



SUMMATIVE (FORMAL) ASSESSMENT: MODULE 3A
THE INSOLVENCY SYSTEM OF THE UNITED STATES

This is the **summative (formal) assessment** for **Module 3A** of this course and is compulsory for all candidates who **selected this module as one of their compulsory modules from Module 3**. Please read instruction 6.1 on the next page very carefully.

If you selected this module as **one of your elective modules**, please read instruction 6.2 on the next page very carefully.

The mark awarded for this assessment will determine your final mark for Module 3A. In order to pass this module, you need to obtain a mark of 50% or more for this assessment.

INSTRUCTIONS FOR COMPLETION AND SUBMISSION OF ASSESSMENT

Please read the following instructions very carefully before submitting / uploading your assessment on the Foundation Certificate web pages.

1. You must use this document for the answering of the assessment for this module. The answers to each question must be completed using this document with the answers populated under each question.
2. All assessments must be submitted electronically in MS Word format, using a standard A4 size page and a 11-point Arial font. This document has been set up with these parameters – **please do not change the document settings in any way. DO NOT** submit your assessment in PDF format as it will be returned to you unmarked.
3. No limit has been set for the length of your answers to the questions. However, please be guided by the mark allocation for each question. More often than not, one fact / statement will earn one mark (unless it is obvious from the question that this is not the case).
4. You must save this document using the following format: **[studentID.assessment3A]**. An example would be something along the following lines: 202122-514.assessment3A. **Please also include the filename as a footer to each page of the assessment** (this has been pre-populated for you, merely replace the words "studentID" with the student number allocated to you). Do not include your name or any other identifying words in your file name. **Assessments that do not comply with this instruction will be returned to candidates unmarked.**
5. Before you will be allowed to upload / submit your assessment via the portal on the Foundation Certificate web pages, you will be required to confirm / certify that you are the person who completed the assessment and that the work submitted is your own, original work. Please see the part of the Course Handbook that deals with plagiarism and dishonesty in the submission of assessments. **Please note that copying and pasting from the Guidance Text into your answer is prohibited and constitutes plagiarism. You must write the answers to the questions in your own words.**
- 6.1 If you selected Module 3A as one of your **compulsory modules** (see the e-mail that was sent to you when your place on the course was confirmed), the final time and date for the submission of this assessment is **23:00 (11 pm) GMT on 1 March 2022**. The assessment submission portal will close at 23:00 (11 pm) GMT on 1 March 2022. No submissions can be made after the portal has closed and no further uploading of documents will be allowed, no matter the circumstances.
- 6.2 If you selected Module 3A as one of your **elective modules** (see the e-mail that was sent to you when your place on the course was confirmed), you have a **choice** as to when you may submit this assessment. You may either submit the assessment by **23:00 (11 pm) GMT on 1 March 2022** or by **23:00 (11 pm) BST (GMT +1) on 31 July 2022**. If you elect to submit by 1 March 2022, you **may not** submit the assessment again by 31 July 2022 (for example, in order to achieve a higher mark).
7. Prior to being populated with your answers, this assessment consists of **8 pages**.

ANSWER ALL THE QUESTIONS

Commented [H(1)]: Total marks 42/50

QUESTION 1 (multiple-choice questions) [10 marks in total]

Commented [H(2)]: Total marks 9/10

Questions 1.1. – 1.10. are multiple-choice questions designed to assess your ability to think critically about the subject. Please read each question carefully before reading the answer options. Be aware that some questions may seem to have more than one right answer, but you are to look for the one that makes the most sense and is the most correct. When you have a clear idea of the question, find your answer and **mark your selection on the answer sheet by highlighting the relevant paragraph in yellow**. Select only **ONE** answer. Candidates who select more than one answer will receive no mark for that specific question.

Question 1.1

Commented [H(3)]: Correct, 1 mark

ABC Corp is filing for bankruptcy under chapter 11. Which of the following **is not** a party in interest in that proceeding?

- (a) A neighboring land owner who has leased equipment to ABC Corp.
- (b) ABC's government regulator.
- (c) A bank that has loaned money to ABC.
- (d) A local advocacy group.**
- (e) All of the above.

Question 1.2

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Which of the following statements regarding executory contracts is **false**?

