at which the creditor
21 wishes to receive correspondence, then the debtor
22 shall send any notice required under this title to the
23 address provided by the creditor and such notice
24 shall include the account number. In the event the
25 creditor would be in violation of applicable nonbank-

1 ruptcy law by sending any such communication with-
2 in such 90-day period and if the creditor supplied
3 the debtor in the last 2 communications with the
4 current account number of the debtor and the ad-
5 dress at which the creditor wishes to receive cor-
6 respondence, then the debtor shall send any notice
7 required under this title to the address provided by
8 the creditor and such notice shall include the ac-
9 count number.”; and

10 (2) by adding at the end the following:

11 “(e) At any time, a creditor, in a case of an individual
12 debtor under chapter 7 or 13, may file with the court and
13 serve on the debtor a notice of the address to be used to
14 notify the creditor in that case. Five days after receipt
15 of such notice, if the court or the debtor is required to
16 give the creditor notice, such notice shall be given at that
17 address.

18 “(f) An entity may file with the court a notice stating
19 its address for notice in cases under chapters 7 and 13.
20 After 30 days following the filing of such notice, any notice
21 in any case filed under chapter 7 or 13 given by the court
22 shall be to that address unless specific notice is given
23 under subsection (e) with respect to a particular case.

24 “(g)(1) Notice given to a creditor other than as pro-
25 vided in this section shall not be effective notice until that

1 notice has been brought to the attention of the creditor.
2 If the creditor designates a person or department to be
3 responsible for receiving notices concerning bankruptcy
4 cases and establishes reasonable procedures so that bank-
5 ruptcy notices received by the creditor are to be delivered
6 to such department or person, notice shall not be consid-
7 ered to have been brought to the attention of the creditor
8 until received by such person or department.

9 “(2) No sanction under section 362(k) or any other
10 sanction that a court may impose on account of violations
11 of the stay under section 362(a) or failure to comply with
12 section 542 or 543 may be imposed on any action of the
13 creditor unless the action takes place after the creditor
14 has received notice of the commencement of the case effec-
15 tive under this section.”.

16 (b) DEBTOR’S DUTIES.—Section 521 of title 11,
17 United States Code, as amended by this Act, is
18 amended—

19 (1) in subsection (a), as so designated by this
20 Act, by striking paragraph (1) and inserting the fol-
21 lowing:

22 “(1) file—

23 “(A) a list of creditors; and

24 “(B) unless the court orders otherwise—

1 “(i) a schedule of assets and liabil-
2 ities;

3 “(ii) a schedule of current income and
4 current expenditures;

5 “(iii) a statement of the debtor’s fi-
6 nancial affairs and, if applicable, a
7 certificate—

8 “(I) of an attorney whose name
9 is on the petition as the attorney for
10 the debtor or any bankruptcy petition
11 preparer signing the petition under
12 section 110(b)(1) indicating that such
13 attorney or bankruptcy petition pre-
14 parer delivered to the debtor any no-
15 tice required by section 342(b); or

16 “(II) if no attorney for the debt-
17 or is indicated and no bankruptcy pe-
18 tition preparer signed the petition, of
19 the debtor that such notice was ob-
20 tained and read by the debtor;

21 “(iv) copies of all payment advices or
22 other evidence of payment, if any, received
23 by the debtor from any employer of the
24 debtor in the period 60 days before the fil-
25 ing of the petition;

1 “(v) a statement of the amount of
2 monthly net income, itemized to show how
3 the amount is calculated; and

4 “(vi) a statement disclosing any rea-
5 sonably anticipated increase in income or
6 expenditures over the 12-month period fol-
7 lowing the date of filing;” and

8 (2) by adding at the end the following:

9 “(e)(1) At any time, a creditor, in the case of an indi-
10 vidual under chapter 7 or 13, may file with the court no-
11 tice that the creditor requests the petition, schedules, and
12 a statement of affairs filed by the debtor in the case, and
13 the court shall make those documents available to the
14 creditor who requests those documents.

15 “(2)(A) The debtor shall provide either a tax return
16 or transcript at the election of the debtor, for the latest
17 taxable period prior to filing for which a tax return has
18 been or should have been filed, to the trustee, not later
19 than 7 days before the date first set for the first meeting
20 of creditors, or the case shall be dismissed, unless the
21 debtor demonstrates that the failure to file a return as
22 required is due to circumstances beyond the control of the
23 debtor.

24 “(B) If a creditor has requested a tax return or tran-
25 script referred to in subparagraph (A), the debtor shall

1 provide such tax return or transcript to the requesting
2 creditor at the time the debtor provides the tax return or
3 transcript to the trustee, or the case shall be dismissed,
4 unless the debtor demonstrates that the debtor is unable
5 to provide such information due to circumstances beyond
6 the control of the debtor.

7 “(3)(A) At any time, a creditor in a case under chap-
8 ter 13 may file with the court notice that the creditor re-
9 quests the plan filed by the debtor in the case.

10 “(B) The court shall make such plan available to the
11 creditor who request such plan—

12 “(i) at a reasonable cost; and

13 “(ii) not later than 5 days after such request.

14 “(f) An individual debtor in a case under chapter 7,
15 11, or 13 shall file with the court at the request of any
16 party in interest—

17 “(1) at the time filed with the taxing authority,
18 all tax returns required under applicable law, includ-
19 ing any schedules or attachments, with respect to
20 the period from the commencement of the case until
21 such time as the case is closed;

22 “(2) at the time filed with the taxing authority,
23 all tax returns required under applicable law, includ-
24 ing any schedules or attachments, that were not
25 filed with the taxing authority when the schedules

1 under subsection (a)(1) were filed with respect to
2 the period that is 3 years before the order of relief;

3 “(3) any amendments to any of the tax returns,
4 including schedules or attachments, described in
5 paragraph (1) or (2); and

6 “(4) in a case under chapter 13, a statement
7 subject to the penalties of perjury by the debtor of
8 the debtor’s income and expenditures in the pre-
9 ceding tax year and monthly income, that shows how
10 the amounts are calculated—

11 “(A) beginning on the date that is the
12 later of 90 days after the close of the debtor’s
13 tax year or 1 year after the order for relief, un-
14 less a plan has been confirmed; and

15 “(B) thereafter, on or before the date that
16 is 45 days before each anniversary of the con-
17 firmation of the plan until the case is closed.

18 “(g)(1) A statement referred to in subsection (f)(4)
19 shall disclose—

20 “(A) the amount and sources of income of the
21 debtor;

22 “(B) the identity of any person responsible with
23 the debtor for the support of any dependent of the
24 debtor; and

1 “(C) the identity of any person who contrib-
2 uted, and the amount contributed, to the household
3 in which the debtor resides.

4 “(2) The tax returns, amendments, and statement of
5 income and expenditures described in subsection (e)(2)(A)
6 and subsection (f) shall be available to the United States
7 trustee, any bankruptcy administrator, any trustee, and
8 any party in interest for inspection and copying, subject
9 to the requirements of subsection (h).

10 “(h)(1) Not later than 180 days after the date of en-
11 actment of the Bankruptcy Abuse Prevention and Con-
12 sumer Protection Act of 2001, the Director of the Admin-
13 istrative Office of the United States Courts shall establish
14 procedures for safeguarding the confidentiality of any tax
15 information required to be provided under this section.

16 “(2) The procedures under paragraph (1) shall in-
17 clude restrictions on creditor access to tax information
18 that is required to be provided under this section.

19 “(3) Not later than 1 year and 180 days after the
20 date of enactment of the Bankruptcy Abuse Prevention
21 and Consumer Protection Act of 2001, the Director of the
22 Administrative Office of the United States Courts shall
23 prepare and submit to Congress a report that—

24 “(A) assesses the effectiveness of the proce-
25 dures under paragraph (1); and

1 “(B) if appropriate, includes proposed legisla-
2 tion to—

3 “(i) further protect the confidentiality of
4 tax information; and

5 “(ii) provide penalties for the improper use
6 by any person of the tax information required
7 to be provided under this section.

8 “(i) If requested by the United States trustee or a
9 trustee serving in the case, the debtor shall provide—

10 “(1) a document that establishes the identity of
11 the debtor, including a driver’s license, passport, or
12 other document that contains a photograph of the
13 debtor; and

14 “(2) such other personal identifying information
15 relating to the debtor that establishes the identity of
16 the debtor.”.

17 **SEC. 316. DISMISSAL FOR FAILURE TO TIMELY FILE SCHED-**
18 **ULES OR PROVIDE REQUIRED INFORMATION.**

19 Section 521 of title 11, United States Code, as
20 amended by this Act, is amended by adding at the end
21 the following:

22 “(j)(1) Notwithstanding section 707(a), and subject
23 to paragraph (2), if an individual debtor in a voluntary
24 case under chapter 7 or 13 fails to file all of the informa-
25 tion required under subsection (a)(1) within 45 days after

1 the filing of the petition commencing the case, the case
2 shall be automatically dismissed effective on the 46th day
3 after the filing of the petition.

4 “(2) With respect to a case described in paragraph
5 (1), any party in interest may request the court to enter
6 an order dismissing the case. If requested, the court shall
7 enter an order of dismissal not later than 5 days after
8 such request.

9 “(3) Upon request of the debtor made within 45 days
10 after the filing of the petition commencing a case de-
11 scribed in paragraph (1), the court may allow the debtor
12 an additional period of not to exceed 45 days to file the
13 information required under subsection (a)(1) if the court
14 finds justification for extending the period for the filing.”.

15 **SEC. 317. ADEQUATE TIME TO PREPARE FOR HEARING ON**
16 **CONFIRMATION OF THE PLAN.**

17 Section 1324 of title 11, United States Code, is
18 amended—

19 (1) by striking “After” and inserting the fol-
20 lowing:

21 “(a) Except as provided in subsection (b) and after”;

22 and

23 (2) by adding at the end the following:

24 “(b) The hearing on confirmation of the plan may
25 be held not earlier than 20 days and not later than 45

1 days after the date of the meeting of creditors under sec-
2 tion 341(a).”.

3 **SEC. 318. CHAPTER 13 PLANS TO HAVE A 5-YEAR DURATION**

4 **IN CERTAIN CASES.**

5 Title 11, United States Code, is amended—

6 (1) by amending section 1322(d) to read as fol-
7 lows:

8 “(d)(1) If the current monthly income of the debtor
9 and the debtor’s spouse combined, when multiplied by 12,
10 is not less than—

11 “(A) in the case of a debtor in a household of
12 1 person, the median family income of the applicable
13 State for 1 earner last reported by the Bureau of
14 the Census;

15 “(B) in the case of a debtor in a household of
16 2, 3, or 4 individuals, the highest median family in-
17 come of the applicable State for a family of the same
18 number or fewer individuals last reported by the Bu-
19 reau of the Census; or

20 “(C) in the case of a debtor in a household ex-
21 ceeding 4 individuals, the highest median family in-
22 come of the applicable State for a family of 4 or
23 fewer individuals last reported by the Bureau of the
24 Census, plus \$525 per month for each individual in
25 excess of 4,

1 the plan may not provide for payments over a period that
2 is longer than 5 years.

3 “(2) If the current monthly income of the debtor and
4 the debtor’s spouse combined, when multiplied by 12, is
5 less than—

6 “(A) in the case of a debtor in a household of
7 1 person, the median family income of the applicable
8 State for 1 earner last reported by the Bureau of
9 the Census;

10 “(B) in the case of a debtor in a household of
11 2, 3, or 4 individuals, the highest median family in-
12 come of the applicable State for a family of the same
13 number or fewer individuals last reported by the Bu-
14 reau of the Census; or

15 “(C) in the case of a debtor in a household ex-
16 ceeding 4 individuals, the highest median family in-
17 come of the applicable State for a family of 4 or
18 fewer individuals last reported by the Bureau of the
19 Census, plus \$525 per month for each individual in
20 excess of 4,

21 the plan may not provide for payments over a period that
22 is longer than 3 years, unless the court, for cause, ap-
23 proves a longer period, but the court may not approve a
24 period that is longer than 5 years.”;

1 (2) in section 1325(b)(1)(B), by striking
2 “three-year period” and inserting “applicable com-
3 mitment period”; and

4 (3) in section 1325(b), as amended by this Act,
5 by adding at the end the following:

6 “(4) For purposes of this subsection, the ‘applicable
7 commitment period’—

8 “(A) subject to subparagraph (B), shall be—

9 “(i) 3 years; or

10 “(ii) not less than 5 years, if the current
11 monthly income of the debtor and the debtor’s
12 spouse combined, when multiplied by 12, is not
13 less than—

14 “(I) in the case of a debtor in a
15 household of 1 person, the median family
16 income of the applicable State for 1 earner
17 last reported by the Bureau of the Census;

18 “(II) in the case of a debtor in a
19 household of 2, 3, or 4 individuals, the
20 highest median family income of the appli-
21 cable State for a family of the same num-
22 ber or fewer individuals last reported by
23 the Bureau of the Census; or

24 “(III) in the case of a debtor in a
25 household exceeding 4 individuals, the

1 highest median family income of the appli-
2 cable State for a family of 4 or fewer indi-
3 viduals last reported by the Bureau of the
4 Census, plus \$525 per month for each in-
5 dividual in excess of 4; and

6 “(B) may be less than 3 or 5 years, whichever
7 is applicable under subparagraph (A), but only if the
8 plan provides for payment in full of all allowed unse-
9 cured claims over a shorter period.”; and

10 (4) in section 1329(c), by striking “three
11 years” and inserting “the applicable commitment pe-
12 riod under section 1325(b)(1)(B)”.

13 **SEC. 319. SENSE OF CONGRESS REGARDING EXPANSION OF**
14 **RULE 9011 OF THE FEDERAL RULES OF BANK-**
15 **RUPTCY PROCEDURE.**

16 It is the sense of Congress that rule 9011 of the Fed-
17 eral Rules of Bankruptcy Procedure (11 U.S.C. App.)
18 should be modified to include a requirement that all docu-
19 ments (including schedules), signed and unsigned, sub-
20 mitted to the court or to a trustee by debtors who rep-
21 resent themselves and debtors who are represented by an
22 attorney be submitted only after the debtor or the debtor’s
23 attorney has made reasonable inquiry to verify that the
24 information contained in such documents is—

25 (1) well grounded in fact; and

1 (2) warranted by existing law or a good-faith
2 argument for the extension, modification, or reversal
3 of existing law.

4 **SEC. 320. PROMPT RELIEF FROM STAY IN INDIVIDUAL**
5 **CASES.**

6 Section 362(e) of title 11, United States Code, is
7 amended—

8 (1) by inserting “(1)” after “(e)”; and

9 (2) by adding at the end the following:

10 “(2) Notwithstanding paragraph (1), in the case of
11 an individual filing under chapter 7, 11, or 13, the stay
12 under subsection (a) shall terminate on the date that is
13 60 days after a request is made by a party in interest
14 under subsection (d), unless—

15 “(A) a final decision is rendered by the court
16 during the 60-day period beginning on the date of
17 the request; or

18 “(B) that 60-day period is extended—

19 “(i) by agreement of all parties in interest;

20 or

21 “(ii) by the court for such specific period
22 of time as the court finds is required for good
23 cause, as described in findings made by the
24 court.”.

1 **SEC. 321. CHAPTER 11 CASES FILED BY INDIVIDUALS.**

2 (a) PROPERTY OF THE ESTATE.—

3 (1) IN GENERAL.—Subchapter I of chapter 11
4 of title 11, United States Code, is amended by add-
5 ing at the end the following:

6 **“§ 1115. Property of the estate**

7 “(a) In a case concerning an individual debtor, prop-
8 erty of the estate includes, in addition to the property
9 specified in section 541—

10 “(1) all property of the kind specified in section
11 541 that the debtor acquires after the commence-
12 ment of the case but before the case is closed, dis-
13 missed, or converted to a case under chapter 7, 12,
14 or 13, whichever occurs first; and

15 “(2) earnings from services performed by the
16 debtor after the commencement of the case but be-
17 fore the case is closed, dismissed, or converted to a
18 case under chapter 7, 12, or 13, whichever occurs
19 first.”.

20 “(b) Except as provided in section 1104 or a con-
21 firmed plan or order confirming a plan, the debtor shall
22 remain in possession of all property of the estate.”.

23 (2) CLERICAL AMENDMENT.—The table of sec-
24 tions for chapter 11 of title 11, United States Code,

1 is amended by adding at the end of the matter relat-
2 ing to subchapter I the following:

“1115. Property of the estate.”.

3 (b) CONTENTS OF PLAN.—Section 1123(a) of title
4 11, United States Code, is amended—

5 (1) in paragraph (6), by striking “and” at the
6 end;

7 (2) in paragraph (7), by striking the period and
8 inserting “; and”; and

9 (3) by adding at the end the following:

10 “(8) in a case concerning an individual, provide
11 for the payment to creditors through the plan of all
12 or such portion of earnings from personal services
13 performed by the debtor after the commencement of
14 the case or other future income of the debtor as is
15 necessary for the execution of the plan.”.

16 (c) CONFIRMATION OF PLAN.—

17 (1) REQUIREMENTS RELATING TO VALUE OF
18 PROPERTY.—Section 1129(a) of title 11, United
19 States Code, is amended by adding at the end the
20 following:

21 “(15) In a case concerning an individual in
22 which the holder of an allowed unsecured claim ob-
23 jects to the confirmation of the plan—

24 “(A) the value of the property to be dis-
25 tributed under the plan on account of such

1 claim is, as of the effective date of the plan, not
2 less than the amount of such claim; or

3 “(B) the value of the property to be dis-
4 tributed under the plan is not less than the
5 debtor’s projected disposable income (as that
6 term is defined in section 1325(b)(2)) to be re-
7 ceived during the 5-year period beginning on
8 the date that the first payment is due under the
9 plan, or during the term of the plan, whichever
10 is longer.”.

11 (2) REQUIREMENT RELATING TO INTERESTS IN
12 PROPERTY.—Section 1129(b)(2)(B)(ii) of title 11,
13 United States Code, is amended by inserting before
14 the period at the end the following: “, except that
15 in a case concerning an individual, the debtor may
16 retain property included in the estate under section
17 1115, subject to the requirements of subsection
18 (a)(14)”.

19 (d) EFFECT OF CONFIRMATION—Section 1141(d) of
20 title 11, United States Code, is amended—

21 (1) in paragraph (2), by striking “The con-
22 firmation of a plan does not discharge an individual
23 debtor” and inserting “A discharge under this chap-
24 ter does not discharge a debtor”; and

25 (2) by adding at the end the following:

1 “(5) In a case concerning an individual—

2 “(A) except as otherwise ordered for cause
3 shown, the discharge is not effective until completion
4 of all payments under the plan; and

5 “(B) at any time after the confirmation of the
6 plan and after notice and a hearing, the court may
7 grant a discharge to a debtor that has not completed
8 payments under the plan only if—

9 “(i) for each allowed unsecured claim, the
10 value, as of the effective date of the plan, of
11 property actually distributed under the plan on
12 account of that claim is not less than the
13 amount that would have been paid on such
14 claim if the estate of the debtor had been liq-
15 uidated under chapter 7 of this title on such
16 date; and

17 “(ii) modification of the plan under 1127
18 of this title is not practicable.”.

19 (e) MODIFICATION OF PLAN.—Section 1127 of title
20 11, United States Code, is amended by adding at the end
21 the following:

22 “(e) In a case concerning an individual, the plan may
23 be modified at any time after confirmation of the plan but
24 before the completion of payments under the plan, whether
25 or not the plan has been substantially consummated, upon

1 request of the debtor, the trustee, the United States trust-
2 ee, or the holder of an allowed unsecured claim, to—

3 “(1) increase or reduce the amount of payments
4 on claims of a particular class provided for by the
5 plan;

6 “(2) extend or reduce the time period for such
7 payments; or

8 “(3) alter the amount of the distribution to a
9 creditor whose claim is provided for by the plan to
10 the extent necessary to take account of any payment
11 of such claim made other than under the plan.

12 “(f)(1) Sections 1121 through 1128 of this title and
13 the requirements of section 1129 of this title apply to any
14 modification under subsection (a).

15 “(2) The plan, as modified, shall become the plan
16 only after there has been disclosure under section 1125,
17 as the court may direct, notice and a hearing, and such
18 modification is approved.”.

19 **SEC. 322. LIMITATION.**

20 (a) EXEMPTIONS.—Section 522 of title 11, United
21 States Code, as amended by this Act, is amended by add-
22 ing at the end the following:

23 “(p)(1) Except as provided in paragraph (2) of this
24 subsection and sections 544 and 548 of this title, as a
25 result of electing under subsection (b)(3)(A) to exempt

1 property under State or local law, a debtor may not ex-
2 empt any amount of interest that was acquired by the
3 debtor during the 2-year period preceding the filing of the
4 petition which exceeds in the aggregate \$100,000 in value
5 in—

6 “(A) real or personal property that the debtor
7 or a dependent of the debtor uses as a residence;

8 “(B) a cooperative that owns property that the
9 debtor or a dependent of the debtor uses as a resi-
10 dence; or

11 “(C) a burial plot for the debtor or a dependent
12 of the debtor.

13 “(2)(A) The limitation under paragraph (1) shall not
14 apply to an exemption claimed under subsection (b)(3)(A)
15 by a family farmer for the principal residence of that
16 farmer.

17 “(B) For purposes of paragraph (1), any amount of
18 such interest does not include any interest transferred
19 from a debtor’s previous principal residence (which was
20 acquired prior to the beginning of the 2-year period) into
21 the debtor’s current principal residence, where the debt-
22 or’s previous and current residences are located in the
23 same State.”.

24 (b) ADJUSTMENT OF DOLLAR AMOUNTS.—Section
25 104(b) of title 11, United States Code, is amended—

1 (1) in paragraph (1), by striking “522(d),” and
2 inserting “522(d), 522(n), 522(p),”; and

3 (2) in paragraph (3), by striking “522(d),” and
4 inserting “522(d), 522(n), 522(p),”.

5 **SEC. 323. EXCLUDING EMPLOYEE BENEFIT PLAN PARTICI-**
6 **PANT CONTRIBUTIONS AND OTHER PROP-**
7 **ERTY FROM THE ESTATE.**

8 (a) IN GENERAL.—Section 541(b) of title 11, United
9 States Code, is amended by inserting after paragraph (6),
10 as added by this Act, the following:

11 “(7) any amount—

12 “(A) withheld by an employer from the
13 wages of employees for payment as contribu-
14 tions to—

15 “(i) an employee benefit plan subject
16 to title I of the Employee Retirement In-
17 come Security Act of 1974 (29 U.S.C.
18 1001 et seq.) or under an employee benefit
19 plan which is a governmental plan under
20 section 414(d) of the Internal Revenue
21 Code of 1986, a deferred compensation
22 plan under section 457 of the Internal
23 Revenue Code of 1986, or a tax-deferred
24 annuity under section 403(b) of the Inter-
25 nal Revenue Code of 1986, except that

1 amount shall not constitute disposable in-
2 come, as defined in section 1325(b)(2) of
3 this title; or

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

7 “(B) received by the employer from em-
8 ployees for payment as contributions to—

9 “(i) an employee benefit plan subject
10 to title I of the Employee Retirement In-
11 come Security Act of 1974 (29 U.S.C.
12 1001 et seq.) or under an employee benefit
13 plan which is a governmental plan under
14 section 414(d) of the Internal Revenue
15 Code of 1986, a deferred compensation
16 plan under section 457 of the Internal
17 Revenue Code of 1986, or a tax-deferred
18 annuity under section 403(b) of the Inter-
19 nal Revenue Code of 1986, except that
20 amount shall not constitute disposable in-
21 come, as defined in section 1325(b)(2) of
22 this title; or

23 “(ii) a health insurance plan regulated
24 by State law whether or not subject to
25 such title;”.

1 (b) APPLICATION OF AMENDMENT.—The amend-
2 ments made by this section shall not apply to cases com-
3 menced under title 11, United States Code, before the ex-
4 piration of the 180-day period beginning on the date of
5 enactment of this Act.

6 **SEC. 324. EXCLUSIVE JURISDICTION IN MATTERS INVOLV-**
7 **ING BANKRUPTCY PROFESSIONALS.**

8 (a) IN GENERAL.—Section 1334 of title 28, United
9 States Code, is amended—

10 (1) in subsection (b), by striking “Notwith-
11 standing” and inserting “Except as provided in sub-
12 section (e)(2), and notwithstanding”; and

13 (2) by striking subsection (e) and inserting the
14 following:

15 “(e) The district court in which a case under title
16 11 is commenced or is pending shall have exclusive
17 jurisdiction—

18 “(1) of all the property, wherever located, of the
19 debtor as of the date of commencement of such case,
20 and of property of the estate; and

21 “(2) over all claims or causes of action that in-
22 volve construction of section 327 of title 11, United
23 States Code, or rules relating to disclosure require-
24 ments under section 327.”.

1 (b) APPLICABILITY.—This section shall only apply to
2 cases filed after the date of enactment of this Act.

3 **SEC. 325. UNITED STATES TRUSTEE PROGRAM FILING FEE**
4 **INCREASE.**

5 (a) ACTIONS UNDER CHAPTER 7 OR 13 OF TITLE
6 11, UNITED STATES CODE.—Section 1930(a) of title 28,
7 United States Code, is amended by striking paragraph (1)
8 and inserting the following:

9 “(1) For a case commenced—

10 “(A) under chapter 7 of title 11, \$160; or

11 “(B) under chapter 13 of title 11, \$150.”.

12 (b) UNITED STATES TRUSTEE SYSTEM FUND.—Sec-
13 tion 589a(b) of title 28, United States Code, is amended—

14 (1) by striking paragraph (1) and inserting the
15 following:

16 “(1)(A) 40.63 percent of the fees collected
17 under section 1930(a)(1)(A) of this title in cases
18 commenced under chapter 7 of title 11; and

19 “(B) 70.00 percent of the fees collected under
20 section 1930(a)(1)(B) of this title in cases com-
21 menced under chapter 13 of title 11;”;

22 (2) in paragraph (2), by striking “one-half”
23 and inserting “three-fourths”; and

24 (3) in paragraph (4), by striking “one-half”
25 and inserting “100 percent”.

1 (c) COLLECTION AND DEPOSIT OF MISCELLANEOUS
2 BANKRUPTCY FEES.—Section 406(b) of the Judiciary Ap-
3 propriations Act, 1990 (28 U.S.C. 1931 note) is amended
4 by striking “pursuant to 28 U.S.C. section 1930(b) and
5 30.76 per centum of the fees hereafter collected under 28
6 U.S.C. section 1930(a)(1) and 25 percent of the fees here-
7 after collected under 28 U.S.C. section 1930(a)(3) shall
8 be deposited as offsetting receipts to the fund established
9 under 28 U.S.C. section 1931” and inserting “under sec-
10 tion 1930(b) of title 28, United States Code, and 31.25
11 percent of the fees collected under section 1930(a)(1)(A)
12 of that title, 30.00 percent of the fees collected under sec-
13 tion 1930(a)(1)(B) of that title, and 25 percent of the fees
14 collected under section 1930(a)(3) of that title shall be
15 deposited as offsetting receipts to the fund established
16 under section 1931 of that title”.

17 **SEC. 326. SHARING OF COMPENSATION.**

18 Section 504 of title 11, United States Code, is
19 amended by adding at the end the following:

20 “(c) This section shall not apply with respect to shar-
21 ing, or agreeing to share, compensation with a bona fide
22 public service attorney referral program that operates in
23 accordance with non-Federal law regulating attorney re-
24 ferral services and with rules of professional responsibility
25 applicable to attorney acceptance of referrals.”.

1 **SEC. 327. FAIR VALUATION OF COLLATERAL.**

2 Section 506(a) of title 11, United States Code, is
3 amended by—

4 (1) inserting “(1)” after “(a)”; and

5 (2) by adding at the end the following:

6 “(2) In the case of an individual debtor under chap-
7 ters 7 and 13, such value with respect to personal property
8 securing an allowed claim shall be determined based on
9 the replacement value of such property as of the date of
10 filing the petition without deduction for costs of sale or
11 marketing. With respect to property acquired for personal,
12 family, or household purpose, replacement value shall
13 mean the price a retail merchant would charge for prop-
14 erty of that kind considering the age and condition of the
15 property at the time value is determined.”.

16 **SEC. 328. DEFAULTS BASED ON NONMONETARY OBLIGA-**
17 **TIONS.**

18 (a) EXECUTORY CONTRACTS AND UNEXPIRED
19 LEASES.—Section 365 of title 11, United States Code, is
20 amended—

21 (1) in subsection (b)—

22 (A) in paragraph (1)(A), by striking the
23 semicolon at the end and inserting the fol-
24 lowing: “other than a default that is a breach
25 of a provision relating to the satisfaction of any
26 provision (other than a penalty rate or penalty

1 provision) relating to a default arising from any
2 failure to perform nonmonetary obligations
3 under an unexpired lease of real property, if it
4 is impossible for the trustee to cure such de-
5 fault by performing nonmonetary acts at and
6 after the time of assumption, except that if
7 such default arises from a failure to operate in
8 accordance with a nonresidential real property
9 lease, then such default shall be cured by per-
10 formance at and after the time of assumption
11 in accordance with such lease, and pecuniary
12 losses resulting from such default shall be com-
13 pensated in accordance with the provisions of
14 paragraph (b)(1);” and

15 (B) in paragraph (2)(D), by striking “pen-
16 alty rate or provision” and inserting “penalty
17 rate or penalty provision”;

18 (2) in subsection (c)—

19 (A) in paragraph (2), by inserting “or” at
20 the end;

21 (B) in paragraph (3), by striking “; or” at
22 the end and inserting a period; and

23 (C) by striking paragraph (4);

24 (3) in subsection (d)—

1 (A) by striking paragraphs (5) through
2 (9); and

3 (B) by redesignating paragraph (10) as
4 paragraph (5); and

5 (4) in subsection (f)(1) by striking “; except
6 that” and all that follows through the end of the
7 paragraph and inserting a period.

8 (b) IMPAIRMENT OF CLAIMS OR INTERESTS.—Sec-
9 tion 1124(2) of title 11, United States Code, is
10 amended—

11 (1) in subparagraph (A), by inserting “or of a
12 kind that section 365(b)(2) of this title expressly
13 does not require to be cured” before the semicolon
14 at the end;

15 (2) in subparagraph (C), by striking “and” at
16 the end;

17 (3) by redesignating subparagraph (D) as sub-
18 paragraph (E); and

19 (4) by inserting after subparagraph (C) the fol-
20 lowing:

21 “(D) if such claim or such interest arises
22 from any failure to perform a nonmonetary ob-
23 ligation, other than a default arising from fail-
24 ure to operate a non-residential real property
25 lease subject to section 365(b)(1)(A), com-

1 pensates the holder of such claim or such inter-
2 est (other than the debtor or an insider) for any
3 actual pecuniary loss incurred by such holder as
4 a result of such failure; and”.

5 **TITLE IV—GENERAL AND SMALL**
6 **BUSINESS BANKRUPTCY PRO-**
7 **VISIONS**

8 **Subtitle A—General Business**
9 **Bankruptcy Provisions**

10 **SEC. 401. ADEQUATE PROTECTION FOR INVESTORS.**

11 (a) DEFINITION.—Section 101 of title 11, United
12 States Code, as amended by this Act, is amended by in-
13 serting after paragraph (48) the following:

14 “(48A) ‘securities self regulatory organization’
15 means either a securities association registered with
16 the Securities and Exchange Commission under sec-
17 tion 15A of the Securities Exchange Act of 1934 (15
18 U.S.C. 78o–3) or a national securities exchange reg-
19 istered with the Securities and Exchange Commis-
20 sion under section 6 of the Securities Exchange Act
21 of 1934 (15 U.S.C. 78f);”.

22 (b) AUTOMATIC STAY.—Section 362(b) of title 11,
23 United States Code, is amended by inserting after para-
24 graph (25), as added by this Act, the following:

25 “(26) under subsection (a), of—

1 “(A) the commencement or continuation of
2 an investigation or action by a securities self
3 regulatory organization to enforce such organi-
4 zation’s regulatory power;

5 “(B) the enforcement of an order or deci-
6 sion, other than for monetary sanctions, ob-
7 tained in an action by the securities self regu-
8 latory organization to enforce such organiza-
9 tion’s regulatory power; or

10 “(C) any act taken by the securities self
11 regulatory organization to delist, delete, or
12 refuse to permit quotation of any stock that
13 does not meet applicable regulatory require-
14 ments;”.

15 **SEC. 402. MEETINGS OF CREDITORS AND EQUITY SECURITY**
16 **HOLDERS.**

17 Section 341 of title 11, United States Code, is
18 amended by adding at the end the following:

19 “(e) Notwithstanding subsections (a) and (b), the
20 court, on the request of a party in interest and after notice
21 and a hearing, for cause may order that the United States
22 trustee not convene a meeting of creditors or equity secu-
23 rity holders if the debtor has filed a plan as to which the
24 debtor solicited acceptances prior to the commencement
25 of the case.”.

1 **SEC. 403. PROTECTION OF REFINANCE OF SECURITY IN-**
2 **TEREST.**

3 Subparagraphs (A), (B), and (C) of section 547(e)(2)
4 of title 11, United States Code, are each amended by strik-
5 ing “10” each place it appears and inserting “30”.

6 **SEC. 404. EXECUTORY CONTRACTS AND UNEXPIRED**
7 **LEASES.**

8 (a) IN GENERAL.—Section 365(d)(4) of title 11,
9 United States Code, is amended to read as follows:

10 “(4)(A) Subject to subparagraph (B), in any case
11 under any chapter of this title, an unexpired lease of non-
12 residential real property under which the debtor is the les-
13 see shall be deemed rejected, and the trustee shall imme-
14 diately surrender that nonresidential real property to the
15 lessor, if the trustee does not assume or reject the unex-
16 pired lease by the earlier of—

17 “(i) the date that is 120 days after the date of
18 the order for relief; or

19 “(ii) the date of the entry of an order con-
20 firming a plan.

21 “(B)(i) The court may extend the period determined
22 under subparagraph (A), prior to the expiration of the
23 120-day period, for 90 days upon motion of the trustee
24 or lessor for cause.

1 “(ii) If the court grants an extension under clause
2 (i), the court may grant a subsequent extension only upon
3 prior written consent of the lessor in each instance.”.

4 (b) EXCEPTION.—Section 365(f)(1) of title 11,
5 United States Code, is amended by striking “subsection”
6 the first place it appears and inserting “subsections (b)
7 and”.

8 **SEC. 405. CREDITORS AND EQUITY SECURITY HOLDERS**
9 **COMMITTEES.**

10 (a) APPOINTMENT.—Section 1102(a) of title 11,
11 United States Code, is amended by adding at the end the
12 following:

13 “(4) On request of a party in interest and after notice
14 and a hearing, the court may order the United States
15 trustee to change the membership of a committee ap-
16 pointed under this subsection, if the court determines that
17 the change is necessary to ensure adequate representation
18 of creditors or equity security holders. The court may
19 order the United States trustee to increase the number
20 of members of a committee to include a creditor that is
21 a small business concern (as described in section 3(a)(1)
22 of the Small Business Act (15 U.S.C. 632(a)(1))), if the
23 court determines that the creditor holds claims (of the
24 kind represented by the committee) the aggregate amount

1 of which, in comparison to the annual gross revenue of
2 that creditor, is disproportionately large.”.

3 (b) INFORMATION.—Section 1102(b) of title 11,
4 United States Code, is amended by adding at the end the
5 following:

6 “(3) A committee appointed under subsection (a)
7 shall—

8 “(A) provide access to information for creditors
9 who—

10 “(i) hold claims of the kind represented by
11 that committee; and

12 “(ii) are not appointed to the committee;

13 “(B) solicit and receive comments from the
14 creditors described in subparagraph (A); and

15 “(C) be subject to a court order that compels
16 any additional report or disclosure to be made to the
17 creditors described in subparagraph (A).”.

18 **SEC. 406. AMENDMENT TO SECTION 546 OF TITLE 11,**

19 **UNITED STATES CODE.**

20 Section 546 of title 11, United States Code, is
21 amended—

22 (1) by redesignating the second subsection des-
23 igned as subsection (g) (as added by section
24 222(a) of Public Law 103–394) as subsection (i);
25 and

1 (2) by adding at the end the following:

2 “(j)(1) Notwithstanding paragraphs (2) and (3) of
3 section 545, the trustee may not avoid a warehouseman’s
4 lien for storage, transportation, or other costs incidental
5 to the storage and handling of goods.

