



SPONSOR: Sen. Brown & Rep. Griffith

DELAWARE STATE SENATE
153rd GENERAL ASSEMBLY

SENATE BILL NO. 267

AN ACT TO AMEND TITLE 10 AND TITLE 30 OF THE DELAWARE CODE RELATING TO THE UNIFORM ASSIGNMENT FOR BENEFIT OF CREDITORS ACT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend Part IV, Title 10 of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underline as follows:

3 Chapter 73A. Uniform Assignment for Benefit of Creditors Act.

4 § 7301A. Title.

5 This chapter may be cited as the Uniform Assignment for Benefit of Creditors Act.

6 § 7302A. Definitions.

7 In this chapter

8 (1) "Affiliate" means:

9 a. A person that directly or indirectly owns, controls, or holds, with power to vote, 20% or more of the
10 outstanding voting interests of another person, other than a person that holds the interests:

11 1. In a fiduciary or agency capacity without sole discretionary power to vote the interests; or

12 2. Solely to secure a debt, if the person has not in fact exercised the power to vote;

13 b. A person with 20% or more of the person's outstanding voting interests directly or indirectly owned,
14 controlled, or held, with power to vote, by another person;

15 c. A person whose business is operated under a lease or operating agreement by another person, or a
16 person substantially all of whose assets are controlled by the other person; or

17 d. A person that operates the business or substantially all the assets of another person under a lease or
18 operating agreement.

19 (2) "Asset" means a legal or equitable interest in property of an assignor, regardless of the person holding or
20 in possession, custody, or control of the property or where the property is located. The term does not include:

21 a. A legal or equitable interest in property restricted from assignment if the restriction is effective under
22 other law, unless the other law permits assignment with the consent of another person and the person consents to
23 the assignment in a manner permitted by the other law; or

24 b. If the assignor is an individual, a legal or equitable interest in property to the extent it is exempt from
25 legal process under other law.

26 (3) “Assigned asset” means an asset transferred under an assignment.

27 (4) “Assignee” means a person to which assets are transferred under an assignment.

28 (5) “Assignment” means a transfer by a person of all the person’s assets to another person for the benefit of
29 the transferor’s creditors.

30 (6) “Assignment agreement” means an agreement that transfers or provides for a transfer of all the assignor’s
31 assets.

32 (7) “Assignment estate” means the assets held at a given time by the assignee under an assignment.

33 (8) “Assignor” means a person whose assets are transferred under an assignment.

34 (9) “Claim” means a creditor’s right to payment or to an equitable remedy, regardless of whether the right is
35 reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, legal, equitable,
36 secured, or unsecured.

37 (10) “Cohabitant” means each of 2 individuals not married to each other who live together as a couple after
38 each has reached the age of majority or been emancipated.

39 (11) “Creditor” means a person that has a claim against an assigned asset or the assignor.

40 (12) “Electronic” means relating to technology having electrical, digital, magnetic, wireless, optical,
41 electromagnetic, or similar capabilities.

42 (13) “Good faith” means honesty in fact and the observance of reasonable commercial standards of fair
43 dealing.

44 (14) “Insider” includes:

45 a. In the case of an individual:

46 1. A relative of the individual;

47 2. A partnership or limited liability company in which the individual is a general partner or managing
48 member; or

49 3. An organization of which the individual is a director, officer, or person in control;

50 b. In the case of an organization:

51 1. A director, officer, manager, or other person in control of or with controlling equity interest in the
52 organization;

53 2. In a partnership or limited liability company in which the organization is a general partner or
54 managing member;

55 3. A general partner or managing member of the organization; or

56 4. A relative of a general partner, managing member, director, officer, manager, or other person in
57 control of or with controlling equity interest in the organization;

58 c. An affiliate; or

59 d. A managing agent of an organization.

60 (15) “Lien” means an interest in an asset that secures payment or performance of an obligation.

61 (16) “Organization” means a person other than an individual.

62 (17) “Perfected lien” means a lien on:

63 a. Real property other than fixtures on which a bona fide purchaser of the property cannot acquire an
64 interest superior to the interest of the lienholder; or

65 b. Fixtures or property other than real property on which a creditor cannot acquire a lien by attachment,
66 levy, or the like that is superior to the interest of the lienholder.

67 (18) “Person” means an individual, corporation, business trust, statutory trust, estate, trust, partnership, limited
68 liability company, association, joint venture, government or governmental subdivision, agency, or instrumentality, or
69 any other legal or commercial entity. The term includes a protected, registered, or other series, however denominated,
70 of any of the foregoing persons if the series is established under law that limits, or limits if conditions specified under
71 law are satisfied, the ability of a creditor of the foregoing persons or of any other series of the foregoing persons to
72 satisfy a claim from assets of the series.

73 (19) “Proof of claim” means a record a creditor submits to an assignee to evidence the creditor’s claim.

74 (20) “Record” means information:

75 a. Inscribed on a tangible medium; or

76 b. Stored in an electronic or other medium and retrievable in perceivable form.

77 (21) “Relative” means an individual related by affinity or consanguinity within the third degree or a
78 cohabitant.

79 (22) “Security interest” means a lien created by an agreement.

80 (23) “Send”, in connection with a record or notification, means:

81 a. To deposit in the mail, deliver for transmission, or transmit by any other usual means of
82 communication, with postage or cost of transmission provided for, addressed to any address reasonable under the
83 circumstances; or

84 b. To cause the record or notification to be received within the time it would have been received if
85 properly sent under paragraph (23)a. of this section.

86 (24) “Sign” means, with present intent to authenticate or adopt a record:

87 a. Execute or adopt a tangible symbol; or

88 b. Attach to or logically associate with the record an electronic symbol, sound, or process.

89 (25) “State” means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin
90 Islands, or any other territory or possession subject to the jurisdiction of the United States. The term includes a
91 federally recognized Indian tribe.

92 (26) “Transfer” means disposing of or parting with an asset or with an interest in an asset, regardless of
93 whether the disposition or parting is indirect, conditional, or involuntary.

94 § 7303A. Scope.

95 (a) This chapter applies to an assignment made by an assignor that is:

96 (1) An organization whose principal place of business is in this State;

97 (2) An organization whose internal affairs are governed by other law of this State;

98 (3) An individual whose principal residence is in this State;

99 (4) An organization wholly owned, directly or indirectly, by an assignor that satisfies paragraph (a)(1), (a)(2),
100 or (a)(3) of this section; or

101 (5) An organization that:

102 a. Is partly owned, directly or indirectly, and controlled by an assignor that satisfies paragraph (a)(1),
103 (a)(2), or (a)(3) of this section;

104 b. Has no place of business or employees; and

105 c. Relies on the services the organization receives from an assignor that satisfies paragraph (a)(1), (a)(2),
106 or (a)(3) of this section.