- (a) Executory contracts are clearly defined by the bankruptcy code.**
- (b) Chapter 11 debtors have greater flexibility than chapter 7 debtors on when they may assume, assign or reject an executory contract.
- (c) In the most common formulation, executory contracts are defined as those where both sides to a contract have material unperformed obligations.
- (d) A court will generally defer to a debtor's business judgment regarding whether to assume or reject an executory contract.
- (e) Under the hypothetical test, a debtor cannot assume an executory contract if the debtor could not also assign the contract.

Question 1.3

Commented [H(5)]: Incorrect, the correct response is (d)

In which of the following scenarios does a bankruptcy court have constitutional authority to issue a final order? Assume in each that the counterparty to the dispute has not consented to the bankruptcy court's exercise of jurisdiction.

- (a) A counterclaim against the estate that introduces a question under state law.**
- (b) Since the list of core proceedings is non-exhaustive, a bankruptcy court may issue a final determination on any matter that comes before it.

- (c) A creditor's claim against an affiliate of the debtor that has guaranteed the debtor's obligation to the creditor
- (d) A debtor's motion to dismiss an involuntary bankruptcy petition.
- (e) None of the above.

Question 1.4

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Which of the following statements about "pre-packs" is **false**?

- (a) A pre-pack cannot be used if the debtor wishes to reject executory contracts.
- (b) Creditors must have sufficient information about the debtor and the plan to make an informed voting decision.
- (c) A pre-pack debtor may spend as little as a single day in bankruptcy.
- (d) The proposed plan of reorganization is submitted to the bankruptcy court together with the voluntary petition.
- (e) Creditors' commitment to vote in favor of the plan may be memorialized in a restructuring support agreement.

Question 1.5

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Which of the following statements regarding cramdowns is **true**?

- (a) If one insider creditor approves of the plan of reorganization, all other impaired classes may be crammed down.
- (b) Because cramdowns do not require the consent of all classes, the plan of reorganization may not be fair and equitable to all impaired classes.
- (c) Differential treatment of different classes is permitted if there is a reasonable, good faith basis for doing so and such treatment is required for the plan of reorganization to be successful.
- (d) Class definition is rarely a battleground when a debtor tries to cramdown classes.
- (e) Dissenting creditors are not permitted to challenge the classification of a creditor supporting the cramdown.

Question 1.6

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Which of the following statements about the plan exclusivity period is **true**?

- (a) The exclusivity period is 1 year.
- (b) The exclusivity period cannot be extended.
- (c) The exclusivity period cannot be shortened.

(d) During the exclusivity period, only a creditor may propose a plan of reorganization.

(e) During the exclusivity period, only the debtor may propose a plan of reorganization.

Question 1.7

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Which of the following statements about chapter 15 is **false**?

(a) The automatic stay applies upon the filing of a petition for recognition.

(b) A debtor cannot be subject to an involuntary chapter 15 proceeding.

(c) A chapter 15 petition must be filed by a foreign representative.

(d) The automatic stay applies only to property within the territorial jurisdiction of the United States.

(e) Recognition may be granted to a foreign proceeding as either foreign main or foreign non-main.

Question 1.8

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Which of the following statements about 363 sales is **false**?

(a) A 363 sale permits a debtor to sell an asset free and clear of encumbrances.

(b) A creditor's lien on assets sold in a 363 sale attaches to the proceeds of the sale.

(c) A 363 sale must be conducted as an auction with a stalking horse bidder.

(d) Purchasers may pay a higher price for assets sold in a 363 sale than in an out-of-court transaction.

(e) Sophisticated parties will insist on a 363 sale if there is any question regarding whether the sale is "in the ordinary course of business".

Question 1.9

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If a debtor rejects an executory trademark license agreement under which it licenses a trademark to its counterparty, which of the following is **true**?

(a) The counterparty has a claim for damages for breach of contract.

(b) The counterparty must immediately stop using the trademark.

(c) The counterparty can continue using the trademark for the remaining period of the license.

(d) Both (a) and (b).

(e) Both (a) and (c).

Question 1.10

Who may serve as a foreign representative to seek recognition of a foreign proceeding under chapter 15?

- (a) The board of directors of the debtor if it is a debtor-in-possession in the foreign proceeding.
- (b) An insolvency professional appointed by a creditor where the foreign proceeding is an involuntary receivership.
- (c) An officer of the debtor if it is a debtor-in-possession in the foreign proceeding.
- (d) An insolvency professional appointed by the court overseeing the foreign proceeding.

