

Below is an Opinion of the Court.

  
ELIZABETH PERRIS  
U.S. Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF OREGON

In Re: ) Bankruptcy Case  
          ) No. 04-37154-elp11  
ROMAN CATHOLIC ARCHBISHOP OF )  
PORTLAND IN OREGON, AND SUCCESSORS, )  
A CORPORATION SOLE, dba the )  
ARCHDIOCESE OF PORTLAND IN OREGON, )  
Debtor. )  
\_\_\_\_\_)  
TORT CLAIMANTS COMMITTEE, ) Adv. Proc. No. 04-3292  
                                  ) )  
                                  ) Plaintiff, ) MEMORANDUM OPINION  
                                  ) ) (TORT CLAIMANTS COMMITTEE'S  
v. ) ) THIRD MOTION FOR PARTIAL  
                                  ) ) SUMMARY JUDGMENT)  
ROMAN CATHOLIC ARCHBISHOP OF )  
PORTLAND IN OREGON, AND SUCCESSORS, )  
A CORPORATION SOLE, dba the )  
ARCHDIOCESE OF PORTLAND IN OREGON, )  
et al., )  
                                  ) Defendants. )

In this chapter 11<sup>1</sup> case of the Roman Catholic Archbishop of

<sup>1</sup> Unless otherwise indicated, all chapter and section references (continued...)

1 Portland in Oregon, and Successors, a Corporation Sole, dba the  
2 Archdiocese of Portland in Oregon ("debtor" or "the Archdiocese"), the  
3 Archdiocese has taken the position that, although it holds legal title to  
4 an extensive amount of real estate, most of that real estate is held in  
5 trust and, thus, is not available to be used to pay the claims of  
6 creditors. The Tort Claimants Committee ("TCC") filed this adversary  
7 proceeding in part to avoid any unrecorded interests in real property  
8 titled in debtor's name and to determine whether real property listed by  
9 debtor in its Statement of Financial Affairs as being held for others is  
10 property of debtor's bankruptcy estate. The TCC seeks through this  
11 motion to (1) avoid any unrecorded interests in certain test properties,<sup>2</sup>

12 \_\_\_\_\_  
13 <sup>1</sup>(...continued)  
14 are to the Bankruptcy Code, 11 U.S.C. §§ 101-1330.

15 <sup>2</sup> The test properties consist of the real estate used by nine  
16 parishes and one high school that debtor claims is held for the benefit  
17 of the parishes and school. The parishes and school to be used to test  
18 the parties' legal theories were chosen by debtor in an effort to make  
19 discovery manageable in this adversary proceeding. The test properties  
20 are associated with the following parishes and high school:

21 Immaculate Conception Parish, Stayton  
22 Holy Redeemer Parish, Portland  
23 St. Michael Parish, Oakridge, and its mission, St. Henry, Dexter  
24 St. Birgitta Parish, Portland  
25 St. Mary, Our Lady of the Dunes Parish, Florence  
26 St. John Fisher Parish, Portland  
27 St. Philip Benizi Parish, Redland  
28 Queen of Peace Parish, Salem  
29 St. Elizabeth Ann Seton Parish, Aloha  
30 Regis High School, Stayton

31 The properties associated with the parishes consist of parish churches,  
32 schools, and cemeteries.

(continued...)

1 which debtor claims that it holds in trust, by using the bankruptcy  
2 trustee's rights and powers as a hypothetical bona fide purchaser of the  
3 real property on the date debtor filed bankruptcy; and (2) obtain a  
4 declaration that debtor holds both legal and equitable title to the  
5 properties so that they are part of debtor's bankruptcy estate. For the  
6 reasons discussed below, the unrecorded equitable interests in the test  
7 properties may be avoided and the estate owns both the legal and  
8 equitable title to the test properties.

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11 <sup>2</sup>(...continued)

12 The TCC chose to seek summary judgment on less than all of the  
13 parcels associated with the nine parishes and one school. It lists the  
14 various parcels that are at issue in this motion by tax lot number in its  
15 Exhibits 1 and 2 to its reply brief. The 33 parcels listed in the TCC's  
16 Exhibits 1 and 2 do not correspond precisely with those parcels listed in  
17 debtor's Amended Statement of Financial Affairs ("SOFA") as being held by  
debtor for the nine parishes and one school. There are two discrepancies  
that are apparent. For St. Michael Church, the SOFA lists five separate  
parcels; the TCC includes only two in its list. For Immaculate  
Conception Church, debtor's SOFA lists 13 parcels; the TCC lists only 12.

