

## Committee Substitute for Senate Bill No. 2118

An act relating to debts and debtors; amending s. 222.25, F.S.; providing that personal property of a specified value is exempt from legal process if the debtor does not receive a homestead exemption; providing limitations; amending s. 702.035, F.S.; permitting foreclosure notices to be published in certain newspapers that publish at least 5 days a week except during legal holidays; amending s. 727.103, F.S.; redefining the terms “asset” and “assignee”; defining the term “claims bar date”; defining the term “consensual lienholder”; amending s. 727.104, F.S.; revising the assignment and schedule forms; providing forms for verification and acceptance under oath for assignments and schedules; amending s. 727.105, F.S.; authorizing a consensual lienholder only to enforce a security interest against the assets of an estate; amending s. 727.108, F.S.; revising and providing additional duties for the assignee; amending s. 727.109, F.S.; providing additional powers of the court; amending s. 727.110, F.S.; conforming cross-references; amending s. 727.111, F.S.; requiring the assignee to give notice of the assignee’s continued operation of the assignor’s business; authorizing the assignee to take action as described in the notice by order of the court; requiring that notice be given to all consensual lienholders and counsel; amending s. 727.112, F.S.; providing limitations on a claim for damages; amending s. 727.113, F.S.; authorizing a creditor of the assignor to file an objection to a claim; requiring an assignee to create a claims register; providing that an assignee or any creditor has standing to challenge any claim by another creditor; authorizing certain creditors to file a claim for an unsecured deficiency within a certain time; amending s. 727.114, F.S.; providing that certain creditors are unsecured creditors for purpose of priority of distribution; revising the type and amount of claims receiving a priority distribution; providing that a subordination agreement is enforceable; providing that certain claims are subordinate to other claims; providing an exception for a claim for common stock; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 222.25, Florida Statutes, is amended to read:

222.25 Other individual property of natural persons exempt from legal process.—The following property is exempt from attachment, garnishment, or other legal process:

- (1) A debtor’s interest, not to exceed \$1,000 in value, in a single motor vehicle as defined in s. 320.01.
- (2) A debtor’s interest in any professionally prescribed health aids for the debtor or a dependent of the debtor.
- (3) A debtor’s interest in a refund or a credit received or to be received, or the traceable deposits in a financial institution of a debtor’s interest in

a refund or credit, pursuant to s. 32 of the Internal Revenue Code of 1986, as amended. This exemption does not apply to a debt owed for child support or spousal support.

(4) A debtor's interest in personal property, not to exceed \$4,000, if the debtor does not claim or receive the benefits of a homestead exemption under s. 4, Art. X of the Florida Constitution. This exemption does not apply to a debt owed for child support or spousal support.

Section 2. Section 702.035, Florida Statutes, is amended to read:

702.035 Legal notice concerning foreclosure proceedings.—Whenever a legal advertisement, publication, or notice relating to a foreclosure proceeding is required to be placed in a newspaper, it is the responsibility of the petitioner or petitioner's attorney to place such advertisement, publication, or notice. For counties with more than 1 million total population as reflected in the ~~2000 most recent~~ Official Decennial Census of the United States Census Bureau as shown on the official website of the United States Census Bureau, any notice of publication required by this section shall be deemed to have been published in accordance with the law if the notice is published in a newspaper that has been entered as a periodical matter at a post office in the county in which the newspaper is published, is published a minimum of 5 days a week, exclusive of legal holidays, and has been in existence and published a minimum of 5 days a week, exclusive of legal holidays, for 1 year or is a direct successor to a newspaper that has been in existence for 1 year that has been published a minimum of 5 days a week, exclusive of legal holidays. The advertisement, publication, or notice shall be placed directly by the attorney for the petitioner, by the petitioner if acting pro se, or by the clerk of the court. Only the actual costs charged by the newspaper for the advertisement, publication, or notice may be charged as costs in the action.

Section 3. Section 727.103, Florida Statutes, is amended to read:

727.103 Definitions.—As used in this chapter, unless the context requires a different meaning, the term:

(1) "Asset" means a legal or equitable interest of the assignor in property, which ~~includes shall include~~ anything that may be the subject of ownership, whether real or personal, tangible or intangible, including claims and causes of action, whether arising by contract or in tort, wherever located, and by whomever held at the date of the assignment, except property exempt by law from forced sale.

(2) "Assignee" means a natural person solely in such person's capacity as an assignee for the benefit of creditors under the provisions of this chapter, which assignee shall not be a creditor or an equity security holder or have any interest adverse to the interest of the estate.