(e) All of the above.

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QUESTION 2 (direct questions) [10 marks]

Commented [H(13)]: Total marks 9/10

Question 2.1 (2 marks)

Commented [H(14)]: Total marks 2/2

What is the difference between a voluntary petition for bankruptcy and an involuntary petition for bankruptcy?

A voluntary petition for bankruptcy is filed by the debtor. The Federal Rules of Bankruptcy Procedure specify that a number of schedules should be filed with the voluntary petition, and such schedules should comprise of lists of assets and creditors.

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An involuntary petition for bankruptcy is filed against an eligible debtor by its creditors under either Chapter 7 or Chapter 11. To be a qualifying creditor in this respect, the creditor must meet certain criteria, including but not limited to the creditor's debt being non-contingent and not being subject to a *bona fide* dispute.

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Question 2.2 (2 marks)

Commented [H(17)]: Total marks 2/2

What are two potential consequences of a violation of the automatic stay?

An act taken in violation of the automatic stay constitutes contempt of court and renders that act void or voidable. Unless relief is obtained from the Court by the violator, contempt sanctions may be imposed against the violator. The stay violator may be required to pay the fees of the debtor's attorney and may be required to take affirmative actions to undo the effects that have arisen from the stay violation.

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Commented [H(19)]: Correct, 1 mark

Question 2.3 (3 marks)

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In what circumstances is a claim considered "impaired"? When is a holder of an impaired claim not entitled to vote on a proposed plan of reorganization and what happens instead?

- A claim is impaired where its contractual rights are modified or will be paid less than the full value under the terms of the reorganization plan. A claim is classed as impaired unless the reorganization plan leaves the claim holder's legal, equitable and

contractual rights unaltered. Only impaired classes of claim holders have the right to vote on a debtor's reorganization plan.

- An impaired claim may be deemed unimpaired if the reorganization plan reverses contractual acceleration, in turn curing any monetary default, and compensating the claim holder for any damages. A claim is also considered unimpaired where delayed payment in full, with the date of payment falling after the date of implementation of the reorganization plan, is to take place. If a claim in either of these instances is deemed to be impaired, the claim holder would not be eligible to vote on the reorganization plan.

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Commented [H(22)]: Incorrect, a claim is either impaired or unimpaired. An impaired claim is not entitled to vote where it will receive nothing under the plan; in that circumstance it is deemed to reject.

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Question 2.4 (3 marks)

Answer the following questions about preferences, actual fraudulent conveyances and constructive fraudulent conveyances:

- (1) Which cause of action applies only to transfers made on account of antecedent debt?

Preferences.

Commented [H(24)]: Correct, 1 mark

- (2) Which cause of action requires that the debtor be presumed or proven to have been insolvent at the time of the transfer?

Preferences.

Commented [H(25)]: Correct, 1 mark

- (3) Which cause of action requires that the debtor be proven to have intended to frustrate creditors' recoveries?

Actual fraudulent conveyances.

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QUESTION 3 (essay-type questions) [15 marks in total]

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Question 3.1 (3 marks)

Commented [H(28)]: Total marks 2/3

How did *Stern v Marshall* change the law of bankruptcy court jurisdiction and authority to enter a final order?

Jurisdictional provisions were enacted, which enabled district courts to refer bankruptcy proceedings to the bankruptcy courts of that jurisdiction. The referral statute created a distinction between 'core' and 'non-core' matters, in relation to which bankruptcy judges were permitted to hear and determine core proceedings only.

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In the case of *Stern v Marshall*, there was a bankruptcy petition filed against the debtor and a counterclaim made by the debtor, which would have been a core proceeding. Parallel proceedings took place in relation to the counterclaim, in both the bankruptcy court and in the state court. As this was a core proceeding, the bankruptcy court was permitted to issue a final order on the matter. The bankruptcy court issued its judgment first and awarded USD 400 million to the debtor. However, the state court jury verdict ruled in favour of the claimant.

The US Supreme Court subsequently ruled that the issuance of a final order by the bankruptcy court over a state law claim was unconstitutional and the jury verdict by the state court was ruled as the first final judgment. Since the decision in *Stern v Marshall*, there have been

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amendments to the Bankruptcy Rules. The US Supreme Court held that bankruptcy judges may determine core proceedings over which they lack constitutional authority in similar fashion to the procedure that allows them to determine in non-core proceedings.