18 The TCC says on more than one occasion in its reply brief that the  
19 parcel that is the subject of Exhibit 21 to the Affidavit of Malcolm  
20 Newkirk, which is shown as Tax Account No. R103758, is not the subject of  
21 this motion for partial summary judgment. It does not explain why that  
22 lot and the three additional St. Michael Church lots are excluded from  
23 this summary judgment proceeding. Defendants do not complain that this  
24 motion does not address all of the test properties. It is the TCC's  
25 motion, and it may choose the properties for which it seeks a ruling.  
26 Therefore, I will not consider evidence regarding the parcel identified  
as Tax Account No. R103758, or any evidence (if any has been submitted)  
about the three excluded St. Michael's parcels.

None of the test properties involve the Missionaries of the Holy  
Spirit. Therefore, the Missionaries are correct that this motion for  
partial summary judgment does not directly affect it.

1 I. STANDARD FOR SUMMARY JUDGMENT

2 The court shall grant a party summary judgment on all or part of a  
3 claim or counterclaim "if the pleadings, depositions, answers to  
4 interrogatories, and admissions on file, together with the affidavits, if  
5 any, show that there is no genuine issue as to any material fact and that  
6 the moving party is entitled to a judgment as a matter of law." Fed. R.  
7 Civ. P. 56(c); Fed. R. Bankr. P. 7056.

8 II. FACTS<sup>3</sup>

9 The Archdiocese is a corporation sole. Within the Archdiocese are  
10 124 parishes and three Archdiocesan high schools. One parish is  
11 separately incorporated. The Archdiocese holds legal title to real  
12 properties associated with the unincorporated parishes and the  
13 Archdiocesan high schools. The real properties are used for parish  
14 churches, Catholic schools, and Catholic cemeteries. Parishioners and  
15 others contribute financially to the parishes and to the Archdiocesan  
16 schools. They also donate time and services to further the work of both  
17 the churches and the schools.

18 III. DISCUSSION

19 1. Avoidance of unrecorded interests under § 544(a)(3)

20 The filing of a bankruptcy petition creates an estate, which is  
21 comprised of "all legal or equitable interests of the debtor in property  
22

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23 <sup>3</sup> The parties raised numerous evidentiary objections to the  
24 declarations filed in support of and in opposition to this motion. To  
25 the extent it is necessary for me to rule on the evidentiary objections,  
26 I specifically do so in this opinion. I need not rule on objections to  
evidence that did not affect my decision.

1 as of the commencement of the case," as well as any interests in property  
2 that the bankruptcy trustee may recover under § 550. § 541(a)(1), (3).  
3 Section 550 allows a trustee to recover for the benefit of the bankruptcy  
4 estate any interests in property that have been avoided under § 544.  
5 § 550(a).

6 In this case, debtor argues that most of the real property titled in  
7 its name is held for the benefit of Catholic parishes and schools, and  
8 therefore the property is not part of the bankruptcy estate that is  
9 available to pay the claims of its creditors. The TCC argues that the  
10 property is not held in trust but that, even if it is, under § 544(a)(3),  
11 the TCC is entitled to avoid any beneficial interests in that property  
12 that are not recorded in the real property records. The TCC has  
13 clarified that this motion addresses only whether any equitable interests  
14 that exist can be avoided under § 544(a)(3). This motion does not  
15 address whether any such equitable interests, in fact, exist.

16 Bankruptcy Code § 544(a)(3) allows a bankruptcy trustee to avoid an  
17 interest in property that would be voidable by a bona fide purchaser of  
18 real property who has perfected the transfer as of the filing of the  
19 case.<sup>4</sup> This statute gives a trustee the rights of a hypothetical bona

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20  
21 <sup>4</sup> Section 544(a) provides, as relevant:

22 The trustee shall have, as of the commencement of the case, and  
23 without regard to any knowledge of the trustee or any creditor, the  
24 rights and powers of, or may avoid any transfer of property of the  
25 debtor or any obligation incurred by the debtor that is voidable by  
26 --

. . . . (continued...)

1 fide purchaser. "The powers of a bona fide purchaser of real property  
2 are defined by state law." In re Seaway Express Corp., 912 F.2d 1125,  
3 1128 (9th Cir. 1990)(emphasis in original). Although the statute gives  
4 the trustee powers to avoid transfers, it also applies when there has  
5 been no transfer; it allows the trustee to avoid any unrecorded interests  
6 in real property. Id. at 1129.