6 “(2) The prohibition under paragraph (1) shall be ap-
7 plied in a manner consistent with any applicable State
8 statute that is similar to section 7–209 of the Uniform
9 Commercial Code, as in effect on the date of enactment
10 of the Bankruptcy Abuse Prevention and Consumer Pro-
11 tection Act of 2001, or any successor thereto.”.

12 **SEC. 407. AMENDMENTS TO SECTION 330(a) OF TITLE 11,**
13 **UNITED STATES CODE.**

14 Section 330(a) of title 11, United States Code, is
15 amended—

16 (1) in paragraph (3)—

17 (A) by striking “(A) In” and inserting
18 “In”; and

19 (B) by inserting “to an examiner, trustee
20 under chapter 11, or professional person” after
21 “awarded”; and

22 (2) by adding at the end the following:

23 “(7) In determining the amount of reasonable
24 compensation to be awarded to a trustee, the court

1 shall treat such compensation as a commission,
2 based on section 326 of this title.”.

3 **SEC. 408. POSTPETITION DISCLOSURE AND SOLICITATION.**

4 Section 1125 of title 11, United States Code, is
5 amended by adding at the end the following:

6 “(g) Notwithstanding subsection (b), an acceptance
7 or rejection of the plan may be solicited from a holder
8 of a claim or interest if such solicitation complies with ap-
9 plicable nonbankruptcy law and if such holder was solici-
10 ited before the commencement of the case in a manner
11 complying with applicable nonbankruptcy law.”.

12 **SEC. 409. PREFERENCES.**

13 Section 547(e) of title 11, United States Code, is
14 amended—

15 (1) by striking paragraph (2) and inserting the
16 following:

17 “(2) to the extent that such transfer was in
18 payment of a debt incurred by the debtor in the or-
19 dinary course of business or financial affairs of the
20 debtor and the transferee, and such transfer was—

21 “(A) made in the ordinary course of busi-
22 ness or financial affairs of the debtor and the
23 transferee; or

24 “(B) made according to ordinary business
25 terms;”;

1 (2) in paragraph (8), by striking the period at
2 the end and inserting “; or”; and

3 (3) by adding at the end the following:

4 “(9) if, in a case filed by a debtor whose debts
5 are not primarily consumer debts, the aggregate
6 value of all property that constitutes or is affected
7 by such transfer is less than \$5,000.”.

8 **SEC. 410. VENUE OF CERTAIN PROCEEDINGS.**

9 Section 1409(b) of title 28, United States Code, is
10 amended by inserting “, or a nonconsumer debt against
11 a noninsider of less than \$10,000,” after “\$5,000”.

12 **SEC. 411. PERIOD FOR FILING PLAN UNDER CHAPTER 11.**

13 Section 1121(d) of title 11, United States Code, is
14 amended—

15 (1) by striking “On” and inserting “(1) Subject
16 to paragraph (2), on”; and

17 (2) by adding at the end the following:

18 “(2)(A) The 120-day period specified in paragraph
19 (1) may not be extended beyond a date that is 18 months
20 after the date of the order for relief under this chapter.

21 “(B) The 180-day period specified in paragraph (1)
22 may not be extended beyond a date that is 20 months after
23 the date of the order for relief under this chapter.”.

1 **SEC. 412. FEES ARISING FROM CERTAIN OWNERSHIP IN-**
2 **TERESTS.**

3 Section 523(a)(16) of title 11, United States Code,
4 is amended—

5 (1) by striking “dwelling” the first place it ap-
6 pears;

7 (2) by striking “ownership or” and inserting
8 “ownership,”;

9 (3) by striking “housing” the first place it ap-
10 pears; and

11 (4) by striking “but only” and all that follows
12 through “such period” and inserting “or a lot in a
13 homeowners association, for as long as the debtor or
14 the trustee has a legal, equitable, or possessory own-
15 ership interest in such unit, such corporation, or
16 such lot,”.

17 **SEC. 413. CREDITOR REPRESENTATION AT FIRST MEETING**
18 **OF CREDITORS.**

19 Section 341(e) of title 11, United States Code, is
20 amended by inserting at the end the following: “Notwith-
21 standing any local court rule, provision of a State constitu-
22 tion, any other Federal or State law that is not a bank-
23 ruptcy law, or other requirement that representation at
24 the meeting of creditors under subsection (a) be by an at-
25 torney, a creditor holding a consumer debt or any rep-
26 resentative of the creditor (which may include an entity

1 or an employee of an entity and may be a representative
2 for more than 1 creditor) shall be permitted to appear at
3 and participate in the meeting of creditors in a case under
4 chapter 7 or 13, either alone or in conjunction with an
5 attorney for the creditor. Nothing in this subsection shall
6 be construed to require any creditor to be represented by
7 an attorney at any meeting of creditors.”.

8 **SEC. 414. DEFINITION OF DISINTERESTED PERSON.**

9 Section 101(14) of title 11, United States Code, is
10 amended to read as follows:

11 “(14) ‘disinterested person’ means a person
12 that—

13 “(A) is not a creditor, an equity security
14 holder, or an insider;

15 “(B) is not and was not, within 2 years be-
16 fore the date of the filing of the petition, a di-
17 rector, officer, or employee of the debtor; and

18 “(C) does not have an interest materially
19 adverse to the interest of the estate or of any
20 class of creditors or equity security holders, by
21 reason of any direct or indirect relationship to,
22 connection with, or interest in, the debtor, or
23 for any other reason;”.

1 **SEC. 415. FACTORS FOR COMPENSATION OF PROFES-**
2 **SIONAL PERSONS.**

3 Section 330(a)(3) of title 11, United States Code, as
4 amended by this Act, is amended—

5 (1) in subparagraph (D), by striking “and” at
6 the end;

7 (2) by redesignating subparagraph (E) as sub-
8 paragraph (F); and

9 (3) by inserting after subparagraph (D) the fol-
10 lowing:

11 “(E) with respect to a professional person,
12 whether the person is board certified or other-
13 wise has demonstrated skill and experience in
14 the bankruptcy field; and”.

15 **SEC. 416. APPOINTMENT OF ELECTED TRUSTEE.**

16 Section 1104(b) of title 11, United States Code, is
17 amended—

18 (1) by inserting “(1)” after “(b)”; and

19 (2) by adding at the end the following:

20 “(2)(A) If an eligible, disinterested trustee is elected
21 at a meeting of creditors under paragraph (1), the United
22 States trustee shall file a report certifying that election.

23 “(B) Upon the filing of a report under subparagraph
24 (A)—

1 “(i) the trustee elected under paragraph (1)
2 shall be considered to have been selected and ap-
3 pointed for purposes of this section; and

4 “(ii) the service of any trustee appointed under
5 subsection (d) shall terminate.

6 “(C) In the case of any dispute arising out of an elec-
7 tion described in subparagraph (A), the court shall resolve
8 the dispute.”.

9 **SEC. 417. UTILITY SERVICE.**

10 Section 366 of title 11, United States Code, is
11 amended—

12 (1) in subsection (a), by striking “subsection
13 (b)” and inserting “subsections (b) and (c)”; and

14 (2) by adding at the end the following:

15 “(c)(1)(A) For purposes of this subsection, the term
16 ‘assurance of payment’ means—

17 “(i) a cash deposit;

18 “(ii) a letter of credit;

19 “(iii) a certificate of deposit;

20 “(iv) a surety bond;

21 “(v) a prepayment of utility consumption; or

22 “(vi) another form of security that is mutually
23 agreed on between the utility and the debtor or the
24 trustee.

1 “(B) For purposes of this subsection an administra-
2 tive expense priority shall not constitute an assurance of
3 payment.

4 “(2) Subject to paragraphs (3) through (5), with re-
5 spect to a case filed under chapter 11, a utility referred
6 to in subsection (a) may alter, refuse, or discontinue util-
7 ity service, if during the 30-day period beginning on the
8 date of filing of the petition, the utility does not receive
9 from the debtor or the trustee adequate assurance of pay-
10 ment for utility service that is satisfactory to the utility.

11 “(3)(A) On request of a party in interest and after
12 notice and a hearing, the court may order modification
13 of the amount of an assurance of payment under para-
14 graph (2).

15 “(B) In making a determination under this para-
16 graph whether an assurance of payment is adequate, the
17 court may not consider—

18 “(i) the absence of security before the date of
19 filing of the petition;

20 “(ii) the payment by the debtor of charges for
21 utility service in a timely manner before the date of
22 filing of the petition; or

23 “(iii) the availability of an administrative ex-
24 pense priority.

1 “(4) Notwithstanding any other provision of law, with
2 respect to a case subject to this subsection, a utility may
3 recover or set off against a security deposit provided to
4 the utility by the debtor before the date of filing of the
5 petition without notice or order of the court.”.

6 **SEC. 418. BANKRUPTCY FEES.**

7 Section 1930 of title 28, United States Code, is
8 amended—

9 (1) in subsection (a), by striking “Notwith-
10 standing section 1915 of this title, the” and insert-
11 ing “The”; and

12 (2) by adding at the end the following:

13 “(f)(1) Under the procedures prescribed by the Judi-
14 cial Conference of the United States, the district court or
15 the bankruptcy court may waive the filing fee in a case
16 under chapter 7 of title 11 for an individual if the court
17 determines that such debtor has income less than 150 per-
18 cent of the income official poverty line (as defined by the
19 Office of Management and Budget, and revised annually
20 in accordance with section 673(2) of the Omnibus Budget
21 Reconciliation Act of 1981) applicable to a family of the
22 size involved and is unable to pay that fee in installments.
23 For purposes of this paragraph, the term “filing fee”
24 means the filing required by subsection (a), or any other
25 fee prescribed by the Judicial Conference under sub-

1 sections (b) and (c) that is payable to the clerk upon the
2 commencement of a case under chapter 7.

3 “(2) The district court or the bankruptcy court may
4 waive for such debtors other fees prescribed under sub-
5 sections (b) and (c).

6 “(3) This subsection does not restrict the district
7 court or the bankruptcy court from waiving, in accordance
8 with Judicial Conference policy, fees prescribed under this
9 section for other debtors and creditors.”.

10 **SEC. 419. MORE COMPLETE INFORMATION REGARDING AS-**
11 **SETS OF THE ESTATE.**

12 (a) IN GENERAL.—

13 (1) DISCLOSURE.—The Advisory Committee on
14 Bankruptcy Rules of the Judicial Conference of the
15 United States, after consideration of the views of the
16 Director of the Executive Office for United States
17 Trustees, shall propose for adoption amended Fed-
18 eral Rules of Bankruptcy Procedure and Official
19 Bankruptcy Forms directing debtors under chapter
20 11 of title 11, United States Code, to disclose the
21 information described in paragraph (2) by filing and
22 serving periodic financial and other reports designed
23 to provide such information.

24 (2) INFORMATION.—The information referred
25 to in paragraph (1) is the value, operations, and

1 profitability of any closely held corporation, partner-
2 ship, or of any other entity in which the debtor holds
3 a substantial or controlling interest.

4 (b) PURPOSE.—The purpose of the rules and reports
5 under subsection (a) shall be to assist parties in interest
6 taking steps to ensure that the debtor’s interest in any
7 entity referred to in subsection (a)(2) is used for the pay-
8 ment of allowed claims against debtor.

9 **Subtitle B—Small Business**
10 **Bankruptcy Provisions**

11 **SEC. 431. FLEXIBLE RULES FOR DISCLOSURE STATEMENT**
12 **AND PLAN.**

13 Section 1125 of title 11, United States Code, is
14 amended—

15 (1) in subsection (a)(1), by inserting before the
16 semicolon “and in determining whether a disclosure
17 statement provides adequate information, the court
18 shall consider the complexity of the case, the benefit
19 of additional information to creditors and other par-
20 ties in interest, and the cost of providing additional
21 information”; and

22 (2) by striking subsection (f), and inserting the
23 following:

24 “(f) Notwithstanding subsection (b), in a small busi-
25 ness case—

1 “(1) the court may determine that the plan
2 itself provides adequate information and that a separate disclosure statement is not necessary;

3 “(2) the court may approve a disclosure statement submitted on standard forms approved by the
4 court or adopted under section 2075 of title 28; and

5 “(3)(A) the court may conditionally approve a disclosure statement subject to final approval after
6 notice and a hearing;

7 “(B) acceptances and rejections of a plan may
8 be solicited based on a conditionally approved disclosure statement if the debtor provides adequate information to each holder of a claim or interest that is
9 solicited, but a conditionally approved disclosure statement shall be mailed not later than 20 days before the date of the hearing on confirmation of the
10 plan; and

11 “(C) the hearing on the disclosure statement
12 may be combined with the hearing on confirmation of a plan.”.

13 **SEC. 432. DEFINITIONS.**

14 (a) DEFINITIONS.—Section 101 of title 11, United
15 States Code, as amended by this Act, is amended by striking
16 paragraph (51C) and inserting the following:

1 “(51C) ‘small business case’ means a case filed
2 under chapter 11 of this title in which the debtor is
3 a small business debtor;

4 “(51D) ‘small business debtor’—

5 “(A) subject to subparagraph (B), means a
6 person engaged in commercial or business ac-
7 tivities (including any affiliate of such person
8 that is also a debtor under this title and exclud-
9 ing a person whose primary activity is the busi-
10 ness of owning or operating real property or ac-
11 tivities incidental thereto) that has aggregate
12 noncontingent, liquidated secured and unse-
13 cured debts as of the date of the petition or the
14 order for relief in an amount not more than
15 \$3,000,000 (excluding debts owed to 1 or more
16 affiliates or insiders) for a case in which the
17 United States trustee has not appointed under
18 section 1102(a)(1) a committee of unsecured
19 creditors or where the court has determined
20 that the committee of unsecured creditors is not
21 sufficiently active and representative to provide
22 effective oversight of the debtor; and

23 “(B) does not include any member of a
24 group of affiliated debtors that has aggregate
25 noncontingent liquidated secured and unsecured

1 debts in an amount greater than \$3,000,000
2 (excluding debt owed to 1 or more affiliates or
3 insiders);”.

4 (b) CONFORMING AMENDMENT.—Section 1102(a)(3)
5 of title 11, United States Code, is amended by inserting
6 “debtor” after “small business”.

7 **SEC. 433. STANDARD FORM DISCLOSURE STATEMENT AND**
8 **PLAN.**

9 Within a reasonable period of time after the date of
10 enactment of this Act, the Advisory Committee on Bank-
11 ruptcy Rules of the Judicial Conference of the United
12 States shall propose for adoption standard form disclosure
13 statements and plans of reorganization for small business
14 debtors (as defined in section 101 of title 11, United
15 States Code, as amended by this Act), designed to achieve
16 a practical balance between—

17 (1) the reasonable needs of the courts, the
18 United States trustee, creditors, and other parties in
19 interest for reasonably complete information; and

20 (2) economy and simplicity for debtors.

21 **SEC. 434. UNIFORM NATIONAL REPORTING REQUIRE-**
22 **MENTS.**

23 (a) REPORTING REQUIRED.—

1 (1) IN GENERAL.—Chapter 3 of title 11, United
2 States Code, is amended by inserting after section
3 307 the following:

4 **“§ 308. Debtor reporting requirements**

5 “(a) For purposes of this section, the term ‘profit-
6 ability’ means, with respect to a debtor, the amount of
7 money that the debtor has earned or lost during current
8 and recent fiscal periods.

9 “(b) A small business debtor shall file periodic finan-
10 cial and other reports containing information including—

11 “(1) the debtor’s profitability;

12 “(2) reasonable approximations of the debtor’s
13 projected cash receipts and cash disbursements over
14 a reasonable period;

15 “(3) comparisons of actual cash receipts and
16 disbursements with projections in prior reports;

17 “(4)(A) whether the debtor is—

18 “(i) in compliance in all material respects
19 with postpetition requirements imposed by this
20 title and the Federal Rules of Bankruptcy Pro-
21 cedure; and

22 “(ii) timely filing tax returns and other re-
23 quired government filings and paying taxes and
24 other administrative claims when due;

1 “(B) if the debtor is not in compliance with the
2 requirements referred to in subparagraph (A)(i) or
3 filing tax returns and other required government fil-
4 ings and making the payments referred to in sub-
5 paragraph (A)(ii), what the failures are and how, at
6 what cost, and when the debtor intends to remedy
7 such failures; and

8 “(C) such other matters as are in the best in-
9 terests of the debtor and creditors, and in the public
10 interest in fair and efficient procedures under chap-
11 ter 11 of this title.”.

12 (2) CLERICAL AMENDMENT.—The table of sec-
13 tions for chapter 3 of title 11, United States Code,
14 is amended by inserting after the item relating to
15 section 307 the following:

“308. Debtor reporting requirements.”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 subsection (a) shall take effect 60 days after the date on
18 which rules are prescribed under section 2075 of title 28,
19 United States Code, to establish forms to be used to com-
20 ply with section 308 of title 11, United States Code, as
21 added by subsection (a).

22 **SEC. 435. UNIFORM REPORTING RULES AND FORMS FOR**
23 **SMALL BUSINESS CASES.**

24 (a) PROPOSAL OF RULES AND FORMS.—The Advi-
25 sory Committee on Bankruptcy Rules of the Judicial Con-

1 ference of the United States shall propose for adoption
2 amended Federal Rules of Bankruptcy Procedure and Of-
3 ficial Bankruptcy Forms to be used by small business
4 debtors to file periodic financial and other reports con-
5 taining information, including information relating to—

6 (1) the debtor's profitability;

7 (2) the debtor's cash receipts and disburse-
8 ments; and

9 (3) whether the debtor is timely filing tax re-
10 turns and paying taxes and other administrative
11 claims when due.

12 (b) PURPOSE.—The rules and forms proposed under
13 subsection (a) shall be designed to achieve a practical bal-
14 ance among—

15 (1) the reasonable needs of the bankruptcy
16 court, the United States trustee, creditors, and other
17 parties in interest for reasonably complete informa-
18 tion;

19 (2) the small business debtor's interest that re-
20 quired reports be easy and inexpensive to complete;
21 and

22 (3) the interest of all parties that the required
23 reports help the small business debtor to understand
24 the small business debtor's financial condition and
25 plan the small business debtor's future.

1 **SEC. 436. DUTIES IN SMALL BUSINESS CASES.**

2 (a) DUTIES IN CHAPTER 11 CASES.—Subchapter I
3 of title 11, United States Code, as amended by this Act,
4 is amended by adding at the end the following:

5 **“§ 1116. Duties of trustee or debtor in possession in**
6 **small business cases**

7 “In a small business case, a trustee or the debtor in
8 possession, in addition to the duties provided in this title
9 and as otherwise required by law, shall—

10 “(1) append to the voluntary petition or, in an
11 involuntary case, file not later than 7 days after the
12 date of the order for relief—

13 “(A) its most recent balance sheet, state-
14 ment of operations, cash-flow statement, Fed-
15 eral income tax return; or

16 “(B) a statement made under penalty of
17 perjury that no balance sheet, statement of op-
18 erations, or cash-flow statement has been pre-
19 pared and no Federal tax return has been filed;

20 “(2) attend, through its senior management
21 personnel and counsel, meetings scheduled by the
22 court or the United States trustee, including initial
23 debtor interviews, scheduling conferences, and meet-
24 ings of creditors convened under section 341 unless
25 the court waives that requirement after notice and

1 hearing, upon a finding of extraordinary and com-
2 pelling circumstances;

3 “(3) timely file all schedules and statements of
4 financial affairs, unless the court, after notice and a
5 hearing, grants an extension, which shall not extend
6 such time period to a date later than 30 days after
7 the date of the order for relief, absent extraordinary
8 and compelling circumstances;

9 “(4) file all postpetition financial and other re-
10 ports required by the Federal Rules of Bankruptcy
11 Procedure or by local rule of the district court;

12 “(5) subject to section 363(c)(2), maintain in-
13 surance customary and appropriate to the industry;

14 “(6)(A) timely file tax returns and other re-
15 quired government filings; and

16 “(B) subject to section 363(c)(2), timely pay all
17 administrative expense tax claims, except those
18 being contested by appropriate proceedings being
19 diligently prosecuted; and

20 “(7) allow the United States trustee, or a des-
21 ignated representative of the United States trustee,
22 to inspect the debtor’s business premises, books, and
23 records at reasonable times, after reasonable prior
24 written notice, unless notice is waived by the debt-
25 or.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for chapter 11 of title 11, United States Code, is amended
3 by adding at the end of the matter relating to subchapter
4 I the following:

“1116. Duties of trustee or debtor in possession in small business cases.”.

5 **SEC. 437. PLAN FILING AND CONFIRMATION DEADLINES.**

6 Section 1121 of title 11, United States Code, is
7 amended by striking subsection (e) and inserting the fol-
8 lowing:

9 “(e) In a small business case—

10 “(1) only the debtor may file a plan until after
11 180 days after the date of the order for relief, unless
12 that period is—

13 “(A) extended as provided by this sub-
14 section, after notice and hearing; or

15 “(B) the court, for cause, orders otherwise;

16 “(2) the plan, and any necessary disclosure
17 statement, shall be filed not later than 300 days
18 after the date of the order for relief; and

19 “(3) the time periods specified in paragraphs
20 (1) and (2), and the time fixed in section 1129(e),
21 within which the plan shall be confirmed, may be ex-
22 tended only if—

23 “(A) the debtor, after providing notice to
24 parties in interest (including the United States
25 trustee), demonstrates by a preponderance of

1 the evidence that it is more likely than not that
2 the court will confirm a plan within a reason-
3 able period of time;

4 “(B) a new deadline is imposed at the time
5 the extension is granted; and

6 “(C) the order extending time is signed be-
7 fore the existing deadline has expired.”.

8 **SEC. 438. PLAN CONFIRMATION DEADLINE.**

9 Section 1129 of title 11, United States Code, is
10 amended by adding at the end the following:

11 “(e) In a small business case, the plan shall be con-
12 firmed not later than 175 days after the date of the order
13 for relief, unless such 175-day period is extended as pro-
14 vided in section 1121(e)(3).”.

15 **SEC. 439. DUTIES OF THE UNITED STATES TRUSTEE.**

16 Section 586(a) of title 28, United States Code, is
17 amended—

18 (1) in paragraph (3)—

19 (A) in subparagraph (G), by striking
20 “and” at the end;

21 (B) by redesignating subparagraph (H) as
22 subparagraph (I); and

23 (C) by inserting after subparagraph (G)
24 the following:

1 “(H) in small business cases (as defined in
2 section 101 of title 11), performing the addi-
3 tional duties specified in title 11 pertaining to
4 such cases; and”;

5 (2) in paragraph (5), by striking “and” at the
6 end;

7 (3) in paragraph (6), by striking the period at
8 the end and inserting a semicolon; and

9 (4) by adding at the end the following:

10 “(7) in each of such small business cases—

11 “(A) conduct an initial debtor interview as
12 soon as practicable after the entry of order for
13 relief but before the first meeting scheduled
14 under section 341(a) of title 11, at which time
15 the United States trustee shall—

16 “(i) begin to investigate the debtor’s
17 viability;

18 “(ii) inquire about the debtor’s busi-
19 ness plan;

20 “(iii) explain the debtor’s obligations
21 to file monthly operating reports and other
22 required reports;

23 “(iv) attempt to develop an agreed
24 scheduling order; and

1 “(v) inform the debtor of other obliga-
2 tions;

3 “(B) if determined to be appropriate and
4 advisable, visit the appropriate business prem-
5 ises of the debtor and ascertain the state of the
6 debtor’s books and records and verify that the
7 debtor has filed its tax returns; and

8 “(C) review and monitor diligently the
9 debtor’s activities, to identify as promptly as
10 possible whether the debtor will be unable to
11 confirm a plan; and

12 “(8) in any case in which the United States
13 trustee finds material grounds for any relief under
14 section 1112 of title 11, the United States trustee
15 shall apply promptly after making that finding to
16 the court for relief.”.

17 **SEC. 440. SCHEDULING CONFERENCES.**

18 Section 105(d) of title 11, United States Code, is
19 amended—

20 (1) in the matter preceding paragraph (1), by
21 striking “, may”; and

22 (2) by striking paragraph (1) and inserting the
23 following:

1 “(1) shall hold such status conferences as are
2 necessary to further the expeditious and economical
3 resolution of the case; and”.

4 **SEC. 441. SERIAL FILER PROVISIONS.**

5 Section 362 of title 11, United States Code, as
6 amended by this Act is amended—

7 (1) in subsection (k), as redesignated by this
8 Act—

9 (A) by striking “An” and inserting “(1)
10 Except as provided in paragraph (2), an”; and

11 (B) by adding at the end the following:

12 “(2) If such violation is based on an action taken by
13 an entity in the good faith belief that subsection (h) ap-
14 plies to the debtor, the recovery under paragraph (1) of
15 this subsection against such entity shall be limited to ac-
16 tual damages.”; and

17 (2) by adding at the end the following:

18 “(1)(1) Except as provided in paragraph (2) of this
19 subsection, the provisions of subsection (a) do not apply
20 in a case in which the debtor—

21 “(A) is a debtor in a small business case pend-
22 ing at the time the petition is filed;

23 “(B) was a debtor in a small business case that
24 was dismissed for any reason by an order that be-
25 came final in the 2-year period ending on the date

1 of the order for relief entered with respect to the pe-
2 tition;

3 “(C) was a debtor in a small business case in
4 which a plan was confirmed in the 2-year period
5 ending on the date of the order for relief entered
6 with respect to the petition; or

7 “(D) is an entity that has succeeded to sub-
8 stantially all of the assets or business of a small
9 business debtor described in subparagraph (A), (B),
10 or (C).

11 “(2) This subsection does not apply—

12 “(A) to an involuntary case involving no collu-
13 sion by the debtor with creditors; or

14 “(B) to the filing of a petition if—

15 “(i) the debtor proves by a preponderance
16 of the evidence that the filing of that petition
17 resulted from circumstances beyond the control
18 of the debtor not foreseeable at the time the
19 case then pending was filed; and

20 “(ii) it is more likely than not that the
21 court will confirm a feasible plan, but not a liq-
22 uidating plan, within a reasonable period of
23 time.”.

1 **SEC. 442. EXPANDED GROUNDS FOR DISMISSAL OR CON-**
2 **VERSION AND APPOINTMENT OF TRUSTEE.**

3 (a) EXPANDED GROUNDS FOR DISMISSAL OR CON-
4 VERSION.—Section 1112 of title 11, United States Code,
5 is amended by striking subsection (b) and inserting the
6 following:

7 “(b)(1) Except as provided in paragraph (2) of this
8 subsection, subsection (c) of this section, and section
9 1104(a)(3), on request of a party in interest, and after
10 notice and a hearing, the court shall convert a case under
11 this chapter to a case under chapter 7 or dismiss a case
12 under this chapter, whichever is in the best interest of
13 creditors and the estate, if the movant establishes cause.

14 “(2) The relief provided in paragraph (1) shall not
15 be granted if the debtor or another party in interest ob-
16 jects and establishes by a preponderance of the evidence
17 that—

18 “(A) a plan with a reasonable possibility of
19 being confirmed will be filed within a reasonable pe-
20 riod of time; and

21 “(B) the grounds include an act or omission of
22 the debtor—

23 “(i) for which there exists a reasonable
24 justification for the act or omission; and

25 “(ii) that will be cured within a reasonable
26 period of time fixed by the court.

1 “(3) The court shall commence the hearing on any
2 motion under this subsection not later than 30 days after
3 filing of the motion, and shall decide the motion not later
4 than 15 days after commencement of the hearing, unless
5 the movant expressly consents to a continuance for a spe-
6 cific period of time or compelling circumstances prevent
7 the court from meeting the time limits established by this
8 paragraph.

9 “(4) For purposes of this subsection, the term ‘cause’
10 includes—

11 “(A) substantial or continuing loss to or dimi-
12 nution of the estate;

13 “(B) gross mismanagement of the estate;

14 “(C) failure to maintain appropriate insurance
15 that poses a risk to the estate or to the public;

16 “(D) unauthorized use of cash collateral harm-
17 ful to 1 or more creditors;

18 “(E) failure to comply with an order of the
19 court;

20 “(F) repeated failure timely to satisfy any filing
21 or reporting requirement established by this title or
22 by any rule applicable to a case under this chapter;

23 “(G) failure to attend the meeting of creditors
24 convened under section 341(a) or an examination or-

1 dered under rule 2004 of the Federal Rules of
2 Bankruptcy Procedure;

3 “(H) failure timely to provide information or
4 attend meetings reasonably requested by the United
5 States trustee or the bankruptcy administrator;

6 “(I) failure timely to pay taxes due after the
7 date of the order for relief or to file tax returns due
8 after the order for relief;

9 “(J) failure to file a disclosure statement, or to
10 file or confirm a plan, within the time fixed by this
11 title or by order of the court;

12 “(K) failure to pay any fees or charges required
13 under chapter 123 of title 28;

14 “(L) revocation of an order of confirmation
15 under section 1144;

16 “(M) inability to effectuate substantial con-
17 summation of a confirmed plan;

18 “(N) material default by the debtor with re-
19 spect to a confirmed plan;

20 “(O) termination of a confirmed plan by reason
21 of the occurrence of a condition specified in the plan;
22 and

23 “(P) failure of the debtor to pay any domestic
24 support obligation that first becomes payable after
25 the date on which the petition is filed.

1 “(5) The court shall commence the hearing on any
2 motion under this subsection not later than 30 days after
3 filing of the motion, and shall decide the motion not later
4 than 15 days after commencement of the hearing, unless
5 the movant expressly consents to a continuance for a spe-
6 cific period of time or compelling circumstances prevent
7 the court from meeting the time limits established by this
8 paragraph.”.

9 (b) **ADDITIONAL GROUNDS FOR APPOINTMENT OF**
10 **TRUSTEE.**—Section 1104(a) of title 11, United States
11 Code, is amended—

12 (1) in paragraph (1), by striking “or” at the
13 end;

14 (2) in paragraph (2), by striking the period at
15 the end and inserting “; or”; and

16 (3) by adding at the end the following:

17 “(3) if grounds exist to convert or dismiss the
18 case under section 1112, but the court determines
19 that the appointment of a trustee or an examiner is
20 in the best interests of creditors and the estate.”.

21 **SEC. 443. STUDY OF OPERATION OF TITLE 11, UNITED**
22 **STATES CODE, WITH RESPECT TO SMALL**
23 **BUSINESSES.**

24 Not later than 2 years after the date of enactment
25 of this Act, the Administrator of the Small Business Ad-

1 ministration, in consultation with the Attorney General,
2 the Director of the Administrative Office of United States
3 Trustees, and the Director of the Administrative Office
4 of the United States Courts, shall—

5 (1) conduct a study to determine—

6 (A) the internal and external factors that
7 cause small businesses, especially sole propri-
8 etorships, to become debtors in cases under title
9 11, United States Code, and that cause certain
10 small businesses to successfully complete cases
11 under chapter 11 of such title; and

12 (B) how Federal laws relating to bank-
13 ruptcy may be made more effective and efficient
14 in assisting small businesses to remain viable;
15 and

16 (2) submit to the President pro tempore of the
17 Senate and the Speaker of the House of Representa-
18 tives a report summarizing that study.

19 **SEC. 444. PAYMENT OF INTEREST.**

20 Section 362(d)(3) of title 11, United States Code, is
21 amended—

22 (1) by inserting “or 30 days after the court de-
23 termines that the debtor is subject to this para-
24 graph, whichever is later” after “90-day period”;
25 and

1 (2) by striking subparagraph (B) and inserting
2 the following:

3 “(B) the debtor has commenced monthly
4 payments that—

5 “(i) may, in the debtor’s sole discre-
6 tion, notwithstanding section 363(c)(2), be
7 made from rents or other income generated
8 before or after the commencement of the
9 case by or from the property to each cred-
10 itor whose claim is secured by such real es-
11 tate (other than a claim secured by a judg-
12 ment lien or by an unmatured statutory
13 lien); and

14 “(ii) are in an amount equal to inter-
15 est at the then applicable nondefault con-
16 tract rate of interest on the value of the
17 creditor’s interest in the real estate; or”.

18 **SEC. 445. PRIORITY FOR ADMINISTRATIVE EXPENSES.**

19 Section 503(b) of title 11, United States Code, is
20 amended—

21 (1) in paragraph (5), by striking “and” at the
22 end;

23 (2) in paragraph (6), by striking the period at
24 the end and inserting a semicolon; and

25 (3) by adding at the end the following:

1 “(7) with respect to a nonresidential real prop-
2 erty lease previously assumed under section 365,
3 and subsequently rejected, a sum equal to all mone-
4 etary obligations due, excluding those arising from or
5 relating to a failure to operate or penalty provisions,
6 for the period of 2 years following the later of the
7 rejection date or the date of actual turnover of the
8 premises, without reduction or setoff for any reason
9 whatsoever except for sums actually received or to be
10 received from a nondebtor, and the claim for remain-
11 ing sums due for the balance of the term of the lease
12 shall be a claim under section 502(b)(6);”.

13 **TITLE V—MUNICIPAL**
14 **BANKRUPTCY PROVISIONS**

15 **SEC. 501. PETITION AND PROCEEDINGS RELATED TO PETI-**
16 **TION.**

17 (a) **TECHNICAL AMENDMENT RELATING TO MUNICI-**
18 **PALITIES.**—Section 921(d) of title 11, United States
19 Code, is amended by inserting “notwithstanding section
20 301(b)” before the period at the end.

21 (b) **CONFORMING AMENDMENT.**—Section 301 of title
22 11, United States Code, is amended—

23 (1) by inserting “(a)” before “A voluntary”;
24 and

1 (2) by striking the last sentence and inserting
2 the following:

3 “(b) The commencement of a voluntary case under
4 a chapter of this title constitutes an order for relief under
5 such chapter.”.

6 **SEC. 502. APPLICABILITY OF OTHER SECTIONS TO CHAP-**
7 **TER 9.**

8 Section 901(a) of title 11, United States Code, is
9 amended—

10 (1) by inserting “555, 556,” after “553,”; and

11 (2) by inserting “559, 560, 561, 562” after
12 “557,”.

13 **TITLE VI—BANKRUPTCY DATA**

14 **SEC. 601. IMPROVED BANKRUPTCY STATISTICS.**

15 (a) IN GENERAL.—Chapter 6 of title 28, United
16 States Code, is amended by adding at the end the fol-
17 lowing:

18 **“§ 159. Bankruptcy statistics**

19 “(a) The clerk of each district shall collect statistics
20 regarding individual debtors with primarily consumer
21 debts seeking relief under chapters 7, 11, and 13 of title
22 11. Those statistics shall be on a standardized form pre-
23 scribed by the Director of the Administrative Office of the
24 United States Courts (referred to in this section as the
25 ‘Director’).

1 “(b) The Director shall—

2 “(1) compile the statistics referred to in sub-
3 section (a);

4 “(2) make the statistics available to the public;
5 and

6 “(3) not later than October 31, 2002, and an-
7 nually thereafter, prepare, and submit to Congress a
8 report concerning the information collected under
9 subsection (a) that contains an analysis of the infor-
10 mation.