Commented [H(31)]: Bankruptcy courts may enter final orders on a challenge to a petition or where the parties consent.

Question 3.2 (3 marks)

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What provisions of the Bankruptcy Code may not be invoked by a foreign representative in a chapter 15 proceeding? What are two ways that the foreign representative can obtain equivalent relief?

Based on the Model Law, upon recognition of a foreign proceeding, powers are granted to a foreign representative in relation to actions to avoid acts detrimental to creditors (avoidance actions). The powers bestowed on a foreign representative in this respect are similar to those powers that a domestic debtor or trustee would have. These powers are, however, not available to a foreign representative under Chapter 15.

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A foreign representative can only invoke Bankruptcy Code avoidance powers in a plenary proceeding (such as Chapter 7 or Chapter 11). The foreign representative can commence plenary proceedings under the Bankruptcy Code after recognition of the Chapter 15 foreign proceedings; this can be done to enable the foreign representative access to the avoidance powers.

Commented [H(34)]: Correct, 1 mark, also the foreign representative may be able to bring avoidance claims under foreign or non-bankruptcy US law if applicable

Question 3.3 (4 marks)

Commented [H(35)]: Total marks 4/4

Describe the differences between interlocutory and final orders and how an appeal may be taken from each. Which courts hear direct appeals from bankruptcy court orders?

Final orders dispose of all issues and leave nothing further to be decided in a claim. Interlocutory orders resolve only some issues or claims.

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Commented [H(37)]: Correct, 1/2 mark

Final orders may be appealed as of right, but interlocutory orders can only be appealed with leave of the appellate court.

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Commented [H(39)]: Correct, 1/2 mark

Appeals against bankruptcy court decisions are generally heard by the district court for the district in which they sit; however, bankruptcy appeals are also heard by a Bankruptcy Appellate Panel (BAP) in certain circuits. The BAP is made up of judges of the bankruptcy courts within that circuit.

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Commented [H(41)]: Correct, 1 mark

Following the appeal heard by the district court or BAP, there is a further appeal of right which can be made to the circuit court of appeals and in rare cases, appeals from the bankruptcy court may go directly to the circuit court of appeals.

Question 3.4 (5 marks)

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What fiduciary duties do directors of Delaware corporations owe and to whom are the duties owed in the ordinary course of business? To whom are duties owed when the corporation is potentially or actually insolvent?

Many US states have modelled their own corporate laws on Delaware's legislation. In accordance with those laws, company directors owe a fiduciary duty of loyalty to the best interests of that company and must act in good faith. Directors also owe a duty of care in terms of their educated decision-making; however, they are protected from liability for errors

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Commented [H(44)]: Correct, 1 mark

of judgment in this instance under the business judgment rule, so long as the director (or board of directors) acted in good faith and on the basis of reasonable information.

Company directors' duties are owed to the corporation and to its shareholders only, not the creditors of the corporation. It is the same situation even when the corporation is potentially, or actually, insolvent and this has been ratified by the Delaware Supreme Court. As a consequence, unlike other jurisdictions, there is no equivalent under US law of wrongful trading for which directors can be held liable. Generally, liability of directors under US corporate law is more limited than elsewhere.

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Commented [H(46)]: Correct, 1 mark

Commented [H(47)]: Correct, 1 mark

QUESTION 4 (fact-based application-type question) [15 marks in total]

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Question 4.1 [4 marks]

Commented [H(49)]: Total marks 3/4

Gambling Corporation is incorporated and has a principal place of business in Greece and it operates casinos and betting parlors in many international cities, including Athens, Las Vegas, London and Macau. Gambling Corp's bonds (governed by English law) are due to mature in one (1) year, but it is unable to repay or refinance them. Gambling Corp is considering using an English scheme of arrangement to restructure the bonds.

Discuss whether the English scheme of arrangement could be granted recognition under US chapter 15 as a foreign main or foreign non-main proceeding.

The English scheme of arrangement could be granted recognition under US Chapter 15 so long as Gambling Corp's foreign representative can prove that the scheme of arrangement is pending and that the representative is empowered to act.

In order for recognition to be granted under US Chapter 15, the foreign proceeding does not need to resemble a US Bankruptcy case. The English Scheme of Arrangement is a recognized insolvency procedure by the US Courts and so Gambling Corp's proposed Scheme could be granted recognition under US Chapter 15.