7 By order dated July 22, 2005, this court granted the TCC standing to  
8 assert the § 544(a)(3) claim made in this adversary proceeding. See In  
9 re Parmetex, Inc., 199 F.3d 1029,, 1031 (9th Cir. 1999)(bankruptcy court  
10 may authorize a creditor to bring an avoidance action under § 544).

11 Defendants<sup>5</sup> argue that the Bankruptcy Code provides that property in  
12 which the debtor has only legal but not equitable title does not become  
13 property of the estate, § 541(d),<sup>6</sup> and that the TCC cannot avoid

14 \_\_\_\_\_  
15 <sup>4</sup>(...continued)

16 (3) a bona fide purchaser of real property, other than  
17 fixtures, from the debtor, against whom applicable law permits  
18 such transfer to be perfected, that obtains the status of a  
19 bona fide purchaser and has perfected such transfer at the time  
20 of the commencement of the case, whether or not such a  
21 purchaser exists.

22 <sup>5</sup> Defendants include the Archdiocese as well as others who claim  
23 an interest in the properties. The adversary proceeding has been  
24 designated a class action in order to allow everyone with a claimed  
25 interest to be represented in and bound by the litigation.

26 <sup>6</sup> Section 541(a) provides that all legal or equitable interests  
of the debtor in property as of the petition date become property of the  
estate. Section 541(d) provides, however, that:

Property in which the debtor holds, as of the commencement of the  
case, only legal title and not an equitable interest . . . becomes  
property of the estate . . . only to the extent of the debtor's  
(continued...)

1 unrecorded equitable interests in property titled in debtor's name,  
2 because the property has never become property of the estate.

3 The Ninth Circuit has held that a trustee can avoid an unrecorded  
4 interest of a person claiming a constructive trust in property held in  
5 the name of a debtor. See Seaway Express Corp., 912 F.2d at 1128-29.  
6 The court followed the majority rule "that § 541(d) does not limit the  
7 trustee's powers over real property under § 544(a)(3)." Id. at 1128.  
8 Accord In re Thomas, 147 B.R. 526 (9th Cir. BAP 1992), aff'd, 32 F.3d 572  
9 (9th Cir. 1994)(table)(§ 544(a)(3) allows trustee to avoid equitable  
10 interests in property that would be avoidable by a bona fide purchaser);  
11 In re Chenich, 100 B.R. 512 (9th Cir. BAP 1987)(trustee can use  
12 § 544(a)(3) to avoid equitable lien).

13 Defendants argue that an express or charitable trust is different  
14 from a constructive trust, because a constructive trust is a remedy  
15 imposed by a court for wrongdoing, while an express or charitable trust  
16 is a true trust created intentionally by the parties. They argue that,  
17 because the beneficiaries' equitable interests in property held in such  
18 trust do not become part of the bankruptcy estate pursuant to § 541(d),  
19 those interests could not be avoided by a bona fide purchaser of real  
20 property under § 544(a)(3).

21 Although constructive trusts are a different species of trust from  
22 trusts such as charitable or express trusts, that difference does not  
23 affect the trustee's authority under § 544(a)(3) to avoid unrecorded

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24 <sup>6</sup>(...continued)

25 legal title to such property, but not to the extent of any equitable  
26 interest in such property that the debtor does not hold.

1 equitable interests. In In re Tleel, 876 F.2d 769, 771-72 (9th Cir.  
2 1989), the Ninth Circuit held that the trustee could avoid a claimed  
3 interest in a constructive trust that had not been imposed under state  
4 law before bankruptcy, because the trustee did not have constructive  
5 notice of the existence of that trust. If the constructive trust had  
6 been imposed by a state court prepetition, the equitable interests  
7 arising out of that constructive trust would not have been avoidable,  
8 because the state court judgment imposing the trust would have given a  
9 bona fide purchaser notice of the interest in the property. Thus, it was  
10 not the character of the trust that determined whether the interest was  
11 avoidable, but whether there was constructive notice of that interest at  
12 the time of bankruptcy.

13 Applying that reasoning to this case, the question is whether, under  
14 state law, a bona fide purchaser of the real property on the date of the  
15 petition would have had notice that someone other than debtor might have  
16 interests in the property.

