John Hancock LIFE INSURANCE

Advanced Markets
Central Intelligence

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Senate, House Pass Separate Tax Relief Bills

S. 2020, Tax Relief Act of 2005

The Senate has passed a budget reconciliation bill that includes a number of provisions to encourage charitable giving, such as tax-free distributions from IRAs for charitable purposes and a charitable deduction for taxpayers who use the standard deduction. The bill also includes a provision that penalizes investor owned life insurance (IOLI) transactions involving charities. The IOLI provision is identical to the proposal that the Senate Finance Committee made earlier this year on this issue.

The specific provisions of the Senate proposal on IOLI are as follows:
Excise Tax - A 100% excise tax will be imposed on the "acquisition costs" of a "taxable acquisition" of any interest in an "applicable insurance contract" (see definitions below).

Acquisition costs - the direct and indirect costs of acquiring the life insurance contract, including fees, commissions or other amounts paid in connection with the purchase.

Taxable Acquisition - the purchase of an interest in a life insurance policy by a tax-exempt organization and a person who does not fit within any of the exceptions outlined in the proposal.

Possible Exceptions to the Excise Tax:
1. If all persons holding an interest in the contract have an insurable interest in the insured independent of the charitable organization;

2. The sole interest in the contract of each person other than the charity is as a named beneficiary; or

3. The sole interest in the contract of each person other than the charity is either 1) as a beneficiary of trust having an interest in the insurance contract, if the person's designation as beneficiary was made on a purely gratuitous basis or 2) as a trustee who holds an interest in the contract as a fiduciary solely for the benefit of a charity or a person who meets one of the exceptions outlined above.

Reporting Requirements - any charity, lender or other person who acquires an interest in a life insurance contract under this legislation must file a return and provide their information to the IRS. In addition to the excise tax, failure to comply with this legislation could potentially result in criminal penalties.

Effective Date - This proposal shall apply to life insurance, endowment and annuity contracts issued after May 3, 2005.

The House has also passed a budget reconciliation bill (H.R. 4297) but the House bill does not include the IOLI provision. The Senate and House bills have to be reconciled and voted on again by both houses of Congress before the legislation can be signed by the President.

New York Insurance Department Issues Negative Opinion on Investor Owned Life Insurance

On January 11, 2006, the New York Insurance Department posted on its website an opinion by the Office of General Counsel (OGC) regarding proposed transactions involving third party financing of investor owned life insurance. The OGC stated that there is no insurable interest in such transactions and the proposed transactions would not be permissible under New York Insurance Law. The link to the opinion, which is dated December 19, 2005, is: http://www.ins.state.ny.us/rg051215.htm. For a full summary of the OGC Opinion see the Special Edition of Central Intelligence dated January 12, 2006 posted on our website at www.jhsalesnet.com.

The opinion by the New York OGC only applies to New York taxpayers but it is another strong indicator that investor owned life insurance transactions are being scrutinized by state and federal regulators. It is consistent with proposals by the Bush Administration and the Senate (S. 2020) on the federal level to impose an excise tax on investor owned life insurance transactions involving charities and it is also consistent with a July 7, 2003 opinion by the New York OGC on a charitable investor owned life insurance transaction. The opinion represents the position of the New York Insurance Department, but is limited to the facts presented therein.

Arkansas Directive on IOLI Transactions with Charities

Directive 1-2005 (dated March 28, 2005)

The Arkansas Insurance Department issued a directive in 2005 on the legality of investor owned life insurance (IOLI) transactions involving charitable organizations under Arkansas law. Arkansas law requires that an insurable interest must exist at the time a life insurance policy is bought and Arkansas insurable interest law is intended to prohibit strangers from buying life insurance on other individuals for investment purposes. As a result, the Department's position is that IOLI transactions with charities "are primarily for investment purposes and are not solely for the benefit of a participating or sponsoring charity."