In terms of recognition being granted as foreign main or foreign non-main proceedings, Gambling Corp was incorporated and held its principal place of business in Greece. On the other hand, Gambling Corp's bonds are governed by English Law, it operated a casino/betting parlor in London, England and is also seeking an English scheme of arrangement. In light of those details, it could be argued that Gambling Corp's centre of main interests ("COMI") would be in either Greece or England.

Under Article 16 of the Model Law, there is a rebuttable presumption that the jurisdiction in which Gambling Corp's registered office is based is its COMI. Based on the information provided above, if the principal place of business is confirmed as Gambling Corp's registered office, then under Article 16 of the Model Law, Gambling Corp's COMI could be presumed to be in Greece. This would result in the English-based scheme of arrangement, for which recognition is being sought under US Chapter 15, being recognized as foreign non-main proceedings.

Commented [H(50)]: Correct, 1 mark

Commented [H(51)]: Correct, 1 mark, note that the casino in London qualifies as the required establishment in the jurisdiction of the foreign proceeding

If, however, the foreign representative for Gambling Corp can file sufficient evidence to the court's satisfaction confirming that Gambling Corp's COMI is situated in England, then in respect of the English scheme of arrangement being sought, the recognition granted under US Chapter 15 would be as a foreign main proceeding.

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Question 4.2 [5 marks]

Oil Corporation is incorporated in Delaware and has its principal place of business in Texas. Oil Corp is facing a number of challenges to its business. First, ShipCo, one of its key customers, has filed a breach of contract lawsuit in Texas state court alleging that Oil Corp sold it contaminated oil that caused USD 1 billion in damage to ShipCo's container ships. Second, the US Department of Justice is investigating whether Oil Corp illegally purchased oil from countries subject to US sanctions. Third, Oil Corp. has missed a payment on its secured loan from USA Bank, and USA Bank is threatening to foreclose on an Oil Corp refinery located in the Philippines. Fourth, because of all these distractions, Oil Corp has forgotten to pay rent on its Houston, Texas office space and its landlord is threatening to evict it. What would be the effect of Oil Corp filing a chapter 11 petition on each of these four situations?

Commented [H(53)]: Total marks 5/5

Upon filing of the Chapter 11 petition, Oil Corp is granted an automatic stay which protects its estate from creditor enforcement action in relation to pre-petition claims, unless the creditor in question has leave of the Court to do so. After the filing of the petition, Oil Corp will have a 90-day period during which it has exclusivity to propose a reorganization plan to its creditors. This 90-day period may also be extended.

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ShipCo has an alleged claim against Oil Corp for breach of contract resulting from damages caused by contaminated goods sold to ShipCo. Oil Corp will be protected from any enforcement action, including litigation proceedings, brought by ShipCo due to the automatic stay. However, if the allegations against Oil Corp of contaminated goods being sold can be proven and it can be shown that Oil Corp and its directors did not act in good faith, this may lead to an investigation by Oil Corp's regulator, which would not be prevented by the automatic stay. Any investigation by a regulator for a matter such as contamination could be detrimental to the likelihood of Oil Corp achieving a successful reorganization.

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Commented [H(56)]: Good observation

The automatic stay would not protect Oil Corp from investigations being conducted by the US Department of Justice as trading with US sanctioned countries may result in criminal proceedings being brought against Oil Corp. If such proceedings were brought, this may impact Oil Corp's financial performance and would likely tarnish its reputation, which could jeopardize any potential reorganization under Chapter 11.

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With regards to the secured loan from USA Bank, the automatic stay protects Oil Corp from USA Bank enforcing its security on account of the pre-petition debt. The security granted to USA Bank would survive the bankruptcy and this would need to be addressed. Upon proposing its reorganization plan under Chapter 11, if it receives approval from the requisite amount of creditor classes, Oil Corp could be successful in having the reorganization plan approved by the Court via a cramdown scenario. Oil Corp may also be able to force USA Bank to accept altered terms on its debt. Oil Corp would, however, be required to demonstrate that USA Bank would be no worse off than it would be if Oil Corp was in Chapter 7 liquidation.