11 “(c) The compilation required under subsection (b)
12 shall—

13 “(1) be itemized, by chapter, with respect to
14 title 11;

15 “(2) be presented in the aggregate and for each
16 district; and

17 “(3) include information concerning—

18 “(A) the total assets and total liabilities of
19 the debtors described in subsection (a), and in
20 each category of assets and liabilities, as re-
21 ported in the schedules prescribed pursuant to
22 section 2075 of this title and filed by those
23 debtors;

24 “(B) the current monthly income, average
25 income, and average expenses of those debtors

1 as reported on the schedules and statements
2 that each such debtor files under sections 521
3 and 1322 of title 11;

4 “(C) the aggregate amount of debt dis-
5 charged in the reporting period, determined as
6 the difference between the total amount of debt
7 and obligations of a debtor reported on the
8 schedules and the amount of such debt reported
9 in categories which are predominantly non-
10 dischargeable;

11 “(D) the average period of time between
12 the filing of the petition and the closing of the
13 case;

14 “(E) for the reporting period—

15 “(i) the number of cases in which a
16 reaffirmation was filed; and

17 “(ii)(I) the total number of reaffirma-
18 tions filed;

19 “(II) of those cases in which a reaffir-
20 mation was filed, the number of cases in
21 which the debtor was not represented by
22 an attorney; and

23 “(III) of those cases in which a reaf-
24 firmation was filed, the number of cases in

1 which the reaffirmation was approved by
2 the court;

3 “(F) with respect to cases filed under
4 chapter 13 of title 11, for the reporting
5 period—

6 “(i)(I) the number of cases in which a
7 final order was entered determining the
8 value of property securing a claim in an
9 amount less than the amount of the claim;
10 and

11 “(II) the number of final orders deter-
12 mining the value of property securing a
13 claim issued;

14 “(ii) the number of cases dismissed,
15 the number of cases dismissed for failure
16 to make payments under the plan, the
17 number of cases refiled after dismissal,
18 and the number of cases in which the plan
19 was completed, separately itemized with re-
20 spect to the number of modifications made
21 before completion of the plan, if any; and

22 “(iii) the number of cases in which
23 the debtor filed another case during the 6-
24 year period preceding the filing;

1 “(G) the number of cases in which credi-
2 tors were fined for misconduct and any amount
3 of punitive damages awarded by the court for
4 creditor misconduct; and

5 “(H) the number of cases in which sanc-
6 tions under rule 9011 of the Federal Rules of
7 Bankruptcy Procedure were imposed against
8 debtor’s counsel or damages awarded under
9 such Rule.”.

10 (b) CLERICAL AMENDMENT.—The table of sections
11 for chapter 6 of title 28, United States Code, is amended
12 by adding at the end the following:

“159. Bankruptcy statistics.”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall take effect 18 months after the date of
15 enactment of this Act.

16 **SEC. 602. UNIFORM RULES FOR THE COLLECTION OF BANK-**
17 **RUPTCY DATA.**

18 (a) AMENDMENT.—Chapter 39 of title 28, United
19 States Code, is amended by adding at the end the fol-
20 lowing:

21 **“§ 589b. Bankruptcy data**

22 “(a) RULES.—The Attorney General shall, within a
23 reasonable time after the effective date of this section,
24 issue rules requiring uniform forms for (and from time
25 to time thereafter to appropriately modify and approve)—

1 “(1) final reports by trustees in cases under
2 chapters 7, 12, and 13 of title 11; and

3 “(2) periodic reports by debtors in possession or
4 trustees, as the case may be, in cases under chapter
5 11 of title 11.

6 “(b) REPORTS.—Each report referred to in sub-
7 section (a) shall be designed (and the requirements as to
8 place and manner of filing shall be established) so as to
9 facilitate compilation of data and maximum possible ac-
10 cess of the public, both by physical inspection at one or
11 more central filing locations, and by electronic access
12 through the Internet or other appropriate media.

13 “(c) REQUIRED INFORMATION.—The information re-
14 quired to be filed in the reports referred to in subsection
15 (b) shall be that which is in the best interests of debtors
16 and creditors, and in the public interest in reasonable and
17 adequate information to evaluate the efficiency and practi-
18 cality of the Federal bankruptcy system. In issuing rules
19 proposing the forms referred to in subsection (a), the At-
20 torney General shall strike the best achievable practical
21 balance between—

22 “(1) the reasonable needs of the public for in-
23 formation about the operational results of the Fed-
24 eral bankruptcy system;

1 “(2) economy, simplicity, and lack of undue
2 burden on persons with a duty to file reports; and

3 “(3) appropriate privacy concerns and safe-
4 guards.

5 “(d) FINAL REPORTS.—Final reports proposed for
6 adoption by trustees under chapters 7, 12, and 13 of title
7 11 shall, in addition to such other matters as are required
8 by law or as the Attorney General in the discretion of the
9 Attorney General, shall propose, include with respect to
10 a case under such title—

11 “(1) information about the length of time the
12 case was pending;

13 “(2) assets abandoned;

14 “(3) assets exempted;

15 “(4) receipts and disbursements of the estate;

16 “(5) expenses of administration, including for
17 use under section 707(b), actual costs of admin-
18 istering cases under chapter 13 of title 11;

19 “(6) claims asserted;

20 “(7) claims allowed; and

21 “(8) distributions to claimants and claims dis-
22 charged without payment,

23 in each case by appropriate category and, in cases under
24 chapters 12 and 13 of title 11, date of confirmation of

1 the plan, each modification thereto, and defaults by the
2 debtor in performance under the plan.

3 “(e) PERIODIC REPORTS.—Periodic reports proposed
4 for adoption by trustees or debtors in possession under
5 chapter 11 of title 11 shall, in addition to such other mat-
6 ters as are required by law or as the Attorney General,
7 in the discretion of the Attorney General, shall propose,
8 include—

9 “(1) information about the standard industry
10 classification, published by the Department of Com-
11 merce, for the businesses conducted by the debtor;

12 “(2) length of time the case has been pending;

13 “(3) number of full-time employees as of the
14 date of the order for relief and at the end of each
15 reporting period since the case was filed;

16 “(4) cash receipts, cash disbursements and
17 profitability of the debtor for the most recent period
18 and cumulatively since the date of the order for re-
19 lief;

20 “(5) compliance with title 11, whether or not
21 tax returns and tax payments since the date of the
22 order for relief have been timely filed and made;

23 “(6) all professional fees approved by the court
24 in the case for the most recent period and cumula-
25 tively since the date of the order for relief (sepa-

1 rately reported, for the professional fees incurred by
2 or on behalf of the debtor, between those that would
3 have been incurred absent a bankruptcy case and
4 those not); and

5 “(7) plans of reorganization filed and confirmed
6 and, with respect thereto, by class, the recoveries of
7 the holders, expressed in aggregate dollar values
8 and, in the case of claims, as a percentage of total
9 claims of the class allowed.”.

10 (b) CLERICAL AMENDMENT.—The table of sections
11 at the beginning of chapter 39 of title 28, United States
12 Code, is amended by adding at the end the following:

“589b. Bankruptcy data.”.

13 **SEC. 603. AUDIT PROCEDURES.**

14 (a) IN GENERAL.—

15 (1) ESTABLISHMENT OF PROCEDURES.—The
16 Attorney General (in judicial districts served by
17 United States trustees) and the Judicial Conference
18 of the United States (in judicial districts served by
19 bankruptcy administrators) shall establish proce-
20 dures to determine the accuracy, veracity, and com-
21 pleteness of petitions, schedules, and other informa-
22 tion which the debtor is required to provide under
23 sections 521 and 1322 of title 11, and, if applicable,
24 section 111 of title 11, in individual cases filed
25 under chapter 7 or 13 of such title. Such audits

1 shall be in accordance with generally accepted audit-
2 ing standards and performed by independent cer-
3 tified public accountants or independent licensed
4 public accountants, provided that the Attorney Gen-
5 eral and the Judicial Conference, as appropriate,
6 may develop alternative auditing standards not later
7 than 2 years after the date of enactment of this Act.

8 (2) PROCEDURES.—Those procedures required
9 by paragraph (1) shall—

10 (A) establish a method of selecting appro-
11 priate qualified persons to contract to perform
12 those audits;

13 (B) establish a method of randomly select-
14 ing cases to be audited, except that not less
15 than 1 out of every 250 cases in each Federal
16 judicial district shall be selected for audit;

17 (C) require audits for schedules of income
18 and expenses which reflect greater than average
19 variances from the statistical norm of the dis-
20 trict in which the schedules were filed if those
21 variances occur by reason of higher income or
22 higher expenses than the statistical norm of the
23 district in which the schedules were filed; and

24 (D) establish procedures for providing, not
25 less frequently than annually, public informa-

1 tion concerning the aggregate results of such
2 audits including the percentage of cases, by dis-
3 trict, in which a material misstatement of in-
4 come or expenditures is reported.

5 (b) AMENDMENTS.—Section 586 of title 28, United
6 States Code, is amended—

7 (1) in subsection (a), by striking paragraph (6)
8 and inserting the following:

9 “(6) make such reports as the Attorney General
10 directs, including the results of audits performed
11 under section 603(a) of the Bankruptcy Abuse Pre-
12 vention and Consumer Protection Act of 2001; and”;
13 and

14 (2) by adding at the end the following:

15 “(f)(1) The United States trustee for each district is
16 authorized to contract with auditors to perform audits in
17 cases designated by the United States trustee, in accord-
18 ance with the procedures established under section 603(a)
19 of the Bankruptcy Abuse Prevention and Consumer Pro-
20 tection Act of 2001.

21 “(2)(A) The report of each audit referred to in para-
22 graph (1) shall be filed with the court and transmitted
23 to the United States trustee. Each report shall clearly and
24 conspicuously specify any material misstatement of income
25 or expenditures or of assets identified by the person per-

1 forming the audit. In any case in which a material
2 misstatement of income or expenditures or of assets has
3 been reported, the clerk of the bankruptcy court shall give
4 notice of the misstatement to the creditors in the case.

5 “(B) If a material misstatement of income or expend-
6 itures or of assets is reported, the United States trustee
7 shall—

8 “(i) report the material misstatement, if appro-
9 priate, to the United States Attorney pursuant to
10 section 3057 of title 18; and

11 “(ii) if advisable, take appropriate action, in-
12 cluding but not limited to commencing an adversary
13 proceeding to revoke the debtor’s discharge pursuant
14 to section 727(d) of title 11.”.

15 (c) AMENDMENTS TO SECTION 521 OF TITLE 11,
16 U.S.C.—Section 521(a) of title 11, United States Code,
17 as so designated by this Act, is amended in each of para-
18 graphs (3) and (4) by inserting “or an auditor appointed
19 under section 586(f) of title 28” after “serving in the
20 case”.

21 (d) AMENDMENTS TO SECTION 727 OF TITLE 11,
22 U.S.C.—Section 727(d) of title 11, United States Code,
23 is amended—

24 (1) in paragraph (2), by striking “or” at the
25 end;

1 (2) in paragraph (3), by striking the period at
2 the end and inserting “; or”; and

3 (3) by adding at the end the following:

4 “(4) the debtor has failed to explain
5 satisfactorily—

6 “(A) a material misstatement in an audit
7 referred to in section 586(f) of title 28; or

8 “(B) a failure to make available for inspec-
9 tion all necessary accounts, papers, documents,
10 financial records, files, and all other papers,
11 things, or property belonging to the debtor that
12 are requested for an audit referred to in section
13 586(f) of title 28.”.

14 (e) EFFECTIVE DATE.—The amendments made by
15 this section shall take effect 18 months after the date of
16 enactment of this Act.

17 **SEC. 604. SENSE OF CONGRESS REGARDING AVAILABILITY**
18 **OF BANKRUPTCY DATA.**

19 It is the sense of Congress that—

20 (1) the national policy of the United States
21 should be that all data held by bankruptcy clerks in
22 electronic form, to the extent such data reflects only
23 public records (as defined in section 107 of title 11,
24 United States Code), should be released in a usable
25 electronic form in bulk to the public, subject to such

1 appropriate privacy concerns and safeguards as Con-
2 gress and the Judicial Conference of the United
3 States may determine; and

4 (2) there should be established a bankruptcy
5 data system in which—

6 (A) a single set of data definitions and
7 forms are used to collect data nationwide; and

8 (B) data for any particular bankruptcy
9 case are aggregated in the same electronic
10 record.

11 **TITLE VII—BANKRUPTCY TAX** 12 **PROVISIONS**

13 **SEC. 701. TREATMENT OF CERTAIN LIENS.**

14 (a) TREATMENT OF CERTAIN LIENS.—Section 724
15 of title 11, United States Code, is amended—

16 (1) in subsection (b), in the matter preceding
17 paragraph (1), by inserting “(other than to the ex-
18 tent that there is a properly perfected unavoidable
19 tax lien arising in connection with an ad valorem tax
20 on real or personal property of the estate)” after
21 “under this title”;

22 (2) in subsection (b)(2), by inserting “(except
23 that such expenses, other than claims for wages, sal-
24 aries, or commissions which arise after the filing of
25 a petition, shall be limited to expenses incurred

1 under chapter 7 of this title and shall not include ex-
2 penses incurred under chapter 11 of this title)” after
3 “507(a)(1)”;

4 (3) by adding at the end the following:

5 “(e) Before subordinating a tax lien on real or per-
6 sonal property of the estate, the trustee shall—

7 “(1) exhaust the unencumbered assets of the
8 estate; and

9 “(2) in a manner consistent with section
10 506(c), recover from property securing an allowed
11 secured claim the reasonable, necessary costs and
12 expenses of preserving or disposing of that property.

13 “(f) Notwithstanding the exclusion of ad valorem tax
14 liens under this section and subject to the requirements
15 of subsection (e), the following may be paid from property
16 of the estate which secures a tax lien, or the proceeds of
17 such property:

18 “(1) Claims for wages, salaries, and commis-
19 sions that are entitled to priority under section
20 507(a)(4).

21 “(2) Claims for contributions to an employee
22 benefit plan entitled to priority under section
23 507(a)(5).”.

24 (b) DETERMINATION OF TAX LIABILITY.—Section
25 505(a)(2) of title 11, United States Code, is amended—

1 (1) in subparagraph (A), by striking “or” at
2 the end;

3 (2) in subparagraph (B), by striking the period
4 at the end and inserting “; or”; and

5 (3) by adding at the end the following:

6 “(C) the amount or legality of any amount aris-
7 ing in connection with an ad valorem tax on real or
8 personal property of the estate, if the applicable pe-
9 riod for contesting or redetermining that amount
10 under any law (other than a bankruptcy law) has ex-
11 pired.”.

12 **SEC. 702. TREATMENT OF FUEL TAX CLAIMS.**

13 Section 501 of title 11, United States Code, is
14 amended by adding at the end the following:

15 “(e) A claim arising from the liability of a debtor for
16 fuel use tax assessed consistent with the requirements of
17 section 31705 of title 49 may be filed by the base jurisdic-
18 tion designated pursuant to the International Fuel Tax
19 Agreement and, if so filed, shall be allowed as a single
20 claim.”.

21 **SEC. 703. NOTICE OF REQUEST FOR A DETERMINATION OF**
22 **TAXES.**

23 Section 505(b) of title 11, United States Code, is
24 amended—

1 (1) in the first sentence, by inserting “at the
2 address and in the manner designated in paragraph
3 (1)” after “determination of such tax”;

4 (2) by striking “(1) upon payment” and insert-
5 ing “(A) upon payment”;

6 (3) by striking “(A) such governmental unit”
7 and inserting “(i) such governmental unit”;

8 (4) by striking “(B) such governmental unit”
9 and inserting “(ii) such governmental unit”;

10 (5) by striking “(2) upon payment” and insert-
11 ing “(B) upon payment”;

12 (6) by striking “(3) upon payment” and insert-
13 ing “(C) upon payment”;

14 (7) by striking “(b)” and inserting “(2)”; and

15 (8) by inserting before paragraph (2), as so
16 designated, the following:

17 “(b)(1)(A) The clerk of each district shall maintain
18 a listing under which a Federal, State, or local govern-
19 mental unit responsible for the collection of taxes within
20 the district may—

21 “(i) designate an address for service of requests
22 under this subsection; and

23 “(ii) describe where further information con-
24 cerning additional requirements for filing such re-
25 quests may be found.

1 “(B) If a governmental unit referred to in subpara-
2 graph (A) does not designate an address and provide that
3 address to the clerk under that subparagraph, any request
4 made under this subsection may be served at the address
5 for the filing of a tax return or protest with the appro-
6 priate taxing authority of that governmental unit.”.

7 **SEC. 704. RATE OF INTEREST ON TAX CLAIMS.**

8 (a) IN GENERAL.—Subchapter I of chapter 5 of title
9 11, United States Code, is amended by adding at the end
10 the following:

11 **“§ 511. Rate of interest on tax claims**

12 “(a) If any provision of this title requires the pay-
13 ment of interest on a tax claim or on an administrative
14 expense tax, or the payment of interest to enable a creditor
15 to receive the present value of the allowed amount of a
16 tax claim, the rate of interest shall be the rate determined
17 under applicable nonbankruptcy law.

18 “(b) In the case of taxes paid under a confirmed plan
19 under this title, the rate of interest shall be determined
20 as of the calendar month in which the plan is confirmed.”.

21 (b) CLERICAL AMENDMENT.—The table of sections
22 for chapter 5 of title 11, United States Code, is amended
23 by inserting after the item relating to section 510 the fol-
24 lowing:

“511. Rate of interest on tax claims.”.

1 **SEC. 705. PRIORITY OF TAX CLAIMS.**

2 Section 507(a)(8) of title 11, United States Code, is
3 amended—

4 (1) in subparagraph (A)—

5 (A) in the matter preceding clause (i), by
6 inserting “for a taxable year ending on or be-
7 fore the date of filing of the petition” after
8 “gross receipts”;

9 (B) in clause (i), by striking “for a taxable
10 year ending on or before the date of filing of
11 the petition”; and

12 (C) by striking clause (ii) and inserting the
13 following:

14 “(ii) assessed within 240 days before
15 the date of the filing of the petition, exclu-
16 sive of—

17 “(I) any time during which an
18 offer in compromise with respect to
19 that tax was pending or in effect dur-
20 ing that 240-day period, plus 30 days;
21 and

22 “(II) any time during which a
23 stay of proceedings against collections
24 was in effect in a prior case under
25 this title during that 240-day period;
26 plus 90 days.”; and

1 (2) by adding at the end the following:

2 “An otherwise applicable time period specified in
3 this paragraph shall be suspended for (i) any period
4 during which a governmental unit is prohibited
5 under applicable nonbankruptcy law from collecting
6 a tax as a result of a request by the debtor for a
7 hearing and an appeal of any collection action taken
8 or proposed against the debtor, plus 90 days; plus
9 (ii) any time during which the stay of proceedings
10 was in effect in a prior case under this title or dur-
11 ing which collection was precluded by the existence
12 of 1 or more confirmed plans under this title, plus
13 90 days.”.

14 **SEC. 706. PRIORITY PROPERTY TAXES INCURRED.**

15 Section 507(a)(8)(B) of title 11, United States Code,
16 is amended by striking “assessed” and inserting “in-
17 curred”.

18 **SEC. 707. NO DISCHARGE OF FRAUDULENT TAXES IN CHAP-**

19 **TER 13.**

20 Section 1328(a)(2) of title 11, United States Code,
21 as amended by section 314 of this Act, is amended by
22 striking “paragraph” and inserting “section 507(a)(8)(C)
23 or in paragraph (1)(B), (1)(C),”.

1 **SEC. 708. NO DISCHARGE OF FRAUDULENT TAXES IN CHAP-**
2 **TER 11.**

3 Section 1141(d) of title 11, United States Code, as
4 amended by this Act, is amended by adding at the end
5 the following:

6 “(6) Notwithstanding paragraph (1), the confirma-
7 tion of a plan does not discharge a debtor that is a cor-
8 poration from any debt described in section 523(a)(2) or
9 for a tax or customs duty with respect to which the
10 debtor—

11 “(A) made a fraudulent return; or

12 “(B) willfully attempted in any manner to
13 evade or defeat that tax or duty.”.

14 **SEC. 709. STAY OF TAX PROCEEDINGS LIMITED TO**
15 **PREPETITION TAXES.**

16 Section 362(a)(8) of title 11, United States Code, is
17 amended by striking “the debtor” and inserting “a cor-
18 porate debtor’s tax liability for a taxable period the bank-
19 ruptcy court may determine or concerning an individual
20 debtor’s tax liability for a taxable period ending before the
21 order for relief under this title”.

22 **SEC. 710. PERIODIC PAYMENT OF TAXES IN CHAPTER 11**
23 **CASES.**

24 Section 1129(a)(9) of title 11, United States Code,
25 is amended—

1 (1) in subparagraph (B), by striking “and” at
2 the end;

3 (2) in subparagraph (C), by striking “deferred
4 cash payments,” and all that follows through the
5 end of the subparagraph, and inserting “regular in-
6 stallment payments in cash—

7 “(i) of a total value, as of the effective
8 date of the plan, equal to the allowed
9 amount of such claim;

10 “(ii) over a period ending not later
11 than 5 years after the date of the entry of
12 the order for relief under section 301, 302,
13 or 303; and

14 “(iii) in a manner not less favorable
15 than the most favored nonpriority unse-
16 cured claim provided for in the plan (other
17 than cash payments made to a class of
18 creditors under section 1122(b)); and”;
19 and

20 (3) by adding at the end the following:

21 “(D) with respect to a secured claim which
22 would otherwise meet the description of an un-
23 secured claim of a governmental unit under sec-
24 tion 507(a)(8), but for the secured status of
25 that claim, the holder of that claim will receive

1 on account of that claim, cash payments, in the
2 same manner and over the same period, as pre-
3 scribed in subparagraph (C).”.

4 **SEC. 711. AVOIDANCE OF STATUTORY TAX LIENS PROHIB-**
5 **ITED.**

6 Section 545(2) of title 11, United States Code, is
7 amended by inserting before the semicolon at the end the
8 following: “, except in any case in which a purchaser is
9 a purchaser described in section 6323 of the Internal Rev-
10 enue Code of 1986, or in any other similar provision of
11 State or local law”.

12 **SEC. 712. PAYMENT OF TAXES IN THE CONDUCT OF BUSI-**
13 **NESS.**

14 (a) PAYMENT OF TAXES REQUIRED.—Section 960 of
15 title 28, United States Code, is amended—

16 (1) by inserting “(a)” before “Any”; and

17 (2) by adding at the end the following:

18 “(b) A tax under subsection (a) shall be paid on or
19 before the due date of the tax under applicable nonbank-
20 ruptcy law, unless—

21 “(1) the tax is a property tax secured by a lien
22 against property that is abandoned within a reason-
23 able period of time after the lien attaches by the
24 trustee of a bankruptcy estate under section 554 of
25 title 11; or

1 “(2) payment of the tax is excused under a spe-
2 cific provision of title 11.

3 “(c) In a case pending under chapter 7 of title 11,
4 payment of a tax may be deferred until final distribution
5 is made under section 726 of title 11, if—

6 “(1) the tax was not incurred by a trustee duly
7 appointed under chapter 7 of title 11; or

8 “(2) before the due date of the tax, an order of
9 the court makes a finding of probable insufficiency
10 of funds of the estate to pay in full the administra-
11 tive expenses allowed under section 503(b) of title
12 11 that have the same priority in distribution under
13 section 726(b) of title 11 as the priority of that
14 tax.”.

15 (b) PAYMENT OF AD VALOREM TAXES REQUIRED.—
16 Section 503(b)(1)(B)(i) of title 11, United States Code,
17 is amended by inserting “whether secured or unsecured,
18 including property taxes for which liability is in rem, in
19 personam, or both,” before “except”.

20 (c) REQUEST FOR PAYMENT OF ADMINISTRATIVE
21 EXPENSE TAXES ELIMINATED.—Section 503(b)(1) of
22 title 11, United States Code, is amended—

23 (1) in subparagraph (B), by striking “and” at
24 the end;

1 (2) in subparagraph (C), by adding “and” at
2 the end; and

3 (3) by adding at the end the following:

4 “(D) notwithstanding the requirements of sub-
5 section (a), a governmental unit shall not be re-
6 quired to file a request for the payment of an ex-
7 pense described in subparagraph (B) or (C), as a
8 condition of its being an allowed administrative ex-
9 pense;”.

10 (d) PAYMENT OF TAXES AND FEES AS SECURED
11 CLAIMS.—Section 506 of title 11, United States Code, is
12 amended—

13 (1) in subsection (b), by inserting “or State
14 statute” after “agreement”; and

15 (2) in subsection (c), by inserting “, including
16 the payment of all ad valorem property taxes with
17 respect to the property” before the period at the
18 end.

19 **SEC. 713. TARDILY FILED PRIORITY TAX CLAIMS.**

20 Section 726(a)(1) of title 11, United States Code, is
21 amended by striking “before the date on which the trustee
22 commences distribution under this section;” and inserting
23 the following: “on or before the earlier of—

1 “(A) the date that is 10 days after the
2 mailing to creditors of the summary of the
3 trustee’s final report; or

4 “(B) the date on which the trustee com-
5 mences final distribution under this section;”.

6 **SEC. 714. INCOME TAX RETURNS PREPARED BY TAX AU-**
7 **THORITIES.**

8 Section 523(a) of title 11, United States Code, as
9 amended by this Act, is amended—

10 (1) in paragraph (1)(B)—

11 (A) in the matter preceding clause (i), by
12 inserting “or equivalent report or notice,” after
13 “a return,”;

14 (B) in clause (i), by inserting “or given”
15 after “filed”; and

16 (C) in clause (ii)—

17 (i) by inserting “or given” after
18 “filed”; and

19 (ii) by inserting “, report, or notice”
20 after “return”; and

21 (2) by adding at the end the following:

22 “For purposes of this subsection, the term ‘return’ means
23 a return that satisfies the requirements of applicable non-
24 bankruptcy law (including applicable filing requirements).

25 Such term includes a return prepared pursuant to section

1 6020(a) of the Internal Revenue Code of 1986, or similar
2 State or local law, or a written stipulation to a judgment
3 or a final order entered by a nonbankruptcy tribunal, but
4 does not include a return made pursuant to section
5 6020(b) of the Internal Revenue Code of 1986, or a simi-
6 lar State or local law.”.

7 **SEC. 715. DISCHARGE OF THE ESTATE’S LIABILITY FOR UN-**
8 **PAID TAXES.**

9 Section 505(b)(2) of title 11, United States Code, as
10 amended by this Act, is amended by inserting “the es-
11 tate,” after “misrepresentation,”.

12 **SEC. 716. REQUIREMENT TO FILE TAX RETURNS TO CON-**
13 **FIRM CHAPTER 13 PLANS.**

14 (a) **FILING OF PREPETITION TAX RETURNS RE-**
15 **QUIRED FOR PLAN CONFIRMATION.**—Section 1325(a) of
16 title 11, United States Code, as amended by this Act, is
17 amended by adding at the end the following:

18 “(9) the debtor has filed all applicable Federal,
19 State, and local tax returns as required by section
20 1308.”.

21 (b) **ADDITIONAL TIME PERMITTED FOR FILING TAX**
22 **RETURNS.**—

23 (1) **IN GENERAL.**—Subchapter I of chapter 13
24 of title 11, United States Code, is amended by add-
25 ing at the end the following:

1 **“§ 1308. Filing of prepetition tax returns**

2 “(a) Not later than the day before the date on which
3 the meeting of the creditors is first scheduled to be held
4 under section 341(a), if the debtor was required to file
5 a tax return under applicable nonbankruptcy law, the
6 debtor shall file with appropriate tax authorities all tax
7 returns for all taxable periods ending during the 4-year
8 period ending on the date of the filing of the petition.

9 “(b)(1) Subject to paragraph (2), if the tax returns
10 required by subsection (a) have not been filed by the date
11 on which the meeting of creditors is first scheduled to be
12 held under section 341(a), the trustee may hold open that
13 meeting for a reasonable period of time to allow the debtor
14 an additional period of time to file any unfiled returns,
15 but such additional period of time shall not extend
16 beyond—

17 “(A) for any return that is past due as of the
18 date of the filing of the petition, the date that is 120
19 days after the date of that meeting; or

20 “(B) for any return that is not past due as of
21 the date of the filing of the petition, the later of—

22 “(i) the date that is 120 days after the
23 date of that meeting; or

24 “(ii) the date on which the return is due
25 under the last automatic extension of time for
26 filing that return to which the debtor is enti-

1 tled, and for which request is timely made, in
2 accordance with applicable nonbankruptcy law.

3 “(2) Upon notice and hearing, and order entered be-
4 fore the tolling of any applicable filing period determined
5 under this subsection, if the debtor demonstrates by a pre-
6 ponderance of the evidence that the failure to file a return
7 as required under this subsection is attributable to cir-
8 cumstances beyond the control of the debtor, the court
9 may extend the filing period established by the trustee
10 under this subsection for—

11 “(A) a period of not more than 30 days for re-
12 turns described in paragraph (1); and

13 “(B) a period not to extend after the applicable
14 extended due date for a return described in para-
15 graph (2).

16 “(c) For purposes of this section, the term ‘return’
17 includes a return prepared pursuant to subsection (a) or
18 (b) of section 6020 of the Internal Revenue Code of 1986,
19 or a similar State or local law, or a written stipulation
20 to a judgment or a final order entered by a nonbankruptcy
21 tribunal.”.

22 (2) CONFORMING AMENDMENT.—The table of
23 sections at the beginning of chapter 13 of title 11,
24 United States Code, is amended by inserting after
25 the item relating to section 1307 the following:

“1308. Filing of prepetition tax returns.”.

1 (c) DISMISSAL OR CONVERSION ON FAILURE TO
2 COMPLY.—Section 1307 of title 11, United States Code,
3 is amended—

4 (1) by redesignating subsections (e) and (f) as
5 subsections (f) and (g), respectively; and

6 (2) by inserting after subsection (d) the fol-
7 lowing:

8 “(e) Upon the failure of the debtor to file a tax return
9 under section 1308, on request of a party in interest or
10 the United States trustee and after notice and a hearing,
11 the court shall dismiss a case or convert a case under this
12 chapter to a case under chapter 7 of this title, whichever
13 is in the best interest of the creditors and the estate.”.

14 (d) TIMELY FILED CLAIMS.—Section 502(b)(9) of
15 title 11, United States Code, is amended by inserting be-
16 fore the period at the end the following “, and except that
17 in a case under chapter 13, a claim of a governmental
18 unit for a tax with respect to a return filed under section
19 1308 shall be timely if the claim is filed on or before the
20 date that is 60 days after the date on which such return
21 was filed as required”.

22 (e) RULES FOR OBJECTIONS TO CLAIMS AND TO
23 CONFIRMATION.—It is the sense of Congress that the Ad-
24 visory Committee on Bankruptcy Rules of the Judicial
25 Conference of the United States should, as soon as prac-

1 ticable after the date of enactment of this Act, propose
2 for adoption amended Federal Rules of Bankruptcy Proce-
3 dure which provide that—

4 (1) notwithstanding the provisions of Rule
5 3015(f), in cases under chapter 13 of title 11,
6 United States Code, an objection to the confirmation
7 of a plan filed by a governmental unit on or before
8 the date that is 60 days after the date on which the
9 debtor files all tax returns required under sections
10 1308 and 1325(a)(7) of title 11, United States
11 Code, shall be treated for all purposes as if such ob-
12 jection had been timely filed before such confirma-
13 tion; and

14 (2) in addition to the provisions of Rule 3007,
15 in a case under chapter 13 of title 11, United States
16 Code, no objection to a tax with respect to which a
17 return is required to be filed under section 1308 of
18 title 11, United States Code, shall be filed until such
19 return has been filed as required.

20 **SEC. 717. STANDARDS FOR TAX DISCLOSURE.**

21 Section 1125(a)(1) of title 11, United States Code,
22 is amended—

23 (1) by inserting “including a discussion of the
24 potential material Federal tax consequences of the
25 plan to the debtor, any successor to the debtor, and

1 a hypothetical investor typical of the holders of
2 claims or interests in the case,” after “records”; and

3 (2) by striking “a hypothetical reasonable inves-
4 tor typical of holders of claims or interests” and in-
5 serting “such a hypothetical investor”.

6 **SEC. 718. SETOFF OF TAX REFUNDS.**

7 Section 362(b) of title 11, United States Code, is
8 amended by inserting after paragraph (26), as added by
9 this Act, the following:

10 “(27) under subsection (a), of the setoff under
11 applicable nonbankruptcy law of an income tax re-
12 fund, by a governmental unit, with respect to a tax-
13 able period that ended before the order for relief
14 against an income tax liability for a taxable period
15 that also ended before the order for relief, except
16 that in any case in which the setoff of an income tax
17 refund is not permitted under applicable nonbank-
18 ruptcy law because of a pending action to determine
19 the amount or legality of a tax liability, the govern-
20 mental unit may hold the refund pending the resolu-
21 tion of the action, unless the court, upon motion of
22 the trustee and after notice and hearing, grants the
23 taxing authority adequate protection (within the
24 meaning of section 361) for the secured claim of
25 that authority in the setoff under section 506(a);”.

1 **SEC. 719. SPECIAL PROVISIONS RELATED TO THE TREAT-**
2 **MENT OF STATE AND LOCAL TAXES.**

3 (a) IN GENERAL.—Section 346 of title 11, United
4 States Code, is amended to read as follows:

5 **“§ 346. Special provisions related to the treatment of**
6 **state and local taxes**

7 “(a) Whenever the Internal Revenue Code of 1986
8 provides that a separate taxable estate or entity is created
9 in a case concerning a debtor under this title, and the in-
10 come, gain, loss, deductions, and credits of such estate
11 shall be taxed to or claimed by the estate, a separate tax-
12 able estate is also created for purposes of any State and
13 local law imposing a tax on or measured by income and
14 such income, gain, loss, deductions, and credits shall be
15 taxed to or claimed by the estate and may not be taxed
16 to or claimed by the debtor. The preceding sentence shall
17 not apply if the case is dismissed. The trustee shall make
18 tax returns of income required under any such State or
19 local law.

20 “(b) Whenever the Internal Revenue Code of 1986
21 provides that no separate taxable estate shall be created
22 in a case concerning a debtor under this title, and the in-
23 come, gain, loss, deductions, and credits of an estate shall
24 be taxed to or claimed by the debtor, such income, gain,
25 loss, deductions, and credits shall be taxed to or claimed
26 by the debtor under a State or local law imposing a tax

1 on or measured by income and may not be taxed to or
2 claimed by the estate. The trustee shall make such tax
3 returns of income of corporations and of partnerships as
4 are required under any State or local law, but with respect
5 to partnerships, shall make said returns only to the extent
6 such returns are also required to be made under such
7 Code. The estate shall be liable for any tax imposed on
8 such corporation or partnership, but not for any tax im-
9 posed on partners or members.

10 “(c) With respect to a partnership or any entity treat-
11 ed as a partnership under a State or local law imposing
12 a tax on or measured by income that is a debtor in a case
13 under this title, any gain or loss resulting from a distribu-
14 tion of property from such partnership, or any distributive
15 share of any income, gain, loss, deduction, or credit of a
16 partner or member that is distributed, or considered dis-
17 tributed, from such partnership, after the commencement
18 of the case, is gain, loss, income, deduction, or credit, as
19 the case may be, of the partner or member, and if such
20 partner or member is a debtor in a case under this title,
21 shall be subject to tax in accordance with subsection (a)
22 or (b).

23 “(d) For purposes of any State or local law imposing
24 a tax on or measured by income, the taxable period of
25 a debtor in a case under this title shall terminate only

1 if and to the extent that the taxable period of such debtor
2 terminates under the Internal Revenue Code of 1986.

3 “(e) The estate in any case described in subsection
4 (a) shall use the same accounting method as the debtor
5 used immediately before the commencement of the case,
6 if such method of accounting complies with applicable non-
7 bankruptcy tax law.

8 “(f) For purposes of any State or local law imposing
9 a tax on or measured by income, a transfer of property
10 from the debtor to the estate or from the estate to the
11 debtor shall not be treated as a disposition for purposes
12 of any provision assigning tax consequences to a disposi-
13 tion, except to the extent that such transfer is treated as
14 a disposition under the Internal Revenue Code of 1986.

15 “(g) Whenever a tax is imposed pursuant to a State
16 or local law imposing a tax on or measured by income pur-
17 suant to subsection (a) or (b), such tax shall be imposed
18 at rates generally applicable to the same types of entities
19 under such State or local law.

20 “(h) The trustee shall withhold from any payment of
21 claims for wages, salaries, commissions, dividends, inter-
22 est, or other payments, or collect, any amount required
23 to be withheld or collected under applicable State or local
24 tax law, and shall pay such withheld or collected amount
25 to the appropriate governmental unit at the time and in

1 the manner required by such tax law, and with the same
2 priority as the claim from which such amount was with-
3 held or collected was paid.

4 “(i)(1) To the extent that any State or local law im-
5 posing a tax on or measured by income provides for the
6 carryover of any tax attribute from one taxable period to
7 a subsequent taxable period, the estate shall succeed to
8 such tax attribute in any case in which such estate is sub-
9 ject to tax under subsection (a).