IRS Settlement Initiative for 412(i) Plans, ESOPs, Welfare Benefit Plans and CRTs

Announcement 2005-80

The IRS announced in the fall of 2005 a settlement initiative for taxpayers that have participated in 21 different tax shelters that it considers abusive. Taxpayers that were interested in this settlement initiative must have filed an election form **with the IRS on or before January 23, 2006**. Under the initiative, taxpayers would have to pay the full amount of income tax that the government believes is due plus interest. The IRS would reduce the penalty that would be due in some cases but would not waive the entire penalty in all of these cases (the penalty rate would be 5% for these cases). This program is not open to promoters or related parties, parties in litigation or those that are under a criminal investigation. For a full description of the transactions that the initiative applies to, see the November 2005 edition of *Central Intelligence.*

Technical Corrections to Section 409A in Gulf Opportunity Zone Act of 2005

Gulf Opportunity Zone Act of 2005, (P.L. 109-135)

The Gulf Opportunity Zone Act of 2005, which the President signed into law in December, includes some technical corrections to provisions of Section 409A, regarding nonqualified deferred compensation plans. The corrections and clarifications are as follows:

1) Payments of interest and penalty taxes under Section 409A are not treated as payments of regular tax for purposes of the alternative minimum tax (AMT);
2) The funding rules for offshore rabbi trusts and for triggers based on the employer's financial heath are effective as of January 1, 2005; and
3) Re-deferrals of compensation under Section 409A(a)(4)(C) must generally meet the requirement that in the case of a distribution made for separation from service, payment at a specified date or due to a change in control, the "first payment" for which the re-deferral election is made must be further deferred for a period of at least 5 years from the date the payment would have been made. The technical correction deletes the word "first" from the provision, so that the five-year deferral rule will apply to all payments, not just the initial payment.

IRS Suspending Reporting Requirements for 2005 under 409A

IRS Notice 2005-94

The IRS has recently announced that it will be suspending the reporting and withholding requirements for nonqualified deferred compensation plans for the 2005 tax year under tax code Section 409A. However, future published guidance may require an employer to file a corrected information return and to report any previously unreported amounts includible in gross income under 409A. The IRS is working on guidance for determining the employer's and payer's reporting and withholding requirements and that guidance is expected to be issued in the first half of 2006. In the interim, service providers/employees must file their income tax returns for 2005 and pay any taxes due for income under Section 409A, but it may be difficult to determine the correct amount without reporting from the employer. As a result, the IRS will not assert penalties if an employee reports income under future guidance, although interest on underpayment of 2005 income taxes will be charged.

IRS Issues Notice on Application of Section 409A to Outstanding Stock Rights

IRS Notice 2006-4

The Internal Revenue Service has issued interim guidance on how Section 409A applies to stock options and stock appreciation rights issued before January 1, 2005. Both Notice 2005-1 and the proposed regulations under Section 409A require that a "reasonable valuation method" be used to determine the exercise price of a stock right. In Notice 2006-4, the IRS has stated that with respect to a stock right issued before January 1, 2005, the principles of Section 422 with respect to incentive stock options will apply under 409A for purposes of determining the exercise price of a stock right. With respect to stock rights issued after January 1, 2005 but before the effective date of final regulations under Section 409A, taxpayers can use any reasonable valuation method to determine the exercise price of a stock. The final regulations under Section 409A may provide more detailed standards for valuation of stock rights than Notices 2006-4 or 2005-1.

Estate, Gift, and GST Tax Exemptions for 2006

Revenue Procedure 2005-70

Due to inflation indexing and EGTRRA provisions, numerous changes occur to exemption levels for 2006.

Estate/Gift Tax Exemptions and Rates. The gift tax exemption will remain at $1,000,000 per person in 2006. Due to EGTRRA provisions, the estate and gift tax exemption amounts have not been unified after 2003. The estate tax exemption level will go up to $2,000,000 in 2006. In addition, under the provisions of EGTRRA, the maximum estate and gift tax rate will go down to 46% in 2006, from 47% in 2005.

GSTT Exemption. The generation-skipping transfer tax (GSTT) exemption will be $2,000,000 in 2006 under the EGTRRA provisions.

Annual Exclusion. The annual exclusion amount will go up from $11,000 to $12,000 in 2006, due to inflation indexing.

Gifts to Non-Citizen Spouses. The amount of annual present interest gifts (without gift tax) to non-US Citizen spouses increases to $120,000 (up from $117,000).

Notice of Large Gifts from Foreign Persons. Recipients will now have to report gifts from non-resident aliens that exceed $12,760.