107 (b) Notwithstanding another provision of this chapter to the contrary, a bank, as “bank” is defined in § 101 of Title
108 5, or an insurer, as “insurer” is defined in § 5901 of Title 18, may not be an assignor under this chapter.

109 § 7304A. Requirements for assignee and assignment agreement.

110 (a) An assignee must be a person that:

111 (1) Is not a creditor, affiliate, or insider of the assignor;
112 (2) Is not an affiliate or insider of a creditor of the assignor;
113 (3) Does not have a claim against the assignment estate, other than a claim for fees and expenses to be paid
114 under the assignment agreement;
115 (4) Does not have a material financial interest in the outcome of the assignment, other than a claim for fees
116 and expenses to be paid under the assignment agreement;
117 (5) Does not hold an equity interest in the assignor other than a noncontrolling interest in a publicly traded
118 company; and
119 (6) Is not an affiliate of a person that fails to satisfy paragraph (a)(1), (a)(2), (a)(3), (a)(4), or (a)(5) of this
120 section.
121 (b) A person that satisfies subsection (a) of this section is not precluded from being an assignee merely because the
122 person performed services for the assignor before the assignment.
123 (c) An assignment agreement must be in a record signed by the assignor and the assignee. The record must:
124 (1) State the name and address of the assignor and of the assignee;
125 (2) Transfer or provide for a transfer of all the assignor's assets;
126 (3) Describe the assigned assets in sufficient detail to identify the assets;
127 (4) Provide for the distribution of the assignment estate;
128 (5) Describe the fees to be charged by the assignee in connection with the assignment, including the basis on
129 which they are to be calculated; and
130 (6) Include a representation by the assignor, under penalty of perjury, that the assignor is assigning all the
131 assignor's assets.
132 (d) If an assignee relies in good faith on the assignor's representation made under paragraph (c)(6) of this section,
133 all the assignor's assets are deemed to be assigned, even if the representation is inaccurate.
134 § 7305A. Effect of assignment; when assignment agreement effective.
135 (a) An assignee obtains the rights, title, and interests of the assignor in the assigned assets.
136 (b) If the assignor is an organization, an assignee obtains the rights, title, and interests of the assignor in assets
137 acquired after the assignment.
138 (c) Except as provided in § 7310A(b)(12) of this title, an assignee takes each assigned asset subject to an existing
139 interest in the asset held by another person.
140 (d) An assignee holds the assigned assets subject to the assignee's duties under § 7309A of this title.

141 (e) An assignment is subject to other law under which the assignment may be fraudulent or otherwise voidable.

142 (f) The effective date of an assignment agreement is the date the agreement is signed by the last party to the

143 agreement that is required to sign the agreement unless a later date is identified in the agreement as the effective date.

144 § 7306A. Filing, recording, and title transfer requirements.

145 (a) In this section, “financing statement” has the meaning in § 9-102(a)(39) of Title 6.

146 (b) An assignee of a legal or equitable interest in personal property may file a financing statement in the filing

147 office of:

148 (1) This State established for purposes of § 9-501(a)(2) of Title 6;

149 (2) Any other state in which:

150 a. The assignor would be located under § 9-307 of Title 6 if the assignor were a debtor for the purpose of

151 that section; or

152 b. An asset of the assignment estate may be located.

153 (c) A financing statement filed under subsection (b) of this section must indicate that it is filed in connection with

154 an assignment.

155 (d) When filing a financing statement under subsection (b) of this section, the assignee must:

156 (1) Attach a copy of the assignment agreement to the financing statement; or

157 (2) State on the financing statement that a copy of the assignment agreement is available on request to the

158 assignee.

159 (e) A financing statement filed under subsection (b) of this section may:

160 (1) Designate the assignor as “debtor” and the assignee as “secured party”; or

161 (2) Use the terms “assignor” and “assignee” or words of similar import.

162 (f) The filing of a financing statement under subsection (b) of this section is not itself a factor in determining

163 whether an asset secures an obligation. The rights of the assignee under the assignment are not affected if the assignee does

164 not file a financing statement under a subsection (b) of this section.

165 (g) An assignee of a legal or equitable interest in real property shall record the assignment of the interest or notice

166 of the assignment under the real estate recording law of the jurisdiction where the property is located.

167 (h) An assignee shall comply with other law governing the transfer of title to an asset.

168 (i) By signing an assignment agreement, the assignor authorizes the assignee to take the actions authorized by this

169 section.

170 § 7307A. Notification to creditors.

171 (a) Unless a creditor waives in a signed record the right to notification, an assignee shall send a notification of the
172 assignment to each creditor known to the assignee, including those holding disputed, contingent, or unliquidated claims,
173 individuals employed by the assignor within 90 days of the assignment, and contract counterparties, within a reasonable
174 time not to exceed 30 days after the effective date of the assignment agreement.

175 (b) The notification must:

176 (1) Be in a record signed by the assignee;

177 (2) Include the assignee's name, address, and other contact information reasonably necessary to communicate
178 with the assignee;

179 (3) Provide reasonable instructions for submitting a proof of claim using the method established by the
180 assignee under § 7309A(b)(5) of this title; and

181 (4) Identify the date established under § 7309A(b)(6) of this title by which each creditor whose claim is not
182 otherwise allowed without a timely proof of claim under this chapter must submit a proof of claim.

183 (c) An assignee shall use reasonable means to provide the information in subsection (b) of this section to unknown
184 creditors, including by any means the assignor regularly used to:

185 (1) Provide information to the assignor's creditors; or

186 (2) Communicate information about the assignor, other than advertising, to the public.

187 § 7308A. Duties of assignor.

188 (a) Subject to § 7323A of this title, an assignor has a duty to take all reasonable actions necessary for the assignee
189 to administer the assignment, the assigned assets, and the assignment estate.