17 All of the test properties are located in Oregon. Under Oregon law,  
18 a good faith purchaser of real property for valuable consideration takes  
19 the property free of unrecorded interests in the property. ORS  
20 93.640(1).<sup>7</sup>

21 \_\_\_\_\_  
22 <sup>7</sup> That statute provides, as relevant here:

23 (1) Every conveyance, deed, land sale contract, assignment of all  
24 or any portion of a seller's or purchaser's interest in a land sale  
25 contract or other agreement or memorandum thereof affecting the  
26 title of real property within this state which is not recorded as  
(continued...)



1 The notice that will deprive the [subsequent purchaser] of priority  
2 can be either actual or constructive. Actual notice is direct  
3 knowledge of the outstanding interest. Constructive notice  
encompasses both notice chargeable under the recording statute . . .  
and "inquiry notice."

4 High v. Davis, 283 Or. 315, 333 (1978). Bankruptcy law makes actual  
5 notice irrelevant to a trustee's avoidance of an unrecorded interest in  
6 real property. See 5 Lawrence P. King, Collier on Bankruptcy ¶ 544.02  
7 (15th ed. Rev. 2005).<sup>8</sup> Therefore, the question is whether there was  
8 constructive notice of the asserted interests of the defendants in this  
9 case.

10 Oregon's recording statute provides that, in order "[t]o give  
11 constructive notice of an interest in real property," a person must have  
12 recorded that interest in the real property records of the county in  
13 which the property is located. ORS 93.643(1). Inquiry notice, on the  
14 other hand, "arises when the existence of a claimed interest in real  
15 property may be determined through investigation based on facts available  
16 to the claimant that would cause a reasonable person to make such  
17 inquiry." Gorzeman v. Thompson, 162 Or. App. 84, 93 (1999).

18 A. Record notice

19  
20 <sup>7</sup>(...continued)  
21 faith and for a valuable consideration of the same real property, or  
22 any portion thereof, whose conveyance, deed, land sale contract,  
23 assignment of all or any portion of a seller's or purchaser's  
24 interest in a land sale contract or other agreement or memorandum  
thereof is first filed for record, and as against the heirs and  
assigns of such subsequent purchaser.

25 <sup>8</sup> Section 544(a) provides that a bankruptcy trustee may avoid any  
26 interest in property that is avoidable by a bona fide purchaser, "without  
regard to any knowledge of the trustee or of any creditor . . . ."

1 The TCC argues that, because title to all of the test properties is  
2 in the name of debtor, there is no record notice of any claimed interests  
3 of the defendants in the real property records for any of the test  
4 properties. The TCC provides title reports for all properties at issue;  
5 all show debtor as the record owner. Affidavit of Malcolm Newkirk in  
6 Support of Tort Claimants Committee's Third Motion for Partial Summary  
7 Judgment Exh. 1 - 20; 22.

8 None of the defendants explicitly argue that there is record notice  
9 of their asserted interest in the properties. The Committee of Catholic  
10 Parishes, Parishioners and Interested Parties ("Parish Committee") points  
11 out that three documents in the real property records for the test  
12 properties<sup>9</sup> refer to parishes: Newkirk Affidavit Exh. 1 p. 16 lists the  
13 owner of property subject to an Agreement to Waive Rights to Notice,  
14 Hearing and Remonstrance as "Archdiocese of Portland By St. Elizabeth Ann  
15 Seton Catholic Church;" his Exh. 7 p. 27 shows a reference in a city  
16

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17 <sup>9</sup> The Parish Committee also points to Exh. 21 to the Newkirk  
18 Affidavit, which is a preliminary title report that shows title to the  
19 particular parcel is vested in "Roman Catholic Archbishop of Portland in  
20 Oregon and successors, a corporation sole for the benefit of Immaculate  
Conception Church[.]"

21 As I have explained above in footnote 2, I will not consider the  
22 evidence contained in Exh. 21, which relates to Tax Account No. R103758,  
because the TCC is not seeking any ruling with regard to that parcel.

23 In its response to the TCC's Concise Statement of Facts, the Parish  
24 Committee also refers to Exh. 5 p. 37 and Exh. 8 pp. 5, 12, and 13, all  
25 of which are plot maps that show the names of the respective parish  
26 churches (Holy Redeemer and Queen of Peace). The Parish Committee does  
not rely on those map references to argue that there is record notice of  
asserted interests of defendants in the properties.

1 ordinance affecting the disputed property to a petition filed by "the  
2 Archdiocese of Portland in Oregon for the St. John Fisher Parish;" and  
3 Exh. 7 p. 54 shows an Agreement for Use of Property between "Archdiocese  
4 of Portland in Oregon/St. John Fisher Church."

