

Statutory Notes and Related Subsidiaries**EFFECTIVE DATE OF 2014 AMENDMENT**

Amendment by Pub. L. 113–295 applicable with respect to cases commenced under this title on or after Dec. 19, 2014, see section 104(d) of Pub. L. 113–295, set out as a note under section 521 of this title.

EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110–438, §4, Oct. 20, 2008, 122 Stat. 5002, as amended by Pub. L. 112–64, §2, Dec. 13, 2011, 125 Stat. 766; Pub. L. 114–107, §2, Dec. 18, 2015, 129 Stat. 2223; Pub. L. 116–53, §2, Aug. 23, 2019, 133 Stat. 1078, provided that: “(a) **EFFECTIVE DATE.**—Except as provided in subsection (b), this Act [amending this section and enacting provisions set out as a note under section 101 of this title] and the amendments made by this Act shall take effect 60 days after the date of enactment of this Act [Oct. 20, 2008].

“(b) **APPLICATION OF AMENDMENTS.**—The amendments made by this Act [amending this section] shall apply only with respect to cases commenced under title 11 of the United States Code in the 15-year period beginning on the effective date of this Act.”

EFFECTIVE DATE OF 2005 AMENDMENT

Amendment by Pub. L. 109–8 effective 180 days after Apr. 20, 2005, and not applicable with respect to cases commenced under this title before such effective date, except as otherwise provided, see section 1501 of Pub. L. 109–8, set out as a note under section 101 of this title.

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105–183 applicable to any case brought under an applicable provision of this title that is pending or commenced on or after June 19, 1998, see section 5 of Pub. L. 105–183, set out as a note under section 544 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Effective date and applicability of amendment by Pub. L. 99–554 dependent upon the judicial district involved, see section 302(d), (e) of Pub. L. 99–554, set out as a note under section 581 of Title 28, Judiciary and Judicial Procedure.

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98–353 effective with respect to cases filed 90 days after July 10, 1984, see section 552(a) of Pub. L. 98–353, set out as a note under section 101 of this title.

SCHEDULES OF REASONABLE AND NECESSARY EXPENSES

Pub. L. 109–8, title I, §107, Apr. 20, 2005, 119 Stat. 42, provided that: “For purposes of section 707(b) of title 11, United States Code, as amended by this Act, the Director of the Executive Office for United States Trustees shall, not later than 180 days after the date of enactment of this Act [Apr. 20, 2005], issue schedules of reasonable and necessary administrative expenses of administering a chapter 13 plan for each judicial district of the United States.”

RULES PROMULGATED BY SUPREME COURT

United States Supreme Court to prescribe general rules implementing the practice and procedure to be followed under subsec. (b) of this section, with section 2075 of Title 28, Judiciary and Judicial Procedure, to apply with respect to such general rules, see section 320 of Pub. L. 98–353, set out as a note under section 2075 of Title 28.

Court Rules and Judicial Documents**ADJUSTMENT OF DOLLAR AMOUNTS**

The dollar amounts specified in this section were adjusted by notices of the Judicial Conference of the

United States pursuant to section 104 of this title as follows:

By notice dated Feb. 5, 2019, 84 F.R. 3488, effective Apr. 1, 2019, in subsec. (b)(2)(A)(i)(I), dollar amount “7,700” was adjusted to “8,175”; in subsec. (b)(2)(A)(i)(II), dollar amount “12,850” was adjusted to “13,650”; in subsec. (b)(2)(A)(ii)(IV), dollar amount “1,925” was adjusted to “2,050”; in subsec. (b)(2)(B)(iv)(I), dollar amount “7,700” was adjusted to “8,175”; in subsec. (b)(2)(B)(iv)(II), dollar amount “12,850” was adjusted to “13,650”; in subsec. (b)(5)(B), dollar amount “1,300” was adjusted to “1,375”; in subsec. (b)(6)(C), dollar amount “700” was adjusted to “750”; and, in subsec. (b)(7)(A)(iii), dollar amount “700” was adjusted to “750”. See notice of the Judicial Conference of the United States set out as a note under section 104 of this title.