190 (b) In furtherance of the duty under subsection (a) of this section, the assignor shall:

191 (1) Preserve and turn over to the assignee the assigned assets in the assignor's possession or control;

192 (2) Provide to the assignee information reasonably necessary to administer the assignment, the assigned
193 assets, and the assignment estate;

194 (3) Sign any record reasonably necessary to transfer an assigned asset and comply with any notarization
195 required under other law;

196 (4) Designate, and provide the assignee with the name, address, and other contact information reasonably
197 necessary to communicate with, an appropriate person willing and able to act as a representative on behalf of the
198 assignor as may be reasonably necessary to administer the assignment, the assigned assets, and the assignment estate;

199 (5) If the assignment includes a legal or equitable interest in real property or titled personal property,
200 cooperate with the assignee in taking actions under § 7306A of this title;

201 (6) On or as soon as practicable after the effective date of the assignment agreement, provide the assignee:
202 a. A list of all assets;
203 b. A list of all the assignor's employees, including those whose employment is terminated in connection
204 with the assignment; and
205 c. A list of all the assignor's known creditors, including, for each creditor, the creditor's address and other
206 contact information reasonably necessary to communicate with the creditor;
207 (7) Verify under penalty of perjury the accuracy of the lists required under paragraph (b)(6) of this section;
208 (8) With respect to a legal or equitable interest in property restricted from assignment, cooperate with the
209 assignee to obtain consent from a person whose consent to assign the interest is necessary under other law; and
210 (9) Provide assistance to the assignee as required by the assignment agreement.
211 (c) The duties in this section also apply to a representative designated under paragraph (b)(4) of this section.
212 § 7309A. Duties of assignee.
213 (a) Subject to § 7323A of this title, an assignee has a fiduciary duty to the assignment estate for the benefit of
214 creditors:
215 (1) Of loyalty, including the duty to manage the assignment in good faith;
216 (2) To use reasonable care to maximize distributions under § 7315A of this title; and
217 (3) To wind up the assignment under § 7319A of this title in a manner compatible with the best interests of the
218 assignment estate and creditors.
219 (b) Without limitation on the duties under subsection (a) of this section, and subject to § 7323A of this title, the
220 assignee also has a duty to:
221 (1) Maintain a separate deposit account for funds related to the assignment;
222 (2) Collect on or dispose of each assigned asset, unless the assignee determines it is more economically
223 efficient to abandon the asset;
224 (3) Prepare and retain appropriate business records, including a record of each receipt, disbursement, and
225 collection on or disposition of an assigned asset;
226 (4) Pay administrative expenses of the assignment estate, to the extent the assignment estate has sufficient
227 unencumbered assets;
228 (5) Establish a method that is reasonably designed to permit a creditor to submit a proof of claim;

229 (6) Establish a single date by which creditors whose claims are not otherwise allowed without timely proofs of
230 claim under this chapter must submit proofs of claim, which must be not less than 90 days after the effective date of the
231 assignment agreement;

232 (7) Unless a claim would receive minimal or no distribution without regard to the claim's validity or asserted
233 priority, examine the validity and priority of claims against the assignment estate and, if necessary, consult with the
234 representative designated by the assignor under § 7308A(b)(4) of this title;

235 (8) At times set by the Rules of the Court of Chancery or order of the Court, provide to each known creditor a
236 summary of the assets, liabilities, and expenses of the assignment estate;

237 (9) Comply with all requirements of the Internal Revenue Service and state and local taxing authorities;

238 (10) Send a notification to each known creditor of the assignee's compensation and any change in the method
239 of determining the assignee's compensation from the method provided in the assignment agreement;

240 (11) Send a final accounting under § 7319A(a) of this title; and

241 (12) Comply with the other requirements imposed on the assignee under this chapter.

242 § 7310A. Powers of assignee.

243 (a) An assignee has the powers necessary or appropriate to perform the assignee's duties.

244 (b) Unless the assignment agreement expressly provides otherwise, the assignee has power to:

245 (1) Operate an existing business that uses an assigned asset, including preservation of the asset and collection
246 on, or the sale, lease, license, or other disposition of, the asset;

247 (2) Incur secured or unsecured debt and pay expenses incidental to the exercise of the power under paragraph
248 (b)(1) of this section;

249 (3) Assert a right, claim, cause of action, or defense the assignor could have asserted that relates to the
250 assignment estate;

251 (4) Engage professionals, including a professional previously engaged by the assignor, to give advice, to
252 prosecute or defend litigation, or for other purposes as the assignee considers appropriate, and pay professionals
253 reasonable fees for services from the assignment estate;

254 (5) Collect on, or sell, lease, license, or otherwise dispose of, an asset of the assignment estate regardless of
255 whether the asset is subject to a lien or other encumbrance;

256 (6) Exercise a right to redeem an asset of the assignment estate that is subject to a mortgage, deed of trust,
257 security interest, or other encumbrance;

258 (7) Settle a matter involving a debtor of the assignor;

259 (8) Prosecute or defend a litigation pending on the effective date of the assignment agreement in favor of or
260 against the assignor in the manner and with the same effect as the assignor could have done if the assignment had not
261 been made;

262 (9) Recover an asset in the manner and with the same effect as the assignor could have done if the assignment
263 had not been made;

264 (10) Settle claims against the assignment estate;

265 (11) Abandon an assigned asset;

266 (12) Subject to subsections (c) and (e) of this section, avoid a transfer or the incurrence of an obligation which
267 a creditor that has filed a proof of claim could have avoided under other law if the assignment had not been made; and

268 (13) Invest funds, subject to applicable prudent investor standards under other law.

269 (c) The power under paragraph (b)(12) of this section is exclusive to the assignee with respect to a creditor that
270 submits a proof of claim. A recovery by the assignee in the exercise of this power must be for the benefit of the assignment
271 estate but may not exceed the amount, asset, or other value the creditor could have obtained by the avoidance.

272 (d) For the purpose of exercising the assignee's power under paragraph (b)(12) of this section, exercising a
273 voidable-transaction remedy, or otherwise establishing the priority of the assignee's interest, an assignee has a lien on the
274 assignment estate and the status of:

275 (1) A lien creditor under § 9-102(a)(52)(B) of Title 6 as to an asset that is a legal or equitable interest in
276 personal property or fixtures;

277 (2) A bona fide purchaser under subchapter III of Chapter 1 of Title 25 as to an asset that is a legal or
278 equitable interest in real property, other than fixtures, located in this State; and

279 (3) A bona fide purchaser under the law of another state as to an asset that is a legal or equitable interest in
280 real property, other than fixtures, located in the other state.