Income Tax Standard Deduction. Married Filing Jointly or Surviving Spouse ($10,300), Married Filing Separately ($5,150), Head of Household ($7,550), and Single ($5,150).

Pension Plan Limit Amounts for 2006

IR-2005-120

Many of the pension plan limits have increased slightly from 2005. Among the important limits for 2006 are the following:

Annual Limit for Defined Benefit Plans. The limitation on the annual benefit under a defined benefit plan under Section 415(b)(1)(A) will increase from $170,000 to $175,000. This amount will be subject to inflation indexing in $5,000 increments.

Annual Limit for Defined Contribution Plans. The contribution limit for defined contribution plans will increase from $42,000 or 100% of compensation to $44,000. This amount will be subject to inflation indexing in $1,000 increments.

Qualified Plan Income Limits. The maximum income level to be considered in calculating qualified plan contributions will increase from $210,000 to $220,000. This amount will be subject to inflation indexing in $5,000 increments.

Qualified Plan Contribution Limits. Employees can defer up to $15,000 of income for contributions to a 401(k) plan or a 457(b) plan in 2006. After 2006, the contribution amount will be indexed for inflation in $500 increments. In addition, employees age 50 or over may make additional 401(k) contributions under Section 414(v)(2)(B)(i); the additional 401(k) contribution amount will increase to $5,000 in 2006 (up from $4,000).

Definition of Highly Compensated Employee. The limitation used in the definition of highly compensated employee will increase from $95,000 to $100,000.

Tax Reform Panel Report Released

In January 2005, President Bush created a bi-partisan advisory panel to review and make recommendations on federal tax reform. The panel report proposes two different recommendations for basic tax systems - the "Simplified Income Tax Plan" or the "Growth and Investment Tax Plan." Both plans are quite similar and would eliminate many current tax code provisions for a more simplified structure. Both plans call for a repeal of the alternative minimum tax (AMT) and for replacing the mortgage interest deduction with a 15% credit limited to Federal Housing Administration allowances.

In both proposed systems, the cash value buildup in life insurance, annuities, and deferred compensation agreements would no longer be deferred and would be subject to income tax on an annual basis (unless they were owned inside a tax-deferred SaveforRetirement or SaveforFamily account). In addition, many of the income tax cuts passed in 2001 and 2003 would become permanent. President Bush has not yet indicated which proposals he would support in the future, but the White House has indicated recently that the Bush Administration may not support many of the tax reform recommendations until 2007.

Taxable Estates Decline in 2004

The IRS has posted data indicating that there were 62,718 estate tax returns filed in 2004, down from 72,540 estate tax returns filed in 2003. Most of the estates (54,974) were between $1,000,000 and $2,500,000, including 21,152 of the taxable estates. There were 808 taxable returns involving estates between $10,000,000 and $20,000,000 and 520 estates worth more than $20,000,000.

Pension Reform Bills Passed by House, Senate

H.R. 2830 and S. 1783

The House and the Senate have both passed separate bills that could make sweeping changes in federal pension law. Both bills would tighten pension funding and disclosure laws and increase employers' federal pension insurance premiums for the first time in 15 years. In addition, the House bill would make permanent increases in 401(k) and IRA contribution limits that were passed in 2001. The Senate bill (but not the House Bill) includes COLI "Best Practices" provisions, as described in the October 2005 edition of *Central Intelligence*. Both the House and Senate bills include restrictions on the funding of nonqualified deferred compensation plans in the event that a company's defined benefit plan is underfunded. In addition to the tax relief bills that were recently passed by the House and Senate, the pension reform bills now have to be reconciled by a conference committee before both houses of Congress can vote on this legislation again.

IRS Fees Increase Dramatically for IRA and Qualified Plan PLRs

Revenue Procedure 2006-8

In Revenue Procedure 2006-8, the IRS has significantly increased their fees for a private letter ruling (PLR) on IRAs and qualified plans. The fee schedule, which is outlined in the revenue procedure, varies depending on the topic of the request. The revenue procedure is effective for PLR requests postmarked or (if the request is not mailed) received on or after February 1, 2006. As a result, it is likely that far fewer PLRs on IRAs and qualified plans will be requested in the future, and accountholders and advisors should be particularly careful in handling such accounts.