10 “(2) After such a case is closed or dismissed, the
11 debtor shall succeed to any tax attribute to which the es-
12 tate succeeded under paragraph (1) to the extent con-
13 sistent with the Internal Revenue Code of 1986.

14 “(3) The estate may carry back any loss or tax at-
15 tribute to a taxable period of the debtor that ended before
16 the order for relief under this title to the extent that—

17 “(A) applicable State or local tax law provides
18 for a carryback in the case of the debtor; and

19 “(B) the same or a similar tax attribute may be
20 carried back by the estate to such a taxable period
21 of the debtor under the Internal Revenue Code of
22 1986.

23 “(j)(1) For purposes of any State or local law impos-
24 ing a tax on or measured by income, income is not realized
25 by the estate, the debtor, or a successor to the debtor by

1 reason of discharge of indebtedness in a case under this
2 title, except to the extent, if any, that such income is sub-
3 ject to tax under the Internal Revenue Code of 1986.

4 “(2) Whenever the Internal Revenue Code of 1986
5 provides that the amount excluded from gross income in
6 respect of the discharge of indebtedness in a case under
7 this title shall be applied to reduce the tax attributes of
8 the debtor or the estate, a similar reduction shall be made
9 under any State or local law imposing a tax on or meas-
10 ured by income to the extent such State or local law recog-
11 nizes such attributes. Such State or local law may also
12 provide for the reduction of other attributes to the extent
13 that the full amount of income from the discharge of in-
14 debtedness has not been applied.

15 “(k)(1) Except as provided in this section and section
16 505, the time and manner of filing tax returns and the
17 items of income, gain, loss, deduction, and credit of any
18 taxpayer shall be determined under applicable nonbank-
19 ruptcy law.

20 “(2) For Federal tax purposes, the provisions of this
21 section are subject to the Internal Revenue Code of 1986
22 and other applicable Federal nonbankruptcy law.”.

23 (b) CONFORMING AMENDMENTS.—

24 (1) Section 728 of title 11, United States Code,
25 is repealed.

1 (2) Section 1146 of title 11, United States
2 Code, is amended—

3 (A) by striking subsections (a) and (b);
4 and

5 (B) by redesignating subsections (c) and
6 (d) as subsections (a) and (b), respectively.

7 (3) Section 1231 of title 11, United States
8 Code, is amended—

9 (A) by striking subsections (a) and (b);
10 and

11 (B) by redesignating subsections (c) and
12 (d) as subsections (a) and (b), respectively.

13 **SEC. 720. DISMISSAL FOR FAILURE TO TIMELY FILE TAX**
14 **RETURNS.**

15 Section 521 of title 11, United States Code, as
16 amended by this Act, is amended by adding at the end
17 the following:

18 “(k)(1) Notwithstanding any other provision of this
19 title, if the debtor fails to file a tax return that becomes
20 due after the commencement of the case or to properly
21 obtain an extension of the due date for filing such return,
22 the taxing authority may request that the court enter an
23 order converting or dismissing the case.

24 “(2) If the debtor does not file the required return
25 or obtain the extension referred to in paragraph (1) within

1 90 days after a request is filed by the taxing authority
 2 under that paragraph, the court shall convert or dismiss
 3 the case, whichever is in the best interests of creditors and
 4 the estate.”.

5 **TITLE VIII—ANCILLARY AND**
 6 **OTHER CROSS-BORDER CASES**

7 **SEC. 801. AMENDMENT TO ADD CHAPTER 15 TO TITLE 11,**
 8 **UNITED STATES CODE.**

9 (a) IN GENERAL.—Title 11, United States Code, is
 10 amended by inserting after chapter 13 the following:

11 **“CHAPTER 15—ANCILLARY AND OTHER**
 12 **CROSS-BORDER CASES**

“Sec.

“1501. Purpose and scope of application.

“SUBCHAPTER I—GENERAL PROVISIONS

“1502. Definitions.

“1503. International obligations of the United States.

“1504. Commencement of ancillary case.

“1505. Authorization to act in a foreign country.

“1506. Public policy exception.

“1507. Additional assistance.

“1508. Interpretation.

“SUBCHAPTER II—ACCESS OF FOREIGN REPRESENTATIVES AND
 CREDITORS TO THE COURT

“1509. Right of direct access.

“1510. Limited jurisdiction.

“1511. Commencement of case under section 301 or 303.

“1512. Participation of a foreign representative in a case under this title.

“1513. Access of foreign creditors to a case under this title.

“1514. Notification to foreign creditors concerning a case under this title.

“SUBCHAPTER III—RECOGNITION OF A FOREIGN PROCEEDING
 AND RELIEF

“1515. Application for recognition.

“1516. Presumptions concerning recognition.

“1517. Order granting recognition.

“1518. Subsequent information.

- “1519. Relief that may be granted upon filing petition for recognition.
- “1520. Effects of recognition of a foreign main proceeding.
- “1521. Relief that may be granted upon recognition.
- “1522. Protection of creditors and other interested persons.
- “1523. Actions to avoid acts detrimental to creditors.
- “1524. Intervention by a foreign representative.

“SUBCHAPTER IV—COOPERATION WITH FOREIGN COURTS AND
FOREIGN REPRESENTATIVES

- “1525. Cooperation and direct communication between the court and foreign courts or foreign representatives.
- “1526. Cooperation and direct communication between the trustee and foreign courts or foreign representatives.
- “1527. Forms of cooperation.

“SUBCHAPTER V—CONCURRENT PROCEEDINGS

- “1528. Commencement of a case under this title after recognition of a foreign main proceeding.
- “1529. Coordination of a case under this title and a foreign proceeding.
- “1530. Coordination of more than 1 foreign proceeding.
- “1531. Presumption of insolvency based on recognition of a foreign main proceeding.
- “1532. Rule of payment in concurrent proceedings.

1 “§ 1501. Purpose and scope of application

2 “(a) The purpose of this chapter is to incorporate the
3 Model Law on Cross-Border Insolvency so as to provide
4 effective mechanisms for dealing with cases of cross-border
5 insolvency with the objectives of—

6 “(1) cooperation between—

7 “(A) United States courts, United States
8 trustees, trustees, examiners, debtors, and debtors
9 in possession; and

10 “(B) the courts and other competent au-
11 thorities of foreign countries involved in cross-
12 border insolvency cases;

13 “(2) greater legal certainty for trade and in-
14 vestment;

1 “(3) fair and efficient administration of cross-
2 border insolvencies that protects the interests of all
3 creditors, and other interested entities, including the
4 debtor;

5 “(4) protection and maximization of the value
6 of the debtor’s assets; and

7 “(5) facilitation of the rescue of financially
8 troubled businesses, thereby protecting investment
9 and preserving employment.

10 “(b) This chapter applies where—

11 “(1) assistance is sought in the United States
12 by a foreign court or a foreign representative in con-
13 nection with a foreign proceeding;

14 “(2) assistance is sought in a foreign country in
15 connection with a case under this title;

16 “(3) a foreign proceeding and a case under this
17 title with respect to the same debtor are taking place
18 concurrently; or

19 “(4) creditors or other interested persons in a
20 foreign country have an interest in requesting the
21 commencement of, or participating in, a case or pro-
22 ceeding under this title.

23 “(c) This chapter does not apply to—

1 “(1) a proceeding concerning an entity, other
2 than a foreign insurance company, identified by ex-
3 clusion in section 109(b);

4 “(2) an individual, or to an individual and such
5 individual’s spouse, who have debts within the limits
6 specified in section 109(e) and who are citizens of
7 the United States or aliens lawfully admitted for
8 permanent residence in the United States; or

9 “(3) an entity subject to a proceeding under the
10 Securities Investor Protection Act of 1970, a stock-
11 broker subject to subchapter III of chapter 7 of this
12 title, or a commodity broker subject to subchapter
13 IV of chapter 7 of this title.

14 “(d) The court may not grant relief under this chap-
15 ter with respect to any deposit, escrow, trust fund, or
16 other security required or permitted under any applicable
17 State insurance law or regulation for the benefit of claim
18 holders in the United States.

19 “SUBCHAPTER I—GENERAL PROVISIONS

20 “§ 1502. Definitions

21 “For the purposes of this chapter, the term—

22 “(1) ‘debtor’ means an entity that is the subject
23 of a foreign proceeding;

1 “(2) ‘establishment’ means any place of oper-
2 ations where the debtor carries out a nontransitory
3 economic activity;

4 “(3) ‘foreign court’ means a judicial or other
5 authority competent to control or supervise a foreign
6 proceeding;

7 “(4) ‘foreign main proceeding’ means a foreign
8 proceeding taking place in the country where the
9 debtor has the center of its main interests;

10 “(5) ‘foreign nonmain proceeding’ means a for-
11 eign proceeding, other than a foreign main pro-
12 ceeding, taking place in a country where the debtor
13 has an establishment;

14 “(6) ‘trustee’ includes a trustee, a debtor in
15 possession in a case under any chapter of this title,
16 or a debtor under chapter 9 of this title;

17 “(7) ‘recognition’ means the entry of an order
18 granting recognition of a foreign main proceeding or
19 foreign nonmain proceeding under this chapter; and

20 “(8) ‘within the territorial jurisdiction of the
21 United States’, when used with reference to property
22 of a debtor, refers to tangible property located with-
23 in the territory of the United States and intangible
24 property deemed under applicable nonbankruptcy
25 law to be located within that territory, including any

1 property subject to attachment or garnishment that
2 may properly be seized or garnished by an action in
3 a Federal or State court in the United States.

4 **“§ 1503. International obligations of the United States**

5 “To the extent that this chapter conflicts with an ob-
6 ligation of the United States arising out of any treaty or
7 other form of agreement to which it is a party with one
8 or more other countries, the requirements of the treaty
9 or agreement prevail.

10 **“§ 1504. Commencement of ancillary case**

11 “A case under this chapter is commenced by the filing
12 of a petition for recognition of a foreign proceeding under
13 section 1515.

14 **“§ 1505. Authorization to act in a foreign country**

15 “A trustee or another entity (including an examiner)
16 may be authorized by the court to act in a foreign country
17 on behalf of an estate created under section 541. An entity
18 authorized to act under this section may act in any way
19 permitted by the applicable foreign law.

20 **“§ 1506. Public policy exception**

21 “Nothing in this chapter prevents the court from re-
22 fusing to take an action governed by this chapter if the
23 action would be manifestly contrary to the public policy
24 of the United States.

1 **“§ 1507. Additional assistance**

2 “(a) Subject to the specific limitations stated else-
3 where in this chapter the court, if recognition is granted,
4 may provide additional assistance to a foreign representa-
5 tive under this title or under other laws of the United
6 States.

7 “(b) In determining whether to provide additional as-
8 sistance under this title or under other laws of the United
9 States, the court shall consider whether such additional
10 assistance, consistent with the principles of comity, will
11 reasonably assure—

12 “(1) just treatment of all holders of claims
13 against or interests in the debtor’s property;

14 “(2) protection of claim holders in the United
15 States against prejudice and inconvenience in the
16 processing of claims in such foreign proceeding;

17 “(3) prevention of preferential or fraudulent
18 dispositions of property of the debtor;

19 “(4) distribution of proceeds of the debtor’s
20 property substantially in accordance with the order
21 prescribed by this title; and

22 “(5) if appropriate, the provision of an oppor-
23 tunity for a fresh start for the individual that such
24 foreign proceeding concerns.

1 **“§ 1508. Interpretation**

2 “In interpreting this chapter, the court shall consider
3 its international origin, and the need to promote an appli-
4 cation of this chapter that is consistent with the applica-
5 tion of similar statutes adopted by foreign jurisdictions.

6 **“SUBCHAPTER II—ACCESS OF FOREIGN REP-**
7 **RESENTATIVES AND CREDITORS TO THE**
8 **COURT**

9 **“§ 1509. Right of direct access**

10 “(a) A foreign representative may commence a case
11 under section 1504 by filing directly with the court a peti-
12 tion for recognition of a foreign proceeding under section
13 1515.

14 “(b) If the court grants recognition under section
15 1515, and subject to any limitations that the court may
16 impose consistent with the policy of this chapter—

17 “(1) the foreign representative has the capacity
18 to sue and be sued in a court in the United States;

19 “(2) the foreign representative may apply di-
20 rectly to a court in the United States for appropriate
21 relief in that court; and

22 “(3) a court in the United States shall grant
23 comity or cooperation to the foreign representative.

24 “(c) A request for comity or cooperation by a foreign
25 representative in a court in the United States other than
26 the court which granted recognition shall be accompanied

1 by a certified copy of an order granting recognition under
2 section 1517.

3 “(d) If the court denies recognition under this chap-
4 ter, the court may issue any appropriate order necessary
5 to prevent the foreign representative from obtaining com-
6 ity or cooperation from courts in the United States.

7 “(e) Whether or not the court grants recognition, and
8 subject to sections 306 and 1510, a foreign representative
9 is subject to applicable nonbankruptcy law.

10 “(f) Notwithstanding any other provision of this sec-
11 tion, the failure of a foreign representative to commence
12 a case or to obtain recognition under this chapter does
13 not affect any right the foreign representative may have
14 to sue in a court in the United States to collect or recover
15 a claim which is the property of the debtor.

16 **“§ 1510. Limited jurisdiction**

17 “The sole fact that a foreign representative files a
18 petition under section 1515 does not subject the foreign
19 representative to the jurisdiction of any court in the
20 United States for any other purpose.

21 **“§ 1511. Commencement of case under section 301 or**

22 **303**

23 “(a) Upon recognition, a foreign representative may
24 commence—

25 “(1) an involuntary case under section 303; or

1 “(2) a voluntary case under section 301 or 302,
2 if the foreign proceeding is a foreign main pro-
3 ceeding.

4 “(b) The petition commencing a case under sub-
5 section (a) must be accompanied by a certified copy of
6 an order granting recognition. The court where the peti-
7 tion for recognition has been filed must be advised of the
8 foreign representative’s intent to commence a case under
9 subsection (a) prior to such commencement.

10 **“§ 1512. Participation of a foreign representative in a**
11 **case under this title**

12 “Upon recognition of a foreign proceeding, the for-
13 eign representative in the recognized proceeding is entitled
14 to participate as a party in interest in a case regarding
15 the debtor under this title.

16 **“§ 1513. Access of foreign creditors to a case under**
17 **this title**

18 “(a) Foreign creditors have the same rights regarding
19 the commencement of, and participation in, a case under
20 this title as domestic creditors.

21 “(b)(1) Subsection (a) does not change or codify
22 present law as to the priority of claims under section 507
23 or 726 of this title, except that the claim of a foreign cred-
24 itor under those sections shall not be given a lower priority
25 than that of general unsecured claims without priority

1 solely because the holder of such claim is a foreign cred-
2 itor.

3 “(2)(A) Subsection (a) and paragraph (1) do not
4 change or codify present law as to the allowability of for-
5 eign revenue claims or other foreign public law claims in
6 a proceeding under this title.

7 “(B) Allowance and priority as to a foreign tax claim
8 or other foreign public law claim shall be governed by any
9 applicable tax treaty of the United States, under the con-
10 ditions and circumstances specified therein.

11 **“§ 1514. Notification to foreign creditors concerning a**
12 **case under this title**

13 “(a) Whenever in a case under this title notice is to
14 be given to creditors generally or to any class or category
15 of creditors, such notice shall also be given to the known
16 creditors generally, or to creditors in the notified class or
17 category, that do not have addresses in the United States.
18 The court may order that appropriate steps be taken with
19 a view to notifying any creditor whose address is not yet
20 known.

21 “(b) Such notification to creditors with foreign ad-
22 dresses described in subsection (a) shall be given individ-
23 ually, unless the court considers that, under the cir-
24 cumstances, some other form of notification would be
25 more appropriate. No letter or other formality is required.

1 “(c) When a notification of commencement of a case
2 is to be given to foreign creditors, the notification shall—

3 “(1) indicate the time period for filing proofs of
4 claim and specify the place for their filing;

5 “(2) indicate whether secured creditors need to
6 file their proofs of claim; and

7 “(3) contain any other information required to
8 be included in such a notification to creditors under
9 this title and the orders of the court.

10 “(d) Any rule of procedure or order of the court as
11 to notice or the filing of a claim shall provide such addi-
12 tional time to creditors with foreign addresses as is rea-
13 sonable under the circumstances.

14 “SUBCHAPTER III—RECOGNITION OF A
15 FOREIGN PROCEEDING AND RELIEF

16 **“§ 1515. Application for recognition**

17 “(a) A foreign representative applies to the court for
18 recognition of the foreign proceeding in which the foreign
19 representative has been appointed by filing a petition for
20 recognition.

21 “(b) A petition for recognition shall be accompanied
22 by—

23 “(1) a certified copy of the decision com-
24 mencing the foreign proceeding and appointing the
25 foreign representative;

1 “(2) a certificate from the foreign court affirm-
2 ing the existence of the foreign proceeding and of
3 the appointment of the foreign representative; or

4 “(3) in the absence of evidence referred to in
5 paragraphs (1) and (2), any other evidence accept-
6 able to the court of the existence of the foreign pro-
7 ceeding and of the appointment of the foreign rep-
8 resentative.

9 “(c) A petition for recognition shall also be accom-
10 panied by a statement identifying all foreign proceedings
11 with respect to the debtor that are known to the foreign
12 representative.

13 “(d) The documents referred to in paragraphs (1)
14 and (2) of subsection (b) shall be translated into English.
15 The court may require a translation into English of addi-
16 tional documents.

17 **“§ 1516. Presumptions concerning recognition**

18 “(a) If the decision or certificate referred to in section
19 1515(b) indicates that the foreign proceeding is a foreign
20 proceeding (as defined in section 101) and that the person
21 or body is a foreign representative (as defined in section
22 101), the court is entitled to so presume.

23 “(b) The court is entitled to presume that documents
24 submitted in support of the petition for recognition are
25 authentic, whether or not they have been legalized.

1 “(c) In the absence of evidence to the contrary, the
2 debtor’s registered office, or habitual residence in the case
3 of an individual, is presumed to be the center of the debt-
4 or’s main interests.

5 **“§ 1517. Order granting recognition**

6 “(a) Subject to section 1506, after notice and a hear-
7 ing, an order recognizing a foreign proceeding shall be en-
8 tered if—

9 “(1) the foreign proceeding for which recogni-
10 tion is sought is a foreign main proceeding or for-
11 eign nonmain proceeding within the meaning of sec-
12 tion 1502;

13 “(2) the foreign representative applying for rec-
14 ognition is a person or body as defined in section
15 101; and

16 “(3) the petition meets the requirements of sec-
17 tion 1515.

18 “(b) The foreign proceeding shall be recognized—

19 “(1) as a foreign main proceeding if it is taking
20 place in the country where the debtor has the center
21 of its main interests; or

22 “(2) as a foreign nonmain proceeding if the
23 debtor has an establishment within the meaning of
24 section 1502 in the foreign country where the pro-
25 ceeding is pending.

1 “(c) A petition for recognition of a foreign proceeding
2 shall be decided upon at the earliest possible time. Entry
3 of an order recognizing a foreign proceeding constitutes
4 recognition under this chapter.

5 “(d) The provisions of this subchapter do not prevent
6 modification or termination of recognition if it is shown
7 that the grounds for granting it were fully or partially
8 lacking or have ceased to exist, but in considering such
9 action the court shall give due weight to possible prejudice
10 to parties that have relied upon the order granting rec-
11 ognition. The case under this chapter may be closed in
12 the manner prescribed under section 350.

13 **“§ 1518. Subsequent information**

14 “From the time of filing the petition for recognition
15 of the foreign proceeding, the foreign representative shall
16 file with the court promptly a notice of change of status
17 concerning—

18 “(1) any substantial change in the status of the
19 foreign proceeding or the status of the foreign rep-
20 resentative’s appointment; and

21 “(2) any other foreign proceeding regarding the
22 debtor that becomes known to the foreign represent-
23 ative.

1 **“§ 1519. Relief that may be granted upon filing peti-**
2 **tion for recognition**

3 “(a) From the time of filing a petition for recognition
4 until the court rules on the petition, the court may, at
5 the request of the foreign representative, where relief is
6 urgently needed to protect the assets of the debtor or the
7 interests of the creditors, grant relief of a provisional na-
8 ture, including—

9 “(1) staying execution against the debtor’s as-
10 sets;

11 “(2) entrusting the administration or realiza-
12 tion of all or part of the debtor’s assets located in
13 the United States to the foreign representative or
14 another person authorized by the court, including an
15 examiner, in order to protect and preserve the value
16 of assets that, by their nature or because of other
17 circumstances, are perishable, susceptible to devalu-
18 ation or otherwise in jeopardy; and

19 “(3) any relief referred to in paragraph (3),
20 (4), or (7) of section 1521(a).

21 “(b) Unless extended under section 1521(a)(6), the
22 relief granted under this section terminates when the peti-
23 tion for recognition is granted.

24 “(c) It is a ground for denial of relief under this sec-
25 tion that such relief would interfere with the administra-
26 tion of a foreign main proceeding.

1 “(d) The court may not enjoin a police or regulatory
2 act of a governmental unit, including a criminal action or
3 proceeding, under this section.

4 “(e) The standards, procedures, and limitations ap-
5 plicable to an injunction shall apply to relief under this
6 section.

7 “(f) The exercise of rights not subject to the stay
8 arising under section 362(a) pursuant to paragraph (6),
9 (7), (17), or (28) of section 362(b) or pursuant to section
10 362(l) shall not be stayed by any order of a court or ad-
11 ministrative agency in any proceeding under this chapter.

12 **“§ 1520. Effects of recognition of a foreign main pro-**
13 **ceeding**

14 “(a) Upon recognition of a foreign proceeding that
15 is a foreign main proceeding—

16 “(1) sections 361 and 362 apply with respect to
17 the debtor and that property of the debtor that is
18 within the territorial jurisdiction of the United
19 States;

20 “(2) sections 363, 549, and 552 of this title
21 apply to a transfer of an interest of the debtor in
22 property that is within the territorial jurisdiction of
23 the United States to the same extent that the sec-
24 tions would apply to property of an estate;

1 “(3) unless the court orders otherwise, the for-
2 foreign representative may operate the debtor’s busi-
3 ness and may exercise the rights and powers of a
4 trustee under and to the extent provided by sections
5 363 and 552; and

6 “(4) section 552 applies to property of the debt-
7 or that is within the territorial jurisdiction of the
8 United States.

9 “(b) Subsection (a) does not affect the right to com-
10 mence an individual action or proceeding in a foreign
11 country to the extent necessary to preserve a claim against
12 the debtor.

13 “(c) Subsection (a) does not affect the right of a for-
14 eign representative or an entity to file a petition com-
15 mencing a case under this title or the right of any party
16 to file claims or take other proper actions in such a case.

17 **“§ 1521. Relief that may be granted upon recognition**

18 “(a) Upon recognition of a foreign proceeding, wheth-
19 er main or nonmain, where necessary to effectuate the
20 purpose of this chapter and to protect the assets of the
21 debtor or the interests of the creditors, the court may, at
22 the request of the foreign representative, grant any appro-
23 priate relief, including—

24 “(1) staying the commencement or continuation
25 of an individual action or proceeding concerning the

1 debtor's assets, rights, obligations or liabilities to the
2 extent they have not been stayed under section
3 1520(a);

4 “(2) staying execution against the debtor's as-
5 sets to the extent it has not been stayed under sec-
6 tion 1520(a);

7 “(3) suspending the right to transfer, encumber
8 or otherwise dispose of any assets of the debtor to
9 the extent this right has not been suspended under
10 section 1520(a);

11 “(4) providing for the examination of witnesses,
12 the taking of evidence or the delivery of information
13 concerning the debtor's assets, affairs, rights, obliga-
14 tions or liabilities;

15 “(5) entrusting the administration or realiza-
16 tion of all or part of the debtor's assets within the
17 territorial jurisdiction of the United States to the
18 foreign representative or another person, including
19 an examiner, authorized by the court;

20 “(6) extending relief granted under section
21 1519(a); and

22 “(7) granting any additional relief that may be
23 available to a trustee, except for relief available
24 under sections 522, 544, 545, 547, 548, 550, and
25 724(a).

1 “(b) Upon recognition of a foreign proceeding, wheth-
2 er main or nonmain, the court may, at the request of the
3 foreign representative, entrust the distribution of all or
4 part of the debtor’s assets located in the United States
5 to the foreign representative or another person, including
6 an examiner, authorized by the court, provided that the
7 court is satisfied that the interests of creditors in the
8 United States are sufficiently protected.

9 “(c) In granting relief under this section to a rep-
10 resentative of a foreign nonmain proceeding, the court
11 must be satisfied that the relief relates to assets that,
12 under the law of the United States, should be adminis-
13 tered in the foreign nonmain proceeding or concerns infor-
14 mation required in that proceeding.

15 “(d) The court may not enjoin a police or regulatory
16 act of a governmental unit, including a criminal action or
17 proceeding, under this section.

18 “(e) The standards, procedures, and limitations ap-
19 plicable to an injunction shall apply to relief under para-
20 graphs (1), (2), (3), and (6) of subsection (a).

21 “(f) The exercise of rights not subject to the stay
22 arising under section 362(a) pursuant to paragraph (6),
23 (7), (17), or (28) of section 362(b) or pursuant to section
24 362(l) shall not be stayed by any order of a court or ad-
25 ministrative agency in any proceeding under this chapter.

1 **“§ 1522. Protection of creditors and other interested**
2 **persons**

3 “(a) The court may grant relief under section 1519
4 or 1521, or may modify or terminate relief under sub-
5 section (c), only if the interests of the creditors and other
6 interested entities, including the debtor, are sufficiently
7 protected.

8 “(b) The court may subject relief granted under sec-
9 tion 1519 or 1521, or the operation of the debtor’s busi-
10 ness under section 1520(a)(3) of this title, to conditions
11 it considers appropriate, including the giving of security
12 or the filing of a bond.

13 “(c) The court may, at the request of the foreign rep-
14 resentative or an entity affected by relief granted under
15 section 1519 or 1521, or at its own motion, modify or
16 terminate such relief.

17 “(d) Section 1104(d) shall apply to the appointment
18 of an examiner under this chapter. Any examiner shall
19 comply with the qualification requirements imposed on a
20 trustee by section 322.

21 **“§ 1523. Actions to avoid acts detrimental to creditors**

22 “(a) Upon recognition of a foreign proceeding, the
23 foreign representative has standing in a case concerning
24 the debtor pending under another chapter of this title to
25 initiate actions under sections 522, 544, 545, 547, 548,
26 550, 553, and 724(a).

1 “(b) When the foreign proceeding is a foreign
2 nonmain proceeding, the court must be satisfied that an
3 action under subsection (a) relates to assets that, under
4 United States law, should be administered in the foreign
5 nonmain proceeding.

6 **“§ 1524. Intervention by a foreign representative**

7 “Upon recognition of a foreign proceeding, the for-
8 eign representative may intervene in any proceedings in
9 a State or Federal court in the United States in which
10 the debtor is a party.

11 “SUBCHAPTER IV—COOPERATION WITH FOR-
12 EIGN COURTS AND FOREIGN REPRESENTA-
13 TIVES

14 **“§ 1525. Cooperation and direct communication be-
15 tween the court and foreign courts or for-
16 eign representatives**

17 “(a) Consistent with section 1501, the court shall co-
18 operate to the maximum extent possible with foreign
19 courts or foreign representatives, either directly or
20 through the trustee.

21 “(b) The court is entitled to communicate directly
22 with, or to request information or assistance directly from,
23 foreign courts or foreign representatives, subject to the
24 rights of parties in interest to notice and participation.

1 **“§ 1526. Cooperation and direct communication be-**
2 **tween the trustee and foreign courts or**
3 **foreign representatives**

4 “(a) Consistent with section 1501, the trustee or
5 other person, including an examiner, authorized by the
6 court, shall, subject to the supervision of the court, cooper-
7 ate to the maximum extent possible with foreign courts
8 or foreign representatives.

9 “(b) The trustee or other person, including an exam-
10 iner, authorized by the court is entitled, subject to the su-
11 pervision of the court, to communicate directly with for-
12 eign courts or foreign representatives.

13 **“§ 1527. Forms of cooperation**

14 “Cooperation referred to in sections 1525 and 1526
15 may be implemented by any appropriate means,
16 including—

17 “(1) appointment of a person or body, including
18 an examiner, to act at the direction of the court;

19 “(2) communication of information by any
20 means considered appropriate by the court;

21 “(3) coordination of the administration and su-
22 pervision of the debtor’s assets and affairs;

23 “(4) approval or implementation of agreements
24 concerning the coordination of proceedings; and

25 “(5) coordination of concurrent proceedings re-
26 garding the same debtor.

1 “SUBCHAPTER V—CONCURRENT PROCEEDINGS

2 **“§ 1528. Commencement of a case under this title**

3 **after recognition of a foreign main pro-**

4 **ceeding**

5 “After recognition of a foreign main proceeding, a
6 case under another chapter of this title may be commenced
7 only if the debtor has assets in the United States. The
8 effects of such case shall be restricted to the assets of the
9 debtor that are within the territorial jurisdiction of the
10 United States and, to the extent necessary to implement
11 cooperation and coordination under sections 1525, 1526,
12 and 1527, to other assets of the debtor that are within
13 the jurisdiction of the court under sections 541(a) of this
14 title, and 1334(e) of title 28, to the extent that such other
15 assets are not subject to the jurisdiction and control of
16 a foreign proceeding that has been recognized under this
17 chapter.

18 **“§ 1529. Coordination of a case under this title and a**

19 **foreign proceeding**

20 “If a foreign proceeding and a case under another
21 chapter of this title are taking place concurrently regard-
22 ing the same debtor, the court shall seek cooperation and
23 coordination under sections 1525, 1526, and 1527, and
24 the following shall apply:

1 “(1) If the case in the United States is taking
2 place at the time the petition for recognition of the
3 foreign proceeding is filed—

4 “(A) any relief granted under sections
5 1519 or 1521 must be consistent with the relief
6 granted in the case in the United States; and

7 “(B) even if the foreign proceeding is rec-
8 ognized as a foreign main proceeding, section
9 1520 does not apply.

10 “(2) If a case in the United States under this
11 title commences after recognition, or after the filing
12 of the petition for recognition, of the foreign
13 proceeding—

14 “(A) any relief in effect under sections
15 1519 or 1521 shall be reviewed by the court
16 and shall be modified or terminated if incon-
17 sistent with the case in the United States; and

18 “(B) if the foreign proceeding is a foreign
19 main proceeding, the stay and suspension re-
20 ferred to in section 1520(a) shall be modified or
21 terminated if inconsistent with the relief grant-
22 ed in the case in the United States.

23 “(3) In granting, extending, or modifying relief
24 granted to a representative of a foreign nonmain
25 proceeding, the court must be satisfied that the re-

1 relief relates to assets that, under the laws of the
2 United States, should be administered in the foreign
3 nonmain proceeding or concerns information re-
4 quired in that proceeding.

5 “(4) In achieving cooperation and coordination
6 under sections 1528 and 1529, the court may grant
7 any of the relief authorized under section 305.

8 **“§ 1530. Coordination of more than 1 foreign pro-**
9 **ceeding**

10 “In matters referred to in section 1501, with respect
11 to more than 1 foreign proceeding regarding the debtor,
12 the court shall seek cooperation and coordination under
13 sections 1525, 1526, and 1527, and the following shall
14 apply:

15 “(1) Any relief granted under section 1519 or
16 1521 to a representative of a foreign nonmain pro-
17 ceeding after recognition of a foreign main pro-
18 ceeding must be consistent with the foreign main
19 proceeding.

20 “(2) If a foreign main proceeding is recognized
21 after recognition, or after the filing of a petition for
22 recognition, of a foreign nonmain proceeding, any
23 relief in effect under section 1519 or 1521 shall be
24 reviewed by the court and shall be modified or termi-

1 nated if inconsistent with the foreign main pro-
2 ceeding.

3 “(3) If, after recognition of a foreign nonmain
4 proceeding, another foreign nonmain proceeding is
5 recognized, the court shall grant, modify, or termi-
6 nate relief for the purpose of facilitating coordina-
7 tion of the proceedings.

8 **“§ 1531. Presumption of insolvency based on recogni-
9 tion of a foreign main proceeding**

10 “In the absence of evidence to the contrary, recogni-
11 tion of a foreign main proceeding is, for the purpose of
12 commencing a proceeding under section 303, proof that
13 the debtor is generally not paying its debts as such debts
14 become due.

15 **“§ 1532. Rule of payment in concurrent proceedings**

16 “Without prejudice to secured claims or rights in
17 rem, a creditor who has received payment with respect to
18 its claim in a foreign proceeding pursuant to a law relating
19 to insolvency may not receive a payment for the same
20 claim in a case under any other chapter of this title re-
21 garding the debtor, so long as the payment to other credi-
22 tors of the same class is proportionately less than the pay-
23 ment the creditor has already received.”.

1 (b) CLERICAL AMENDMENT.—The table of chapters
 2 for title 11, United States Code, is amended by inserting
 3 after the item relating to chapter 13 the following:

“15. Ancillary and Other Cross-Border Cases 1501”.

4 **SEC. 802. OTHER AMENDMENTS TO TITLES 11 AND 28,**
 5 **UNITED STATES CODE.**

6 (a) APPLICABILITY OF CHAPTERS.—Section 103 of
 7 title 11, United States Code, is amended—

8 (1) in subsection (a), by inserting before the pe-
 9 riod the following: “, and this chapter, sections 307,
 10 362(l), 555 through 557, and 559 through 562
 11 apply in a case under chapter 15”; and

12 (2) by adding at the end the following:

13 “(j) Chapter 15 applies only in a case under such
 14 chapter, except that—

15 “(1) sections 1505, 1513, and 1514 apply in all
 16 cases under this title; and

17 “(2) section 1509 applies whether or not a case
 18 under this title is pending.”.

19 (b) DEFINITIONS.—Section 101 of title 11, United
 20 States Code, is amended by striking paragraphs (23) and
 21 (24) and inserting the following:

22 “(23) ‘foreign proceeding’ means a collective ju-
 23 dicial or administrative proceeding in a foreign coun-
 24 try, including an interim proceeding, under a law re-
 25 lating to insolvency or adjustment of debt in which

1 proceeding the assets and affairs of the debtor are
2 subject to control or supervision by a foreign court,
3 for the purpose of reorganization or liquidation;

4 “(24) ‘foreign representative’ means a person
5 or body, including a person or body appointed on an
6 interim basis, authorized in a foreign proceeding to
7 administer the reorganization or the liquidation of
8 the debtor’s assets or affairs or to act as a rep-
9 resentative of the foreign proceeding;”.

10 (c) AMENDMENTS TO TITLE 28, UNITED STATES
11 CODE.—

12 (1) PROCEDURES.—Section 157(b)(2) of title
13 28, United States Code, is amended—

14 (A) in subparagraph (N), by striking
15 “and” at the end;

16 (B) in subparagraph (O), by striking the
17 period at the end and inserting “; and”; and

18 (C) by adding at the end the following:

19 “(P) recognition of foreign proceedings and
20 other matters under chapter 15 of title 11.”.

21 (2) BANKRUPTCY CASES AND PROCEEDINGS.—
22 Section 1334(c) of title 28, United States Code, is
23 amended by striking “Nothing in” and inserting
24 “Except with respect to a case under chapter 15 of
25 title 11, nothing in”.

1 (3) DUTIES OF TRUSTEES.—Section 586(a)(3)
2 of title 28, United States Code, is amended by strik-
3 ing “or 13” and inserting “13, or 15,”.

4 (4) VENUE OF CASES ANCILLARY TO FOREIGN
5 PROCEEDINGS.—Section 1410 of title 28, United
6 States Code, is amended to read as follows:

7 **“§ 1410. Venue of cases ancillary to foreign pro-**
8 **ceedings**

9 “A case under chapter 15 of title 11 may be com-
10 menced in the district court for the district—

11 “(1) in which the debtor has its principal place
12 of business or principal assets in the United States;

13 “(2) if the debtor does not have a place of busi-
14 ness or assets in the United States, in which there
15 is pending against the debtor an action or pro-
16 ceeding in a Federal or State court; or

17 “(3) in a case other than those specified in
18 paragraph (1) or (2), in which venue will be con-
19 sistent with the interests of justice and the conven-
20 ience of the parties, having regard to the relief
21 sought by the foreign representative.”.