281 (e) An assignee's power under paragraph (b)(12) of this section to avoid a transfer made before the effective date
282 of the assignment agreement, under or in connection with a swap agreement, securities contract, commodity contract,
283 forward contract, repurchase agreement, or master netting agreement, is limited to the extent a trustee would not have the
284 power to avoid the transfer under the Bankruptcy Code, 11 U.S.C. § 101 et seq.

285 (f) An assignee shall exercise the powers under this section consistent with the assignee's fiduciary duty under §
286 7309A(a) of this title.

287 § 7311A. Allowed claim.

288 (a) An assignee shall allow a creditor's claim if:

289 (1) The creditor submits a proof of claim in compliance with § 7313A of this title; and
290 (2) The assignee does not dispute the claim under § 7312A of this title before final distribution.
291 (b) An assignee may:
292 (1) Allow a claim, pay a known liquidated claim, or accept a notice to the assignee of a claim received by the
293 date established by the assignee under § 7309A(b)(6) of this title even if the creditor does not submit a proof of claim;
294 or
295 (2) Allow and pay a claim evidenced by a late-filed proof of claim, if the assignee determines there is a
296 reasonable basis for excusing the late filing.
297 (c) Any unsecured portion of an allowed claim shall be valued as of the effective date of the assignment
298 agreement.
299 (d) A creditor's claim is allowed if the creditor succeeds in a dispute under § 7312A(b) of this title.
300 (e) Subject to subsection (f) of this section, after expiration of the time for submitting a proof of claim, the
301 assignee shall create a complete list of creditors that have submitted a proof of claim in compliance with § 7313A of this
302 title. For each creditor's claim, the list must state:
303 (1) The amount of the claim, if the amount is known to the assignee; and
304 (2) Whether the claim is secured or unsecured and, if secured, describe the collateral for the claim.
305 (f) If a class of creditors will receive no distribution on account of allowed claims, the assignee shall send a notice
306 in a record to each creditor in that class that the creditor will receive no distribution instead of the list required in subsection
307 (e) of this section.
308 (g) If requested by a creditor or other party with an interest in the assignment estate, the assignee shall provide the
309 list created under subsection (e) of this section to the person making the request to the extent permitted by privacy laws and
310 subject to any privacy safeguards the assignee determines in the assignee's business judgment are reasonably necessary.
311 § 7312A. Disputed and disallowed claims.
312 (a) An assignee may dispute a creditor's claim before final distribution by sending notification in a record stating
313 the nature of the assignee's dispute to the creditor.
314 (b)(1) The assignee may commence a proceeding under § 7321A of this title objecting to the creditor's claim, in
315 whole or part.
316 (2) The assignee must commence any proceeding under paragraph (b)(1) of this section before final
317 distribution under § 7315A of this title. If the proceeding is not filed before final distribution, the assignee shall allow
318 the claim under § 7311A of this title.

319 (c) An assignee shall create a dollar-for-dollar reserve for the estimated amount of the potential distribution on a
320 disputed claim and may seek the Court of Chancery's approval of the estimated amount of the claim in accordance with §
321 7321A of this title.

322 (d) Subject to subsection (b) of this title, an assignee shall disallow a claim for reimbursement or contribution of a
323 person that is liable with the assignor on, or that has secured, the claim, to the extent:

324 (1) The claim against the assignment estate is disallowed;

325 (2) The claim for reimbursement or contribution is contingent as of the time of allowance or disallowance; or

326 (3) The person asserts a right of subrogation to the rights of a creditor.

327 (e) A claim for reimbursement or contribution of a person liable with the assignor on, or that has secured, the
328 claim that becomes fixed after the effective date of the assignment agreement shall be determined, and shall be allowed or
329 disallowed, subject to subsection (b) of this section, as if the claim had become fixed before the effective date of the
330 assignment agreement.

331 (f) An assignee may reconsider the assignee's decision to allow or disallow a claim for cause. If a reconsidered
332 claim is allowed under § 7311A of this title, before the assignee makes additional payments or transfers to other creditors
333 that are equal or junior in priority under § 7315A of this title to the reconsidered claim, the creditor with the reconsidered
334 claim shall receive a payment or transfer in an amount proportionate in value to the payments or transfers already received
335 by the other creditors. This subsection does not modify the assignee's right under other law to recover from a creditor an
336 excess payment or transfer made to the creditor. If a reconsidered claim is disallowed, the assignee shall comply with
337 subsections (b) and (c) of this section.

338 § 7313A. Proof of claim.

339 (a) A proof of claim must:

340 (1) State the name, address, and other contact information reasonably necessary to communicate with the
341 creditor;

342 (2) State the amount of the claim;

343 (3) Briefly state the nature of the claim;

344 (4) Identify any asset of the assignment estate securing the claim;

345 (5) Be signed by the creditor under penalty of perjury;

346 (6) Include a copy of a record, if any, on which the claim is based;

347 (7) Be submitted using the method established under § 7309A(b)(5) of this title; and

348 (8) Be submitted by the date established by the assignee under § 7309A(b)(6) of this title.

349 (b) A proof of claim submitted in compliance with this section is prima facie evidence of the validity and amount
350 of the claim.

351 (c) The submission by a creditor of a proof of claim in compliance with this section constitutes the creditor's:

352 (1) Consent to the jurisdiction of the Court of Chancery under § 7321A of this title; and

353 (2) Assignment to the assignee of any right of the creditor to bring a voidable transaction action relating to the
354 creditor's claim.

355 § 7314A. Rights of transferees.

356 (a) An assignee's disposition of an asset:

357 (1) Transfers to a transferee for value all of the assignee's rights in the asset;

358 (2) Discharges the assignee's lien and, to the extent the assignment created a security interest in favor of the
359 assignee, the assignee's security interest; and

360 (3) Discharges any subordinate security interest or other lien subordinate to the assignee's lien.

361 (b) A transferee that acts in good faith takes free of the rights and interests described in subsection (a) of this
362 section, even if the assignee fails to comply with this chapter or the requirements of a judicial proceeding.

363 (c) If a transferee does not take free of the rights and interests described in subsection (a) of this section, the
364 transferee takes the asset subject to:

365 (1) The assignee's rights in the assets of the assignment estate;

366 (2) The assignee's lien and, if applicable, security interest; and

367 (3) Any other security interest or other lien.

368 (d) Unless otherwise provided in a record, any warranty arising by operation of other law is disclaimed to the
369 extent permitted by other law.