(3) "Assignor" means the person or entity ~~that~~ which has executed and delivered the assignment to the assignee.

(4) "Assignment" means an assignment for the benefit of creditors made under this chapter.

(5) “Claims bar date” means the date that is 120 days after the date on which the petition is filed with the court.

(6) “Consensual lienholder” means a creditor that has been granted a security interest or lien in personal property or real property of the assignor prior to the date on which a petition is filed with the court and whose security interest or lien has been perfected in accordance with applicable law.

~~(6)~~(5) “Court” means the circuit court where the petition is filed in accordance with s. 727.104(2).

~~(7)~~(6) “Creditor” means any person having a claim against the assignor, whether such claim is contingent, liquidated, unliquidated, or disputed.

~~(8)~~(7) “Estate” means all of the assets of the assignor.

~~(9)~~(8) “Filing date” means the date upon which the original petition is filed in accordance with s. 727.104(2).

~~(10)~~(9) “Lien” means a charge against or an interest in property to secure payment of a debt or performance of an obligation, and includes a security interest created by agreement, a judicial lien obtained by legal or equitable process or proceedings, a common-law lien, or a statutory lien.

~~(11)~~(10) “Liquidation value” means the value in cash obtainable upon a forced sale of assets after payment of valid liens encumbering said assets.

~~(12)~~(11) “Petition” means the initial document filed with the court, as set forth in s. 727.104(2), establishing the court’s jurisdiction under this chapter.

Section 4. Subsection (1) of section 727.104, Florida Statutes, is amended to read:

727.104 Commencement of proceedings.—

(1)(a) An irrevocable assignment and schedules shall be made in writing, containing the name and address of the assignor and assignee and providing for an equal distribution of the estate according to the priorities set forth in s. 727.114.

(b) The assignment shall be in substantially the following form:

#### ASSIGNMENT

ASSIGNMENT, made this .... day of ....., ...(year)..., between ....., with a principal place of business at ....., hereinafter “assignor,” and ....., whose address is ....., hereinafter “assignee.”

WHEREAS, the assignor has been engaged in the business of .....

WHEREAS, the assignor is indebted to creditors, as set forth in Schedule A annexed hereto, is unable to pay its debts as they become due, and is

desirous of providing for the payment of its debts, so far as it is possible by an assignment of all of its assets for that purpose.

NOW, THEREFORE, the assignor, in consideration of the assignee's acceptance of this assignment, and for other good and valuable consideration, hereby grants, assigns, conveys, transfers, and sets over, unto the assignee, her or his successors and assigns, all of its assets, except such assets as are exempt by law from levy and sale under an execution, including, but not limited to, all real property, fixtures, goods, stock, inventory, equipment, furniture, furnishings, accounts receivable, bank deposits, cash, promissory notes, cash value and proceeds of insurance policies, claims and demands belonging to the assignor, and all books, records, and electronic data pertaining to all such assets, wherever such assets may be located, hereinafter the "estate," as which assets are, to the best knowledge and belief of the assignor, set forth on Schedule B annexed hereto.

The assignee shall take possession of, and protect and preserve, all such assets and administer the estate in accordance with the provisions of chapter 727, Florida Statutes, and shall liquidate the assets of the estate with reasonable dispatch and convert the estate into money, collect all claims and demands hereby assigned as may be collectible, and pay and discharge all reasonable expenses, costs, and disbursements in connection with the execution and administration of this assignment from the proceeds of such liquidations and collections.

The assignee shall then pay and discharge in full, to the extent that funds are available in the estate after payment of administrative expenses, costs, and disbursements, all of the debts and liabilities now due from the assignor, including interest on such debts and liabilities. If funds of the estate shall not be sufficient to pay such debts and liabilities in full, then the assignee shall pay from funds of the estate such debts and liabilities, on a pro rata basis and in proportion to their priority as set forth in s. 727.114, Florida Statutes.

~~If In the event that~~ all debts and liabilities are paid in full, any funds of the estate remaining shall be returned to the assignor.

To accomplish the purposes of this assignment, the assignor hereby appoints the assignee its true and lawful attorney, irrevocable, with full power and authority to do all acts and things which may be necessary to execute the assignment hereby created; to demand and recover from all persons all assets of the estate; to sue for the recovery of such assets; to execute, acknowledge, and deliver all necessary deeds, instruments, and conveyances; and to appoint one or more attorneys under her or him to assist the assignee in carrying out her or his duties hereunder.