By notice dated Feb. 16, 2016, 81 F.R. 8748, effective Apr. 1, 2016, in subsec. (b)(2)(A)(i)(I), dollar amount “7,475” was adjusted to “7,700”; in subsec. (b)(2)(A)(i)(II), dollar amount “12,475” was adjusted to “12,850”; in subsec. (b)(2)(A)(ii)(IV), dollar amount “1,875” was adjusted to “1,925”; in subsec. (b)(2)(B)(iv)(I), dollar amount “7,475” was adjusted to “7,700”; in subsec. (b)(2)(B)(iv)(II), dollar amount “12,475” was adjusted to “12,850”; in subsec. (b)(5)(B), dollar amount “1,250” was adjusted to “1,300”; in subsec. (b)(6)(C), dollar amount “675” was adjusted to “700”; and, in subsec. (b)(7)(A)(iii), dollar amount “675” was adjusted to “700”.

By notice dated Feb. 12, 2013, 78 F.R. 12089, effective Apr. 1, 2013, in subsec. (b)(2)(A)(i)(I), dollar amount “7,025” was adjusted to “7,475”; in subsec. (b)(2)(A)(i)(II), dollar amount “11,725” was adjusted to “12,475”; in subsec. (b)(2)(A)(ii)(IV), dollar amount “1,775” was adjusted to “1,875”; in subsec. (b)(2)(B)(iv)(I), dollar amount “7,025” was adjusted to “7,475”; in subsec. (b)(2)(B)(iv)(II), dollar amount “11,725” was adjusted to “12,475”; in subsec. (b)(5)(B), dollar amount “1,175” was adjusted to “1,250”; in subsec. (b)(6)(C), dollar amount “625” was adjusted to “675”; and, in subsec. (b)(7)(A)(iii), dollar amount “625” was adjusted to “675”.

By notice dated Feb. 19, 2010, 75 F.R. 8747, effective Apr. 1, 2010, in subsec. (b)(2)(A)(i)(I), dollar amount “6,575” was adjusted to “7,025”; in subsec. (b)(2)(A)(i)(II), dollar amount “10,950” was adjusted to “11,725”; in subsec. (b)(2)(A)(ii)(IV), dollar amount “1,650” was adjusted to “1,775”; in subsec. (b)(2)(B)(iv)(I), dollar amount “6,575” was adjusted to “7,025”; in subsec. (b)(2)(B)(iv)(II), dollar amount “10,950” was adjusted to “11,725”; in subsec. (b)(5)(B), dollar amount “1,100” was adjusted to “1,175”; in subsec. (b)(6)(C), dollar amount “575” was adjusted to “625”; and, in subsec. (b)(7)(A)(iii), dollar amount “575” was adjusted to “625”.

By notice dated Feb. 7, 2007, 72 F.R. 7082, effective Apr. 1, 2007, as amended by notice dated Mar. 26, 2007, 72 F.R. 15162, in subsec. (b)(2)(A)(i)(I), dollar amount “6,000” was adjusted to “6,575”; in subsec. (b)(2)(A)(i)(II), dollar amount “10,000” was adjusted to “10,950”; in subsec. (b)(2)(A)(ii)(IV), dollar amount “1,500” was adjusted to “1,650”; in subsec. (b)(2)(B)(iv)(I), dollar amount “6,000” was adjusted to “6,575”; in subsec. (b)(2)(B)(iv)(II), dollar amount “10,000” was adjusted to “10,950”; in subsec. (b)(5)(B), dollar amount “1,000” was adjusted to “1,100”; in subsec. (b)(6)(C), dollar amount “525” was adjusted to “575”; and, in subsec. (b)(7)(A)(iii), dollar amount “525” was adjusted to “575”.

SUBCHAPTER II—COLLECTION, LIQUIDATION, AND DISTRIBUTION OF THE ESTATE**§ 721. Authorization to operate business**

The court may authorize the trustee to operate the business of the debtor for a limited period, if such operation is in the best interest of

the estate and consistent with the orderly liquidation of the estate.

(Pub. L. 95-598, Nov. 6, 1978, 92 Stat. 2606.)

HISTORICAL AND REVISION NOTES

SENATE REPORT NO. 95-989

This section is derived from section 2a(5) of the Bankruptcy Act [section 11(a)(5) of former title 11]. It permits the court to authorize the operation of any business of the debtor for a limited period, if the operation is in the best interest of the estate and consistent with orderly liquidation of the estate. An example is the operation of a watch company to convert watch movements and cases into completed watches which will bring much higher prices than the component parts would have brought.

§ 722. Redemption

An individual debtor may, whether or not the debtor has waived the right to redeem under this section, redeem tangible personal property intended primarily for personal, family, or household use, from a lien securing a dischargeable consumer debt, if such property is exempted under section 522 of this title or has been abandoned under section 554 of this title, by paying the holder of such lien the amount of the allowed secured claim of such holder that is secured by such lien in full at the time of redemption.