370 (e) If a subordinate security interest or other lien is discharged under this section, the assignee may file a record
371 with the official or office responsible for maintaining an official filing, recording, registration, or certificate-of-title system
372 covering the asset secured by the security interest or other lien. The record must state that the security interest or other lien
373 is discharged as a subordinate security interest or other lien in connection with a disposition under an assignment for the
374 benefit of creditors of the assignor whose asset is subject to the security interest or other lien.

375 § 7315A. Distributions.

376 (a) In this section, "protected secured creditor" means a secured creditor whose lien:

377 (1) Is a perfected lien;

378 (2) Cannot be avoided by the assignee under § 7310A(b)(12) of this title; and

379 (3) Is not subordinate to the assignee's lien.

380 (b) Except as provided in § 7316A of this title, the assignee shall pay claims from the assignment estate allowed
381 under § 7311A of this title in the order of priority stated in this section.

382 (c) Unless otherwise agreed between the assignee and a protected secured creditor, before distributions under
383 subsections (d), (e), (f), and (g) of this section, and in accordance with the priorities of creditors with liens under other law,
384 the protected secured creditor shall receive the asset or the proceeds from the collection on or disposition of the asset to the
385 extent of the value of the protected secured creditor's interest in the asset, less the assignee's reasonable and necessary
386 expenses of preserving or disposing of the asset to the extent the expenses benefit the protected secured creditor and are
387 incurred with the protected secured creditor's consent or acquiescence. The protected secured creditor has an unsecured
388 claim under paragraph (g)(2) of this section for the amount of the claim that remains after deducting the amount or value of
389 an asset the protected secured creditor receives under this subsection. To the extent a claim is secured by an asset the value
390 of which, after the deductions provided under this subsection, is greater than the amount of the claim, the protected secured
391 creditor may receive interest on the claim and any reasonable fees, costs, or charges provided for under the agreement or
392 other law under which the claim arose.

393 (d) After the distributions under subsection (c) of this section, the assignee shall pay the necessary costs of the
394 administration of the assignment estate. The costs include:

395 (1) Fees and reimbursements of the expenses of the assignee and any professionals engaged by the assignee;
396 (2) Post-assignment taxes incurred by the assignee;
397 (3) Post-assignment rent incurred by the assignee in occupying premises on which assets of the assignment
398 estate are located or the business of the assignor is conducted;
399 (4) Post-assignment lease payments incurred by the assignee in renting personal property used in the business
400 of the assignor; and
401 (5) Amounts required to be paid under the assignment agreement for expenses of winding up the assignment
402 under § 7319A of this title.

403 (e) After the distributions under subsections (c) and (d) of this section, the assignee shall pay claims entitled to
404 priority under federal law including under 31 U.S.C. § 3713 from the assignment estate.

405 (f) After the distributions under subsections (c), (d), and (e) of this section, the assignee shall pay claims from the
406 assignment estate for wages, salaries, or commissions earned not more than 180 days before the earlier of the effective date
407 of the assignment agreement or the cessation of the assignor's business. Payment shall be limited to the greater of:

408 (1) The amount of the claim allowed as a priority claim ahead of claims of other unsecured creditors under the
409 Bankruptcy Code, 11 U.S.C. § 101 et seq.; or

410 (2) The amount allowed as a priority claim ahead of claims of other unsecured creditors under applicable non-
411 bankruptcy law.

412 (g) After the distributions under subsections (c), (d), (e), and (f) of this section, each creditor shall receive a
413 distribution of the assets of the assignment estate in the following order of priority:

414 (1) Unsecured claims entitled to priority ahead of claims of other unsecured creditors under other law; and

415 (2) Unsecured claims not entitled to priority.

416 (h) If the assets available for distribution to claims with equal priority under subsection (g) of this section are
417 insufficient to pay the total amount of the claims with that priority, each creditor with a claim with that priority shall receive
418 a pro rata distribution of the available assets based on the proportion the amount of the creditor's claim bears to the total
419 amount of the claims with that priority.

420 (i) If the claims entitled to the distribution under subsections (c), (d), (e), (f), and (g) of this section are paid in full,
421 the residue shall be distributed to allowed claims evidenced by a late-filed proof of claim, other than a late-filed claim
422 allowed by the assignee under § 7311A(b)(2) of this title, and, after the allowed claims evidenced by a late-filed proof of
423 claim have been paid in full, as provided in the assignment agreement.

424 (j) An assignee may make interim distributions after considering future expenses and the reserves for disputed
425 claims established under § 7312A(c) of this title.

426 § 7316A. Claim subordination.

427 (a) A subordination agreement is enforceable under this chapter to the same extent the agreement is enforceable
428 under other law.

429 (b) Subject to subsection (c) of this section, the following claims are subordinate to a claim or interest that is senior
430 or equal in priority to a claim or interest represented by a security or other equity interest in the assignor or an affiliate of
431 the assignor:

432 (1) A claim arising from rescission of a purchase or sale of the security or other equity interest;

433 (2) A claim for damages arising from the purchase or sale of the security or other equity interest; and

434 (3) A claim for reimbursement or contribution allowed on account of the rescission or damage claim.

435 (c) If the security is common stock or another common equity interest, a claim subject to subordination under
436 subsection (b) of this section has the same priority as common stock or another common equity interest.

437 § 7317A. Liability.

438 (a) An assignor is not personally liable for an act or omission by the assignee.

439 (b) An assignee is not personally liable for an act or omission by the assignor.

440 (c) A representative designated by an assignor under § 7308A(b)(4) of this title is exculpated to the same extent as
441 a person acting on behalf of the assignor under other law had there been no assignment, except for an act or omission
442 resulting from the representative's gross negligence or willful misconduct.

443 (d) A term of an assignment agreement relieving the assignee of liability is unenforceable to the extent the
444 agreement relieves the assignee of liability for an act or omission committed in bad faith or with reckless indifference to the
445 purposes of the assignment or the interests of the creditors of the assignment estate.

446 (e) Subject to subsection (f) of this section, an assignee is liable for breach of a fiduciary duty under § 7309A(a) of
447 this title. If the assignee is liable:

448 (1) The assignee is liable to a creditor for an individualized harm to the creditor if the harm is not shared by all
449 creditors or a class of creditors; and

450 (2) The assignee is liable to the assignment estate for a harm shared by all creditors or a class of creditors.