Revenue Procedure Provides Guidance on Annuity Valuation in Roth IRA Conversions

Revenue Procedure 2006-13

The IRS has recently issued a revenue procedure in response to concerns that taxpayers were undervaluing annuity contracts in the process of converting traditional IRA accounts to Roth IRA accounts. The Treasury Department issued proposed temporary regulations in August 2005 to address this issue and Revenue Procedure 2006-13 now provides safe harbor methods to be used in determining the fair market value (FMV) of an annuity contract. Under the revenue procedure, the FMV of an annuity contract must be determined in accordance with the Section 401(a)(9) required minimum distribution rules with several modifications, as outlined in the revenue procedure. The valuation approach follows the approach taken by the IRS in 2004 and 2005 in the valuation of life insurance contracts, particularly on the effect of surrender charges.

Roth 401(k) Plans Available in 2006, IRS Issues Final Regulations

Treas. Reg. §§1.401(k)-(f); 1.401(k)-2; 1.401(k)-6; 1.401(m)-2; 1.401(m)-5(T.D. 9237)

Under the EGTRRA legislation passed in 2001, a new type of employer-sponsored retirement plan, known as a Roth 401(k) plan, will be available starting as of January 1, 2006. Participants in a 401(k) plan may elect to treat pre-tax salary deferrals to a 401(k) plan as after-tax contributions to a Roth 401(k) plan, if their plan sponsor or employer elects to offer a Roth 401(k) plan. Distributions from a Roth 401(k) plan will be income tax-free and subject to many of the same rules that govern Roth IRAs. The combined contributions to a Roth 401(k) and a regular 401(k) plan cannot exceed the maximum annual contribution limit for 401(k) plans (in 2006 the maximum contribution amount will be $15,000). However, unlike Roth IRAs, employees contributing to a Roth 401(k) plan would not have to meet the income eligibility requirements of a Roth IRA.

The IRS has issued final regulations for Roth 401(k) plans, which require that a contribution to a Roth 401(k) plan must be an elective contribution made by the employee and must also satisfy three additional requirements:

1) the contribution must be irrevocably designated by the employee at the time of election as a Roth contribution that will be in lieu of all or a portion of the pre-tax elective contributions the employee is eligible to make to a 401(k) plan;
2) the contribution must be treated by the employer as includable in the employee's gross income as cash;
3) the contribution must be maintained by the plan in a separate account.

Unlike Roth IRAs, Roth 401(k) accounts are subject to the minimum required distribution rules of Section 401(a)(9).

Tax Court Disregards FLP in Senda Case

Senda v. Commissioner, No. 05-1118, January 6, 2006 (TC Memo 2004-160)

Facts: In 1998, Mark and Michele Senda created a family limited partnership (FLP) and transferred $1.8 million of MCI WorldCom stock to the FLP. The Sendas' revocable trusts were the initial partners of the FLP, but then their children's trusts transferred oral accounts receivable in return for limited partnership interests in the FLP. The same approach was taken with another FLP in 1999, also funded with MCI WorldCom stock. In 2000, Mark gave each child a 4.5% limited partnership interest in the 1999 partnership.

Neither FLP had financial statements prepared and Mark paid all of the legal costs and filing fees for the two FLPs, none of which was reimbursed by the partnerships. The Sendas filed gift tax returns for the limited partnership interests transferred to their children's trusts, with marketability and minority discounts. The IRS considered the gifts to the children's trusts to be gifts of the stock, rather than the partnership interests, without any discounts, and issued a notice for almost $500,000 in deficiencies in gift tax.

Ruling: In 2004, the Tax Court agreed with the IRS and held that the transfers of the stock to the FLPs and the gifts to the children's trusts were actually gifts of the underlying stock, and that discounts should not be applied to the valuation (see the August 2004 edition of *Central Intelligence*). The Eighth Circuit Court of Appeals has recently affirmed the Tax Court's decision, and agreed with the Tax Court that the Sendas did not actually contribute the stock to the FLPs until after they had transferred the FLP interests to their children. This determination of timing was critical, because a contribution of stock to an FLP after the transfer of partnership interests is considered an indirect gift of stock to the partners of the FLP.