22 (d) OTHER SECTIONS OF TITLE 11.—

23 (1) Section 109(b)(3) of title 11, United States
24 Code, is amended to read as follows:

1 “(3)(A) a foreign insurance company, engaged
2 in such business in the United States; or

3 “(B) a foreign bank, savings bank, cooperative
4 bank, savings and loan association, building and
5 loan association, or credit union, that has a branch
6 or agency (as defined in section 1(b) of the Inter-
7 national Banking Act of 1978 (12 U.S.C. 3101) in
8 the United States.”.

9 (2) Section 303(k) of title 11, United States
10 Code, is repealed.

11 (3)(A) Section 304 of title 11, United States
12 Code, is repealed.

13 (B) The table of sections at the beginning of
14 chapter 3 of title 11, United States Code, is amend-
15 ed by striking the item relating to section 304.

16 (C) Section 306 of title 11, United States Code,
17 is amended by striking “, 304,” each place it ap-
18 pears.

19 (4) Section 305(a)(2) of title 11, United States
20 Code, is amended to read as follows:

21 “(2)(A) a petition under section 1515 of this
22 title for recognition of a foreign proceeding has been
23 granted; and

1 “(B) the purposes of chapter 15 of this title
2 would be best served by such dismissal or suspen-
3 sion.”.

4 (5) Section 508 of title 11, United States Code,
5 is amended—

6 (A) by striking subsection (a); and

7 (B) in subsection (b), by striking “(b)”.

8 **TITLE IX—FINANCIAL**
9 **CONTRACT PROVISIONS**

10 **SEC. 901. TREATMENT OF CERTAIN AGREEMENTS BY CON-**
11 **SERVATORS OR RECEIVERS OF INSURED DE-**
12 **POSITORY INSTITUTIONS.**

13 (a) DEFINITION OF QUALIFIED FINANCIAL CON-
14 TRACT.—Section 11(e)(8)(D)(i) of the Federal Deposit In-
15 surance Act (12 U.S.C. 1821(e)(8)(D)(i)) is amended by
16 inserting “, resolution, or order” after “any similar agree-
17 ment that the Corporation determines by regulation”.

18 (b) DEFINITION OF SECURITIES CONTRACT.—Sec-
19 tion 11(e)(8)(D)(ii) of the Federal Deposit Insurance Act
20 (12 U.S.C. 1821(e)(8)(D)(ii)) is amended to read as fol-
21 lows:

22 “(ii) SECURITIES CONTRACT.—The
23 term ‘securities contract’—

24 “(I) means a contract for the
25 purchase, sale, or loan of a security, a

1 certificate of deposit, a mortgage loan,
2 or any interest in a mortgage loan, a
3 group or index of securities, certifi-
4 cates of deposit, or mortgage loans or
5 interests therein (including any inter-
6 est therein or based on the value
7 thereof) or any option on any of the
8 foregoing, including any option to
9 purchase or sell any such security,
10 certificate of deposit, loan, interest,
11 group or index, or option;

12 “(II) does not include any pur-
13 chase, sale, or repurchase obligation
14 under a participation in a commercial
15 mortgage loan unless the Corporation
16 determines by regulation, resolution,
17 or order to include any such agree-
18 ment within the meaning of such
19 term;

20 “(III) means any option entered
21 into on a national securities exchange
22 relating to foreign currencies;

23 “(IV) means the guarantee by or
24 to any securities clearing agency of
25 any settlement of cash, securities, cer-

1 tificates of deposit, mortgage loans or
2 interests therein, group or index of se-
3 curities, certificates of deposit, or
4 mortgage loans or interests therein
5 (including any interest therein or
6 based on the value thereof) or option
7 on any of the foregoing, including any
8 option to purchase or sell any such se-
9 curity, certificate of deposit, loan, in-
10 terest, group or index or option;

11 “(V) means any margin loan;

12 “(VI) means any other agree-
13 ment or transaction that is similar to
14 any agreement or transaction referred
15 to in this clause;

16 “(VII) means any combination of
17 the agreements or transactions re-
18 ferred to in this clause;

19 “(VIII) means any option to
20 enter into any agreement or trans-
21 action referred to in this clause;

22 “(IX) means a master agreement
23 that provides for an agreement or
24 transaction referred to in subclause
25 (I), (III), (IV), (V), (VI), (VII), or

1 (VIII), together with all supplements
2 to any such master agreement, with-
3 out regard to whether the master
4 agreement provides for an agreement
5 or transaction that is not a securities
6 contract under this clause, except that
7 the master agreement shall be consid-
8 ered to be a securities contract under
9 this clause only with respect to each
10 agreement or transaction under the
11 master agreement that is referred to
12 in subclause (I), (III), (IV), (V), (VI),
13 (VII), or (VIII); and

14 “(X) means any security agree-
15 ment or arrangement or other credit
16 enhancement related to any agree-
17 ment or transaction referred to in this
18 clause.”.

19 (c) DEFINITION OF COMMODITY CONTRACT.—Sec-
20 tion 11(e)(8)(D)(iii) of the Federal Deposit Insurance Act
21 (12 U.S.C. 1821(e)(8)(D)(iii)) is amended to read as fol-
22 lows:

23 “(iii) COMMODITY CONTRACT.—The
24 term ‘commodity contract’ means—

1 “(I) with respect to a futures
2 commission merchant, a contract for
3 the purchase or sale of a commodity
4 for future delivery on, or subject to
5 the rules of, a contract market or
6 board of trade;

7 “(II) with respect to a foreign fu-
8 tures commission merchant, a foreign
9 future;

10 “(III) with respect to a leverage
11 transaction merchant, a leverage
12 transaction;

13 “(IV) with respect to a clearing
14 organization, a contract for the pur-
15 chase or sale of a commodity for fu-
16 ture delivery on, or subject to the
17 rules of, a contract market or board
18 of trade that is cleared by such clear-
19 ing organization, or commodity option
20 traded on, or subject to the rules of,
21 a contract market or board of trade
22 that is cleared by such clearing orga-
23 nization;

24 “(V) with respect to a commodity
25 options dealer, a commodity option;

1 “(VI) any other agreement or
2 transaction that is similar to any
3 agreement or transaction referred to
4 in this clause;

5 “(VII) any combination of the
6 agreements or transactions referred to
7 in this clause;

8 “(VIII) any option to enter into
9 any agreement or transaction referred
10 to in this clause;

11 “(IX) a master agreement that
12 provides for an agreement or trans-
13 action referred to in subclause (I),
14 (II), (III), (IV), (V), (VI), (VII), or
15 (VIII), together with all supplements
16 to any such master agreement, with-
17 out regard to whether the master
18 agreement provides for an agreement
19 or transaction that is not a com-
20 modity contract under this clause, ex-
21 cept that the master agreement shall
22 be considered to be a commodity con-
23 tract under this clause only with re-
24 spect to each agreement or trans-
25 action under the master agreement

1 that is referred to in subclause (I),
2 (II), (III), (IV), (V), (VI), (VII), or
3 (VIII); or

4 “(X) any security agreement or
5 arrangement or other credit enhance-
6 ment related to any agreement or
7 transaction referred to in this
8 clause.”.

9 (d) DEFINITION OF FORWARD CONTRACT.—Section
10 11(e)(8)(D)(iv) of the Federal Deposit Insurance Act (12
11 U.S.C. 1821(e)(8)(D)(iv)) is amended to read as follows:

12 “(iv) FORWARD CONTRACT.—The
13 term ‘forward contract’ means—

14 “(I) a contract (other than a
15 commodity contract) for the purchase,
16 sale, or transfer of a commodity or
17 any similar good, article, service,
18 right, or interest which is presently or
19 in the future becomes the subject of
20 dealing in the forward contract trade,
21 or product or byproduct thereof, with
22 a maturity date more than 2 days
23 after the date the contract is entered
24 into, including, a repurchase trans-
25 action, reverse repurchase transaction,

1 consignment, lease, swap, hedge
2 transaction, deposit, loan, option, allo-
3 cated transaction, unallocated trans-
4 action, or any other similar agree-
5 ment;

6 “(II) any combination of agree-
7 ments or transactions referred to in
8 subclauses (I) and (III);

9 “(III) any option to enter into
10 any agreement or transaction referred
11 to in subclause (I) or (II);

12 “(IV) a master agreement that
13 provides for an agreement or trans-
14 action referred to in subclauses (I),
15 (II), or (III), together with all supple-
16 ments to any such master agreement,
17 without regard to whether the master
18 agreement provides for an agreement
19 or transaction that is not a forward
20 contract under this clause, except that
21 the master agreement shall be consid-
22 ered to be a forward contract under
23 this clause only with respect to each
24 agreement or transaction under the

1 master agreement that is referred to
2 in subclause (I), (II), or (III); or

3 “(V) any security agreement or
4 arrangement or other credit enhance-
5 ment related to any agreement or
6 transaction referred to in subclause
7 (I), (II), (III), or (IV).”.

8 (e) DEFINITION OF REPURCHASE AGREEMENT.—
9 Section 11(e)(8)(D)(v) of the Federal Deposit Insurance
10 Act (12 U.S.C. 1821(e)(8)(D)(v)) is amended to read as
11 follows:

12 “(v) REPURCHASE AGREEMENT.—The
13 term ‘repurchase agreement’ (which defini-
14 tion also applies to a reverse repurchase
15 agreement)—

16 “(I) means an agreement, includ-
17 ing related terms, which provides for
18 the transfer of one or more certifi-
19 cates of deposit, mortgage-related se-
20 curities (as such term is defined in
21 the Securities Exchange Act of 1934),
22 mortgage loans, interests in mortgage-
23 related securities or mortgage loans,
24 eligible bankers’ acceptances, qualified
25 foreign government securities or secu-

1 rities that are direct obligations of, or
2 that are fully guaranteed by, the
3 United States or any agency of the
4 United States against the transfer of
5 funds by the transferee of such certifi-
6 cates of deposit, eligible bankers' ac-
7 ceptances, securities, loans, or inter-
8 ests with a simultaneous agreement
9 by such transferee to transfer to the
10 transferor thereof certificates of de-
11 posit, eligible bankers' acceptances,
12 securities, loans, or interests as de-
13 scribed above, at a date certain not
14 later than 1 year after such transfers
15 or on demand, against the transfer of
16 funds, or any other similar agreement;

17 “(II) does not include any repur-
18 chase obligation under a participation
19 in a commercial mortgage loan unless
20 the Corporation determines by regula-
21 tion, resolution, or order to include
22 any such participation within the
23 meaning of such term;

1 “(III) means any combination of
2 agreements or transactions referred to
3 in subclauses (I) and (IV);

4 “(IV) means any option to enter
5 into any agreement or transaction re-
6 ferred to in subclause (I) or (III);

7 “(V) means a master agreement
8 that provides for an agreement or
9 transaction referred to in subclause
10 (I), (III), or (IV), together with all
11 supplements to any such master
12 agreement, without regard to whether
13 the master agreement provides for an
14 agreement or transaction that is not a
15 repurchase agreement under this
16 clause, except that the master agree-
17 ment shall be considered to be a re-
18 purchase agreement under this sub-
19 clause only with respect to each agree-
20 ment or transaction under the master
21 agreement that is referred to in sub-
22 clause (I), (III), or (IV); and

23 “(VI) means any security agree-
24 ment or arrangement or other credit
25 enhancement related to any agree-

1 ment or transaction referred to in
2 subclause (I), (III), (IV), or (V).

3 For purposes of this clause, the term
4 ‘qualified foreign government security’
5 means a security that is a direct obligation
6 of, or that is fully guaranteed by, the cen-
7 tral government of a member of the Orga-
8 nization for Economic Cooperation and
9 Development (as determined by regulation
10 or order adopted by the appropriate Fed-
11 eral banking authority).”.

12 (f) DEFINITION OF SWAP AGREEMENT.—Section
13 11(e)(8)(D)(vi) of the Federal Deposit Insurance Act (12
14 U.S.C. 1821(e)(8)(D)(vi)) is amended to read as follows:

15 “(vi) SWAP AGREEMENT.—The term
16 ‘swap agreement’ means—

17 “(I) any agreement, including the
18 terms and conditions incorporated by
19 reference in any such agreement,
20 which is an interest rate swap, option,
21 future, or forward agreement, includ-
22 ing a rate floor, rate cap, rate collar,
23 cross-currency rate swap, and basis
24 swap; a spot, same day-tomorrow, to-
25 morrow-next, forward, or other for-

1 foreign exchange or precious metals
2 agreement; a currency swap, option,
3 future, or forward agreement; an equity
4 index or equity swap, option, future,
5 or forward agreement; a debt
6 index or debt swap, option, future, or
7 forward agreement; a credit spread or
8 credit swap, option, future, or forward
9 agreement; a commodity index or
10 commodity swap, option, future, or
11 forward agreement; or a weather
12 swap, weather derivative, or weather
13 option;

14 “(II) any agreement or trans-
15 action similar to any other agreement
16 or transaction referred to in this
17 clause that is presently, or in the fu-
18 ture becomes, regularly entered into
19 in the swap market (including terms
20 and conditions incorporated by ref-
21 erence in such agreement) and that is
22 a forward, swap, future, or option on
23 one or more rates, currencies, com-
24 modities, equity securities or other equity
25 instruments, debt securities or

1 other debt instruments, or economic
2 indices or measures of economic risk
3 or value;

4 “(III) any combination of agree-
5 ments or transactions referred to in
6 this clause;

7 “(IV) any option to enter into
8 any agreement or transaction referred
9 to in this clause;

10 “(V) a master agreement that
11 provides for an agreement or trans-
12 action referred to in subclause (I),
13 (II), (III), or (IV), together with all
14 supplements to any such master
15 agreement, without regard to whether
16 the master agreement contains an
17 agreement or transaction that is not a
18 swap agreement under this clause, ex-
19 cept that the master agreement shall
20 be considered to be a swap agreement
21 under this clause only with respect to
22 each agreement or transaction under
23 the master agreement that is referred
24 to in subclause (I), (II), (III), or (IV);
25 and

1 “(VI) any security agreement or
2 arrangement or other credit enhance-
3 ment related to any agreements or
4 transactions referred to in subpara-
5 graph (I), (II), (III), (IV), or (V).

6 Such term is applicable for purposes of
7 this title only and shall not be construed or
8 applied so as to challenge or affect the
9 characterization, definition, or treatment of
10 any swap agreement under any other stat-
11 ute, regulation, or rule, including the Secu-
12 rities Act of 1933, the Securities Exchange
13 Act of 1934, the Public Utility Holding
14 Company Act of 1935, the Trust Indenture
15 Act of 1939, the Investment Company Act
16 of 1940, the Investment Advisers Act of
17 1940, the Securities Investor Protection
18 Act of 1970, the Commodity Exchange
19 Act, and the regulations promulgated by
20 the Securities and Exchange Commission
21 or the Commodity Futures Trading Com-
22 mission.”.

23 (g) DEFINITION OF TRANSFER.—Section
24 11(e)(8)(D)(viii) of the Federal Deposit Insurance Act (12
25 U.S.C. 1821(e)(8)(D)(viii)) is amended to read as follows:

1 “(viii) TRANSFER.—The term ‘trans-
2 fer’ means every mode, direct or indirect,
3 absolute or conditional, voluntary or invol-
4 untary, of disposing of or parting with
5 property or with an interest in property,
6 including retention of title as a security in-
7 terest and foreclosure of the depository
8 institutions’s equity of redemption.”.

9 (h) TREATMENT OF QUALIFIED FINANCIAL CON-
10 TRACTS.—Section 11(e)(8) of the Federal Deposit Insur-
11 ance Act (12 U.S.C. 1821(e)(8)) is amended—

12 (1) in subparagraph (A)—

13 (A) by striking “paragraph (10)” and in-
14 serting “paragraphs (9) and (10)”;

15 (B) in clause (i), by striking “to cause the
16 termination or liquidation” and inserting “such
17 person has to cause the termination, liquida-
18 tion, or acceleration”; and

19 (C) by striking clause (ii) and inserting the
20 following:

21 “(ii) any right under any security
22 agreement or arrangement or other credit
23 enhancement related to one or more quali-
24 fied financial contracts described in clause
25 (i);” and

1 (2) in subparagraph (E), by striking clause (ii)
2 and inserting the following:

3 “(ii) any right under any security
4 agreement or arrangement or other credit
5 enhancement related to one or more quali-
6 fied financial contracts described in clause
7 (i);”.

8 (i) A V O I D A N C E O F T R A N S F E R S.—Section
9 11(e)(8)(C)(i) of the Federal Deposit Insurance Act (12
10 U.S.C. 1821(e)(8)(C)(i)) is amended by inserting “section
11 5242 of the Revised Statutes of the United States (12
12 U.S.C. 91) or any other Federal or State law relating to
13 the avoidance of preferential or fraudulent transfers,” be-
14 fore “the Corporation”.

15 **SEC. 902. AUTHORITY OF THE CORPORATION WITH RE-**
16 **SPECT TO FAILED AND FAILING INSTITU-**
17 **TIONS.**

18 (a) I N G E N E R A L.—Section 11(e)(8) of the Federal
19 Deposit Insurance Act (12 U.S.C. 1821(e)(8)) is
20 amended—

21 (1) in subparagraph (E), by striking “other
22 than paragraph (12) of this subsection, subsection
23 (d)(9)” and inserting “other than subsections (d)(9)
24 and (e)(10)”; and

1 (2) by adding at the end the following new sub-
2 paragraphs:

3 “(F) CLARIFICATION.—No provision of law
4 shall be construed as limiting the right or
5 power of the Corporation, or authorizing any
6 court or agency to limit or delay, in any man-
7 ner, the right or power of the Corporation to
8 transfer any qualified financial contract in ac-
9 cordance with paragraphs (9) and (10) of this
10 subsection or to disaffirm or repudiate any such
11 contract in accordance with subsection (e)(1) of
12 this section.

13 “(G) WALKAWAY CLAUSES NOT EFFEC-
14 TIVE.—

15 “(i) IN GENERAL.—Notwithstanding
16 the provisions of subparagraphs (A) and
17 (E), and sections 403 and 404 of the Fed-
18 eral Deposit Insurance Corporation Im-
19 provement Act of 1991, no walkaway
20 clause shall be enforceable in a qualified fi-
21 nancial contract of an insured depository
22 institution in default.

23 “(ii) WALKAWAY CLAUSE DEFINED.—
24 For purposes of this subparagraph, the
25 term ‘walkaway clause’ means a provision

1 in a qualified financial contract that, after
2 calculation of a value of a party's position
3 or an amount due to or from 1 of the par-
4 ties in accordance with its terms upon ter-
5 mination, liquidation, or acceleration of the
6 qualified financial contract, either does not
7 create a payment obligation of a party or
8 extinguishes a payment obligation of a
9 party in whole or in part solely because of
10 such party's status as a nondefaulting
11 party.”.

12 (b) TECHNICAL AND CONFORMING AMENDMENT.—
13 Section 11(e)(12)(A) of the Federal Deposit Insurance
14 Act (12 U.S.C. 1821(e)(12)(A)) is amended by inserting
15 “or the exercise of rights or powers by” after “the ap-
16 pointment of”.

17 **SEC. 903. AMENDMENTS RELATING TO TRANSFERS OF**
18 **QUALIFIED FINANCIAL CONTRACTS.**

19 (a) TRANSFERS OF QUALIFIED FINANCIAL CON-
20 TRACTS TO FINANCIAL INSTITUTIONS.—Section 11(e)(9)
21 of the Federal Deposit Insurance Act (12 U.S.C.
22 1821(e)(9)) is amended to read as follows:

23 “(9) TRANSFER OF QUALIFIED FINANCIAL CON-
24 TRACTS.—

1 “(A) IN GENERAL.—In making any trans-
2 fer of assets or liabilities of a depository institu-
3 tion in default which includes any qualified fi-
4 nancial contract, the conservator or receiver for
5 such depository institution shall either—

6 “(i) transfer to one financial institu-
7 tion, other than a financial institution for
8 which a conservator, receiver, trustee in
9 bankruptcy, or other legal custodian has
10 been appointed or which is otherwise the
11 subject of a bankruptcy or insolvency
12 proceeding—

13 “(I) all qualified financial con-
14 tracts between any person or any af-
15 filiate of such person and the depository
16 institution in default;

17 “(II) all claims of such person or
18 any affiliate of such person against
19 such depository institution under any
20 such contract (other than any claim
21 which, under the terms of any such
22 contract, is subordinated to the claims
23 of general unsecured creditors of such
24 institution);

1 “(III) all claims of such deposi-
2 tory institution against such person or
3 any affiliate of such person under any
4 such contract; and

5 “(IV) all property securing or
6 any other credit enhancement for any
7 contract described in subclause (I) or
8 any claim described in subclause (II)
9 or (III) under any such contract; or

10 “(ii) transfer none of the qualified fi-
11 nancial contracts, claims, property or other
12 credit enhancement referred to in clause (i)
13 (with respect to such person and any affil-
14 iate of such person).

15 “(B) TRANSFER TO FOREIGN BANK, FOR-
16 EIGN FINANCIAL INSTITUTION, OR BRANCH OR
17 AGENCY OF A FOREIGN BANK OR FINANCIAL IN-
18 STITUTION.—In transferring any qualified fi-
19 nancial contract and related claims and prop-
20 erty under subparagraph (A)(i), the conservator
21 or receiver for the depository institution shall
22 not make such transfer to a foreign bank, fi-
23 nancial institution organized under the laws of
24 a foreign country, or a branch or agency of a
25 foreign bank or financial institution unless,

1 under the law applicable to such bank, financial
2 institution, branch or agency, to the qualified
3 financial contracts, and to any netting contract,
4 any security agreement or arrangement or other
5 credit enhancement related to one or more
6 qualified financial contracts, the contractual
7 rights of the parties to such qualified financial
8 contracts, netting contracts, security agree-
9 ments or arrangements, or other credit en-
10 hancements are enforceable substantially to the
11 same extent as permitted under this section.

12 “(C) TRANSFER OF CONTRACTS SUBJECT
13 TO THE RULES OF A CLEARING ORGANIZA-
14 TION.—In the event that a conservator or re-
15 ceiver transfers any qualified financial contract
16 and related claims, property, and credit en-
17 hancements pursuant to subparagraph (A)(i)
18 and such contract is subject to the rules of a
19 clearing organization, the clearing organization
20 shall not be required to accept the transferee as
21 a member by virtue of the transfer.

22 “(D) DEFINITION.—For purposes of this
23 paragraph, the term ‘financial institution’
24 means a broker or dealer, a depository institu-
25 tion, a futures commission merchant, or any

1 other institution, as determined by the Corpora-
2 tion by regulation to be a financial institution.”.

3 (b) NOTICE TO QUALIFIED FINANCIAL CONTRACT
4 COUNTERPARTIES.—Section 11(e)(10)(A) of the Federal
5 Deposit Insurance Act (12 U.S.C. 1821(e)(10)(A)) is
6 amended in the material immediately following clause (ii)
7 by striking “the conservator” and all that follows through
8 the period and inserting the following: “the conservator
9 or receiver shall notify any person who is a party to any
10 such contract of such transfer by 5:00 p.m. (eastern time)
11 on the business day following the date of the appointment
12 of the receiver in the case of a receivership, or the business
13 day following such transfer in the case of a conservator-
14 ship.”.

15 (c) RIGHTS AGAINST RECEIVER AND TREATMENT OF
16 BRIDGE BANKS.—Section 11(e)(10) of the Federal De-
17 posit Insurance Act (12 U.S.C. 1821(e)(10)) is
18 amended—

19 (1) by redesignating subparagraph (B) as sub-
20 paragraph (D); and

21 (2) by inserting after subparagraph (A) the fol-
22 lowing new subparagraphs:

23 “(B) CERTAIN RIGHTS NOT ENFORCE-
24 ABLE.—

1 “(i) RECEIVERSHIP.—A person who is
2 a party to a qualified financial contract
3 with an insured depository institution may
4 not exercise any right that such person has
5 to terminate, liquidate, or net such con-
6 tract under paragraph (8)(A) of this sub-
7 section or section 403 or 404 of the Fed-
8 eral Deposit Insurance Corporation Im-
9 provement Act of 1991, solely by reason of
10 or incidental to the appointment of a re-
11 ceiver for the depository institution (or the
12 insolvency or financial condition of the de-
13 pository institution for which the receiver
14 has been appointed)—

15 “(I) until 5:00 p.m. (eastern
16 time) on the business day following
17 the date of the appointment of the re-
18 ceiver; or

19 “(II) after the person has re-
20 ceived notice that the contract has
21 been transferred pursuant to para-
22 graph (9)(A).

23 “(ii) CONSERVATORSHIP.—A person
24 who is a party to a qualified financial con-
25 tract with an insured depository institution

1 may not exercise any right that such per-
2 son has to terminate, liquidate, or net such
3 contract under paragraph (8)(E) of this
4 subsection or sections 403 or 404 of the
5 Federal Deposit Insurance Corporation
6 Improvement Act of 1991, solely by reason
7 of or incidental to the appointment of a
8 conservator for the depository institution
9 (or the insolvency or financial condition of
10 the depository institution for which the
11 conservator has been appointed).

12 “(iii) NOTICE.—For purposes of this
13 paragraph, the Corporation as receiver or
14 conservator of an insured depository insti-
15 tution shall be deemed to have notified a
16 person who is a party to a qualified finan-
17 cial contract with such depository institu-
18 tion if the Corporation has taken steps
19 reasonably calculated to provide notice to
20 such person by the time specified in sub-
21 paragraph (A).

22 “(C) TREATMENT OF BRIDGE BANKS.—

23 The following institutions shall not be consid-
24 ered to be a financial institution for which a
25 conservator, receiver, trustee in bankruptcy, or

1 other legal custodian has been appointed or
2 which is otherwise the subject of a bankruptcy
3 or insolvency proceeding for purposes of para-
4 graph (9):

5 “(i) A bridge bank.

6 “(ii) A depository institution orga-
7 nized by the Corporation, for which a con-
8 servator is appointed either—

9 “(I) immediately upon the orga-
10 nization of the institution; or

11 “(II) at the time of a purchase
12 and assumption transaction between
13 the depository institution and the Cor-
14 poration as receiver for a depository
15 institution in default.”.

16 **SEC. 904. AMENDMENTS RELATING TO DISAFFIRMANCE OR**
17 **REPUDIATION OF QUALIFIED FINANCIAL**
18 **CONTRACTS.**

19 Section 11(e) of the Federal Deposit Insurance Act
20 (12 U.S.C. 1821(e)) is amended—

21 (1) by redesignating paragraphs (11) through
22 (15) as paragraphs (12) through (16), respectively;
23 and

24 (2) by inserting after paragraph (10) the fol-
25 lowing new paragraph:

1 “(11) DISAFFIRMANCE OR REPUDIATION OF
2 QUALIFIED FINANCIAL CONTRACTS.—In exercising
3 the rights of disaffirmance or repudiation of a con-
4 servator or receiver with respect to any qualified fi-
5 nancial contract to which an insured depository in-
6 stitution is a party, the conservator or receiver for
7 such institution shall either—

8 “(A) disaffirm or repudiate all qualified fi-
9 nancial contracts between—

10 “(i) any person or any affiliate of
11 such person; and

12 “(ii) the depository institution in de-
13 fault; or

14 “(B) disaffirm or repudiate none of the
15 qualified financial contracts referred to in sub-
16 paragraph (A) (with respect to such person or
17 any affiliate of such person).”.

18 **SEC. 905. CLARIFYING AMENDMENT RELATING TO MASTER**
19 **AGREEMENTS.**

20 Section 11(e)(8)(D)(vii) of the Federal Deposit In-
21 surance Act (12 U.S.C. 1821(e)(8)(D)(vii)) is amended to
22 read as follows:

23 “(vii) TREATMENT OF MASTER
24 AGREEMENT AS ONE AGREEMENT.—Any
25 master agreement for any contract or

1 agreement described in any preceding
2 clause of this subparagraph (or any master
3 agreement for such master agreement or
4 agreements), together with all supplements
5 to such master agreement, shall be treated
6 as a single agreement and a single quali-
7 fied financial contract. If a master agree-
8 ment contains provisions relating to agree-
9 ments or transactions that are not them-
10 selves qualified financial contracts, the
11 master agreement shall be deemed to be a
12 qualified financial contract only with re-
13 spect to those transactions that are them-
14 selves qualified financial contracts.”.

15 **SEC. 906. FEDERAL DEPOSIT INSURANCE CORPORATION**
16 **IMPROVEMENT ACT OF 1991.**

17 (a) DEFINITIONS.—Section 402 of the Federal De-
18 posit Insurance Corporation Improvement Act of 1991 (12
19 U.S.C. 4402) is amended—

20 (1) in paragraph (2)—

21 (A) in subparagraph (A)(ii), by inserting
22 before the semicolon “, or is exempt from such
23 registration by order of the Securities and Ex-
24 change Commission”; and

1 (B) in subparagraph (B), by inserting be-
2 fore the period “or that has been granted an
3 exemption under section 4(c)(1) of the Com-
4 modity Exchange Act”;

5 (2) in paragraph (6)—

6 (A) by redesignating subparagraphs (B)
7 through (D) as subparagraphs (C) through (E),
8 respectively;

9 (B) by inserting after subparagraph (A)
10 the following new subparagraph:

11 “(B) an uninsured national bank or an un-
12 insured State bank that is a member of the
13 Federal Reserve System, if the national bank or
14 State member bank is not eligible to make ap-
15 plication to become an insured bank under sec-
16 tion 5 of the Federal Deposit Insurance Act;”;
17 and

18 (C) by amending subparagraph (C) (as re-
19 designated) to read as follows:

20 “(C) a branch or agency of a foreign bank,
21 a foreign bank and any branch or agency of the
22 foreign bank, or the foreign bank that estab-
23 lished the branch or agency, as those terms are
24 defined in section 1(b) of the International
25 Banking Act of 1978;”;

1 (3) in paragraph (11), by inserting before the
2 period “and any other clearing organization with
3 which such clearing organization has a netting con-
4 tract”;

5 (4) by amending paragraph (14)(A)(i) to read
6 as follows:

7 “(i) means a contract or agreement
8 between 2 or more financial institutions,
9 clearing organizations, or members that
10 provides for netting present or future pay-
11 ment obligations or payment entitlements
12 (including liquidation or closeout values re-
13 lating to such obligations or entitlements)
14 among the parties to the agreement; and”;
15 and

16 (5) by adding at the end the following new
17 paragraph:

18 “(15) PAYMENT.—The term ‘payment’ means a
19 payment of United States dollars, another currency,
20 or a composite currency, and a noncash delivery, in-
21 cluding a payment or delivery to liquidate an
22 unmatured obligation.”.

23 (b) ENFORCEABILITY OF BILATERAL NETTING CON-
24 TRACTS.—Section 403 of the Federal Deposit Insurance

1 Corporation Improvement Act of 1991 (12 U.S.C. 4403)
2 is amended—

3 (1) by striking subsection (a) and inserting the
4 following:

5 “(a) GENERAL RULE.—Notwithstanding any other
6 provision of State or Federal law (other than paragraphs
7 (8)(E), (8)(F), and (10)(B) of section 11(e) of the Federal
8 Deposit Insurance Act or any order authorized under sec-
9 tion 5(b)(2) of the Securities Investor Protection Act of
10 1970), the covered contractual payment obligations and
11 the covered contractual payment entitlements between any
12 2 financial institutions shall be netted in accordance with,
13 and subject to the conditions of, the terms of any applica-
14 ble netting contract (except as provided in section
15 561(b)(2) of title 11, United States Code).”; and

16 (2) by adding at the end the following new sub-
17 section:

18 “(f) ENFORCEABILITY OF SECURITY AGREE-
19 MENTS.—The provisions of any security agreement or ar-
20 rangement or other credit enhancement related to one or
21 more netting contracts between any 2 financial institu-
22 tions shall be enforceable in accordance with their terms
23 (except as provided in section 561(b)(2) of title 11, United
24 States Code), and shall not be stayed, avoided, or other-
25 wise limited by any State or Federal law (other than para-

1 graphs (8)(E), (8)(F), and (10)(B) of section 11(e) of the
2 Federal Deposit Insurance Act and section 5(b)(2) of the
3 Securities Investor Protection Act of 1970).”.

4 (c) ENFORCEABILITY OF CLEARING ORGANIZATION
5 NETTING CONTRACTS.—Section 404 of the Federal De-
6 posit Insurance Corporation Improvement Act of 1991 (12
7 U.S.C. 4404) is amended—

8 (1) by striking subsection (a) and inserting the
9 following:

10 “(a) GENERAL RULE.—Notwithstanding any other
11 provision of State or Federal law (other than paragraphs
12 (8)(E), (8)(F), and (10)(B) of section 11(e) of the Federal
13 Deposit Insurance Act and any order authorized under
14 section 5(b)(2) of the Securities Investor Protection Act
15 of 1970), the covered contractual payment obligations and
16 the covered contractual payment entitlements of a member
17 of a clearing organization to and from all other members
18 of a clearing organization shall be netted in accordance
19 with and subject to the conditions of any applicable net-
20 ting contract (except as provided in section 561(b)(2) of
21 title 11, United States Code).”; and

22 (2) by adding at the end the following new sub-
23 section:

24 “(h) ENFORCEABILITY OF SECURITY AGREE-
25 MENTS.—The provisions of any security agreement or ar-

1 rangement or other credit enhancement related to one or
2 more netting contracts between any 2 members of a clear-
3 ing organization shall be enforceable in accordance with
4 their terms (except as provided in section 561(b)(2) of
5 title 11, United States Code), and shall not be stayed,
6 avoided, or otherwise limited by any State or Federal law
7 (other than paragraphs (8)(E), (8)(F), and (10)(B) of sec-
8 tion 11(e) of the Federal Deposit Insurance Act and sec-
9 tion 5(b)(2) of the Securities Investor Protection Act of
10 1970).”.

11 (d) ENFORCEABILITY OF CONTRACTS WITH UNIN-
12 SURED NATIONAL BANKS AND UNINSURED FEDERAL
13 BRANCHES AND AGENCIES.—The Federal Deposit Insur-
14 ance Corporation Improvement Act of 1991 (12 U.S.C.
15 4401 et seq.) is amended—

16 (1) by redesignating section 407 as section 408;

17 and

18 (2) by inserting after section 406 the following

19 new section:

20 **“SEC. 407. TREATMENT OF CONTRACTS WITH UNINSURED**
21 **NATIONAL BANKS AND UNINSURED FEDERAL**
22 **BRANCHES AND AGENCIES.**

23 “(a) IN GENERAL.—Notwithstanding any other pro-
24 vision of law, paragraphs (8), (9), (10), and (11) of section
25 11(e) of the Federal Deposit Insurance Act shall apply

1 to an uninsured national bank or uninsured Federal
2 branch or Federal agency, except that for such purpose—

3 “(1) any reference to the ‘Corporation as re-
4 ceiver’ or ‘the receiver or the Corporation’ shall refer
5 to the receiver of an uninsured national bank or un-
6 insured Federal branch or Federal agency appointed
7 by the Comptroller of the Currency;

8 “(2) any reference to the ‘Corporation’ (other
9 than in section 11(e)(8)(D) of such Act), the ‘Cor-
10 poration, whether acting as such or as conservator
11 or receiver’, a ‘receiver’, or a ‘conservator’ shall refer
12 to the receiver or conservator of an uninsured na-
13 tional bank or uninsured Federal branch or Federal
14 agency appointed by the Comptroller of the Cur-
15 rency; and

16 “(3) any reference to an ‘insured depository in-
17 stitution’ or ‘depository institution’ shall refer to an
18 uninsured national bank or an uninsured Federal
19 branch or Federal agency.

20 “(b) LIABILITY.—The liability of a receiver or conser-
21 vator of an uninsured national bank or uninsured Federal
22 branch or agency shall be determined in the same manner
23 and subject to the same limitations that apply to receivers
24 and conservators of insured depository institutions under
25 section 11(e) of the Federal Deposit Insurance Act.

1 “(c) REGULATORY AUTHORITY.—

2 “(1) IN GENERAL.—The Comptroller of the
3 Currency, in consultation with the Federal Deposit
4 Insurance Corporation, may promulgate regulations
5 to implement this section.