451 (f) An assignee is not liable if, in the performance of the assignee's duties and exercise of the assignee's powers,
452 the assignee relies in good faith on:

453 (1) A record of the assignor;

454 (2) Information, an opinion, a report, or a statement presented to the assignee by the assignor's officer or
455 employee, a committee of the assignor's board of directors, an independent director or manager of the assignor, or
456 another representative of the assignor; or

457 (3) Information, an opinion, a report, or a statement presented to the assignee by another person that has been
458 selected with reasonable care by or on behalf of the assignee as to a matter the assignee reasonably believes is within
459 the other person's professional or expert competence.

460 § 7318A. Assignee removal; successor assignee.

461 (a) The assignor or a creditor may request the Court of Chancery to remove the assignee, if the assignor or creditor
462 has a reasonable belief grounds for removal exist under subsection (b) of this section.

463 (b) After a request under subsection (a) of this section or on the Court of Chancery's initiative in an action pending
464 before the Court under § 7321A of this title, the Court may remove an assignee:

465 (1) For cause, including the assignee's fraud, dishonesty, incompetence, gross mismanagement, or failure to
466 materially comply with this chapter; and

467 (2) If removal of the assignee best serves the interests of the creditors.

468 (c) After an assignee resigns, or is removed, dies, or becomes incapacitated, a successor assignee provided for in
469 the assignment agreement becomes the assignee, unless the successor assignee is not eligible to be an assignee under §
470 7304A(a) of this title or is subject to removal under subsection (b) of this section. The Court of Chancery shall appoint a
471 successor assignee if:

472 (1) The assignment agreement does not provide for a successor assignee; or

473 (2) The successor assignee provided for in the assignment agreement is ineligible to be an assignee under §
474 7304A(a) of this title or is subject to removal under subsection (b) of this section.

475 (d) Subject to § 7317A of this title, an assignee that resigns, or is removed, dies, or becomes incapacitated, is
476 discharged from the assignee's duties under this chapter when the assignee, or a representative of a deceased or
477 incapacitated assignee:

478 (1) Accounts for and turns over to the successor assignee all assets of the assignment estate; and

479 (2) Submits to creditors a report summarizing the receipts and disbursements made during the service of the
480 assignee.

481 (e) Subject to an applicable privilege, the Court of Chancery may order an attorney, accountant, or other person
482 that has information in a record relating to the assignment estate or the assignor's financial affairs to turn over or disclose
483 the record to the successor assignee.

484 § 7319A. Winding up.

485 (a) On completion of an assignee's duties, the assignee shall send a creditor whose claim is allowed under §
486 7311A of this title, and not satisfied in full, a final accounting sufficient to inform the creditor of all material aspects of the
487 assignment, including:

488 (1) A description of the actions taken by the assignee under the assignment;

489 (2) A summary of the assets received by the assignee at the commencement of the assignment and the assets
490 received by the assignee during the assignment;

491 (3) A summary of disbursements made by the assignee during the assignment for the purpose of administering
492 the assignment estate, including the fees charged by the assignee, and payments to professionals, for rent, and for
493 business purchases;

494 (4) A summary of collections and dispositions of assets by the assignee;

495 (5) A summary of distributions made or proposed to be made by the assignee for creditor claims;

496 (6) A description of additional work to be done by the assignee to complete the administration of the
497 assignment estate and the distributions under § 7315A of this title; and

498 (7) Other information considered reasonably necessary by the assignee.

499 (b) Except as otherwise provided in the final accounting or if the assignee has not fulfilled the assignee's duties
500 under this chapter, the assignee is discharged from the assignee's duties under this chapter when the assignee sends the final
501 accounting and distributes all the assets of the assignment estate.

502 (c) If the final accounting describes additional work under paragraph (a)(6) of this section, the assignee shall
503 exercise the powers appropriate to complete the work.

504 § 7320A. Interstate matters; choice of law.

505 (a) Subject to subsection (b) of this section, an assignment made under the law of another state must be recognized
506 and enforced on an issue if the result for the issue would be substantially similar to the result for the issue if the assignment
507 had been made under this chapter.

508 (b) If a claim for wages, salaries, or commissions or a claim of a governmental unit exists in another state, for the
509 purpose of determining the priority of the claim under § 7315A(f)(2) of this title, the assignee shall use the amount asserted
510 or determined under the law of the other state.

511 (c) If an assignee determines that a creditor should receive the treatment the creditor would receive under an
512 assignment made under the law of another state, the assignee may treat the creditor as the creditor would be treated in the
513 other state.

514 (d) An assignment agreement that provides for the application of Delaware law shall be governed by and construed
515 under the laws of the State of Delaware in accordance with its terms.

516 (e) The Court of Chancery, on its own initiative or upon the request of a party in interest, may communicate
517 directly with, or request information or assistance directly from, another court of competent jurisdiction before which an
518 assignment proceeding has been commenced on behalf of an assignor that is an affiliate of an assignor in an assignment
519 made under this chapter.

520 § 7321A. Court action; rebuttable presumption of notice.

521 (a)(1) Within 14 days of entry into an assignment agreement, the assignee shall file a petition with the Court of
522 Chancery.

523 (2) The Court of Chancery may hear and resolve a matter involving the administration of an assignment or the
524 exercise of an assignee's powers and duties, including a request for instructions or approval or to declare rights and to
525 discharge the assignee.

526 (b) Without limiting the rights of the assignee or a creditor or other interested person to request the Court of
527 Chancery to hear or resolve a matter under subsection (a) of this section, on request of the assignee, the Court may issue an

528 order relating to the administration of the assignment or the exercise of the assignee's powers and duties, including an order
529 for disposition of an asset, auction or sale procedures in connection with a contemplated asset disposition, or the incurrence
530 of an obligation or a debt.

531 (c) Acceptance of the assignment by the assignee constitutes the assignee's consent to the jurisdiction of the Court
532 of Chancery.

533 (d) The Court of Chancery may adopt rules to administer or implement this chapter.

534 (e) For any provision of this chapter, or Court of Chancery rule relating to this chapter, requiring notice, if the
535 notice is provided in compliance with the Rules of the Court of Chancery, there is a rebuttable presumption that the notice
536 was received.

537 § 7322A. Ancillary assignee.

538 (a) Subject to other law of this State governing a person from another state serving as a fiduciary in this State, the
539 Court of Chancery may appoint a person serving as an assignee in an assignment in another state, or the person's nominee,
540 as an ancillary assignee relating to assigned assets located in this State or subject to the jurisdiction of the Court of
541 Chancery in this State, if:

542 (1) The person or nominee would be eligible to serve as an assignee under § 7304A of this title; and

543 (2) The appointment furthers the person's possession, custody, control, or disposition of an assigned asset
544 under the assignment in the other state.