Helen Hansen FLP Overcomes IRS Estate Tax Audit

Estate of Hansen v. Commissioner, TC Docket No. 016607-4

Introduction: The Hansen case involved an estate tax audit where the IRS initially raised various arguments under Section 2036(a)(1) and Section 2036(a)(2), and then dropped the arguments without comment. In contrast to FLPs like that in Strangi, the Hansen FLP had an actual business purpose and was treated as a separate business entity by the partners, with appropriate documentation in support. This case provides an example of how FLPs are alive and well as a planning tool for clients who have non-tax reasons to establish such a partnership and who are willing to administer the partnership as a separate business entity.

Facts: The partnership was created in 1996 to counteract some family problems between the decedent and her sons, which were affecting the family business. Decedent did not contribute any assets to the FLP that was co-owned by her and her sons, as part of her efforts to minimize the effect of the family discord on the FLP assets. The decedent was in fair health and was elderly at the time the FLP was created, however she was not incompetent and she attended annual partnership meetings. The decedent maintained cash and other assets in her own name outside of the FLP. She died in 1999, three years after the FLP was formed.

Ruling: Although the parties to the audit never learned why the IRS dropped its 2036(a)(1) and 2036(a)(2) arguments, it is believed that the following facts made the Hansen case a difficult one for the IRS to challenge:

The partnership was run as though the partners were arms-length business partners. Partnership tax returns were filed and appropriate paperwork was filed with the state of California. Partnership assets were held in partnership title. Interests credited to the Limited Partners were proportionate to the fair market value of the assets each partner contributed to the Limited Partnership. Assets that each Limited Partner contributed were properly credited to the respective capital accounts of the partners.

Appeals Court Provides Mixed Ruling in Blount Case

Estate of Blount v. Commissioner, No. 04-15013, F.3rd (11th Cir. October 31, 2005)

The Eleventh Circuit recently decided a case that favors the use of life insurance as a funding mechanism for a buy-sell stock redemption agreement. The court held that the proceeds of an insurance policy owned by a company on a decedent shareholder should not be included in the valuation of the company stock because of the company's contractual obligation to redeem the shares from the decedent at a price which would offset the value of the insurance proceeds. Under the facts of the case, however, the buy-sell agreement itself was disregarded in valuing the stock for estate tax purposes for two reasons: 1) the decedent was found to have retained unilateral control to amend the agreement during his life and 2) the agreement was found not to be comparable to one which would be used by similar persons in an arm's length transaction.

Facts: William Blount, his brother-in-law James Jennings, and Blount Construction Company ("BCC") (the "parties"), entered into a buy-sell agreement in 1981. Blount and Jennings each owned fifty percent of the BCC stock in 1981. Under the 1981 agreement, the parties agreed that BCC would purchase the stock of a shareholder upon such shareholder's death. The agreement set the price for such purchase based on the book value of the corporation at the time of death, provided that the shareholders could not agree on another valuation. BCC purchased two $3,000,000 insurance policies, one on each of Blount and Jennings for the purpose of redeeming their respective stock.

Jennings died in 1996 owning 46% of BCC's shares. BCC received $3,000,000 in insurance proceeds and paid just under $3,000,000 to Jennings's estate. The book value of BCC from the prior year was used to determine the value paid to Jennings's estate. In November 1996, Blount executed an amendment to the 1981 agreement to purchase Blount's BCC shares at his death for a purchase price of $4,000,000. At the time of the amendment, an appraisal of BCC shares had just been completed, with Blount's knowledge, suggesting that Blount's shares at a fair market value of $6,700,000. The facts showed that Blount had become concerned that the company have enough liquidity after his death to continue operating, thus he amended the buy-sell agreement to receive less than book value for his shares.

Blount died in 1997 and BCC bought his shares for $4,000,000. Blount's estate filed a tax return declaring $4,000,000 as the value of his BCC shares. The IRS issued a deficiency notice claiming that the stock was worth $7,921,975.

Ruling: The tax court found that the buy-sell agreement should be disregarded under IRC 2703(b). The appeals court agreed. The tax court also found that the valuation of BCC should include the $3,000,000 of insurance proceeds as an asset of BCC. The appeals court disagreed, finding that the value of the insurance proceeds was offset by the binding agreement to redeem Blount's shares.