The assignor hereby authorizes the assignee to sign the name of the assignor to any check, draft, promissory note, or other instrument in writing which is payable to the order of the assignor, or to sign the name of the assignor to any instrument in writing, whenever it shall be necessary to do so, to carry out the purpose of this assignment.

The assignee hereby accepts the trust created by the assignment, and agrees with the assignor that the assignee will faithfully and without delay carry out her or his duties under the assignment.

.....  
Assignor

.....  
Assignee

STATE OF FLORIDA  
COUNTY OF .....

The foregoing assignment was acknowledged before me this .... day of ...., ...  
(year)...., by ...., as assignor, and by ...., as assignee, for the purposes therein expressed.

...(Signature of Notary Public - State of Florida)...  
...(Print, Type, or Stamp Commissioned Name of Notary Public)...

Personally Known .... OR Produced Identification ....

Type of Identification Produced.....

(c) The assignment shall have annexed thereto as Schedule A a true list of all of the assignor’s known creditors, their mailing addresses, the amount and nature of their claims, and whether their claims are disputed; and as Schedule B a true list of all assets of the estate, including the estimated liquidation value of the assets, their location, and, if real property, a legal description thereof, as of the date of the assignment.

(d) The schedules shall be in substantially the following forms:

SCHEDULE A—CREDITOR LIST

1. List all secured creditors showing:

Name	Address	Amount	Collateral	Whether or not disputed
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2. List all wages owed showing:

Name	Address	Amount	Whether or not disputed
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3. Consumer deposits:

Name	Address	Amount	Whether or not disputed
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4. List all taxes owed showing:

Name	Address	Amount	Whether or not disputed
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5. List all unsecured claims showing:

Name	Address	Amount	Whether or not disputed
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6. List all owners or shareholders showing:

Name	Address	Percent of Ownership
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7. List all pending litigation and opposing counsel of record:

Style                      Parties    Opposing Counsel of Record

SCHEDULE B—LIST OF ASSETS

List each category of assets and for each give approximate value obtainable for the asset on the date of assignment, and address where asset is located.

I. Nonexempt Property

Description and    Liquidation Value  
Location    at Date of Assignment

- 1. Legal description and street address of real estate, including leasehold interests:
- 2. Fixtures:
- 3. Cash and bank accounts:
- 4. Inventory:
- 5. Accounts receivable:
- 6. Equipment:
- 7. Prepaid expenses, including deposits, insurance, rents, and utilities:
- 8. Other, including loans to third parties, claims, and choses in action:

II. Exempt Property

Description and    Liquidation Value  
Location    at Date of Assignment

(e) The assignment and schedules shall be duly verified upon oath by the assignor, and accepted by the assignee under oath in substantially the following form:-

VERIFICATION OF ASSIGNMENT  
AND SCHEDULES BY ASSIGNOR

The undersigned, (name), (position with assignor) of (assignor), hereby verifies the Assignment of all of its rights, title, and interest in and to all of its assets, as indicated on the attached Schedules to that Assignment as filed with this Court on (date), and further verifies each of the facts set forth in the Schedules annexed to the Assignment to the best of my knowledge and belief.

.....  
Name, Position with Assignor

STATE OF FLORIDA  
COUNTY OF .....

Sworn to and subscribed before me this .... day of ....., ...(year)....

...(Signature of Notary Public - State of Florida)...  
...(Print, Type, or Stamp Commissioned Name of Notary Public)...

Personally Known .... OR Produced Identification ....

Type of Identification Produced.....

ACCEPTANCE BY ASSIGNEE

The undersigned, (assignee), the Assignee herein, duly acknowledges that the Assignee accepts delivery of the assignment and that he or she will duly perform the duties imposed upon the Assignee pursuant to chapter 727, Florida Statutes.

.....  
Assignee

STATE OF FLORIDA  
COUNTY OF .....

Sworn to and subscribed before me this ... day of ....., ...(year)...

...(Signature of Notary Public - State of Florida)...  
...(Print, Type, or Stamp Commissioned Name of Notary Public)...

Personally Known .... OR Produced Identification ....

Type of Identification Produced.....

Section 5. Section 727.105, Florida Statutes, is amended to read:

727.105 Proceedings against assignee.—~~Proceedings~~ ~~No proceeding~~ may not be commenced against the assignee except as provided in this chapter, but nothing contained in this chapter affects herein shall affect any action or proceeding by a governmental unit to enforce such governmental unit’s police or regulatory power. Except in the case of a consensual lienholder secured creditor enforcing its rights in personal property or real property collateral under chapter 679, there shall be no levy, execution, attachment, or the like in respect of any judgment against assets of the estate, ~~other than real property~~, in the possession, custody, or control of the assignee.