(Pub. L. 95-598, Nov. 6, 1978, 92 Stat. 2606; Pub. L. 109-8, title III, §304(2), Apr. 20, 2005, 119 Stat. 79.)

HISTORICAL AND REVISION NOTES

LEGISLATIVE STATEMENTS

Section 722 of the House amendment adopts the position taken in H.R. 8200 as passed by the House and rejects the alternative contained in section 722 of the Senate amendment.

SENATE REPORT NO. 95-989

This section is new and is broader than rights of redemption under the Uniform Commercial Code. It authorizes an individual debtor to redeem tangible personal property intended primarily for personal, family, or household use, from a lien securing a nonpurchase money dischargeable consumer debt. It applies only if the debtor's interest in the property is exempt or has been abandoned.

This right to redeem is a very substantial change from current law. To prevent abuses such as may occur when the debtor deliberately allows the property to depreciate in value, the debtor will be required to pay the fair market value of the goods or the amount of the claim if the claim is less. The right is personal to the debtor and not assignable.

HOUSE REPORT NO. 95-595

This section is new and is broader than rights of redemption under the Uniform Commercial Code. It authorizes an individual debtor to redeem tangible personal property intended primarily for personal, family, or household use, from a lien securing a dischargeable consumer debt. It applies only if the debtor's interest in the property is exempt or has been abandoned.

The right to redeem extends to the whole of the property, not just the debtor's exempt interest in it. Thus, for example, if a debtor owned a \$2,000 car, subject to a \$1,200 lien, the debtor could exempt his \$800 interest in the car. The debtor is permitted a \$1,500 exemption in a car, proposed 11 U.S.C. 522(d)(2). This section permits him to pay the holder of the lien \$1,200 and redeem the entire car, not just the remaining \$700 of his exemption. The redemption is accomplished by paying the

holder of the lien the amount of the allowed claim secured by the lien. The provision amounts to a right of first refusal for the debtor in consumer goods that might otherwise be repossessed. The right of redemption under this section is not waivable.

Editorial Notes

AMENDMENTS

2005—Pub. L. 109-8 inserted “in full at the time of redemption” before period at end.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2005 AMENDMENT

Amendment by Pub. L. 109-8 effective 180 days after Apr. 20, 2005, and not applicable with respect to cases commenced under this title before such effective date, except as otherwise provided, see section 1501 of Pub. L. 109-8, set out as a note under section 101 of this title.

§ 723. Rights of partnership trustee against general partners

(a) If there is a deficiency of property of the estate to pay in full all claims which are allowed in a case under this chapter concerning a partnership and with respect to which a general partner of the partnership is personally liable, the trustee shall have a claim against such general partner to the extent that under applicable nonbankruptcy law such general partner is personally liable for such deficiency.

(b) To the extent practicable, the trustee shall first seek recovery of such deficiency from any general partner in such partnership that is not a debtor in a case under this title. Pending determination of such deficiency, the court may order any such partner to provide the estate with indemnity for, or assurance of payment of, any deficiency recoverable from such partner, or not to dispose of property.

(c) The trustee has a claim against the estate of each general partner in such partnership that is a debtor in a case under this title for the full amount of all claims of creditors allowed in the case concerning such partnership. Notwithstanding section 502 of this title, there shall not be allowed in such partner's case a claim against such partner on which both such partner and such partnership are liable, except to any extent that such claim is secured only by property of such partner and not by property of such partnership. The claim of the trustee under this subsection is entitled to distribution in such partner's case under section 726(a) of this title the same as any other claim of a kind specified in such section.

(d) If the aggregate that the trustee recovers from the estates of general partners under subsection (c) of this section is greater than any deficiency not recovered under subsection (b) of this section, the court, after notice and a hearing, shall determine an equitable distribution of the surplus so recovered, and the trustee shall distribute such surplus to the estates of the general partners in such partnership according to such determination.

(Pub. L. 95-598, Nov. 6, 1978, 92 Stat. 2606; Pub. L. 98-353, title III, §476, July 10, 1984, 98 Stat. 381; Pub. L. 103-394, title II, §212, Oct. 22, 1994, 108 Stat. 4125; Pub. L. 111-327, §2(a)(26), Dec. 22, 2010, 124 Stat. 3560.)