6 “(2) SPECIFIC REQUIREMENT.—In promul-
7 gating regulations to implement this section, the
8 Comptroller of the Currency shall ensure that the
9 regulations generally are consistent with the regula-
10 tions and policies of the Federal Deposit Insurance
11 Corporation adopted pursuant to the Federal De-
12 posit Insurance Act.

13 “(d) DEFINITIONS.—For purposes of this section, the
14 terms ‘Federal branch’, ‘Federal agency’, and ‘foreign
15 bank’ have the same meanings as in section 1(b) of the
16 International Banking Act of 1978.”.

17 **SEC. 907. BANKRUPTCY CODE AMENDMENTS.**

18 (a) DEFINITIONS OF FORWARD CONTRACT, REPUR-
19 CHASE AGREEMENT, SECURITIES CLEARING AGENCY,
20 SWAP AGREEMENT, COMMODITY CONTRACT, AND SECU-
21 RITIES CONTRACT.—Title 11, United States Code, is
22 amended—

23 (1) in section 101—

24 (A) in paragraph (25)—

1 (i) by striking “means a contract”
2 and inserting “means—
3 “(A) a contract”;

4 (ii) by striking “, or any combination
5 thereof or option thereon;” and inserting
6 “, or any other similar agreement;”; and

7 (iii) by adding at the end the fol-
8 lowing:

9 “(B) any combination of agreements or
10 transactions referred to in subparagraphs (A)
11 and (C);

12 “(C) any option to enter into an agreement
13 or transaction referred to in subparagraph (A)
14 or (B);

15 “(D) a master agreement that provides for
16 an agreement or transaction referred to in sub-
17 paragraph (A), (B), or (C), together with all
18 supplements to any such master agreement,
19 without regard to whether such master agree-
20 ment provides for an agreement or transaction
21 that is not a forward contract under this para-
22 graph, except that such master agreement shall
23 be considered to be a forward contract under
24 this paragraph only with respect to each agree-
25 ment or transaction under such master agree-

1 ment that is referred to in subparagraph (A),
2 (B), or (C); or

3 “(E) any security agreement or arrange-
4 ment, or other credit enhancement related to
5 any agreement or transaction referred to in
6 subparagraph (A), (B), (C), or (D), but not to
7 exceed the actual value of such contract on the
8 date of the filing of the petition;”;

9 (B) in paragraph (46), by striking “on any
10 day during the period beginning 90 days before
11 the date of” and inserting “at any time before”;

12 (C) by amending paragraph (47) to read
13 as follows:

14 “(47) ‘repurchase agreement’ (which definition
15 also applies to a reverse repurchase agreement)—

16 “(A) means—

17 “(i) an agreement, including related
18 terms, which provides for the transfer of
19 one or more certificates of deposit, mort-
20 gage related securities (as defined in sec-
21 tion 3 of the Securities Exchange Act of
22 1934), mortgage loans, interests in mort-
23 gage related securities or mortgage loans,
24 eligible bankers’ acceptances, qualified for-
25 eign government securities (defined as a

1 security that is a direct obligation of, or
2 that is fully guaranteed by, the central
3 government of a member of the Organiza-
4 tion for Economic Cooperation and Devel-
5 opment), or securities that are direct obli-
6 gations of, or that are fully guaranteed by,
7 the United States or any agency of the
8 United States against the transfer of funds
9 by the transferee of such certificates of de-
10 posit, eligible bankers' acceptances, securi-
11 ties, loans, or interests, with a simulta-
12 neous agreement by such transferee to
13 transfer to the transferor thereof certifi-
14 cates of deposit, eligible bankers' accept-
15 ance, securities, loans, or interests of the
16 kind described in this clause, at a date cer-
17 tain not later than 1 year after such trans-
18 fer or on demand, against the transfer of
19 funds;

20 “(ii) any combination of agreements
21 or transactions referred to in clauses (i)
22 and (iii);

23 “(iii) an option to enter into an agree-
24 ment or transaction referred to in clause
25 (i) or (ii);

1 “(iv) a master agreement that pro-
2 vides for an agreement or transaction re-
3 ferred to in clause (i), (ii), or (iii), together
4 with all supplements to any such master
5 agreement, without regard to whether such
6 master agreement provides for an agree-
7 ment or transaction that is not a repur-
8 chase agreement under this paragraph, ex-
9 cept that such master agreement shall be
10 considered to be a repurchase agreement
11 under this paragraph only with respect to
12 each agreement or transaction under the
13 master agreement that is referred to in
14 clause (i), (ii), or (iii); or

15 “(v) any security agreement or ar-
16 rangement or other credit enhancement re-
17 lated to any agreement or transaction re-
18 ferred to in clause (i), (ii), (iii), or (iv), but
19 not to exceed the actual value of such con-
20 tract on the date of the filing of the peti-
21 tion; and

22 “(B) does not include a repurchase obliga-
23 tion under a participation in a commercial
24 mortgage loan;”;

1 (D) in paragraph (48), by inserting “, or
2 exempt from such registration under such sec-
3 tion pursuant to an order of the Securities and
4 Exchange Commission,” after “1934”; and

5 (E) by amending paragraph (53B) to read
6 as follows:

7 “(53B) ‘swap agreement’—

8 “(A) means—

9 “(i) any agreement, including the
10 terms and conditions incorporated by ref-
11 erence in such agreement, which is an in-
12 terest rate swap, option, future, or forward
13 agreement, including—

14 “(I) a rate floor, rate cap, rate
15 collar, cross-currency rate swap, and
16 basis swap;

17 “(II) a spot, same day-tomorrow,
18 tomorrow-next, forward, or other for-
19 eign exchange or precious metals
20 agreement;

21 “(III) a currency swap, option,
22 future, or forward agreement;

23 “(IV) an equity index or an eq-
24 uity swap, option, future, or forward
25 agreement;

1 “(V) a debt index or a debt swap,
2 option, future, or forward agreement;

3 “(VI) a credit spread or a credit
4 swap, option, future, or forward
5 agreement;

6 “(VII) a commodity index or a
7 commodity swap, option, future, or
8 forward agreement; or

9 “(VIII) a weather swap, weather
10 derivative, or weather option;

11 “(ii) any agreement or transaction
12 similar to any other agreement or trans-
13 action referred to in this paragraph that—

14 “(I) is presently, or in the future
15 becomes, regularly entered into in the
16 swap market (including terms and
17 conditions incorporated by reference
18 therein); and

19 “(II) is a forward, swap, future,
20 or option on one or more rates, cur-
21 rencies, commodities, equity securities,
22 or other equity instruments, debt se-
23 curities or other debt instruments, or
24 economic indices or measures of eco-
25 nomic risk or value;

1 “(iii) any combination of agreements
2 or transactions referred to in this subpara-
3 graph;

4 “(iv) any option to enter into an
5 agreement or transaction referred to in
6 this subparagraph;

7 “(v) a master agreement that provides
8 for an agreement or transaction referred to
9 in clause (i), (ii), (iii), or (iv), together
10 with all supplements to any such master
11 agreement, and without regard to whether
12 the master agreement contains an agree-
13 ment or transaction that is not a swap
14 agreement under this paragraph, except
15 that the master agreement shall be consid-
16 ered to be a swap agreement under this
17 paragraph only with respect to each agree-
18 ment or transaction under the master
19 agreement that is referred to in clause (i),
20 (ii), (iii), or (iv); or

21 “(vi) any security agreement or ar-
22 rangement or other credit enhancement re-
23 lated to any agreements or transactions re-
24 ferred to in clause (i) through (v), but not
25 to exceed the actual value of such contract

1 on the date of the filing of the petition;
2 and

3 “(B) is applicable for purposes of this title
4 only, and shall not be construed or applied so
5 as to challenge or affect the characterization,
6 definition, or treatment of any swap agreement
7 under any other statute, regulation, or rule, in-
8 cluding the Securities Act of 1933, the Securi-
9 ties Exchange Act of 1934, the Public Utility
10 Holding Company Act of 1935, the Trust In-
11 denture Act of 1939, the Investment Company
12 Act of 1940, the Investment Advisers Act of
13 1940, the Securities Investor Protection Act of
14 1970, the Commodity Exchange Act, and the
15 regulations prescribed by the Securities and Ex-
16 change Commission or the Commodity Futures
17 Trading Commission.”;

18 (2) in section 741(7), by striking paragraph (7)
19 and inserting the following:

20 “(7) ‘securities contract’—

21 “(A) means—

22 “(i) a contract for the purchase, sale,
23 or loan of a security, a certificate of de-
24 posit, a mortgage loan or any interest in a
25 mortgage loan, a group or index of securi-

1 ties, certificates of deposit, or mortgage
2 loans or interests therein (including an in-
3 terest therein or based on the value there-
4 of), or option on any of the foregoing, in-
5 cluding an option to purchase or sell any
6 such security, certificate of deposit, loan,
7 interest, group or index, or option;

8 “(ii) any option entered into on a na-
9 tional securities exchange relating to for-
10 eign currencies;

11 “(iii) the guarantee by or to any secu-
12 rities clearing agency of a settlement of
13 cash, securities, certificates of deposit,
14 mortgage loans or interests therein, group
15 or index of securities, or mortgage loans or
16 interests therein (including any interest
17 therein or based on the value thereof), or
18 option on any of the foregoing, including
19 an option to purchase or sell any such se-
20 curity, certificate of deposit, loan, interest,
21 group or index, or option;

22 “(iv) any margin loan;

23 “(v) any other agreement or trans-
24 action that is similar to an agreement or

1 transaction referred to in this subpara-
2 graph;

3 “(vi) any combination of the agree-
4 ments or transactions referred to in this
5 subparagraph;

6 “(vii) any option to enter into any
7 agreement or transaction referred to in
8 this subparagraph;

9 “(viii) a master agreement that pro-
10 vides for an agreement or transaction re-
11 ferred to in clause (i), (ii), (iii), (iv), (v),
12 (vi), or (vii), together with all supplements
13 to any such master agreement, without re-
14 gard to whether the master agreement pro-
15 vides for an agreement or transaction that
16 is not a securities contract under this sub-
17 paragraph, except that such master agree-
18 ment shall be considered to be a securities
19 contract under this subparagraph only with
20 respect to each agreement or transaction
21 under such master agreement that is re-
22 ferred to in clause (i), (ii), (iii), (iv), (v),
23 (vi), or (vii); or

24 “(ix) any security agreement or ar-
25 rangement or other credit enhancement,

1 related to any agreement or transaction re-
2 ferred to in this subparagraph, but not to
3 exceed the actual value of such contract on
4 the date of the filing of the petition; and

5 “(B) does not include any purchase, sale,
6 or repurchase obligation under a participation
7 in a commercial mortgage loan.”; and

8 (3) in section 761(4)—

9 (A) by striking “or” at the end of subpara-
10 graph (D); and

11 (B) by adding at the end the following:

12 “(F) any other agreement or transaction
13 that is similar to an agreement or transaction
14 referred to in this paragraph;

15 “(G) any combination of the agreements or
16 transactions referred to in this paragraph;

17 “(H) any option to enter into an agree-
18 ment or transaction referred to in this para-
19 graph;

20 “(I) a master agreement that provides for
21 an agreement or transaction referred to in sub-
22 paragraph (A), (B), (C), (D), (E), (F), (G), or
23 (H), together with all supplements to such mas-
24 ter agreement, without regard to whether the
25 master agreement provides for an agreement or

1 transaction that is not a commodity contract
2 under this paragraph, except that the master
3 agreement shall be considered to be a com-
4 modity contract under this paragraph only with
5 respect to each agreement or transaction under
6 the master agreement that is referred to in sub-
7 paragraph (A), (B), (C), (D), (E), (F), (G), or
8 (H); or

9 “(J) any security agreement or arrange-
10 ment or other credit enhancement related to
11 any agreement or transaction referred to in this
12 paragraph, but not to exceed the actual value of
13 such contract on the date of the filing of the pe-
14 tition;”.

15 (b) DEFINITIONS OF FINANCIAL INSTITUTION, FI-
16 NANCIAL PARTICIPANT, AND FORWARD CONTRACT MER-
17 CHANT.—Section 101 of title 11, United States Code, is
18 amended—

19 (1) by striking paragraph (22) and inserting
20 the following:

21 “(22) ‘financial institution’ means—

22 “(A) a Federal reserve bank, or an entity
23 (domestic or foreign) that is a commercial or
24 savings bank, industrial savings bank, savings
25 and loan association, trust company, or receiver

1 or conservator for such entity and, when any
2 such Federal reserve bank, receiver, conservator
3 or entity is acting as agent or custodian for a
4 customer in connection with a securities con-
5 tract, as defined in section 741, such customer;
6 or

7 “(B) in connection with a securities con-
8 tract, as defined in section 741, an investment
9 company registered under the Investment Com-
10 pany Act of 1940;”;

11 (2) by inserting after paragraph (22) the fol-
12 lowing:

13 “(22A) ‘financial participant’ means an entity
14 that, at the time it enters into a securities contract,
15 commodity contract, or forward contract, or at the
16 time of the filing of the petition, has one or more
17 agreements or transactions described in paragraph
18 (1), (2), (3), (4), (5), or (6) of section 561(a) with
19 the debtor or any other entity (other than an affil-
20 iate) of a total gross dollar value of not less than
21 \$1,000,000,000 in notional or actual principal
22 amount outstanding on any day during the previous
23 15-month period, or has gross mark-to-market posi-
24 tions of not less than \$100,000,000 (aggregated
25 across counterparties) in one or more such agree-

1 ments or transactions with the debtor or any other
2 entity (other than an affiliate) on any day during
3 the previous 15-month period;” and

4 (3) by striking paragraph (26) and inserting
5 the following:

6 “(26) ‘forward contract merchant’ means a
7 Federal reserve bank, or an entity, the business of
8 which consists in whole or in part of entering into
9 forward contracts as or with merchants or in a com-
10 modity, as defined or in section 761 or any similar
11 good, article, service, right, or interest which is pres-
12 ently or in the future becomes the subject of dealing
13 in the forward contract trade;”.

14 (c) DEFINITION OF MASTER NETTING AGREEMENT
15 AND MASTER NETTING AGREEMENT PARTICIPANT.—Sec-
16 tion 101 of title 11, United States Code, is amended by
17 inserting after paragraph (38) the following new para-
18 graphs:

19 “(38A) ‘master netting agreement’—

20 “(A) means an agreement providing for
21 the exercise of rights, including rights of net-
22 ting, setoff, liquidation, termination, accelera-
23 tion, or closeout, under or in connection with
24 one or more contracts that are described in any
25 one or more of paragraphs (1) through (5) of

1 section 561(a), or any security agreement or ar-
2 rangement or other credit enhancement related
3 to one or more of the foregoing; and

4 “(B) if the agreement contains provisions
5 relating to agreements or transactions that are
6 not contracts described in paragraphs (1)
7 through (5) of section 561(a), shall be deemed
8 to be a master netting agreement only with re-
9 spect to those agreements or transactions that
10 are described in any one or more of paragraphs
11 (1) through (5) of section 561(a);

12 “(38B) ‘master netting agreement participant’
13 means an entity that, at any time before the filing
14 of the petition, is a party to an outstanding master
15 netting agreement with the debtor;”.

16 (d) SWAP AGREEMENTS, SECURITIES CONTRACTS,
17 COMMODITY CONTRACTS, FORWARD CONTRACTS, REPUR-
18 CHASE AGREEMENTS, AND MASTER NETTING AGREE-
19 MENTS UNDER THE AUTOMATIC-STAY.—

20 (1) IN GENERAL.—Section 362(b) of title 11,
21 United States Code, as amended by this Act, is
22 amended—

23 (A) in paragraph (6), by inserting “,
24 pledged to, and under the control of,” after
25 “held by”;

1 (B) in paragraph (7), by inserting “,
2 pledged to, and under the control of,” after
3 “held by”;

4 (C) by striking paragraph (17) and insert-
5 ing the following:

6 “(17) under subsection (a), of the setoff by a
7 swap participant of a mutual debt and claim under
8 or in connection with one or more swap agreements
9 that constitutes the setoff of a claim against the
10 debtor for any payment or other transfer of property
11 due from the debtor under or in connection with any
12 swap agreement against any payment due to the
13 debtor from the swap participant under or in con-
14 nection with any swap agreement or against cash,
15 securities, or other property held by, pledged to, and
16 under the control of, or due from such swap partici-
17 pant to margin, guarantee, secure, or settle any
18 swap agreement;” and

19 (D) by inserting after paragraph (27), as
20 added by this Act, the following new paragraph:

21 “(28) under subsection (a), of the setoff by a
22 master netting agreement participant of a mutual
23 debt and claim under or in connection with one or
24 more master netting agreements or any contract or
25 agreement subject to such agreements that con-

1 stitutes the setoff of a claim against the debtor for
2 any payment or other transfer of property due from
3 the debtor under or in connection with such agree-
4 ments or any contract or agreement subject to such
5 agreements against any payment due to the debtor
6 from such master netting agreement participant
7 under or in connection with such agreements or any
8 contract or agreement subject to such agreements or
9 against cash, securities, or other property held by,
10 pledged to, and under the control of, or due from
11 such master netting agreement participant to mar-
12 gin, guarantee, secure, or settle such agreements or
13 any contract or agreement subject to such agree-
14 ments, to the extent that such participant is eligible
15 to exercise such offset rights under paragraph (6),
16 (7), or (17) for each individual contract covered by
17 the master netting agreement in issue; or”.

18 (2) LIMITATION.—Section 362 of title 11,
19 United States Code, as amended by this Act, is
20 amended by adding at the end the following:

21 “(1) LIMITATION.—The exercise of rights not subject
22 to the stay arising under subsection (a) pursuant to para-
23 graph (6), (7), (17), or (28) of subsection (b) shall not
24 be stayed by any order of a court or administrative agency
25 in any proceeding under this title.”.

1 (e) LIMITATION OF AVOIDANCE POWERS UNDER
2 MASTER NETTING AGREEMENT.—Section 546 of title 11,
3 United States Code, as amended by this Act, is
4 amended—

5 (1) in subsection (g) (as added by section 103
6 of Public Law 101–311)—

7 (A) by striking “under a swap agreement”;
8 and

9 (B) by striking “in connection with a swap
10 agreement” and inserting “under or in connec-
11 tion with any swap agreement”; and

12 (2) by adding at the end the following:

13 “(k) Notwithstanding sections 544, 545, 547,
14 548(a)(1)(B), and 548(b) the trustee may not avoid a
15 transfer made by or to a master netting agreement partici-
16 pant under or in connection with any master netting
17 agreement or any individual contract covered thereby that
18 is made before the commencement of the case, except
19 under section 548(a)(1)(A) and except to the extent that
20 the trustee could otherwise avoid such a transfer made
21 under an individual contract covered by such master net-
22 ting agreement.”.

23 (f) FRAUDULENT TRANSFERS OF MASTER NETTING
24 AGREEMENTS.—Section 548(d)(2) of title 11, United
25 States Code, is amended—

1 (1) in subparagraph (C), by striking “and” at
2 the end;

3 (2) in subparagraph (D), by striking the period
4 and inserting “; and”; and

5 (3) by adding at the end the following new sub-
6 paragraph:

7 “(E) a master netting agreement participant
8 that receives a transfer in connection with a master
9 netting agreement or any individual contract covered
10 thereby takes for value to the extent of such trans-
11 fer, except that, with respect to a transfer under any
12 individual contract covered thereby, to the extent
13 that such master netting agreement participant oth-
14 erwise did not take (or is otherwise not deemed to
15 have taken) such transfer for value.”.

16 (g) TERMINATION OR ACCELERATION OF SECURITIES
17 CONTRACTS.—Section 555 of title 11, United States Code,
18 is amended—

19 (1) by amending the section heading to read as
20 follows:

21 “§ 555. **Contractual right to liquidate, terminate, or**

22 **accelerate a securities contract”;**

23 and

1 (2) in the first sentence, by striking “liquida-
2 tion” and inserting “liquidation, termination, or ac-
3 celeration”.

4 (h) TERMINATION OR ACCELERATION OF COMMOD-
5 ITIES OR FORWARD CONTRACTS.—Section 556 of title 11,
6 United States Code, is amended—

7 (1) by amending the section heading to read as
8 follows:

9 “§ 556. **Contractual right to liquidate, terminate, or**
10 **accelerate a commodities contract or for-**
11 **ward contract”;**

12 and

13 (2) in the first sentence, by striking “liquida-
14 tion” and inserting “liquidation, termination, or ac-
15 celeration”.

16 (i) TERMINATION OR ACCELERATION OF REPUR-
17 CHASE AGREEMENTS.—Section 559 of title 11, United
18 States Code, is amended—

19 (1) by amending the section heading to read as
20 follows:

21 “§ 559. **Contractual right to liquidate, terminate, or**
22 **accelerate a repurchase agreement”;**

23 and

1 (2) in the first sentence, by striking “liquida-
2 tion” and inserting “liquidation, termination, or ac-
3 celeration”.

4 (j) LIQUIDATION, TERMINATION, OR ACCELERATION
5 OF SWAP AGREEMENTS.—Section 560 of title 11, United
6 States Code, is amended—

7 (1) by amending the section heading to read as
8 follows:

9 “**§ 560. Contractual right to liquidate, terminate, or**
10 **accelerate a swap agreement**”;

11 (2) in the first sentence, by striking “termi-
12 nation of a swap agreement” and inserting “liquida-
13 tion, termination, or acceleration of one or more
14 swap agreements”; and

15 (3) by striking “in connection with any swap
16 agreement” and inserting “in connection with the
17 termination, liquidation, or acceleration of one or
18 more swap agreements”.

19 (k) LIQUIDATION, TERMINATION, ACCELERATION, OR
20 OFFSET UNDER A MASTER NETTING AGREEMENT AND
21 ACROSS CONTRACTS.—

22 (1) IN GENERAL.—Title 11, United States
23 Code, is amended by inserting after section 560 the
24 following:

1 **“§ 561. Contractual right to terminate, liquidate, ac-**
2 **celerate, or offset under a master netting**
3 **agreement and across contracts**

4 “(a) IN GENERAL.—Subject to subsection (b), the ex-
5 ercise of any contractual right, because of a condition of
6 the kind specified in section 365(e)(1), to cause the termi-
7 nation, liquidation, or acceleration of or to offset or net
8 termination values, payment amounts, or other transfer
9 obligations arising under or in connection with one or
10 more (or the termination, liquidation, or acceleration of
11 one or more)—

12 “(1) securities contracts, as defined in section
13 741(7);

14 “(2) commodity contracts, as defined in section
15 761(4);

16 “(3) forward contracts;

17 “(4) repurchase agreements;

18 “(5) swap agreements; or

19 “(6) master netting agreements,

20 shall not be stayed, avoided, or otherwise limited by oper-
21 ation of any provision of this title or by any order of a
22 court or administrative agency in any proceeding under
23 this title.

24 “(b) EXCEPTION.—

25 “(1) IN GENERAL.—A party may exercise a
26 contractual right described in subsection (a) to ter-

1 minate, liquidate, or accelerate only to the extent
2 that such party could exercise such a right under
3 section 555, 556, 559, or 560 for each individual
4 contract covered by the master netting agreement in
5 issue.

6 “(2) COMMODITY BROKERS.—If a debtor is a
7 commodity broker subject to subchapter IV of chap-
8 ter 7—

9 “(A) a party may not net or offset an obli-
10 gation to the debtor arising under, or in con-
11 nection with, a commodity contract against any
12 claim arising under, or in connection with,
13 other instruments, contracts, or agreements
14 listed in subsection (a) except to the extent that
15 the party has positive net equity in the com-
16 modity accounts at the debtor, as calculated
17 under that subchapter IV; and

18 “(B) another commodity broker may not
19 net or offset an obligation to the debtor arising
20 under, or in connection with, a commodity con-
21 tract entered into or held on behalf of a cus-
22 tomer of the debtor against any claim arising
23 under, or in connection with, other instruments,
24 contracts, or agreements listed in subsection
25 (a).

1 “(3) CONSTRUCTION.—No provision of sub-
2 paragraph (A) or (B) of paragraph (2) shall prohibit
3 the offset of claims and obligations that arise
4 under—

5 “(A) a cross-margining agreement that has
6 been approved by the Commodity Futures
7 Trading Commission or submitted to the Com-
8 modity Futures Trading Commission under sec-
9 tion 5(a)(12)(A) of the Commodity Exchange
10 Act and has been approved; or

11 “(B) any other netting agreement between
12 a clearing organization, as defined in section
13 761, and another entity that has been approved
14 by the Commodity Futures Trading Commis-
15 sion.

16 “(c) DEFINITION.—As used in this section, the term
17 ‘contractual right’ includes a right set forth in a rule or
18 bylaw of a national securities exchange, a national securi-
19 ties association, or a securities clearing agency, a right
20 set forth in a bylaw of a clearing organization or contract
21 market or in a resolution of the governing board thereof,
22 and a right, whether or not evidenced in writing, arising
23 under common law, under law merchant, or by reason of
24 normal business practice.

1 “(d) CASES ANCILLARY TO FOREIGN PRO-
2 CEEDINGS.—Any provisions of this title relating to securi-
3 ties contracts, commodity contracts, forward contracts, re-
4 purchase agreements, swap agreements, or master netting
5 agreements shall apply in a case under chapter 15 of this
6 title, so that enforcement of contractual provisions of such
7 contracts and agreements in accordance with their terms
8 will not be stayed or otherwise limited by operation of any
9 provision of this title or by order of a court in any case
10 under this title, and to limit avoidance powers to the same
11 extent as in a proceeding under chapter 7 or 11 of this
12 title (such enforcement not to be limited based on the
13 presence or absence of assets of the debtor in the United
14 States).”.

15 (2) CONFORMING AMENDMENT.—The table of sec-
16 tions for chapter 5 of title 11, United States Code, is
17 amended by inserting after the item relating to section
18 560 the following:

“561. Contractual right to terminate, liquidate, accelerate, or offset under a
master netting agreement and across contracts.”.

19 (1) COMMODITY BROKER LIQUIDATIONS.—Title 11,
20 United States Code, is amended by inserting after section
21 766 the following:

1 **“§ 767. Commodity broker liquidation and forward**
2 **contract merchants, commodity brokers,**
3 **stockbrokers, financial institutions, fi-**
4 **nancial participants, securities clearing**
5 **agencies, swap participants, repo partici-**
6 **pants, and master netting agreement par-**
7 **ticipants**

8 “Notwithstanding any other provision of this title,
9 the exercise of rights by a forward contract merchant,
10 commodity broker, stockbroker, financial institution, fi-
11 nancial participant, securities clearing agency, swap par-
12 ticipant, repo participant, or master netting agreement
13 participant under this title shall not affect the priority of
14 any unsecured claim it may have after the exercise of such
15 rights.”.

16 (m) STOCKBROKER LIQUIDATIONS.—Title 11,
17 United States Code, is amended by inserting after section
18 752 the following:

19 **“§ 753. Stockbroker liquidation and forward contract**
20 **merchants, commodity brokers, stock-**
21 **brokers, financial institutions, securities**
22 **clearing agencies, swap participants,**
23 **repo participants, and master netting**
24 **agreement participants**

25 “Notwithstanding any other provision of this title,
26 the exercise of rights by a forward contract merchant,

1 commodity broker, stockbroker, financial institution, secu-
2 rities clearing agency, swap participant, repo participant,
3 financial participant, or master netting agreement partici-
4 pant under this title shall not affect the priority of any
5 unsecured claim it may have after the exercise of such
6 rights.”.

7 (n) SETOFF.—Section 553 of title 11, United States
8 Code, is amended—

9 (1) in subsection (a)(3)(C), by inserting before
10 the period the following: “(except for a setoff of a
11 kind described in section 362(b)(6), 362(b)(7),
12 362(b)(17), 362(b)(28), 555, 556, 559, 560, or 561
13 of this title)”; and

14 (2) in subsection (b)(1), by striking
15 “362(b)(14),” and inserting “362(b)(17),
16 362(b)(28), 555, 556, 559, 560, 561”.

17 (o) SECURITIES CONTRACTS, COMMODITY CON-
18 TRACTS, AND FORWARD CONTRACTS.—Title 11, United
19 States Code, is amended—

20 (1) in section 362(b)(6), by striking “financial
21 institutions,” each place such term appears and in-
22 serting “financial institution, financial participant,”;

23 (2) in section 546(e), by inserting “financial
24 participant,” after “financial institution,”;

1 (3) in section 548(d)(2)(B), by inserting “fi-
2 nancial participant,” after “financial institution,”;

3 (4) in section 555—

4 (A) by inserting “financial participant,”
5 after “financial institution,”; and

6 (B) by inserting before the period at the
7 end “, a right set forth in a bylaw of a clearing
8 organization or contract market or in a resolu-
9 tion of the governing board thereof, and a right,
10 whether or not in writing, arising under com-
11 mon law, under law merchant, or by reason of
12 normal business practice”; and

13 (5) in section 556, by inserting “, financial par-
14 ticipant,” after “commodity broker”.

15 (p) CONFORMING AMENDMENTS.—Title 11, United
16 States Code, is amended—

17 (1) in the table of sections for chapter 5—

18 (A) by amending the items relating to sec-
19 tions 555 and 556 to read as follows:

“555. Contractual right to liquidate, terminate, or accelerate a securities con-
tract.

“556. Contractual right to liquidate, terminate, or accelerate a commodities con-
tract or forward contract.”;

20 and

21 (B) by amending the items relating to sec-
22 tions 559 and 560 to read as follows:

“559. Contractual right to liquidate, terminate, or accelerate a repurchase
agreement.

“560. Contractual right to liquidate, terminate, or accelerate a swap agreement.”;

1 and

2 (2) in the table of sections for chapter 7—

3 (A) by inserting after the item relating to
4 section 766 the following:

“767. Commodity broker liquidation and forward contract merchants, commodity brokers, stockbrokers, financial institutions, securities clearing agencies, swap participants, repo participants, and master netting agreement participants.”;

5 and

6 (B) by inserting after the item relating to
7 section 752 the following:

“753. Stockbroker liquidation and forward contract merchants, commodity brokers, stockbrokers, financial institutions, securities clearing agencies, swap participants, repo participants, and master netting agreement participants.”.

8 **SEC. 908. RECORDKEEPING REQUIREMENTS.**

9 Section 11(e)(8) of the Federal Deposit Insurance
10 Act (12 U.S.C. 1821(e)(8)) is amended by adding at the
11 end the following new subparagraph:

12 “(H) RECORDKEEPING REQUIREMENTS.—

13 The Corporation, in consultation with the appropriate Federal banking agencies, may prescribe regulations requiring more detailed recordkeeping with respect to qualified financial contracts (including market valuations) by insured depository institutions.”.

1 **SEC. 909. EXEMPTIONS FROM CONTEMPORANEOUS EXECU-**
2 **TION REQUIREMENT.**

3 Section 13(e)(2) of the Federal Deposit Insurance
4 Act (12 U.S.C. 1823(e)(2)) is amended to read as follows:

5 “(2) EXEMPTIONS FROM CONTEMPORANEOUS
6 EXECUTION REQUIREMENT.—An agreement to pro-
7 vide for the lawful collateralization of—

8 “(A) deposits of, or other credit extension
9 by, a Federal, State, or local governmental enti-
10 ty, or of any depositor referred to in section
11 11(a)(2), including an agreement to provide col-
12 lateral in lieu of a surety bond;

13 “(B) bankruptcy estate funds pursuant to
14 section 345(b)(2) of title 11, United States
15 Code;

16 “(C) extensions of credit, including any
17 overdraft, from a Federal reserve bank or Fed-
18 eral home loan bank; or

19 “(D) one or more qualified financial con-
20 tracts, as defined in section 11(e)(8)(D),

21 shall not be deemed invalid pursuant to paragraph
22 (1)(B) solely because such agreement was not exe-
23 cuted contemporaneously with the acquisition of the
24 collateral or because of pledges, delivery, or substi-
25 tution of the collateral made in accordance with such
26 agreement.”.

1 **SEC. 910. DAMAGE MEASURE.**

2 (a) IN GENERAL.—Title 11, United States Code, is
3 amended—

4 (1) by inserting after section 561, as added by
5 this Act, the following:

6 **“§ 562. Damage measure in connection with swap**
7 **agreements, securities contracts, forward**
8 **contracts, commodity contracts, repur-**
9 **chase agreements, or master netting**
10 **agreements**

11 “If the trustee rejects a swap agreement, securities
12 contract (as defined in section 741), forward contract,
13 commodity contract (as defined in section 761), repur-
14 chase agreement, or master netting agreement pursuant
15 to section 365(a), or if a forward contract merchant,
16 stockbroker, financial institution, securities clearing agen-
17 cy, repo participant, financial participant, master netting
18 agreement participant, or swap participant liquidates, ter-
19 minates, or accelerates such contract or agreement, dam-
20 ages shall be measured as of the earlier of—

21 “(1) the date of such rejection; or

22 “(2) the date of such liquidation, termination,
23 or acceleration.”; and

24 (2) in the table of sections for chapter 5, by in-
25 sserting after the item relating to section 561 (as
26 added by this Act) the following:

“562. Damage measure in connection with swap agreements, securities contracts, forward contracts, commodity contracts, repurchase agreements, or master netting agreements.”.

1 (b) CLAIMS ARISING FROM REJECTION.—Section
2 502(g) of title 11, United States Code, is amended—

3 (1) by inserting “(1)” after “(g)”; and

4 (2) by adding at the end the following:

5 “(2) A claim for damages calculated in accordance
6 with section 562 of this title shall be allowed under sub-
7 section (a), (b), or (c), or disallowed under subsection (d)
8 or (e), as if such claim had arisen before the date of the
9 filing of the petition.”.

10 **SEC. 911. SIPC STAY.**

11 Section 5(b)(2) of the Securities Investor Protection
12 Act of 1970 (15 U.S.C. 78eee(b)(2)) is amended by adding
13 at the end the following new subparagraph:

14 “(C) EXCEPTION FROM STAY.—

15 “(i) Notwithstanding section 362 of
16 title 11, United States Code, neither the
17 filing of an application under subsection
18 (a)(3) nor any order or decree obtained by
19 SIPC from the court shall operate as a
20 stay of any contractual rights of a creditor
21 to liquidate, terminate, or accelerate a se-
22 curities contract, commodity contract, for-
23 ward contract, repurchase agreement, swap
24 agreement, or master netting agreement,

1 as those terms are defined in sections 101
2 and 741 of title 11, United States Code, to
3 offset or net termination values, payment
4 amounts, or other transfer obligations arising
5 under or in connection with one or
6 more of such contracts or agreements, or
7 to foreclose on any cash collateral pledged
8 by the debtor, whether or not with respect
9 to one or more of such contracts or agree-
10 ments.

11 “(ii) Notwithstanding clause (i), such
12 application, order, or decree may operate
13 as a stay of the foreclosure on, or disposi-
14 tion of, securities collateral pledged by the
15 debtor, whether or not with respect to one
16 or more of such contracts or agreements,
17 securities sold by the debtor under a repur-
18 chase agreement, or securities lent under a
19 securities lending agreement.

20 “(iii) As used in this subparagraph,
21 the term ‘contractual right’ includes a
22 right set forth in a rule or bylaw of a na-
23 tional securities exchange, a national secu-
24 rities association, or a securities clearing
25 agency, a right set forth in a bylaw of a

1 clearing organization or contract market or
2 in a resolution of the governing board
3 thereof, and a right, whether or not in
4 writing, arising under common law, under
5 law merchant, or by reason of normal busi-
6 ness practice.”.