Buy-Sell Agreement Disregarded for Valuation Purposes Under IRC §2703

IRC §2703 generally states that all buy-sell agreements will be disregarded for valuation purposes unless the agreements meet the safe harbor requirements of IRC §2703(b). IRC §2703(b) requires that, in order to be respected for valuation purposes, a buy-sell agreement must 1) have a bona fide business purpose, 2) not permit a wealth transfer to the natural objects of the decedent's bounty, and 3) be comparable to similar arrangements negotiated at arm's length. In addition, Treas. Reg. §20.2031-2 requires that 1) the offering price must be fixed and determinable, 2) the agreement must be binding on the parties during life and after death and 3) must be entered into for a bona fide business purpose and not as a substitute for testamentary disposition.

The 1981 agreement provided that it could only be modified by the "parties thereto". After Jennings' death however, the only remaining parties to the 1981 agreement were Blount and BCC (of which Blount was the controlling shareholder). Thus, Blount had unilateral control in violation of Treas. Reg. §20.2031-2. The court also found that the 1981 agreement, as amended, was not comparable to similar transactions in the industry (in violation of IRC §2703(b)), based on a comparison of the valuation in the agreement and the valuation of BCC by expert witnesses.

Valuation of BCC Should Exclude Life Insurance Proceeds

The lower court in this case initially valued BCC at $6,750,000 based on expert appraisals. The tax court then added the value of the life insurance proceeds from Blount's death to get a total value for BCC of $9,850,000. The appeals court found that this valuation was in error. The appeals court found that the buy-sell agreement between Blount and BCC was valid under Georgia law, and the court offset the insurance proceeds from the company value. The court stated that "to suggest that a reasonably competent business person, interested in acquiring a company, would ignore a $3,000,000 liability strains credulity and defies any sensible construct of fair market value."

Conclusion: Although the Blount buy-sell agreement did not meet the safe harbor requirements of IRC §2703(b) and was disregarded, this case indicates that the Court in a valuation challenge by the IRS would likely respect an agreement that does meet such requirements. Additionally this case gives very favorable treatment to the use of life insurance to fund the buy-sell agreement (as opposed to simply accumulating enough other funds) by excluding the value of the insurance from the overall valuation of the company

McNabb Revisited: An Update on Decisions Regarding the Application of the Homestead Exemption Cap under the New Federal Bankruptcy Act in "Opt-Out" States

During the last few months, a number of judges have ruled in cases dealing with the application of the $125,000 cap on homestead exemptions under Section 522(p) of the Bankruptcy Abuse Prevention and Consumer Protection Act ("BAPCPA"). The question has arisen in several cases as to whether the cap on homestead exemptions applies to debtors who reside in "opt-out" states where the state homestead exemption exceeds $125,000 (FL, TX, KA, SD, IA, MN and AZ). The August 2005 edition of *Central Intelligence* discussed the first case to address this issue, In re McNabb, where the court held that the $125,000 cap would not apply to debtors in Arizona, an opt-out state with a homestead exemption of $150,000. Following that decision, judges in three other opt-out states, Florida, Nevada and Texas, have ruled in direct contrast to the holding in McNabb.

In re Kaplan, Case No. 05-14491-BKC-RAM 331 BR 483 (Bankr. S.D. Fla. 2005)

In the Kaplan case, decided in Florida, the debtor acquired a condominium in Florida within 1215 days of filing for bankruptcy (and after the April 20, 2005 enactment of BAPCPA). Debtor claimed that all of her equity in the condo was exempt under Florida's unlimited homestead exemption, and cited the McNabb case. The Bankruptcy Trustee objected, citing Section 522(p) of BAPCPA and arguing that any equity above the $125,000 cap should be available to creditors (an appraisal of the condo found about $144,000 - $169,000 in total equity). US Bankruptcy Judge Robert A. Mark held against the debtor, finding that the $125,000 homestead cap applied and all remaining equity in the home was available to creditors.

The Kaplan case was significant in that it was the first case to rule in contrast to the McNabb decision. Also significant in the Kaplan case was the Judge's failure to fully interpret the meaning of the statute. Section 522(p)(1) states that "a debtor may not exempt any amount of interest that was acquired by the debtor during the 1215-day period preceding the date of filing of the petition that exceeds in the aggregate $125,000 of value…" A literal reading of Section 522(p) could perhaps mean that any equity in a home, including equity acquired through regular mortgage payments or market appreciation, not just equity acquired in a newly purchased home, acquired within 1215 days of filing would be subject to the $125,000 cap. Such an interpretation would be a logistical nightmare, potentially requiring two appraisals of the property.