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Regarding the landlord, so long as the debt owed by Oil Corp is pre-petition debt, Oil Corp would be protected by the automatic stay. The landlord would not be able to commence enforcement or litigation proceedings against Oil Corp on account of the pre-petition debt without leave of the Court. Similarly to above, if Oil Corp can obtain approval for its reorganization plan from the requisite amount of creditor classes, it could benefit from a cramdown scenario and may not require approval of the reorganization plan from the landlord.

Commented [H(59)]: Correct, 1 mark; note that eviction would be permitted if the lease expired prior to the bankruptcy filing

Question 4.3 [6 marks]

Oil Corp has filed for bankruptcy and is planning to sell its plastic manufacturing business through a 363 sale. The plastic manufacturing business operates under the trademark

Commented [H(60)]: Total marks 3/6

“Interconnect”, which is licensed from Plastic Corp. Oil Corp has invented several patented processes for plastic manufacturing, which it licenses to Plastic Corp. The main manufacturing facility for the plastic business is in Dallas, and Oil Corp has granted a lien on the facility to USA Bank to secure its USD 500 million loan.

Oil Corp thinks it will get the highest return for the plastics manufacturing business if it can (i) assume and assign the trademark license; (ii) reject the patent licenses so the purchaser has the exclusive right to use the patents; and (iii) sell the manufacturing facility free and clear of the USA Bank lien. Can Oil Corp achieve each of these goals without the consent of Plastic Corp and USA Bank? Why or why not?

Point i)

The options available to Oil Corp would depend upon whether the contract with Plastic Corp is executory or not. If there are no unperformed obligations by Plastic Corp, the contract would not be executory, and so, Oil Corp would not be entitled to assume and assign the trademark license without Plastic Corp's consent.

In the scenario involving an executory contract, typically, a debtor can assume and assign such contract. However, in this instance, the contract in question is a trademark license, which involves substantive non-bankruptcy law, specifically intellectual property licensing law. In trying to assume and assign the trademark license, Oil Corp cannot compel Plastic Corp to accept the assurances and performance given by any new potential transferee. Oil Corp would only be entitled to transfer the trademark license to a third party with Plastic Corp's consent.

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Commented [H(62)]: Correct, 1 mark

Further, if Oil Corp may not even be permitted to assume the trademark license under the terms of the pre-petition license in the first place without permission from Plastic Corp. Therefore, any possibility for Oil Corp to assume and assign the license agreement would be reliant upon Plastic Corp consenting to such.

Point ii)

We must consider whether there have been any unperformed obligations by both Oil Corp and Plastic Corp. If there has been unperformed obligations by both, this can be treated as an executory contract and Oil Corp would be permitted to reject the patent licenses and can do so without the consent of Plastic Corp.

Oil Corp must, however, act in good faith when electing whether to assume or reject the patent licenses previously granted to Plastic Corp. Rejection of the patent license agreement would likely entitle Plastic Corp to submit a claim in the liquidation for damages for any unsettled obligations as at the date of the filing of the bankruptcy petition. When determining whether to assume or reject the patent licenses, it is important for Oil Corp to consider what the potential ramifications will be; in this case, what the quantum of Plastic Corp's claim would be against Oil Corp's estate.

Although Oil Corp can reject the patent licenses without Plastic Corp's consent (in the instance of it being an executory contract), the Court may deny approval of this election if it is not considered to have been made in good faith or in a reasonable exercise of business judgment.

Commented [H(63)]: Oil Corp cannot terminate the license without Plastic Corp's consent because of the Bankruptcy Code's protections for licensees of patents

Point iii)

In relation to the manufacturing facility in Dallas, it must be considered whether USA Bank's lien is the only lien registered over the facility. If we assume that only USA Bank has a lien registered over the facility, we must consider the value at which the facility will be sold for in

comparison to the current outstanding secured debt of USA Bank. Pursuant to s363(f)(3) of Chapter 11 of the US Code, Oil Corp would be entitled to sell the facility free and clear of USA Bank's lien, so long as the value for which the property is to be sold exceeds the amount owed to USA Bank under the lien.

Alternatively, pursuant to s363(f)(2), Oil Corp would be permitted to sell the Dallas facility free and clear of USA Bank's secured debt if USA Bank provides consent to Oil Corp for it to do so.

*** End of Assessment ***

Commented [H(64)]: Correct, 1 mark

Commented [H(65)]: Specifically, the lien would attach to the proceeds of the sale.