Section 6. Section 727.108, Florida Statutes, is amended to read:

727.108 Duties of assignee.—The assignee shall:

(1) Collect and reduce to money the assets of the estate, whether by suit in any court of competent jurisdiction or by public or private sale, ~~including, but not limited to, prosecuting any tort claims or causes of action which were previously held by the assignor, regardless of any generally applicable law concerning the nonassignability of tort claims or causes of action, and;~~

(a) With respect to the estate’s claims and causes of action, the assignee may prosecute such claims or causes of action as provided in this section or sell and assign, in whole or in part, such claims or causes of action to another person or entity on the terms that the assignee determines are in the best interest of the estate under to s. 727.111(4); and

(b) In an action in any court by the assignee or the first immediate transferee of the assignee, other than an affiliate or insider of the assignor, against a defendant to assert a claim or chose in action of the estate, the claim is not subject to, and any remedy may not be limited by, a defense

based on the assignor's acquiescence, cooperation, or participation in the wrongful act by the defendant which forms the basis of the claim or chose in action;

(2) Within 30 days after the filing date, examine the assignor, under oath, concerning the acts, conduct, assets, liabilities, and financial condition of the assignor or any matter related to the assignee's administration of the estate, unless excused by the court for good cause shown;

(3) Give notice to creditors of all matters concerning the administration of the estate, pursuant to ~~the provisions of s. 727.111;~~

(4) Conduct the business of the assignor for a limited period that may not exceed 14 calendar days, if in the best interest of the estate, or for a longer period limited periods, if, in the best interest of the estate, upon notice and until such time as an objection, if any, is sustained by the court; however, the assignee may not operate the business of the assignor for longer than 45 calendar days without a court order authorizing such operation if an objection by a party in interest is interposed to the assignee's motion for authority to operate the assignor's business. ~~authorization of the court;~~

(5) To the extent reasonable in the exercise of the assignee's business judgment, reject an unexpired lease of nonresidential real property or of personal property under which the assignor is the lessee.

~~(6)~~(5) To the extent reasonable and necessary, pay administrative expenses of the estate, subject, however, to s. 727.114(1);

~~(7)~~(6) To the extent necessary, employ at the expense of the estate one or more appraisers, auctioneers, accountants, attorneys, or other professional persons, to assist the assignee in carrying out his or her duties under this chapter;

~~(8)~~(7) Keep regular accounts and furnish such information concerning the estate as may be reasonably requested by creditors or other parties in interest;

~~(9)~~(8) File with the court an interim report of receipts and disbursements within 6 months after the filing date unless excused by the court or unless the estate has been sooner distributed in full;

~~(10)~~(9) Examine the validity and priority of all claims against the estate;

~~(11)~~(10) Abandon assets to duly perfected secured or lien creditors, where, after due investigation, he or she determines that the estate has no equity in such assets or such assets are burdensome to the estate or are of inconsequential value and benefit to the estate;

~~(12)~~(11) Pay dividends and secured or priority claims as often as is compatible with the best interests of the estate and close the estate as expeditiously as possible; ~~and~~

~~(13)~~(12) File with the court a final report of all receipts and disbursements and file an application for his or her discharge pursuant to ~~the provisions of s. 727.116.~~



Section 7. Section 727.109, Florida Statutes, is amended to read:

727.109 Power of the court.—The court shall have power to:

(1) Enforce all provisions of this chapter.;

(2) Set, approve, or reconsider the amount of the assignee's bond.;

(3) Upon notice and a hearing, if requested, authorize the business of the assignor to be conducted for limited periods by the assignee for longer than 14 calendar days, if in the best interest of the estate.;

(4) Allow or disallow claims against the estate and determine their priority and establish a deadline, upon motion by the assignee, for the filing of all claims against the assignment estate arising on or after the date on which the assignor's petition for assignment was filed with the court. The deadline may not occur less than 30 days before notice is received by mail of the order establishing the deadline.;

(5) Determine any claims of exemption by the assignor, if disputed.;

(6) Authorize the assignee to reject an unexpired lease of nonresidential real property or of personal property under which the assignor is the lessee pursuant to s. 727.108(5).