Two more similar bankruptcy cases followed: the Wayrynen case (also in Florida) and the Verrissimo/Heisel case (in Nevada).

In re Wayrynen, Case No. 05-32144-BKC-SHF (Bankr. S.D. Fla. 2005)

In the Wayrynen case, the debtor acquired his first Florida home well before filing for bankruptcy (16 years before). The debtor had $150,500 of equity in the first home when he sold it in 2002 and acquired his second home, rolling the equity into the second home. Debtor sold the second home in 2005 and acquired the third home, again rolling the equity. Both the second and third homes were acquired within 1215 days of filing for bankruptcy. The Debtor again argued for exemption of all of the equity in the third home under McNabb and again the Judge ruled that the McNabb case was wrongly decided. However, the Judge in the Wayrynen case was not so literal in his interpretation of Section 522(p). Section 522(p)(2) specifically excludes from the exemption any interest transferred from a debtor's previous principal residence. Here, the Judge found that "previous principal residence" is not limited to the one residence owned immediately prior to the residence owned when filing for bankruptcy but includes other prior residences as well, since the first home was purchased well before the 1215 day limit. Thus, in this case where the bulk of the equity was attributable to the first home, all of the debtor's equity over $125,000 was protected.

In re Virissimo and In re Heisel, Case Nos. BK-S-13605-LBR, BK-S-15667-LBR (Nevada 2005)

In the Verrissimo/Heisel case, the debtors purchased property in Nevada within 1215 days of filing for bankruptcy, never having resided in Nevada before. The Judge found that the $125,000 cap applied in this case and thus all equity in the property above the cap was available to creditors. The Judge specifically addressed the McNabb case, finding that it was wrongly decided. Again, however, the Judge failed to address how the statute would be interpreted as to whether equity acquired by regular mortgage payments or by market forces within 1215 days of filing would be subject to the cap.

In re Blair, Case No. 05-35922-HDH-7 (Texas 2005)

Finally, on November 21, 2005, a Texas Court addressed this looming issue in the Blair case. In the Blair case, the Blairs purchased a home in Texas well before filing for bankruptcy (1773 days before). Upon filing for bankruptcy, the Blairs claimed that all equity in their home was exempt under Texas' homestead exemption. The Bankruptcy Trustee argued that all equity acquired in the home within 1215 days of filing for bankruptcy should not be exempt (the Blairs had made regular mortgage payments and had experienced some market appreciation in the property during that time). The Bankruptcy Judge ruled for the debtors, finding that Section 522(p) was intended to apply to people who acquire new homes in states with favorable homestead exemptions as a way to shelter assets shortly before filing for bankruptcy, and was not meant to apply to people who simply benefit from increased equity in an existing home.

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Nonton Film Central Intelligence (2016) Subtitle Indonesia Streaming Movie Download Gratis Online. Genre. Comedy, Crime.Â Reference To Facebook. Spy. BioskopKeren Central Intelligence (2016). Cinemaindo Central Intelligence (2016). Dewanonton Central Intelligence (2016). DUNIA21 Central Intelligence (2016). FILMAPIK Central Intelligence (2016). Nonton. Nonton adalah sebuah website hiburan yang menyajikan streaming film atau download movie gratis. Central Intelligence is a 2016 American action comedy film directed by Rawson Marshall Thurber and written by Thurber, Ike Barinholtz and David Stassen. The film stars Kevin Hart and Dwayne Johnson as two old high school friends who go on the run after one of them joins the CIA in order to save the world from a terrorist who intends to sell satellite codes. Central Intelligence. 389,240 likes Â· 79 talking about this. In theaters June 17th.Â See more of Central Intelligence on Facebook. Log In. or. Create New Account. See more of Central Intelligence on Facebook. Log In. Forgot account? Central Intelligence Agency Office of Public Affairs Washington, D.C. 20505. You can also mail a letter to a U.S. Embassy or Consulate and request it be forwarded to CIA. Please note we have no control over the security and reliability of postal mail.