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3 UNITED STATES BANKRUPTCY COURT  
4 EASTERN DISTRICT OF CALIFORNIA  
5 SACRAMENTO DIVISION  
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8 In re )  
9 ) Case No. 04-31138-A-7  
10 CAROLE ROVAI, )  
11 ) Docket Control No. SF-1  
12 ) Date: December 19, 2005  
Debtor. ) Time: 9:00 a.m.  
 )  
 )

13 On December 19, 2005 at 9:00 a.m., the court considered the  
14 motion of the chapter 7 trustee for an extension of the deadline  
15 to object to exemptions. The text of the final ruling is  
16 appended to the minutes of the hearing follows. That final  
17 ruling constitutes a "reasoned explanation" for the court's  
decision and accordingly is posted to the court's Internet site,  
[www.caeb.uscourts.gov](http://www.caeb.uscourts.gov), in a text-searchable format as required by  
the E-Government Act of 2002. The official record of this ruling  
remains the ruling appended to the minutes of the hearing.

18 **FINAL RULING**

19 The motion will be denied.

20 The debtor filed the instant case as a chapter 13 proceeding  
21 on April 11, 2002 and the court converted the case to chapter 7  
22 on or about August 9, 2005.

23 The chapter 7 trustee seeks an extension of the deadline for  
24 filing objections to claims of exemption on the grounds that the  
25 debtor refinanced her residence ("property") post-petition but  
26 pre-conversion, without court approval, and the trustee needs  
27 additional time to investigate the refinance and determine  
28 whether he should object to the debtor's claim of exemption.

1       The debtor opposes the motion, arguing that the time to  
2 object to the debtor's exemption claim on the property expired  
3 during the chapter 13 proceeding and no objections were filed.  
4 The meeting concluded on May 22, 2005 and objections to exemption  
5 claims were due within 30 days after that date.

6       A conversion of a case from chapter 13 to chapter 7 does not  
7 start a new thirty-day deadline for filing objections to  
8 exemption claims. In re Fonke, 321 B.R. 199, 207 (Bankr. S.D.  
9 Tex. 2005); see also In re Smith, 235 F. 3d 472, 477 (9<sup>th</sup> Cir.  
10 2000) (addressing a conversion from chapter 11 to chapter 7).  
11 When a debtor files for bankruptcy, all of the debtor's property  
12 becomes property of the estate, including the property the debtor  
13 intends to claim as exempt. The exempt status of property is  
14 conditioned on the absence of objections to the exemption of that  
15 property. Once the property becomes exempt, it exits the  
16 bankruptcy estate and vests in the debtor. 11 U.S.C. §§ 522(1)  
17 and 541(a)(1) and (2). Unless the case is dismissed, the exempt  
18 property is protected from pre-petition liabilities during and  
19 after the bankruptcy case. See 11 U.S.C. § 522(c). Even though  
20 section 522(c) lists a few exceptions, none of them relate to  
21 conversions.

22       Furthermore, section 348(f)(1)(A) provides that "when a  
23 chapter 13 case is converted to a case under another chapter,  
24 property of the estate in the converted case shall consist of  
25 property of the estate, as of the date of filing of the petition,  
26 that remains in the possession of or is under the control of the  
27 debtor on the date of conversion." Hence, someone could read  
28 this provision as recapturing exempt property back into the

1 bankruptcy estate upon conversion. The court disagrees, however.  
2 Attributing such meaning to this section would bring it in direct  
3 conflict with section 522(c), which establishes that exempt  
4 property is protected from pre-petition liabilities. The only  
5 exception is a dismissal.

6 On their face, the two statutes are arguably in conflict.  
7 If so, the court then must determine which statute controls. In  
8 a conflict between two statutes, the more specific statute  
9 controls over the more general one. In re Fonke, 321 B.R. at 207  
10 (citing Edmond v. United States, 520 U.S. 651, 657 (1997)).  
11 Section 348(f)(1)(A) addresses what constitutes property of the  
12 estate upon conversion in general. It does not address the  
13 status or, more specifically, the liability of exempt property,  
14 which is the more narrow issue here. Section 522(c), however,  
15 addresses the liability of exempt property, mandating that it "is  
16 not liable during or after the case for any debt of the debtor  
17 that arose, or that is determined under section 502 of this title  
18 as if such debt had arisen, before the commencement of the case."  
19 Based on this, the court concludes that, if sections 522(c) and  
20 348(f)(1)(A) are in conflict, section 522(c) controls. The  
21 debtor's exempt property was not and could not be recaptured for  
22 the bankruptcy estate after conversion to chapter 7.

23 Lastly, the absence of a reference to the deadline for  
24 filing objections to exemption claims in Fed. R. Bankr. P.  
25 1019(2) tends to show that Congress did not intend for the  
26 deadline to recommence upon conversion. This rule lists the  
27 recommencement of three deadlines upon conversion, but it omits  
28 the deadline at issue. The court concludes then that the

1 deadline for filing objections to exemption claims did not  
2 recommence when the court converted the case. Therefore, the  
3 motion will be denied.

4 Dated:

5 By the Court

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Michael S. McManus, Chief Judge  
United States Bankruptcy Court  
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