7 **SEC. 912. ASSET-BACKED SECURITIZATIONS.**

8 Section 541 of title 11, United States Code, is
9 amended—

10 (1) in subsection (b), by inserting after para-
11 graph (7), as added by this Act, the following:

12 “(8) any eligible asset (or proceeds thereof), to
13 the extent that such eligible asset was transferred by
14 the debtor, before the date of commencement of the
15 case, to an eligible entity in connection with an
16 asset-backed securitization, except to the extent such
17 asset (or proceeds or value thereof) may be recov-
18 ered by the trustee under section 550 by virtue of
19 avoidance under section 548(a);” and

20 (2) by adding at the end the following new sub-
21 section:

22 “(f) For purposes of this section—

23 “(1) the term ‘asset-backed securitization’
24 means a transaction in which eligible assets trans-
25 ferred to an eligible entity are used as the source of

1 payment on securities, including, without limitation,
2 all securities issued by governmental units, at least
3 one class or tranche of which was rated investment
4 grade by one or more nationally recognized securities
5 rating organizations, when the securities were ini-
6 tially issued by an issuer;

7 “(2) the term ‘eligible asset’ means—

8 “(A) financial assets (including interests
9 therein and proceeds thereof), either fixed or re-
10 volving, whether or not the same are in exist-
11 ence as of the date of the transfer, including
12 residential and commercial mortgage loans, con-
13 sumer receivables, trade receivables, assets of
14 governmental units, including payment obliga-
15 tions relating to taxes, receipts, fines, tickets,
16 and other sources of revenue, and lease receiv-
17 ables, that, by their terms, convert into cash
18 within a finite time period, plus any residual in-
19 terest in property subject to receivables in-
20 cluded in such financial assets plus any rights
21 or other assets designed to assure the servicing
22 or timely distribution of proceeds to security
23 holders;

24 “(B) cash; and

1 “(C) securities, including without limita-
2 tion, all securities issued by governmental units;

3 “(3) the term ‘eligible entity’ means—

4 “(A) an issuer; or

5 “(B) a trust, corporation, partnership, gov-
6 ernmental unit, limited liability company (in-
7 cluding a single member limited liability com-
8 pany), or other entity engaged exclusively in the
9 business of acquiring and transferring eligible
10 assets directly or indirectly to an issuer and
11 taking actions ancillary thereto;

12 “(4) the term ‘issuer’ means a trust, corpora-
13 tion, partnership, or other entity engaged exclusively
14 in the business of acquiring and holding eligible as-
15 sets, issuing securities backed by eligible assets, and
16 taking actions ancillary thereto; and

17 “(5) the term ‘transferred’ means the debtor,
18 under a written agreement, represented and war-
19 ranted that eligible assets were sold, contributed, or
20 otherwise conveyed with the intention of removing
21 them from the estate of the debtor pursuant to sub-
22 section (b)(8) (whether or not reference is made to
23 this title or any section hereof), irrespective and
24 without limitation of—

1 “(A) whether the debtor directly or indi-
2 rectly obtained or held an interest in the issuer
3 or in any securities issued by the issuer;

4 “(B) whether the debtor had an obligation
5 to repurchase or to service or supervise the
6 servicing of all or any portion of such eligible
7 assets; or

8 “(C) the characterization of such sale, con-
9 tribution, or other conveyance for tax, account-
10 ing, regulatory reporting, or other purposes.”.

11 **SEC. 913. EFFECTIVE DATE; APPLICATION OF AMEND-**
12 **MENTS.**

13 (a) **EFFECTIVE DATE.**—This title shall take effect on
14 the date of enactment of this Act.

15 (b) **APPLICATION OF AMENDMENTS.**—The amend-
16 ments made by this title shall apply with respect to cases
17 commenced or appointments made under any Federal or
18 State law after the date of enactment of this Act, but shall
19 not apply with respect to cases commenced or appoint-
20 ments made under any Federal or State law before the
21 date of enactment of this Act.

22 **TITLE X—PROTECTION OF**
23 **FAMILY FARMERS**

24 **SEC. 1001. PERMANENT REENACTMENT OF CHAPTER 12.**

25 (a) **REENACTMENT.**—

1 (1) IN GENERAL.—Chapter 12 of title 11,
2 United States Code, as reenacted by section 149 of
3 division C of the Omnibus Consolidated and Emer-
4 gency Supplemental Appropriations Act, 1999 (Pub-
5 lic Law 105–277), and amended by this Act, is reen-
6 acted.

7 (2) EFFECTIVE DATE.—Subsection (a) shall
8 take effect on July 1, 2000.

9 (b) CONFORMING AMENDMENT.—Section 302 of the
10 Bankruptcy, Judges, United States Trustees, and Family
11 Farmer Bankruptcy Act of 1986 (28 U.S.C. 581 note) is
12 amended by striking subsection (f).

13 **SEC. 1002. DEBT LIMIT INCREASE.**

14 Section 104(b) of title 11, United States Code, is
15 amended by adding at the end the following:

16 “(4) The dollar amount in section 101(18) shall be
17 adjusted at the same times and in the same manner as
18 the dollar amounts in paragraph (1) of this subsection,
19 beginning with the adjustment to be made on April 1,
20 2001.”.

21 **SEC. 1003. CERTAIN CLAIMS OWED TO GOVERNMENTAL**
22 **UNITS.**

23 (a) CONTENTS OF PLAN.—Section 1222(a)(2) of title
24 11, United States Code, is amended to read as follows:

1 “(2) provide for the full payment, in deferred
2 cash payments, of all claims entitled to priority
3 under section 507, unless—

4 “(A) the claim is a claim owed to a govern-
5 mental unit that arises as a result of the sale,
6 transfer, exchange, or other disposition of any
7 farm asset used in the debtor’s farming oper-
8 ation, in which case the claim shall be treated
9 as an unsecured claim that is not entitled to
10 priority under section 507, but the debt shall be
11 treated in such manner only if the debtor re-
12 ceives a discharge; or

13 “(B) the holder of a particular claim
14 agrees to a different treatment of that claim;”.

15 (b) SPECIAL NOTICE PROVISIONS.—Section 1231(b)
16 of title 11, United States Code, as so designated by this
17 Act, is amended by striking “a State or local governmental
18 unit” and inserting “any governmental unit”.

19 **TITLE XI—HEALTH CARE AND** 20 **EMPLOYEE BENEFITS**

21 **SEC. 1101. DEFINITIONS.**

22 (a) HEALTH CARE BUSINESS DEFINED.—Section
23 101 of title 11, United States Code, is amended—

24 (1) by redesignating paragraph (27A), as added
25 by this Act, as paragraph (27B); and

1 (2) by inserting after paragraph (27) the fol-
2 lowing:

3 “(27A) ‘health care business’—

4 “(A) means any public or private entity
5 (without regard to whether that entity is orga-
6 nized for profit or not for profit) that is pri-
7 marily engaged in offering to the general public
8 facilities and services for—

9 “(i) the diagnosis or treatment of in-
10 jury, deformity, or disease; and

11 “(ii) surgical, drug treatment, psy-
12 chiatric, or obstetric care; and

13 “(B) includes—

14 “(i) any—

15 “(I) general or specialized hos-
16 pital;

17 “(II) ancillary ambulatory, emer-
18 gency, or surgical treatment facility;

19 “(III) hospice;

20 “(IV) home health agency; and

21 “(V) other health care institution
22 that is similar to an entity referred to
23 in subclause (I), (II), (III), or (IV);
24 and

1 “(ii) any long-term care facility, in-
2 cluding any—

3 “(I) skilled nursing facility;

4 “(II) intermediate care facility;

5 “(III) assisted living facility;

6 “(IV) home for the aged;

7 “(V) domiciliary care facility; and

8 “(VI) health care institution that
9 is related to a facility referred to in
10 subclause (I), (II), (III), (IV), or (V),
11 if that institution is primarily engaged
12 in offering room, board, laundry, or
13 personal assistance with activities of
14 daily living and incidentals to activi-
15 ties of daily living;”.

16 (b) PATIENT AND PATIENT RECORDS DEFINED.—
17 Section 101 of title 11, United States Code, is amended
18 by inserting after paragraph (40) the following:

19 “(40A) ‘patient’ means any person who obtains
20 or receives services from a health care business;

21 “(40B) ‘patient records’ means any written doc-
22 ument relating to a patient or a record recorded in
23 a magnetic, optical, or other form of electronic me-
24 dium;”.

1 (c) RULE OF CONSTRUCTION.—The amendments
2 made by subsection (a) of this section shall not affect the
3 interpretation of section 109(b) of title 11, United States
4 Code.

5 **SEC. 1102. DISPOSAL OF PATIENT RECORDS.**

6 (a) IN GENERAL.—Subchapter III of chapter 3 of
7 title 11, United States Code, is amended by adding at the
8 end the following:

9 **“§ 351. Disposal of patient records**

10 “If a health care business commences a case under
11 chapter 7, 9, or 11, and the trustee does not have a suffi-
12 cient amount of funds to pay for the storage of patient
13 records in the manner required under applicable Federal
14 or State law, the following requirements shall apply:

15 “(1) The trustee shall—

16 “(A) promptly publish notice, in 1 or more
17 appropriate newspapers, that if patient records
18 are not claimed by the patient or an insurance
19 provider (if applicable law permits the insur-
20 ance provider to make that claim) by the date
21 that is 365 days after the date of that notifica-
22 tion, the trustee will destroy the patient
23 records; and

24 “(B) during the first 180 days of the 365-
25 day period described in subparagraph (A),

1 promptly attempt to notify directly each patient
2 that is the subject of the patient records and
3 appropriate insurance carrier concerning the
4 patient records by mailing to the last known ad-
5 dress of that patient, or a family member or
6 contact person for that patient, and to the ap-
7 propriate insurance carrier an appropriate no-
8 tice regarding the claiming or disposing of pa-
9 tient records.

10 “(2) If, after providing the notification under
11 paragraph (1), patient records are not claimed dur-
12 ing the 365-day period described under that para-
13 graph, the trustee shall mail, by certified mail, at
14 the end of such 365-day period a written request to
15 each appropriate Federal agency to request permis-
16 sion from that agency to deposit the patient records
17 with that agency, except that no Federal agency is
18 required to accept patient records under this para-
19 graph.

20 “(3) If, following the 365-day period described
21 in paragraph (2) and after providing the notification
22 under paragraph (1), patient records are not claimed
23 by a patient or insurance provider, or request is not
24 granted by a Federal agency to deposit such records

1 with that agency, the trustee shall destroy those
2 records by—

3 “(A) if the records are written, shredding
4 or burning the records; or

5 “(B) if the records are magnetic, optical,
6 or other electronic records, by otherwise de-
7 stroying those records so that those records
8 cannot be retrieved.”.

9 (b) CLERICAL AMENDMENT.—The table of sections
10 for chapter 3 of title 11, United States Code, is amended
11 by inserting after the item relating to section 350 the fol-
12 lowing:

“351. Disposal of patient records.”.

13 **SEC. 1103. ADMINISTRATIVE EXPENSE CLAIM FOR COSTS**
14 **OF CLOSING A HEALTH CARE BUSINESS AND**
15 **OTHER ADMINISTRATIVE EXPENSES.**

16 Section 503(b) of title 11, United States Code, as
17 amended by this Act, is amended by adding at the end
18 the following:

19 “(8) the actual, necessary costs and expenses of
20 closing a health care business incurred by a trustee
21 or by a Federal agency (as that term is defined in
22 section 551(1) of title 5) or a department or agency
23 of a State or political subdivision thereof, including
24 any cost or expense incurred—

1 “(A) in disposing of patient records in ac-
2 cordance with section 351; or

3 “(B) in connection with transferring pa-
4 tients from the health care business that is in
5 the process of being closed to another health
6 care business;

7 “(9) with respect to a nonresidential real prop-
8 erty lease previously assumed under section 365,
9 and subsequently rejected, a sum equal to all mone-
10 tary obligations due, excluding those arising from or
11 related to a failure to operate or penalty provisions,
12 for the period of 2 years following the later of the
13 rejection date or date of actual turnover of the
14 premises, without reduction or setoff for any reason
15 whatsoever except for sums actually received or to be
16 received from a nondebtor, and the claim for remain-
17 ing sums due for the balance of the term of the lease
18 shall be a claim under section 502(b)(6); and”.

19 **SEC. 1104. APPOINTMENT OF OMBUDSMAN TO ACT AS PA-**
20 **TIENT ADVOCATE.**

21 (a) IN GENERAL.—

22 (1) APPOINTMENT OF OMBUDSMAN.—Sub-
23 chapter II of chapter 3 of title 11, United States
24 Code, is amended by inserting after section 331 the
25 following:

1 **“§ 332. Appointment of ombudsman**

2 “(a) IN GENERAL.—

3 “(1) AUTHORITY TO APPOINT.—Not later than
4 30 days after a case is commenced by a health care
5 business under chapter 7, 9, or 11, the court shall
6 order the appointment of an ombudsman to monitor
7 the quality of patient care to represent the interests
8 of the patients of the health care business, unless
9 the court finds that the appointment of the ombuds-
10 man is not necessary for the protection of patients
11 under the specific facts of the case.

12 “(2) QUALIFICATIONS.—If the court orders the
13 appointment of an ombudsman, the United States
14 trustee shall appoint 1 disinterested person, other
15 than the United States trustee, to serve as an om-
16 budsman, including a person who is serving as a
17 State Long-Term Care Ombudsman appointed under
18 title III or VII of the Older Americans Act of 1965
19 (42 U.S.C. 3021 et seq., 3058 et seq.).

20 “(b) DUTIES.—An ombudsman appointed under sub-
21 section (a) shall—

22 “(1) monitor the quality of patient care, to the
23 extent necessary under the circumstances, including
24 interviewing patients and physicians;

25 “(2) not later than 60 days after the date of
26 appointment, and not less frequently than every 60

1 days thereafter, report to the court, at a hearing or
2 in writing, regarding the quality of patient care at
3 the health care business involved; and

4 “(3) if the ombudsman determines that the
5 quality of patient care is declining significantly or is
6 otherwise being materially compromised, notify the
7 court by motion or written report, with notice to ap-
8 propriate parties in interest, immediately upon mak-
9 ing that determination.

10 “(c) CONFIDENTIALITY.—An ombudsman shall main-
11 tain any information obtained by the ombudsman under
12 this section that relates to patients (including information
13 relating to patient records) as confidential information.
14 The ombudsman may not review confidential patient
15 records, unless the court provides prior approval, with re-
16 strictions on the ombudsman to protect the confidentiality
17 of patient records.”.

18 (2) CLERICAL AMENDMENT.—The table of sec-
19 tions for chapter 3 of title 11, United States Code,
20 is amended by inserting after the item relating to
21 section 331 the following:

“332. Appointment of ombudsman.”.

22 (b) COMPENSATION OF OMBUDSMAN.—Section
23 330(a)(1) of title 11, United States Code, is amended—

1 (1) in the matter proceeding subparagraph (A),
2 by inserting “an ombudsman appointed under sec-
3 tion 331, or” before “a professional person”; and

4 (2) in subparagraph (A), by inserting “ombuds-
5 man,” before “professional person”.

6 **SEC. 1105. DEBTOR IN POSSESSION; DUTY OF TRUSTEE TO**
7 **TRANSFER PATIENTS.**

8 (a) IN GENERAL.—Section 704(a) of title 11, United
9 States Code, as amended by this Act, is amended by add-
10 ing at the end the following:

11 “(11) use all reasonable and best efforts to
12 transfer patients from a health care business that is
13 in the process of being closed to an appropriate
14 health care business that—

15 “(A) is in the vicinity of the health care
16 business that is closing;

17 “(B) provides the patient with services
18 that are substantially similar to those provided
19 by the health care business that is in the proc-
20 ess of being closed; and

21 “(C) maintains a reasonable quality of
22 care.”.

23 (b) CONFORMING AMENDMENT.—Section 1106(a)(1)
24 of title 11, United States Code, is amended by striking
25 “sections 704(2), 704(5), 704(7), 704(8), and 704(9)”

1 and inserting “paragraphs (2), (5), (7), (8), (9), and (11)
2 of section 704(a)”.

3 **SEC. 1106. EXCLUSION FROM PROGRAM PARTICIPATION**

4 **NOT SUBJECT TO AUTOMATIC STAY.**

5 Section 362(b) of title 11, United States Code, is
6 amended by inserting after paragraph (28), as added by
7 this Act, the following:

8 “(29) under subsection (a), of the exclusion by
9 the Secretary of Health and Human Services of the
10 debtor from participation in the medicare program
11 or any other Federal health care program (as de-
12 fined in section 1128B(f) of the Social Security Act
13 (42 U.S.C. 1320a–7b(f)) pursuant to title XI of
14 such Act (42 U.S.C. 1301 et seq.) or title XVIII of
15 such Act (42 U.S.C. 1395 et seq.).”.

16 **TITLE XII—TECHNICAL**
17 **AMENDMENTS**

18 **SEC. 1201. DEFINITIONS.**

19 Section 101 of title 11, United States Code, as
20 amended by this Act, is amended—

21 (1) by striking “In this title—” and inserting
22 “In this title the following definitions shall apply:”;

23 (2) in each paragraph, by inserting “The term”
24 after the paragraph designation;

1 (3) in paragraph (35)(B), by striking “para-
2 graphs (21B) and (33)(A)” and inserting “para-
3 graphs (23) and (35)”;

4 (4) in each of paragraphs (35A) and (38), by
5 striking “; and” at the end and inserting a period;

6 (5) in paragraph (51B)—

7 (A) by inserting “who is not a family farm-
8 er” after “debtor” the first place it appears;
9 and

10 (B) by striking “thereto having aggregate”
11 and all that follows through the end of the
12 paragraph;

13 (6) by striking paragraph (54) and inserting
14 the following:

15 “(54) The term ‘transfer’ means—

16 “(A) the creation of a lien;

17 “(B) the retention of title as a security in-
18 terest;

19 “(C) the foreclosure of a debtor’s equity of
20 redemption; or

21 “(D) each mode, direct or indirect, abso-
22 lute or conditional, voluntary or involuntary, of
23 disposing of or parting with—

24 “(i) property; or

25 “(ii) an interest in property.”; and

1 (7) in each of paragraphs (1) through (35), in
2 each of paragraphs (36) and (37), and in each of
3 paragraphs (40) through (55), by striking the semi-
4 colon at the end and inserting a period.

5 **SEC. 1202. ADJUSTMENT OF DOLLAR AMOUNTS.**

6 Section 104 of title 11, United States Code, as
7 amended by section 322 of this Act, is amended by insert-
8 ing “522(f)(3),” after “522(d),” each place it appears.

9 **SEC. 1203. EXTENSION OF TIME.**

10 Section 108(c)(2) of title 11, United States Code, is
11 amended by striking “922” and all that follows through
12 “or”, and inserting “922, 1201, or”.

13 **SEC. 1204. TECHNICAL AMENDMENTS.**

14 Title 11, United States Code, is amended—

15 (1) in section 109(b)(2), by striking “subsection
16 (c) or (d) of”; and

17 (2) in section 552(b)(1), by striking “product”
18 each place it appears and inserting “products”.

19 **SEC. 1205. PENALTY FOR PERSONS WHO NEGLIGENTLY OR**
20 **FRAUDULENTLY PREPARE BANKRUPTCY PE-**
21 **TITIONS.**

22 Section 110(j)(4) of title 11, United States Code, as
23 so designated by this Act, is amended by striking “attor-
24 ney’s” and inserting “attorneys’ ”.

1 **SEC. 1206. LIMITATION ON COMPENSATION OF PROFES-**
2 **SIONAL PERSONS.**

3 Section 328(a) of title 11, United States Code, is
4 amended by inserting “on a fixed or percentage fee basis,”
5 after “hourly basis,”.

6 **SEC. 1207. EFFECT OF CONVERSION.**

7 Section 348(f)(2) of title 11, United States Code, is
8 amended by inserting “of the estate” after “property” the
9 first place it appears.

10 **SEC. 1208. ALLOWANCE OF ADMINISTRATIVE EXPENSES.**

11 Section 503(b)(4) of title 11, United States Code, is
12 amended by inserting “subparagraph (A), (B), (C), (D),
13 or (E) of” before “paragraph (3)”.

14 **SEC. 1209. EXCEPTIONS TO DISCHARGE.**

15 Section 523 of title 11, United States Code, as
16 amended by this Act, is amended—

17 (1) by transferring paragraph (15), as added by
18 section 304(e) of Public Law 103–394 (108 Stat.
19 4133), so as to insert such paragraph after sub-
20 section (a)(14);

21 (2) in subsection (a)(9), by striking “motor ve-
22 hicle” and inserting “motor vehicle, vessel, or air-
23 craft”; and

24 (3) in subsection (e), by striking “a insured”
25 and inserting “an insured”.

1 **SEC. 1210. EFFECT OF DISCHARGE.**

2 Section 524(a)(3) of title 11, United States Code, is
3 amended by striking “section 523” and all that follows
4 through “or that” and inserting “section 523, 1228(a)(1),
5 or 1328(a)(1), or that”.

6 **SEC. 1211. PROTECTION AGAINST DISCRIMINATORY TREAT-**
7 **MENT.**

8 Section 525(c) of title 11, United States Code, is
9 amended—

10 (1) in paragraph (1), by inserting “student” be-
11 fore “grant” the second place it appears; and

12 (2) in paragraph (2), by striking “the program
13 operated under part B, D, or E of” and inserting
14 “any program operated under”.

15 **SEC. 1212. PROPERTY OF THE ESTATE.**

16 Section 541(b)(4)(B)(ii) of title 11, United States
17 Code, is amended by inserting “365 or” before “542”.

18 **SEC. 1213. PREFERENCES.**

19 (a) IN GENERAL.—Section 547 of title 11, United
20 States Code, as amended by this Act, is amended—

21 (1) in subsection (b), by striking “subsection
22 (c)” and inserting “subsections (c) and (i)”; and

23 (2) by adding at the end the following:

24 “(i) If the trustee avoids under subsection (b) a
25 transfer made between 90 days and 1 year before the date
26 of the filing of the petition, by the debtor to an entity

1 that is not an insider for the benefit of a creditor that
2 is an insider, such transfer shall be considered to be avoid-
3 ed under this section only with respect to the creditor that
4 is an insider.”.

5 (b) APPLICABILITY.—The amendments made by this
6 section shall apply to any case that is pending or com-
7 menced on or after the date of enactment of this Act.

8 **SEC. 1214. POSTPETITION TRANSACTIONS.**

9 Section 549(c) of title 11, United States Code, is
10 amended—

11 (1) by inserting “an interest in” after “transfer
12 of” each place it appears;

13 (2) by striking “such property” and inserting
14 “such real property”; and

15 (3) by striking “the interest” and inserting
16 “such interest”.

17 **SEC. 1215. DISPOSITION OF PROPERTY OF THE ESTATE.**

18 Section 726(b) of title 11, United States Code, is
19 amended by striking “1009,”.

20 **SEC. 1216. GENERAL PROVISIONS.**

21 Section 901(a) of title 11, United States Code, as
22 amended by this Act, is amended by inserting “1123(d),”
23 after “1123(b),”.

1 **SEC. 1217. ABANDONMENT OF RAILROAD LINE.**

2 Section 1170(e)(1) of title 11, United States Code,
3 is amended by striking “section 11347” and inserting
4 “section 11326(a)”.

5 **SEC. 1218. CONTENTS OF PLAN.**

6 Section 1172(c)(1) of title 11, United States Code,
7 is amended by striking “section 11347” and inserting
8 “section 11326(a)”.

9 **SEC. 1219. DISCHARGE UNDER CHAPTER 12.**

10 Subsections (a) and (c) of section 1228 of title 11,
11 United States Code, are amended by striking
12 “1222(b)(10)” each place it appears and inserting
13 “1222(b)(9)”.

14 **SEC. 1220. BANKRUPTCY CASES AND PROCEEDINGS.**

15 Section 1334(d) of title 28, United States Code, is
16 amended—

17 (1) by striking “made under this subsection”
18 and inserting “made under subsection (c)”; and

19 (2) by striking “This subsection” and inserting
20 “Subsection (c) and this subsection”.

21 **SEC. 1221. KNOWING DISREGARD OF BANKRUPTCY LAW OR**
22 **RULE.**

23 Section 156(a) of title 18, United States Code, is
24 amended—

25 (1) in the first undesignated paragraph—

1 (A) by inserting “(1) the term” before
2 “bankruptcy”; and

3 (B) by striking the period at the end and
4 inserting “; and”; and
5 (2) in the second undesignated paragraph—

6 (A) by inserting “(2) the term” before
7 “document”; and

8 (B) by striking “this title” and inserting
9 “title 11”.

10 **SEC. 1222. TRANSFERS MADE BY NONPROFIT CHARITABLE**
11 **CORPORATIONS.**

12 (a) SALE OF PROPERTY OF ESTATE.—Section 363(d)
13 of title 11, United States Code, is amended by striking
14 “only” and all that follows through the end of the sub-
15 section and inserting “only—

16 “(1) in accordance with applicable nonbank-
17 ruptcy law that governs the transfer of property by
18 a corporation or trust that is not a moneyed, busi-
19 ness, or commercial corporation or trust; and

20 “(2) to the extent not inconsistent with any re-
21 lief granted under subsection (c), (d), (e), or (f) of
22 section 362.”.

23 (b) CONFIRMATION OF PLAN FOR REORGANIZA-
24 TION.—Section 1129(a) of title 11, United States Code,

1 as amended by this Act, is amended by adding at the end
2 the following:

3 “(16) All transfers of property of the plan shall
4 be made in accordance with any applicable provi-
5 sions of nonbankruptcy law that govern the transfer
6 of property by a corporation or trust that is not a
7 moneyed, business, or commercial corporation or
8 trust.”.

9 (c) TRANSFER OF PROPERTY.—Section 541 of title
10 11, United States Code, as amended by this Act, is
11 amended by adding at the end the following:

12 “(g) Notwithstanding any other provision of this title,
13 property that is held by a debtor that is a corporation de-
14 scribed in section 501(c)(3) of the Internal Revenue Code
15 of 1986 and exempt from tax under section 501(a) of such
16 Code may be transferred to an entity that is not such a
17 corporation, but only under the same conditions as would
18 apply if the debtor had not filed a case under this title.”.

19 (d) APPLICABILITY.—The amendments made by this
20 section shall apply to a case pending under title 11, United
21 States Code, on the date of enactment of this Act, or filed
22 under that title on or after that date of enactment, except
23 that the court shall not confirm a plan under chapter 11
24 of title 11, United States Code, without considering
25 whether this section would substantially affect the rights

1 of a party in interest who first acquired rights with respect
2 to the debtor after the date of the petition. The parties
3 who may appear and be heard in a proceeding under this
4 section include the attorney general of the State in which
5 the debtor is incorporated, was formed, or does business.

6 (e) **RULE OF CONSTRUCTION.**—Nothing in this sec-
7 tion shall be construed to require the court in which a
8 case under chapter 11 of title 11, United States Code, is
9 pending to remand or refer any proceeding, issue, or con-
10 troversy to any other court or to require the approval of
11 any other court for the transfer of property.

12 **SEC. 1223. PROTECTION OF VALID PURCHASE MONEY SE-**
13 **CURITY INTERESTS.**

14 Section 547(c)(3)(B) of title 11, United States Code,
15 is amended by striking “20” and inserting “30”.

16 **SEC. 1224. BANKRUPTCY JUDGESHIPS.**

17 (a) **SHORT TITLE.**—This section may be cited as the
18 “Bankruptcy Judgeship Act of 2001”.

19 (b) **TEMPORARY JUDGESHIPS.**—

20 (1) **APPOINTMENTS.**—The following judgeship
21 positions shall be filled in the manner prescribed in
22 section 152(a)(1) of title 28, United States Code, for
23 the appointment of bankruptcy judges provided for
24 in section 152(a)(2) of such title:

1 (A) One additional bankruptcy judgeship
2 for the eastern district of California.

3 (B) Four additional bankruptcy judgeships
4 for the central district of California.

5 (C) One additional bankruptcy judgeship
6 for the district of Delaware.

7 (D) Two additional bankruptcy judgeships
8 for the southern district of Florida.

9 (E) One additional bankruptcy judgeship
10 for the southern district of Georgia.

11 (F) Two additional bankruptcy judgeships
12 for the district of Maryland.

13 (G) One additional bankruptcy judgeship
14 for the eastern district of Michigan.

15 (H) One additional bankruptcy judgeship
16 for the southern district of Mississippi.

17 (I) One additional bankruptcy judgeship
18 for the district of New Jersey.

19 (J) One additional bankruptcy judgeship
20 for the eastern district of New York.

21 (K) One additional bankruptcy judgeship
22 for the northern district of New York.

23 (L) One additional bankruptcy judgeship
24 for the southern district of New York.

1 (M) One additional bankruptcy judgeship
2 for the eastern district of North Carolina.

3 (N) One additional bankruptcy judgeship
4 for the eastern district of Pennsylvania.

5 (O) One additional bankruptcy judgeship
6 for the middle district of Pennsylvania.

7 (P) One additional bankruptcy judgeship
8 for the district of Puerto Rico.

9 (Q) One additional bankruptcy judgeship
10 for the western district of Tennessee.

11 (R) One additional bankruptcy judgeship
12 for the eastern district of Virginia.

13 (2) VACANCIES.—The first vacancy occurring in
14 the office of a bankruptcy judge in each of the judi-
15 cial districts set forth in paragraph (1) shall not be
16 filled if the vacancy—

17 (A) results from the death, retirement, res-
18 ignation, or removal of a bankruptcy judge; and

19 (B) occurs 5 years or more after the ap-
20 pointment date of a bankruptcy judge ap-
21 pointed under paragraph (1).

22 (c) EXTENSIONS.—

23 (1) IN GENERAL.—The temporary bankruptcy
24 judgeship positions authorized for the northern dis-
25 trict of Alabama, the district of Delaware, the dis-

1 trict of Puerto Rico, the district of South Carolina,
2 and the eastern district of Tennessee under para-
3 graphs (1), (3), (7), (8), and (9) of section 3(a) of
4 the Bankruptcy Judgeship Act of 1992 (28 U.S.C.
5 152 note) are extended until the first vacancy occur-
6 ring in the office of a bankruptcy judge in the appli-
7 cable district resulting from the death, retirement,
8 resignation, or removal of a bankruptcy judge and
9 occurring—

10 (A) 8 years or more after November 8,
11 1993, with respect to the northern district of
12 Alabama;

13 (B) 10 years or more after October 28,
14 1993, with respect to the district of Delaware;

15 (C) 8 years or more after August 29,
16 1994, with respect to the district of Puerto
17 Rico;

18 (D) 8 years or more after June 27, 1994,
19 with respect to the district of South Carolina;
20 and

21 (E) 8 years or more after November 23,
22 1993, with respect to the eastern district of
23 Tennessee.

24 (2) APPLICABILITY OF OTHER PROVISIONS.—

25 All other provisions of section 3 of the Bankruptcy

1 Judgeship Act of 1992 (28 U.S.C. 152 note) remain
2 applicable to temporary judgeship positions referred
3 to in this subsection.

4 (d) TECHNICAL AMENDMENTS.—Section 152(a) of
5 title 28, United States Code, is amended—

6 (1) in paragraph (1), by striking the first sen-
7 tence and inserting the following: “Each bankruptcy
8 judge to be appointed for a judicial district, as pro-
9 vided in paragraph (2), shall be appointed by the
10 United States court of appeals for the circuit in
11 which such district is located.”; and

12 (2) in paragraph (2)—

13 (A) in the item relating to the middle dis-
14 trict of Georgia, by striking “2” and inserting
15 “3”; and

16 (B) in the collective item relating to the
17 middle and southern districts of Georgia, by
18 striking “Middle and Southern 1”.

19 (e) EFFECTIVE DATE.—The amendments made by
20 this section shall take effect on the date of enactment of
21 this Act.

22 **SEC. 1225. COMPENSATING TRUSTEES.**

23 Section 1326 of title 11, United States Code, is
24 amended—

25 (1) in subsection (b)—

1 (A) in paragraph (1), by striking “and”;

2 (B) in paragraph (2), by striking the pe-
3 riod at the end and inserting “; and”; and

4 (C) by adding at the end the following:

5 “(3) if a chapter 7 trustee has been allowed
6 compensation due to the conversion or dismissal of
7 the debtor’s prior case pursuant to section 707(b),
8 and some portion of that compensation remains un-
9 paid in a case converted to this chapter or in the
10 case dismissed under section 707(b) and refiled
11 under this chapter, the amount of any such unpaid
12 compensation, which shall be paid monthly—

13 “(A) by prorating such amount over the
14 remaining duration of the plan; and

15 “(B) by monthly payments not to exceed
16 the greater of—

17 “(i) \$25; or

18 “(ii) the amount payable to unsecured
19 nonpriority creditors, as provided by the
20 plan, multiplied by 5 percent, and the re-
21 sult divided by the number of months in
22 the plan.”; and

23 (2) by adding at the end the following:

24 “(d) Notwithstanding any other provision of this
25 title—

1 “(1) compensation referred to in subsection
2 (b)(3) is payable and may be collected by the trustee
3 under that paragraph, even if such amount has been
4 discharged in a prior proceeding under this title; and

5 “(2) such compensation is payable in a case
6 under this chapter only to the extent permitted by
7 subsection (b)(3).”.

8 **SEC. 1226. AMENDMENT TO SECTION 362 OF TITLE 11,**
9 **UNITED STATES CODE.**

10 Section 362(b)(18) of title 11, United States Code,
11 is amended to read as follows:

12 “(18) under subsection (a) of the creation or
13 perfection of a statutory lien for an ad valorem
14 property tax, or a special tax or special assessment
15 on real property whether or not ad valorem, imposed
16 by a governmental unit, if such tax or assessment
17 comes due after the filing of the petition;”.

18 **SEC. 1227. JUDICIAL EDUCATION.**

19 The Director of the Federal Judicial Center, in con-
20 sultation with the Director of the Executive Office for
21 United States Trustees, shall develop materials and con-
22 duct such training as may be useful to courts in imple-
23 menting this Act and the amendments made by this Act,
24 including the requirements relating to the means test and

1 reaffirmations under section 707(b) of title 11, United
2 States Code, as amended by this Act.

3 **SEC. 1228. RECLAMATION.**

4 (a) RIGHTS AND POWERS OF THE TRUSTEE.—Sec-
5 tion 546(c) of title 11, United States Code, is amended
6 to read as follows:

7 “(c)(1) Except as provided in subsection (d) of this
8 section and subsection (c) of section 507, and subject to
9 the prior rights of holders of security interests in such
10 goods or the proceeds thereof, the rights and powers of
11 the trustee under sections 544(a), 545, 547, and 549 are
12 subject to the right of a seller of goods that has sold goods
13 to the debtor, in the ordinary course of such seller’s busi-
14 ness, to reclaim such goods if the debtor has received such
15 goods while insolvent, not later than 45 days after the date
16 of the commencement of a case under this title, but such
17 seller may not reclaim such goods unless such seller de-
18 mands in writing reclamation of such goods—

19 “(A) not later than 45 days after the date of
20 receipt of such goods by the debtor; or

21 “(B) not later than 20 days after the date of
22 commencement of the case, if the 45-day period ex-
23 pires after the commencement of the case.

1 “(2) If a seller of goods fails to provide notice in the
2 manner described in paragraph (1), the seller still may
3 assert the rights contained in section 503(b)(7).”.

4 (b) ADMINISTRATIVE EXPENSES.—Section 503(b) of
5 title 11, United States Code, as amended by this Act, is
6 amended by adding at the end the following:

7 “(10) the value of any goods received by the
8 debtor not later than 20 days after the date of com-
9 mencement of a case under this title in which the
10 goods have been sold to the debtor in the ordinary
11 course of such debtor’s business.”.

12 **SEC. 1229. PROVIDING REQUESTED TAX DOCUMENTS TO**
13 **THE COURT.**

14 (a) CHAPTER 7 CASES.—The court shall not grant
15 a discharge in the case of an individual seeking bank-
16 ruptcy under chapter 7 of title 11, United States Code,
17 unless requested tax documents have been provided to the
18 court.

19 (b) CHAPTER 11 AND CHAPTER 13 CASES.—The
20 court shall not confirm a plan of reorganization in the case
21 of an individual under chapter 11 or 13 of title 11, United
22 States Code, unless requested tax documents have been
23 filed with the court.

24 (c) DOCUMENT RETENTION.—The court shall de-
25 stroy documents submitted in support of a bankruptcy

1 claim not sooner than 3 years after the date of the conclu-
2 sion of a bankruptcy case filed by an individual under
3 chapter 7, 11, or 13 of title 11, United States Code. In
4 the event of a pending audit or enforcement action, the
5 court may extend the time for destruction of such re-
6 quested tax documents.

7 **SEC. 1230. ENCOURAGING CREDITWORTHINESS.**

8 (a) SENSE OF THE CONGRESS.—It is the sense of the
9 Congress that—

10 (1) certain lenders may sometimes offer credit
11 to consumers indiscriminately, without taking steps
12 to ensure that consumers are capable of repaying
13 the resulting debt, and in a manner which may en-
14 courage certain consumers to accumulate additional
15 debt; and

16 (2) resulting consumer debt may increasingly be
17 a major contributing factor to consumer insolvency.