(7) Upon notice as provided under s. 727.111 to all creditors and consensual lienholders, hear and determine a motion brought by the assignee for approval of a proposed sale of assets of the estate other than in the ordinary course of business, or the compromise or settlement of a controversy, and enter an order granting such motion notwithstanding the lack of objection if the assignee reasonably believes that such order is necessary to proceed with the action contemplated by the motion.

~~(8)(6)~~ Hear and determine any of the following actions brought by the assignee, which she or he is hereby empowered to maintain:

(a) Enforce the turnover of assets of the estate pursuant to s. 727.106.;

(b) Determine the validity, priority, and extent of a lien or other interests in assets of the estate, or to subordinate or avoid an unperfected security interest pursuant to the assignee's rights as a lien creditor under s. 679.301.;

(c) Avoid any conveyance or transfer void or voidable by law.;

~~(9)(7)~~ Approve the assignee's final report and interim and final distributions to creditors.;

~~(10)(8)~~ Approve reasonable fees and the reimbursement of expenses for the assignee and all professional persons retained by the assignee, upon objection of a party in interest or upon the court's own motion.;

~~(11)(9)~~ Hear and determine any motion brought by a party in interest or by the court to close the estate after the passage of 1 year from the date of filing of the petition.;

~~(12)~~(10) Discharge the assignee and the assignee's surety from liability upon matters included in the assignee's final report.;

~~(13)~~(11) Reopen estates for cause shown.;

~~(14)~~(12) Punish by contempt any failure to comply with the provisions of this chapter or any order of the court made pursuant to this chapter.;

~~(15)~~(13) Exercise any such other and further powers that as are necessary to enforce or carry out the provisions of this chapter.

Section 8. Subsection (1) of section 727.110, Florida Statutes, is amended to read:

727.110 Actions by assignee and other parties in interest.—

(1) All matters requiring court authorization under this chapter shall be brought by motion, except for the following matters, which shall be brought by supplemental proceeding, as provided in subsection (2):

(a) An action by the assignee to recover money or other assets of the estate;

(b) An action by the assignee to determine the validity, priority, or extent of a lien or other interest in property or to subordinate or avoid an unperfected security interest under s. 727.109(8)(b) ~~s. 727.109(6)(b)~~; and

(c) An action by the assignee to avoid any conveyance or transfer void or voidable by law under s. 727.109(8)(c) ~~s. 727.109(6)(e)~~.

Section 9. Subsections (4) and (8) of section 727.111, Florida Statutes, are amended to read:

727.111 Notice.—

(4) The assignee shall give the assignor and all creditors not less than 20 days' notice by mail of a proposed sale of assets of the estate other than in the ordinary course of business, the assignee's continued operation of the assignor's business for longer than 14 calendar days, the compromise or settlement of a controversy, and the payment of fees and expenses to the assignee and to professional persons employed by the assignee pursuant to s. 727.108(7) ~~s. 727.108(6)~~. Any ~~and all~~ objections to the proposed action must be filed and served upon the assignee and the assignee's attorney, if any, not less than 3 days before the date of the proposed action. The notice ~~must~~ shall include a description of the proposed action to be taken, ~~and the date of the proposed action, and shall set forth the date and place for the hearing at which any objections will shall be heard.~~ If ~~no~~ objections are not timely filed and served, the assignee may take ~~such~~ such action as described in the notice without further order of the court or may obtain an order of the court granting such motion if the assignee reasonably believes that the order is necessary to proceed with the action contemplated by the motion.

(8) Wherever notice is required to be given under this chapter, a certificate of service of such notice shall be filed with the court and notice shall

be given to all consensual lienholders and counsel who have filed a notice of appearance with the court or who are identified in the assignor's schedules.

Section 10. Subsections (6) and (7) are added to section 727.112, Florida Statutes, to read:

727.112 Proof of claim.—

(6) If a claim for damages results from the assignee's rejection of a lease of real property, the claim shall be limited to:

(a) The rent reserved by such lease, without acceleration, for the greater of 1 year or 15 percent of the remaining term of the lease, following the earlier of the date of assignment or the date on which the lessor repossessed, or the lessee surrendered, the leased property; and

(b)1. Any unpaid rent due under the lease, without acceleration, on the earlier of the dates specified in paragraph (a);

2. Reasonable attorney's fees and costs incurred by the lessor in connection with the lease; and

3. The lessor's reasonable costs incurred in reletting the premises previously leased by the assignor.

(7) If a claim for damages results from the termination of an employment contract, the claim shall be limited to:

(a) The compensation provided by the contract, without acceleration, for 1 year following the earlier of the date of assignment or the date on which the assignor or assignee, as applicable, directed the employee to terminate, or such employee terminated, performance under the contract; and

(b) Any unpaid compensation due under the contract, without acceleration, on the earlier of the dates specified in paragraph (a).