545 (b) The Court of Chancery may issue an order that implements an order entered in another state appointing or
546 directing an assignee or otherwise concerning an assignment in the other state.

547 (c) Unless the Court of Chancery orders otherwise, an ancillary assignee appointed under subsection (a) of this
548 section has the rights, powers, and duties of an assignee appointed under this chapter.

549 (d) A person in possession, custody, or control of an assigned asset in this State, other than a creditor holding a
550 lien or a right of setoff or recoupment relating to the asset, shall, on notification in a record by an ancillary assignee
551 appointed under subsection (a) of this section, turn over the asset to the ancillary assignee.

552 § 7323A. Provisions variable by agreement.

553 (a) Except as provided in this section and § 7310A(b) of this title, the provisions of this chapter may not be varied
554 by agreement.

555 (b) The duties under §§ 7308A(a) and 7309(a) of this title may not be disclaimed by agreement. An assignor and
556 the assignee may determine by agreement the standards measuring the fulfillment of the duties of the assignor under §
557 7308A of this title and the assignee under § 7309A of this title if the standards are not manifestly unreasonable.

558 (c) Except as provided in § 7317A(d) of this title, the assignment agreement may limit the assignee's liability
559 under § 7317A of this title, including to creditors or for derivative claims, and may require the assignee be indemnified by
560 the assignment estate.

561 (d) Except as provided under § 7307A(a) of this title, whenever this chapter or the Rules of the Court of Chancery
562 require an action to be taken within a reasonable time, a time not manifestly unreasonable may be fixed by agreement.

563 (e) The assignment agreement may provide for duties of the assignee in addition to those in this chapter.
564 § 7324A. Uniformity of application and construction.

565 In applying and construing this uniform act, a court shall consider the promotion of uniformity of the law among
566 states that enact it.

567 Section 2. Amend § 7381, Title 10 of the Delaware Code by making deletions as shown by strike through and
568 insertions as shown by underline as follows:

569 § 7381. Filing inventory of property assigned.

570 In every case in which any person makes a voluntary assignment of his or her estate, real or personal, or of any
571 part thereof to any other person in trust for his or her creditors or some of them, the assignee, within 30 days after the
572 execution thereof, shall file in the office of the Register in Chancery of the county in which the real and personal estate of
573 the assignor is situate, an inventory or schedule of the estate or effects so assigned, accompanied with an affidavit by such
574 assignee, that the same is a full and complete inventory of all such estate and effects, so far as the same has come to his or
575 her knowledge. [Repealed, but see Chapter 73A of this title and Section 9 of this Act.]

576 Section 3. Amend § 7382, Title 10 of the Delaware Code by making deletions as shown by strike through and
577 insertions as shown by underline as follows:

578 § 7382. Appointment and duties of appraisers.

579 Upon the filing of the inventory and affidavit required by § 7381 of this title, the Court of Chancery shall appoint
580 2 disinterested and competent persons to appraise the estate assigned, who shall, after being duly sworn or affirmed by
581 some person having authority to administer oaths, to perform their duties with fidelity, forthwith proceed to make an
582 appraisement of the estates and effects assigned, according to the best of their judgment, and having completed the same,
583 shall return the inventory and appraisement to the office of the Register in Chancery of the county in which the inventory of
584 the assignee and the affidavit accompanying the same were filed. The appraisers shall receive the same compensation as is
585 now allowed by law to appraisers of the estate of a decedent. [Repealed, but see Chapter 73A of this title and Section 9 of
586 this Act.]

587 Section 4. Amend § 7383, Title 10 of the Delaware Code by making deletions as shown by strike through and
588 insertions as shown by underline as follows:

589 § 7383. Assignee's bond.

590 (a) ~~The assignee shall, as soon as the inventory and appraisalment required by § 7382 of this title have been filed,~~
591 ~~give bond with sufficient surety, to be approved by the Court of Chancery in an amount fixed by the Court, being not less~~
592 ~~than the total amount of inventory and appraisalment of the estate so assigned. The bond shall be taken in the name of the~~
593 ~~State, and the condition thereof shall be as follows:~~

594 ~~“The condition of this obligation is such, that if the above bounden assignee of shall in all things comply with the~~
595 ~~provisions of this chapter, and shall faithfully execute the trust confided to him or her, then the above obligation to be void,~~
596 ~~otherwise to remain in full force and virtue.”~~

597 (b) ~~To the bond there shall be subjoined a warrant of attorney to confess judgment thereon, and the bond and~~
598 ~~warrant shall be joint and several, and such bond shall be filed in the office of the Register in Chancery of the county in~~
599 ~~which the inventory and appraisalment were filed, and shall inure to the use of all persons interested in the property~~
600 ~~assigned. [Repealed, but see Chapter 73A of this title and Section 9 of this Act.]~~

601 Section 5. Amend § 7384, Title 10 of the Delaware Code by making deletions as shown by strike through and
602 insertions as shown by underline as follows:

603 § 7384. Proceedings on bond.

604 ~~Upon the application of any person interested, the Court of Chancery may direct the bond provided under § 7383~~
605 ~~of this title to be proceeded on if it deems it necessary and proper for the protection of such interested party. [Repealed, but~~
606 ~~see Chapter 73A of this title and Section 9 of this Act.]~~

607 Section 6. Amend § 7385, Title 10 of the Delaware Code by making deletions as shown by strike through and
608 insertions as shown by underline as follows:

609 § 7385. Assignees' accounts and exceptions.

610 (a) ~~The assignee shall render an account of the assignee's trusteeship every year from the date of the assignee's~~
611 ~~bond, required under § 7383 of this title, before the Register in Chancery of the proper county, until the trusteeship is~~
612 ~~closed and a final account rendered and approved. If the assignee fails to perform this duty, the Register in Chancery may~~
613 ~~issue a citation to such assignee, requiring the assignee to appear and exhibit under oath or affirmation the accounts of the~~
614 ~~trusts, within a certain time to be named in such citation.~~

615 (b) ~~Upon the filing of any such account, notice thereof shall be given to all persons in interest as directed by an~~
616 ~~appropriate order of the Court of Chancery. Such order and notice shall set forth the time within which any person in~~

617 interest may take and file with the Register in Chancery, in and for the proper county, exceptions to the account in question.
618 The time within which exceptions to any such account may be filed by any person in interest shall be determined by the
619 Court in the exercise of its discretion, and may be extended from time to time for good cause shown. Any exceptions so
620 filed in respect of any such account shall be heard, determined and the particular account adjusted before the Court, as it
621 may order or direct. [Repealed, but see Chapter 73A of this title and Section 9 of this Act.]