18 (b) STUDY REQUIRED.—The Board of Governors of
19 the Federal Reserve System (hereafter in this section re-
20 ferred to as the “Board”) shall conduct a study of—

21 (1) consumer credit industry practices of solici-
22 iting and extending credit—

23 (A) indiscriminately;

1 (B) without taking steps to ensure that
2 consumers are capable of repaying the resulting
3 debt; and

4 (C) in a manner that encourages con-
5 sumers to accumulate additional debt; and

6 (2) the effects of such practices on consumer
7 debt and insolvency.

8 (c) REPORT AND REGULATIONS.—Not later than 12
9 months after the date of enactment of this Act, the
10 Board—

11 (1) shall make public a report on its findings
12 with respect to the indiscriminate solicitation and
13 extension of credit by the credit industry;

14 (2) may issue regulations that would require
15 additional disclosures to consumers; and

16 (3) may take any other actions, consistent with
17 its existing statutory authority, that the Board finds
18 necessary to ensure responsible industrywide prac-
19 tices and to prevent resulting consumer debt and in-
20 solvency.

21 **SEC. 1231. PROPERTY NO LONGER SUBJECT TO REDEMP-**
22 **TION.**

23 Section 541(b) of title 11, United States Code, is
24 amended by inserting after paragraph (8), as added by
25 this Act, the following:

1 “(9) subject to subchapter III of chapter 5, any
 2 interest of the debtor in property where the debtor
 3 pledged or sold tangible personal property (other
 4 than securities or written or printed evidences of in-
 5 debtedness or title) as collateral for a loan or ad-
 6 vance of money given by a person licensed under law
 7 to make such loans or advances, where—

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

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

13 “(C) neither the debtor nor the trustee
 14 have exercised any right to redeem provided
 15 under the contract or State law, in a timely
 16 manner as provided under State law and sec-
 17 tion 108(b) of this title; or”.

18 **SEC. 1232. TRUSTEES.**

19 (a) **SUSPENSION AND TERMINATION OF PANEL**
 20 **TRUSTEES AND STANDING TRUSTEES.**—Section 586(d) of
 21 title 28, United States Code, is amended—

22 (1) by inserting “(1)” after “(d)”; and

23 (2) by adding at the end the following:

24 “(2) A trustee whose appointment under subsection
 25 (a)(1) or under subsection (b) is terminated or who ceases

1 to be assigned to cases filed under title 11, United States
2 Code, may obtain judicial review of the final agency deci-
3 sion by commencing an action in the United States district
4 court for the district for which the panel to which the
5 trustee is appointed under subsection (a)(1), or in the
6 United States district court for the district in which the
7 trustee is appointed under subsection (b) resides, after
8 first exhausting all available administrative remedies,
9 which if the trustee so elects, shall also include an admin-
10 istrative hearing on the record. Unless the trustee elects
11 to have an administrative hearing on the record, the trust-
12 ee shall be deemed to have exhausted all administrative
13 remedies for purposes of this paragraph if the agency fails
14 to make a final agency decision within 90 days after the
15 trustee requests administrative remedies. The Attorney
16 General shall prescribe procedures to implement this para-
17 graph. The decision of the agency shall be affirmed by
18 the district court unless it is unreasonable and without
19 cause based on the administrative record before the agen-
20 cy.”.

21 (b) EXPENSES OF STANDING TRUSTEES.—Section
22 586(e) of title 28, United States Code, is amended by add-
23 ing at the end the following:

24 “(3) After first exhausting all available administra-
25 tive remedies, an individual appointed under subsection

1 (b) may obtain judicial review of final agency action to
2 deny a claim of actual, necessary expenses under this sub-
3 section by commencing an action in the United States dis-
4 trict court in the district where the individual resides. The
5 decision of the agency shall be affirmed by the district
6 court unless it is unreasonable and without cause based
7 upon the administrative record before the agency.

8 “(4) The Attorney General shall prescribe procedures
9 to implement this subsection.”.

10 **SEC. 1233. BANKRUPTCY FORMS.**

11 Section 2075 of title 28, United States Code, is
12 amended by adding at the end the following:

13 “The bankruptcy rules promulgated under this section
14 shall prescribe a form for the statement required under
15 section 707(b)(2)(C) of title 11 and may provide general
16 rules on the content of such statement.”.

17 **SEC. 1234. EXPEDITED APPEALS OF BANKRUPTCY CASES**
18 **TO COURTS OF APPEALS.**

19 (a) IN GENERAL.—Section 158 of title 28, United
20 States Code, is amended—

21 (1) by striking subsection (d) and inserting the
22 following:

23 “(d)(1) In a case in which the appeal is heard by the
24 district court, the judgment, decision, order, or decree of
25 the bankruptcy judge shall be deemed a judgment, deci-

1 sion, order, or decree of the district court entered 31 days
2 after such appeal is filed with the district court, unless
3 not later than 30 days after such appeal is filed with the
4 district court—

5 “(A) the district court—

6 “(i) files a decision on the appeal from the
7 judgment, decision, order, or decree of the
8 bankruptcy judge; or

9 “(ii) enters an order extending such 30-day
10 period for cause upon motion of a party or
11 upon the court’s own motion; or

12 “(B) all parties to the appeal file written con-
13 sent that the district court may retain such appeal
14 until it enters a decision.

15 “(2) For the purpose of this subsection, an appeal
16 shall be considered filed with the district court on the date
17 on which the notice of appeal is filed, except that in a
18 case in which the appeal is heard by the district court be-
19 cause a party has made an election under subsection
20 (c)(1)(B), the appeal shall be considered filed with the dis-
21 trict court on the date on which such election is made.

22 “(e) The courts of appeals shall have jurisdiction of
23 appeals from—

1 “(1) all final judgments, decisions, orders, and
2 decrees of district courts entered under subsection
3 (a);

4 “(2) all final judgments, decisions, orders, and
5 decrees of bankruptcy appellate panels entered under
6 subsection (b); and

7 “(3) all judgments, decisions, orders, and de-
8 crees of district courts entered under subsection (d)
9 to the extent that such judgments, decisions, orders,
10 and decrees would be reviewable by a district court
11 under subsection (a).

12 “(f) In accordance with rules prescribed by the Su-
13 preme Court of the United States under sections 2072
14 through 2077, the court of appeals may, in its discretion,
15 exercise jurisdiction over an appeal from an interlocutory
16 judgment, decision, order, or decree under subsection
17 (e)(3).”.

18 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

19 (1) Section 305(e) of title 11, United States
20 Code, is amended by striking “section 158(d)” and
21 inserting “subsection (e) or (f) of section 158”.

22 (2) Section 1334(d) of title 28, United States
23 Code, is amended by striking “section 158(d)” and
24 inserting “subsection (e) or (f) of section 158”.

1 (3) Section 1452(b) of title 28, United States
2 Code, is amended by striking “section 158(d)” and
3 inserting “subsection (e) or (f) of section 158”.

4 **SEC. 1235. EXEMPTIONS.**

5 Section 522(g)(2) of title 11, United States Code, is
6 amended by striking “subsection (f)(2)” and inserting
7 “subsection (f)(1)(B)”.

8 **TITLE XIII—CONSUMER CREDIT**
9 **DISCLOSURE**

10 **SEC. 1301. ENHANCED DISCLOSURES UNDER AN OPEN END**
11 **CREDIT PLAN.**

12 (a) **MINIMUM PAYMENT DISCLOSURES.**—Section
13 127(b) of the Truth in Lending Act (15 U.S.C. 1637(b))
14 is amended by adding at the end the following:

15 “(11)(A) In the case of an open end credit plan
16 that requires a minimum monthly payment of not
17 more than 4 percent of the balance on which finance
18 charges are accruing, the following statement, lo-
19 cated on the front of the billing statement, disclosed
20 clearly and conspicuously: ‘Minimum Payment
21 Warning: Making only the minimum payment will
22 increase the interest you pay and the time it takes
23 to repay your balance. For example, making only the
24 typical 2% minimum monthly payment on a balance
25 of \$1,000 at an interest rate of 17% would take 88

1 months to repay the balance in full. For an estimate
2 of the time it would take to repay your balance,
3 making only minimum payments, call this toll-free
4 number: 111111.’ (the blank space to be
5 filled in by the creditor).

6 “(B) In the case of an open end credit plan
7 that requires a minimum monthly payment of more
8 than 4 percent of the balance on which finance
9 charges are accruing, the following statement, in a
10 prominent location on the front of the billing state-
11 ment, disclosed clearly and conspicuously: ‘Minimum
12 Payment Warning: Making only the required min-
13 imum payment will increase the interest you pay and
14 the time it takes to repay your balance. Making a
15 typical 5% minimum monthly payment on a balance
16 of \$300 at an interest rate of 17% would take 24
17 months to repay the balance in full. For an estimate
18 of the time it would take to repay your balance,
19 making only minimum monthly payments, call this
20 toll-free number: 111111.’ (the blank space to
21 be filled in by the creditor).

22 “(C) Notwithstanding subparagraphs (A) and
23 (B), in the case of a creditor with respect to which
24 compliance with this title is enforced by the Federal
25 Trade Commission, the following statement, in a

1 prominent location on the front of the billing state-
2 ment, disclosed clearly and conspicuously: ‘Minimum
3 Payment Warning: Making only the required min-
4 imum payment will increase the interest you pay and
5 the time it takes to repay your balance. For exam-
6 ple, making only the typical 5% minimum monthly
7 payment on a balance of \$300 at an interest rate of
8 17% would take 24 months to repay the balance in
9 full. For an estimate of the time it would take to
10 repay your balance, making only minimum monthly
11 payments, call the Federal Trade Commission at
12 this toll-free number: 111111.’ (the blank
13 space to be filled in by the creditor). A creditor who
14 is subject to this subparagraph shall not be subject
15 to subparagraph (A) or (B).

16 “(D) Notwithstanding subparagraph (A), (B),
17 or (C), in complying with any such subparagraph, a
18 creditor may substitute an example based on an in-
19 terest rate that is greater than 17 percent. Any
20 creditor that is subject to subparagraph (B) may
21 elect to provide the disclosure required under sub-
22 paragraph (A) in lieu of the disclosure required
23 under subparagraph (B).

1 “(E) The Board shall, by rule, periodically re-
2 calculate, as necessary, the interest rate and repay-
3 ment period under subparagraphs (A), (B), and (C).

4 “(F)(i) The toll-free telephone number disclosed
5 by a creditor or the Federal Trade Commission
6 under subparagraph (A), (B), or (G), as appro-
7 priate, may be a toll-free telephone number estab-
8 lished and maintained by the creditor or the Federal
9 Trade Commission, as appropriate, or may be a toll-
10 free telephone number established and maintained
11 by a third party for use by the creditor or multiple
12 creditors or the Federal Trade Commission, as ap-
13 propriate. The toll-free telephone number may con-
14 nect consumers to an automated device through
15 which consumers may obtain information described
16 in subparagraph (A), (B), or (C), by inputting infor-
17 mation using a touch-tone telephone or similar de-
18 vice, if consumers whose telephones are not equipped
19 to use such automated device are provided the op-
20 portunity to be connected to an individual from
21 whom the information described in subparagraph
22 (A), (B), or (C), as applicable, may be obtained. A
23 person that receives a request for information de-
24 scribed in subparagraph (A), (B), or (C) from an
25 obligor through the toll-free telephone number dis-

1 closed under subparagraph (A), (B), or (C), as ap-
2 plicable, shall disclose in response to such request
3 only the information set forth in the table promul-
4 gated by the Board under subparagraph (H)(i).

5 “(ii)(I) The Board shall establish and maintain
6 for a period not to exceed 24 months following the
7 effective date of the Bankruptcy Abuse Prevention
8 and Consumer Protection Act of 2001, a toll-free
9 telephone number, or provide a toll-free telephone
10 number established and maintained by a third party,
11 for use by creditors that are depository institutions
12 (as defined in section 3 of the Federal Deposit In-
13 surance Act), including a Federal credit union or
14 State credit union (as defined in section 101 of the
15 Federal Credit Union Act (12 U.S.C. 1752)), with
16 total assets not exceeding \$250,000,000. The toll-
17 free telephone number may connect consumers to an
18 automated device through which consumers may ob-
19 tain information described in subparagraph (A) or
20 (B), as applicable, by inputting information using a
21 touch-tone telephone or similar device, if consumers
22 whose telephones are not equipped to use such auto-
23 mated device are provided the opportunity to be con-
24 nected to an individual from whom the information
25 described in subparagraph (A) or (B), as applicable,

1 may be obtained. A person that receives a request
2 for information described in subparagraph (A) or
3 (B) from an obligor through the toll-free telephone
4 number disclosed under subparagraph (A) or (B), as
5 applicable, shall disclose in response to such request
6 only the information set forth in the table promul-
7 gated by the Board under subparagraph (H)(i). The
8 dollar amount contained in this subclause shall be
9 adjusted according to an indexing mechanism estab-
10 lished by the Board.

11 “(II) Not later than 6 months prior to the expi-
12 ration of the 24-month period referenced in sub-
13 clause (I), the Board shall submit to the Committee
14 on Banking, Housing, and Urban Affairs of the Sen-
15 ate and the Committee on Banking and Financial
16 Services of the House of Representatives a report on
17 the program described in subclause (I).

18 “(G) The Federal Trade Commission shall es-
19 tablish and maintain a toll-free number for the pur-
20 pose of providing to consumers the information re-
21 quired to be disclosed under subparagraph (C).

22 “(H) The Board shall—

23 “(i) establish a detailed table illustrating
24 the approximate number of months that it
25 would take to repay an outstanding balance if

1 a consumer pays only the required minimum
2 monthly payments and if no other advances are
3 made, which table shall clearly present stand-
4 ardized information to be used to disclose the
5 information required to be disclosed under sub-
6 paragraph (A), (B), or (C), as applicable;

7 “(ii) establish the table required under
8 clause (i) by assuming—

9 “(I) a significant number of different
10 annual percentage rates;

11 “(II) a significant number of different
12 account balances;

13 “(III) a significant number of dif-
14 ferent minimum payment amounts; and

15 “(IV) that only minimum monthly
16 payments are made and no additional ex-
17 tensions of credit are obtained; and

18 “(iii) promulgate regulations that provide
19 instructional guidance regarding the manner in
20 which the information contained in the table es-
21 tablished under clause (i) should be used in re-
22 sponding to the request of an obligor for any
23 information required to be disclosed under sub-
24 paragraph (A), (B), or (C).

1 “(I) The disclosure requirements of this para-
2 graph do not apply to any charge card account, the
3 primary purpose of which is to require payment of
4 charges in full each month.

5 “(J) A creditor that maintains a toll-free tele-
6 phone number for the purpose of providing cus-
7 tomers with the actual number of months that it will
8 take to repay the customer’s outstanding balance is
9 not subject to the requirements of subparagraph (A)
10 or (B).

11 “(K) A creditor that maintains a toll-free tele-
12 phone number for the purpose of providing cus-
13 tomers with the actual number of months that it will
14 take to repay an outstanding balance shall include
15 the following statement on each billing statement:
16 ‘Making only the minimum payment will increase
17 the interest you pay and the time it takes to repay
18 your balance. For more information, call this toll-
19 free number: 1111.’ (the blank space to be filled
20 in by the creditor).”.

21 (b) REGULATORY IMPLEMENTATION.—

22 (1) IN GENERAL.—The Board of Governors of
23 the Federal Reserve System (hereafter in this title
24 referred to as the “Board”) shall promulgate regula-
25 tions implementing the requirements of section

1 127(b)(11) of the Truth in Lending Act, as added
2 by subsection (a) of this section.

3 (2) EFFECTIVE DATE.—Section 127(b)(11) of
4 the Truth in Lending Act, as added by subsection
5 (a) of this section, and the regulations issued under
6 paragraph (1) of this subsection shall not take effect
7 until the later of—

8 (A) 18 months after the date of enactment
9 of this Act; or

10 (B) 12 months after the publication of
11 such final regulations by the Board.

12 (c) STUDY OF FINANCIAL DISCLOSURES.—

13 (1) IN GENERAL.—The Board may conduct a
14 study to determine the types of information available
15 to potential borrowers from consumer credit lending
16 institutions regarding factors qualifying potential
17 borrowers for credit, repayment requirements, and
18 the consequences of default.

19 (2) FACTORS FOR CONSIDERATION.—In con-
20 ducting a study under paragraph (1), the Board
21 should, in consultation with the other Federal bank-
22 ing agencies (as defined in section 3 of the Federal
23 Deposit Insurance Act), the National Credit Union
24 Administration, and the Federal Trade Commission,
25 consider the extent to which—

1 (A) consumers, in establishing new credit
2 arrangements, are aware of their existing pay-
3 ment obligations, the need to consider those ob-
4 ligations in deciding to take on new credit, and
5 how taking on excessive credit can result in fi-
6 nancial difficulty;

7 (B) minimum periodic payment features
8 offered in connection with open end credit plans
9 impact consumer default rates;

10 (C) consumers make only the required
11 minimum payment under open end credit plans;

12 (D) consumers are aware that making only
13 required minimum payments will increase the
14 cost and repayment period of an open end cred-
15 it obligation; and

16 (E) the availability of low minimum pay-
17 ment options is a cause of consumers experi-
18 encing financial difficulty.

19 (3) REPORT TO CONGRESS.—Findings of the
20 Board in connection with any study conducted under
21 this subsection shall be submitted to Congress. Such
22 report shall also include recommendations for legis-
23 lative initiatives, if any, of the Board, based on its
24 findings.

1 **SEC. 1302. ENHANCED DISCLOSURE FOR CREDIT EXTEN-**
2 **SIONS SECURED BY A DWELLING.**

3 (a) OPEN END CREDIT EXTENSIONS.—

4 (1) CREDIT APPLICATIONS.—Section
5 127A(a)(13) of the Truth in Lending Act (15
6 U.S.C. 1637a(a)(13)) is amended—

7 (A) by striking “CONSULTATION OF TAX
8 ADVISER.—A statement that the” and inserting
9 the following: “TAX DEDUCTIBILITY.—A state-
10 ment that—

11 “(A) the”; and

12 (B) by striking the period at the end and
13 inserting the following: “; and

14 “(B) in any case in which the extension of
15 credit exceeds the fair market value (as defined
16 under the Internal Revenue Code of 1986) of
17 the dwelling, the interest on the portion of the
18 credit extension that is greater than the fair
19 market value of the dwelling is not tax deduct-
20 ible for Federal income tax purposes.”.

21 (2) CREDIT ADVERTISEMENTS.—Section 147(b)
22 of the Truth in Lending Act (15 U.S.C. 1665b(b))
23 is amended—

24 (A) by striking “If any” and inserting the
25 following:

26 “(1) IN GENERAL.—If any”; and

1 (B) by adding at the end the following:

2 “(2) CREDIT IN EXCESS OF FAIR MARKET
3 VALUE.—Each advertisement described in subsection
4 (a) that relates to an extension of credit that may
5 exceed the fair market value of the dwelling, and
6 which advertisement is disseminated in paper form
7 to the public or through the Internet, as opposed to
8 by radio or television, shall include a clear and con-
9 spicuous statement that—

10 “(A) the interest on the portion of the
11 credit extension that is greater than the fair
12 market value of the dwelling is not tax deduct-
13 ible for Federal income tax purposes; and

14 “(B) the consumer should consult a tax
15 adviser for further information regarding the
16 deductibility of interest and charges.”.

17 (b) NON-OPEN END CREDIT EXTENSIONS.—

18 (1) CREDIT APPLICATIONS.—Section 128 of the
19 Truth in Lending Act (15 U.S.C. 1638) is
20 amended—

21 (A) in subsection (a), by adding at the end
22 the following:

23 “(15) In the case of a consumer credit trans-
24 action that is secured by the principal dwelling of
25 the consumer, in which the extension of credit may

1 exceed the fair market value of the dwelling, a clear
2 and conspicuous statement that—

3 “(A) the interest on the portion of the
4 credit extension that is greater than the fair
5 market value of the dwelling is not tax deduct-
6 ible for Federal income tax purposes; and

7 “(B) the consumer should consult a tax
8 adviser for further information regarding the
9 deductibility of interest and charges.”; and

10 (B) in subsection (b), by adding at the end
11 the following:

12 “(3) In the case of a credit transaction described in
13 paragraph (15) of subsection (a), disclosures required by
14 that paragraph shall be made to the consumer at the time
15 of application for such extension of credit.”.

16 (2) CREDIT ADVERTISEMENTS.—Section 144 of
17 the Truth in Lending Act (15 U.S.C. 1664) is
18 amended by adding at the end the following:

19 “(e) Each advertisement to which this section applies
20 that relates to a consumer credit transaction that is se-
21 cured by the principal dwelling of a consumer in which
22 the extension of credit may exceed the fair market value
23 of the dwelling, and which advertisement is disseminated
24 in paper form to the public or through the Internet, as

1 opposed to by radio or television, shall clearly and con-
2 spicuously state that—

3 “(1) the interest on the portion of the credit ex-
4 tension that is greater than the fair market value of
5 the dwelling is not tax deductible for Federal income
6 tax purposes; and

7 “(2) the consumer should consult a tax adviser
8 for further information regarding the deductibility of
9 interest and charges.”.

10 (c) REGULATORY IMPLEMENTATION.—

11 (1) IN GENERAL.—The Board shall promulgate
12 regulations implementing the amendments made by
13 this section.

14 (2) EFFECTIVE DATE.—Regulations issued
15 under paragraph (1) shall not take effect until the
16 later of—

17 (A) 12 months after the date of enactment
18 of this Act; or

19 (B) 12 months after the date of publica-
20 tion of such final regulations by the Board.

21 **SEC. 1303. DISCLOSURES RELATED TO “INTRODUCTORY**
22 **RATES”.**

23 (a) INTRODUCTORY RATE DISCLOSURES.—Section
24 127(e) of the Truth in Lending Act (15 U.S.C. 1637(e))
25 is amended by adding at the end the following:

1 “(6) ADDITIONAL NOTICE CONCERNING ‘INTRO-
2 DUCTORY RATES’.—

3 “(A) IN GENERAL.—Except as provided in
4 subparagraph (B), an application or solicitation
5 to open a credit card account and all pro-
6 motional materials accompanying such applica-
7 tion or solicitation for which a disclosure is re-
8 quired under paragraph (1), and that offers a
9 temporary annual percentage rate of interest,
10 shall—

11 “(i) use the term ‘introductory’ in im-
12 mediate proximity to each listing of the
13 temporary annual percentage rate applica-
14 ble to such account, which term shall ap-
15 pear clearly and conspicuously;

16 “(ii) if the annual percentage rate of
17 interest that will apply after the end of the
18 temporary rate period will be a fixed rate,
19 state in a clear and conspicuous manner in
20 a prominent location closely proximate to
21 the first listing of the temporary annual
22 percentage rate (other than a listing of the
23 temporary annual percentage rate in the
24 tabular format described in section
25 122(c)), the time period in which the intro-

1 ductory period will end and the annual
2 percentage rate that will apply after the
3 end of the introductory period; and

4 “(iii) if the annual percentage rate
5 that will apply after the end of the tem-
6 porary rate period will vary in accordance
7 with an index, state in a clear and con-
8 spicuous manner in a prominent location
9 closely proximate to the first listing of the
10 temporary annual percentage rate (other
11 than a listing in the tabular format pre-
12 scribed by section 122(c)), the time period
13 in which the introductory period will end
14 and the rate that will apply after that,
15 based on an annual percentage rate that
16 was in effect within 60 days before the
17 date of mailing the application or sollicita-
18 tion.

19 “(B) EXCEPTION.—Clauses (ii) and (iii) of
20 subparagraph (A) do not apply with respect to
21 any listing of a temporary annual percentage
22 rate on an envelope or other enclosure in which
23 an application or solicitation to open a credit
24 card account is mailed.

1 “(C) CONDITIONS FOR INTRODUCTORY
2 RATES.—An application or solicitation to open
3 a credit card account for which a disclosure is
4 required under paragraph (1), and that offers a
5 temporary annual percentage rate of interest
6 shall, if that rate of interest is revocable under
7 any circumstance or upon any event, clearly
8 and conspicuously disclose, in a prominent man-
9 ner on or with such application or solicitation—

10 “(i) a general description of the cir-
11 cumstances that may result in the revoca-
12 tion of the temporary annual percentage
13 rate; and

14 “(ii) if the annual percentage rate
15 that will apply upon the revocation of the
16 temporary annual percentage rate—

17 “(I) will be a fixed rate, the an-
18 nual percentage rate that will apply
19 upon the revocation of the temporary
20 annual percentage rate; or

21 “(II) will vary in accordance with
22 an index, the rate that will apply after
23 the temporary rate, based on an an-
24 nual percentage rate that was in ef-

1 fect within 60 days before the date of
2 mailing the application or solicitation.

3 “(D) DEFINITIONS.—In this paragraph—

4 “ (i) the terms ‘temporary annual per-
5 centage rate of interest’ and ‘temporary
6 annual percentage rate’ mean any rate of
7 interest applicable to a credit card account
8 for an introductory period of less than 1
9 year, if that rate is less than an annual
10 percentage rate that was in effect within
11 60 days before the date of mailing the ap-
12 plication or solicitation; and

13 “ (ii) the term ‘introductory period’
14 means the maximum time period for which
15 the temporary annual percentage rate may
16 be applicable.

17 “(E) RELATION TO OTHER DISCLOSURE
18 REQUIREMENTS.—Nothing in this paragraph
19 may be construed to supersede subsection (a) of
20 section 122, or any disclosure required by para-
21 graph (1) or any other provision of this sub-
22 section.”.

23 (b) REGULATORY IMPLEMENTATION.—

24 (1) IN GENERAL.—The Board shall promulgate
25 regulations implementing the requirements of section

1 127(c)(6) of the Truth in Lending Act, as added by
2 this section.

3 (2) EFFECTIVE DATE.—Section 127(c)(6) of
4 the Truth in Lending Act, as added by this section,
5 and regulations issued under paragraph (1) of this
6 subsection shall not take effect until the later of—

7 (A) 12 months after the date of enactment
8 of this Act; or

9 (B) 12 months after the date of publica-
10 tion of such final regulations by the Board.

11 **SEC. 1304. INTERNET-BASED CREDIT CARD SOLICITATIONS.**

12 (a) INTERNET-BASED APPLICATIONS AND SOLICITA-
13 TIONS.—Section 127(c) of the Truth in Lending Act (15
14 U.S.C. 1637(c)) is amended by adding at the end the fol-
15 lowing:

16 “(7) INTERNET-BASED APPLICATIONS AND SO-
17 LICITATIONS.—

18 “(A) IN GENERAL.—In any solicitation to
19 open a credit card account for any person under
20 an open end consumer credit plan using the
21 Internet or other interactive computer service,
22 the person making the solicitation shall clearly
23 and conspicuously disclose—

1 “(i) the information described in sub-
2 paragraphs (A) and (B) of paragraph (1);
3 and

4 “(ii) the information described in
5 paragraph (6).

6 “(B) FORM OF DISCLOSURE.—The disclo-
7 sures required by subparagraph (A) shall be—

8 “(i) readily accessible to consumers in
9 close proximity to the solicitation to open
10 a credit card account; and

11 “(ii) updated regularly to reflect the
12 current policies, terms, and fee amounts
13 applicable to the credit card account.

14 “(C) DEFINITIONS.—For purposes of this
15 paragraph—

16 “(i) the term ‘Internet’ means the
17 international computer network of both
18 Federal and non-Federal interoperable
19 packet switched data networks; and

20 “(ii) the term ‘interactive computer
21 service’ means any information service,
22 system, or access software provider that
23 provides or enables computer access by
24 multiple users to a computer server, in-
25 cluding specifically a service or system that

1 provides access to the Internet and such
2 systems operated or services offered by li-
3 braries or educational institutions.”.

4 (b) REGULATORY IMPLEMENTATION.—

5 (1) IN GENERAL.—The Board shall promulgate
6 regulations implementing the requirements of section
7 127(c)(7) of the Truth in Lending Act, as added by
8 this section.

9 (2) EFFECTIVE DATE.—The amendment made
10 by subsection (a) and the regulations issued under
11 paragraph (1) of this subsection shall not take effect
12 until the later of—

13 (A) 12 months after the date of enactment
14 of this Act; or

15 (B) 12 months after the date of publica-
16 tion of such final regulations by the Board.

17 **SEC. 1305. DISCLOSURES RELATED TO LATE PAYMENT**
18 **DEADLINES AND PENALTIES.**

19 (a) DISCLOSURES RELATED TO LATE PAYMENT
20 DEADLINES AND PENALTIES.—Section 127(b) of the
21 Truth in Lending Act (15 U.S.C. 1637(b)) is amended
22 by adding at the end the following:

23 “(12) If a late payment fee is to be imposed
24 due to the failure of the obligor to make payment on
25 or before a required payment due date, the following

1 shall be stated clearly and conspicuously on the bill-
2 ing statement:

3 “(A) The date on which that payment is
4 due or, if different, the earliest date on which
5 a late payment fee may be charged.

6 “(B) The amount of the late payment fee
7 to be imposed if payment is made after such
8 date.”.

9 (b) REGULATORY IMPLEMENTATION.—

10 (1) IN GENERAL.—The Board shall promulgate
11 regulations implementing the requirements of section
12 127(b)(12) of the Truth in Lending Act, as added
13 by this section.

14 (2) EFFECTIVE DATE.—The amendment made
15 by subsection (a) and regulations issued under para-
16 graph (1) of this subsection shall not take effect
17 until the later of—

18 (A) 12 months after the date of enactment
19 of this Act; or

20 (B) 12 months after the date of publica-
21 tion of such final regulations by the Board.

22 **SEC. 1306. PROHIBITION ON CERTAIN ACTIONS FOR FAIL-**
23 **URE TO INCUR FINANCE CHARGES.**

24 (a) PROHIBITION ON CERTAIN ACTIONS FOR FAIL-
25 URE TO INCUR FINANCE CHARGES.—Section 127 of the

1 Truth in Lending Act (15 U.S.C. 1637) is amended by
2 adding at the end the following:

3 “(h) PROHIBITION ON CERTAIN ACTIONS FOR FAIL-
4 URE TO INCUR FINANCE CHARGES.—A creditor of an ac-
5 count under an open end consumer credit plan may not
6 terminate an account prior to its expiration date solely be-
7 cause the consumer has not incurred finance charges on
8 the account. Nothing in this subsection shall prohibit a
9 creditor from terminating an account for inactivity in 3
10 or more consecutive months.”.

11 (b) REGULATORY IMPLEMENTATION.—

12 (1) IN GENERAL.—The Board shall promulgate
13 regulations implementing the requirements of section
14 127(h) of the Truth in Lending Act, as added by
15 this section.

16 (2) EFFECTIVE DATE.—The amendment made
17 by subsection (a) and regulations issued under para-
18 graph (1) of this subsection shall not take effect
19 until the later of—

20 (A) 12 months after the date of enactment
21 of this Act; or

22 (B) 12 months after the date of publica-
23 tion of such final regulations by the Board.

1 **SEC. 1307. DUAL USE DEBIT CARD.**

2 (a) REPORT.—The Board may conduct a study of,
3 and present to Congress a report containing its analysis
4 of, consumer protections under existing law to limit the
5 liability of consumers for unauthorized use of a debit card
6 or similar access device. Such report, if submitted, shall
7 include recommendations for legislative initiatives, if any,
8 of the Board, based on its findings.

9 (b) CONSIDERATIONS.—In preparing a report under
10 subsection (a), the Board may include—

11 (1) the extent to which section 909 of the Elec-
12 tronic Fund Transfer Act (15 U.S.C. 1693g), as in
13 effect at the time of the report, and the imple-
14 menting regulations promulgated by the Board to
15 carry out that section provide adequate unauthorized
16 use liability protection for consumers;

17 (2) the extent to which any voluntary industry
18 rules have enhanced or may enhance the level of pro-
19 tection afforded consumers in connection with such
20 unauthorized use liability; and

21 (3) whether amendments to the Electronic
22 Fund Transfer Act (15 U.S.C. 1693 et seq.), or re-
23 visions to regulations promulgated by the Board to
24 carry out that Act, are necessary to further address
25 adequate protection for consumers concerning unau-
26 thorized use liability.

1 **SEC. 1308. STUDY OF BANKRUPTCY IMPACT OF CREDIT EX-**
2 **TENDED TO DEPENDENT STUDENTS.**

3 (a) STUDY.—

4 (1) IN GENERAL.—The Board shall conduct a
5 study regarding the impact that the extension of
6 credit described in paragraph (2) has on the rate of
7 bankruptcy cases filed under title 11, United States
8 Code.

9 (2) EXTENSION OF CREDIT.—The extension of
10 credit described in this paragraph is the extension of
11 credit to individuals who are—

12 (A) claimed as dependents for purposes of
13 the Internal Revenue Code of 1986; and

14 (B) enrolled within 1 year of successfully
15 completing all required secondary education re-
16 quirements and on a full-time basis, in postsec-
17 ondary educational institutions.

18 (b) REPORT.—Not later than 1 year after the date
19 of enactment of this Act, the Board shall submit to the
20 Senate and the House of Representatives a report summa-
21 rizing the results of the study conducted under subsection
22 (a).

23 **SEC. 1309. CLARIFICATION OF CLEAR AND CONSPICUOUS.**

24 (a) REGULATIONS.—Not later than 6 months after
25 the date of enactment of this Act, the Board, in consulta-
26 tion with the other Federal banking agencies (as defined

1 in section 3 of the Federal Deposit Insurance Act), the
2 National Credit Union Administration Board, and the
3 Federal Trade Commission, shall promulgate regulations
4 to provide guidance regarding the meaning of the term
5 “clear and conspicuous”, as used in subparagraphs (A),
6 (B), and (C) of section 127(b)(11) and clauses (ii) and
7 (iii) of section 127(c)(6)(A) of the Truth in Lending Act.

8 (b) **EXAMPLES.**—Regulations promulgated under
9 subsection (a) shall include examples of clear and con-
10 spicuous model disclosures for the purposes of disclosures
11 required by the provisions of the Truth in Lending Act
12 referred to in subsection (a).

13 (c) **STANDARDS.**—In promulgating regulations under
14 this section, the Board shall ensure that the clear and con-
15 spicuous standard required for disclosures made under the
16 provisions of the Truth in Lending Act referred to in sub-
17 section (a) can be implemented in a manner which results
18 in disclosures which are reasonably understandable and
19 designed to call attention to the nature and significance
20 of the information in the notice.

21 **SEC. 1310. ENFORCEMENT OF CERTAIN FOREIGN JUDG-**
22 **MENTS BARRED.**

23 (a) **IN GENERAL.**—Notwithstanding any other provi-
24 sion of law or contract, a court within the United States
25 shall not recognize or enforce any judgment rendered in

1 a foreign court if, by clear and convincing evidence, the
2 court in which recognition or enforcement of the judgment
3 is sought determines that the judgment gives effect to any
4 purported right or interest derived, directly or indirectly,
5 from any fraudulent misrepresentation or fraudulent omis-
6 sion that occurred in the United States during the period
7 beginning on January 1, 1975, and ending on December
8 31, 1993.

9 (b) EXCEPTION.—Subsection (a) shall not prevent
10 recognition or enforcement of a judgment rendered in a
11 foreign court if the foreign tribunal rendering judgment
12 giving effect to the right or interest concerned determines
13 that no fraudulent misrepresentation or fraudulent omis-
14 sion described in subsection (a) occurred.

15 **TITLE XIV—GENERAL EFFEC-**
16 **TIVE DATE; APPLICATION OF**
17 **AMENDMENTS**

18 **SEC. 1401. EFFECTIVE DATE; APPLICATION OF AMEND-**
19 **MENTS.**

20 (a) EFFECTIVE DATE.—Except as otherwise provided
21 in this Act, this Act and the amendments made by this
22 Act shall take effect 180 days after the date of enactment
23 of this Act.

24 (b) APPLICATION OF AMENDMENTS.—Except as oth-
25 erwise provided in this Act, the amendments made by this

1 Act shall not apply with respect to cases commenced under
2 title 11, United States Code, before the effective date of
3 this Act.

○