Section 11. Section 727.113, Florida Statutes, is amended to read:

727.113 Objections to claims.—

(1) At any time prior to the entry of an order approving the assignee's final report, the assignee or any party in interest, including another creditor of the assignor, may file with the court an objection to a claim, which objection ~~must~~ shall be in writing and shall set forth the nature of the objection. A copy of the objection, together with notice of hearing thereon, shall be mailed to the creditor at least 20 days prior to the hearing. All claims properly filed with the assignee and not disallowed by the court shall constitute all claims entitled to distribution from the estate.

(2) Following expiration of the claims bar date, the assignee shall create a register of all creditors that have filed claims against the assignor's estate and shall make the register available upon request to any creditor or other party in interest.

(3) The assignee, as well as any creditor or any party in interest, has standing to challenge the validity, extent, or priority of any claim filed by a creditor against the assignor's estate.

(4) A creditor whose claim is secured by a lien against property of the estate has 60 days following the sale or disposition of the property securing his or her claim to file a claim for an unsecured deficiency, notwithstanding the passage of the last date in which a proof of claim may be served upon the assignee set forth in s. 727.112(2). If such a creditor fails to file with the assignee a deficiency claim within 10 days after the filing and service by mail of the assignee's final report of all receipts and disbursements, the creditor's deficiency claim shall be disallowed as untimely and the creditor is not entitled to share in any distribution made to holders of unsecured claims under s. 727.114(1)(f) on account of its deficiency claim.

Section 12. Section 727.114, Florida Statutes, is amended to read:

727.114 Priority of claims.—Allowed claims shall receive distribution under this chapter in the following order of priority and, with the exception of paragraph (1)(a) subsection (1), on a pro rata basis:

(1)(a) Creditors with liens on assets of the estate, which liens are duly perfected pursuant to applicable law, shall receive the proceeds from the disposition of their collateral, less the reasonable, necessary expenses of preserving or disposing of such collateral to the extent of any benefit to such creditors. If and to the extent that such proceeds are less than the amount of a creditor's claim or a creditor's lien is avoided pursuant to s. 727.109(8)(c) s. 727.109(6)(e), such a creditor shall be deemed to be an unsecured creditor for such deficiency pursuant to paragraph (f) subsection (6) of this section.

(b)(2) Expenses incurred during the administration of the estate, other than those expenses allowable under paragraph (a) subsection (1), including allowed fees and reimbursements of all expenses of the assignee and professional persons employed by the assignee under s. 727.108(7), and rent incurred by the assignee in occupying any premises in which the assets of the assignment estate are located or the business of the assignor is conducted, from and after the date of the assignment, through and until the earlier of the date on which the lease for such premises is rejected pursuant to an order of the court or the date of termination of such lease pursuant to s. 727.108(6).

(c)(3) Unsecured claims of governmental units for taxes that which accrued within 3 years before ~~prior to~~ the filing date.

(d)(4) Claims for wages, salaries, or commissions, including vacation, severance, and sick leave pay, or contributions to an employee benefit plan earned by employees of the assignor the individual within 180 90 days before of the filing date or the cessation of the assignor's business, whichever occurs first, but only to the extent of \$10,000 per individual employee ~~\$2,000~~.

(e)(5) Allowed unsecured claims, to the extent of \$2,225 ~~\$900~~ for each individual, arising from the deposit with the assignor before the filing date of money in connection with the purchase, lease, or rental of property or the

purchase of services for personal, family, or household use by such individuals that were not delivered or provided.

~~(f)(6)~~ Unsecured claims.

(2) A subordination agreement is enforceable under this chapter to the same extent that such agreement is enforceable under applicable law.

(3) For the purpose of distributions under this chapter, a claim arising from rescission of a purchase or sale of a security of the assignor or of an affiliate of the assignor for damages arising from the purchase or sale of the security or for reimbursement or contribution allowed under this chapter on account of such a claim shall be subordinated to all claims or interests that are senior to or equal to the claim or interest represented by such security, except that if the security is common stock, the claim has the same priority as common stock.

~~If all of the above classes have been paid in full, any residue shall be paid to the assignor.~~

Section 13. This act shall take effect July 1, 2007.

Approved by the Governor June 19, 2007.

Filed in Office Secretary of State June 19, 2007.