



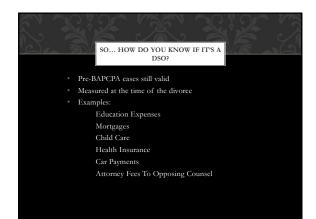


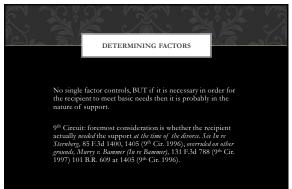


- Owed to or recoverable by a spouse, former spouse, or child of the debtor or such child's parent, legal guardian, or responsible relative OR governmental unit AND
- * In the nature of alimony, maintenance or support AND
- Established or subject to establishment before, on, or after the bankruptcy case... by reason of separation agreement, divorce decree or property settlement







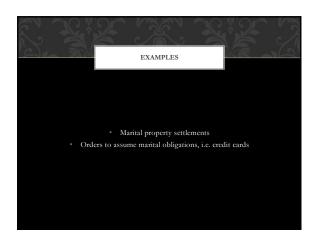


OTHER FACTORS INCLUDE BUT ARE NOT LIMITED TO

- * Need for support & relative income of the parties at the time of the agreement
- · Financial condition of parties at time of ag
- Function of obligation at time of agreement
- Length of marriage
- Language of agreement, BUT no magic words...
 language NOT binding on the bankruptcy court which may look behind the agreement

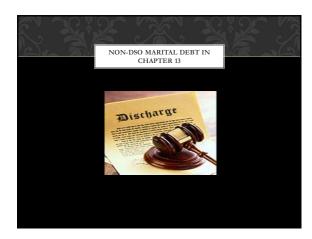








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 Pursuant to § 1328(a)(2), non-DSO marital debts ARE dischargeable in Ch. 13 (notwithstanding the language in § 523(a)(15))

§ 1328(a)(2): "...the court shall grant the debtor a discharge of all debts provided for by the plan or disallowed under <u>section 502 of this title</u>, except any debt—

of the kind specified in section 507(a)(8)(C) or in paragraph (1)(B), (1)(C), (2), (3), (4), (5), (8), or (9) of section 523(a)."

No mention of § 523(a)(15) debts

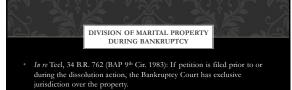


 Most divorce-related actions will proceed in spite of the stay *except division of property

* See, i.e. In re Margibbon, 383 B.R. 749 (Bankr. W.D.Wash. 2008) in which the debtor argued, among other things, that his former spouse violated the stay when she sought to modify an existing support order. The Court found this to fall squarely within the exceptions to the stay provided for under \S 362(b)(2)(A).



- § 541: commencement of the case creates "Bankruptcy Estate"
 Includes all legal or equitable interests of debtor *including all in community* property
- Community property is not defined in the Code- state law controls character
- * ALL COMMUNITY PROPERTY IS PROPERTY OF THE ESTATE, REGARDLESS OF WHETHER BOTH SPOUSES FILE
 - · Common when spouses are separated but not divorced



- Under § 362(a), division of estate property is stayed
 - *must obtain limited relief from the stay for the purpose of dividing the property OR
 - *decree should not be entered until after case closure
 - *risk is that order is void or voidable See In re Willard, 15 B.R. 898 (BAP 9th Cir. 1981).

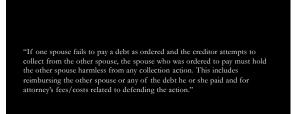


- * Be mindful of the potential for preferential (§ 547) and fraudulent (§ 548) transfer issues
- * Fraudulent transfer if the debtor made the transfer with intent to hinder, delay, defraud creditor(s) OR
 - Debtor received less than reasonably equivalent value in exchange AND 1. Was insolvent at the time of the transfer or became insolvent as a result OR
 - 2. Made such transfer to or for the benefit of an insider
 - *2 year look-back under Bankruptcy Code, 4 years under WA Voidable Transfers Act
- Both preferential and fraudulent transfers may be avoided by a bankruptcy trustee on behalf of the estate

 If dissolution did not go to trial, courts may consider whether the transfers in the settlement reasonably reflect what would have happened at trial

 9th Circuit has held that in the case of fraudulent transfers, a state court's judgment following a regularly conducted contested proceeding conclusively establishes "reasonably equivalent value" in the absence of actual fraud







* Is it a DSO? \rightarrow not dischargeable under § 523(a)(5)

- * Look at intent of the obligation
- * i.e. obligation to make mortgage payments
- * Is it a non-DSO obligation? \rightarrow nondischargeable in Chapter 7 under § 523(a)(15) BUT DISCHARGEABLE IN CHAPTER 13 under § 1328(a)(2)