622 Section 7. Amend § 7386, Title 10 of the Delaware Code by making deletions as shown by strike through and
623 insertions as shown by underline as follows:

624 § 7386. Removal of assignees.

625 ~~The Court of Chancery, upon cause being shown, may remove the assignee or trustee referred to in this chapter,~~
626 ~~and compel an assignment of the trust estate to others appointed in their stead. Any order of the Court in the premises may~~
627 ~~be enforced by attachment and imprisonment.~~ [Repealed, but see Chapter 73A of this title and Section 9 of this Act.]

628 Section 8. Amend § 7387, Title 10 of the Delaware Code by making deletions as shown by strike through and
629 insertions as shown by underline as follows:

630 § 7387. Void preferences of creditors.

631 ~~Whenever any person, in contemplation of insolvency or in contemplation of taking the benefit of any of the~~
632 ~~insolvent laws of this State, makes an assignment of his or her estate or effects for the benefit of creditors, and by such~~
633 ~~assignment, either under its provisions or otherwise, prefers any creditor to others, or in or by such assignment, secures or~~
634 ~~pays to any creditor a greater proportion of his or her debt or demand than shall be secured or paid to all his or her creditors,~~
635 ~~every such assignment so giving a preference shall be deemed fraudulent and absolutely void, and the estate or effects~~
636 ~~contained therein shall be liable to be taken in execution, or attached, for the payment of such assignor's debts, as fully as if~~
637 ~~no such assignment had been made; and whoever makes such fraudulent assignment shall forever be deprived of the benefit~~
638 ~~of any insolvent law of this State.~~ [Repealed, but see Chapter 73A of this title and Section 9 of this Act.]

639 Section 9. Sections 7381 through 7387 of Title 10 of the Delaware Code continue to apply to an assignment made
640 before the effective date of this Act.

641 Section 10. Amend § 5401, Title 30 of the Delaware Code by making deletions as shown by strike through and
642 insertions as shown by underline as follows:

643 § 5401. Definitions [For application of this section, see 81 Del. c. 384, § 3].

644 As used in this subchapter, except where the context clearly indicates a different meaning:

645 (1) “Document” means any deed, instrument or writing whereby any real estate within this State, or any
646 interest therein, shall be quitclaimed, granted, bargained, sold, or otherwise conveyed to the grantee, but shall not
647 include the following:

648 z. Any conveyance by an assignor or assignee for the benefit of the assignor’s creditors under Chapter
649 73A of Title 10.

SYNOPSIS

With only minor modifications consistent with Delaware law and practice, this Act adopts the Uniform Assignment for Benefit of Creditors Act (the “Uniform Act”), authored by the Uniform Law Commission. The Uniform Law Commission “provides states with non-partisan, well-conceived and well-drafted legislation that brings clarity and stability to critical areas of state statutory law.” The Uniform Act was approved by the Uniform Law Commission in October 2025 and, as of March 2026, has been enacted in Nebraska and Utah and introduced in Alabama, Arizona, Colorado, Iowa, and Oklahoma.

Because this Act adopts the Uniform Act with only minor modifications, the “Comments” to the Uniform Act may be deemed to be persuasive authority in interpreting this Act; provided, however, that the second and third sentences of the Comment to Section 2 of the Uniform Act shall instead be deemed to read as follows: “If an asset is not assignable by its terms or under other law, that asset is not part of the assignment estate unless either any required consent is obtained or other law overrides the anti-assignment provision. This Uniform Act does not preclude the assignee from negotiating with any person whose consent is required for an assignment to obtain its consent for the assignment of an asset.”

This Act provides for the use of an assignment for benefit of creditors (an “ABC”), which is an efficient and flexible state law mechanism to wind up a distressed business.

Although the use of an ABC to liquidate the assets of a failing business is rooted in the common law, the various states have significant differences in their statutes or common law of ABCs and Delaware’s statute has few details, was enacted many decades ago, and has not subsequently been revised. This inconsistency and lack of detail leads to significant variance throughout the country in the utility of ABCs and the frequency with which ABCs are used. This Act addresses this gap in the law by cementing the common law in statute and providing updates that modernize the law and provide clarity to assignors, assignees, and creditors alike.

In an ABC, a financially distressed business, called an “assignor,” transfers control of all of its assets to an “assignee,” who acts as a fiduciary for the business’s creditors. The assignee liquidates the business’s assets and distributes the proceeds to the business’s creditors. These proceeds go towards payment of the creditors’ claims against the assignor.

This Act creates a state law alternative to other procedures available to the assignor for winding up its business and provides benefits that are not available through a federal bankruptcy case or a state or federal law receivership. In many cases, an ABC will be more flexible, quicker, and less costly than the other alternatives. An ABC may be an improvement on these alternatives in certain situations in significant ways: (1) it is debtor-initiated; (2) it provides assurances to creditors by imposing fiduciary duties upon the assignee; (3) it aims to maximize the value of the business’s assets for the benefit of all creditors; and (4) it encourages cooperation between the distressed business and the creditors by aligning these parties’ goals.

This Act’s roadmap for ABCs clearly establishes:

- (1) The persons eligible to be assignors and the qualifications for assignees;
- (2) The relationship between an ABC under this Act and existing federal and state statutes, including the Bankruptcy Code;
- (3) The contents of the assignment agreement;
- (4) The effect of an ABC on the assignor’s property interests and the procedure for conveying those assets to the assignee;
- (5) Procedures for notifying creditors of the ABC and the implications of the opt-out decision;
- (6) Duties and powers of the assignor and assignee, including limitations on liability;
- (7) A process for allowing and disputing claims;
- (8) A waterfall for the distribution of proceeds to secured and unsecured creditors and payment of expenses incurred by the assignee;
- (9) Procedures for winding up the assignment estate;

(10) The extent of recognition of out-of-state transactions and appointment of an ancillary assignee for administration of out-of-state assets; and

(11) That a conveyance by an assignor or assignee for the benefit of the assignor's creditors under this Act is not subject to this State's realty transfer tax.

This Act is intended to replace Delaware's current ABC law, resulting in the repeal of the current law under Sections 2 through 8 of this Act and provision, under Section 9 of this Act, for the continued application of the current law for existing ABCs made before the effective date of this Act.

Author: Senator Brown