5 None of the exhibits show ownership by anyone other than debtor. I  
6 have concluded in my ruling on the TCC's Second Restated Motion for  
7 Partial Summary Judgment that the parishes are not separate civil  
8 entities that can hold title to property or hold beneficial interests in  
9 their own right. They are simply divisions or parts of debtor.  
10 Reference in the real property records to a parish that is a part of  
11 debtor is the same as a reference to debtor. Therefore, I conclude that  
12 there is no genuine issue of material fact that there is no record notice  
13 of the asserted interests of defendants in the test properties.

14 B. Inquiry notice

15 As I explained above, constructive notice has long been made up of  
16 two different concepts: record notice and inquiry notice. The TCC argues  
17 that the Oregon legislature's 1987 enactment of ORS 93.643 abolished  
18 inquiry notice in Oregon, leaving only constructive notice based on the  
19 recording of a property interest in the real property records. It points  
20 to the language of ORS 93.643(1), which says that constructive notice of  
21 an interest in real property is given by recording the interest in the  
22 real property records of the county in which the property is located, and  
23 that "[s]uch recordation, and no other record, constitutes constructive  
24 notice to any person of the existence of the interest, [with exceptions  
25 not applicable here]." ORS 93.643(1)(emphasis supplied).

1 In interpreting Oregon statutes, the court "is to discern the intent  
2 of the legislature." Portland Gen. Elec. Co. v. Bureau of Labor and  
3 Indus., 317 Or. 606, 610 (1993). In doing that, a court must first look  
4 at the text of the statutory provision, which provides the best evidence  
5 of the legislature's intent. Id. Also considered at this first level is  
6 the context of the statutory provision. Id. If the legislature's intent  
7 is clear from that inquiry, "further inquiry is unnecessary." Id. at  
8 611. If, however, the statute is ambiguous, then the court looks to  
9 legislative history. Id. If, after considering text, context, and  
10 legislative history, the meaning of the statute is still not clear, "the  
11 court may resort to general maxims of statutory construction to aid in  
12 resolving the remaining uncertainty." Id. at 612.

13 I conclude that the statutory language is ambiguous. The language  
14 in the statute that "[s]uch recordation, and no other record, constitutes  
15 constructive notice" could be read to mean that only the recording of an  
16 interest in real property as provided in the statute will constitute  
17 constructive notice, thereby abolishing the concept of inquiry notice in  
18 Oregon. However, it could also be read to say that record constructive  
19 notice can be accomplished only by compliance with the statute. Such an  
20 interpretation would not affect constructive notice arising from inquiry  
21 notice.

22 The context of the statute provides a clue into the legislature's  
23 intent. ORS 93.643 is found in a chapter of the Oregon Revised Statutes  
24 relating to "Conveyancing and Recording." It falls within a series of  
25 statutes that come under the heading "Recordation and its Effects."  
26

1 Because the statutes relate to recordation and not inquiry notice, it  
2 appears the legislature was contemplating clarifying recording  
3 requirements, not changing long-settled Oregon law on inquiry notice.  
4 The placement of ORS 93.643 in the recording statutes lends weight to the  
5 interpretation that the statute affects only record constructive notice,  
6 not constructive notice arising out of the duty to inquire. However, the  
7 context does not clarify the intent sufficiently to end the analysis.

8 The next step is to consider the legislative history. Neither party  
9 has provided any legislative history that would bear on the  
10 interpretation of this statute.<sup>10</sup>

11 Therefore, I move to the third level of analysis, application of  
12 rules of statutory construction. Rules of statutory construction teach  
13 that "statutes in derogation of the common law are strictly construed[,]"  
14 Lane County v. R.A. Heintz Constr. Co., 228 Or. 152, 158 (1961), and that  
15 "judicially-created law is not changed by legislative act unless the  
16 intent of the legislature to do so is clearly shown." Smith v. Cooper,  
17 256 Or. 485, 494 (1970). Inquiry notice has been the law of Oregon for  
18 many years; it was referred to as "well settled" law in 1927. Belt v.  
19 Matson, 120 Or. 313, 320 (1927). There is no language in ORS 93.643(1)  
20 that indicates a legislative intent to change well-settled Oregon law on  
21 inquiry notice. I conclude, therefore, that the enactment of ORS  
22 93.643(1) did not abolish inquiry notice in Oregon.

23 This conclusion is supported by the fact that, despite the enactment

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24 <sup>10</sup> I do not consider the Declaration of Craig M. Chisholm,  
25 submitted by debtor in opposition to the TCC's motion, to bear on the  
26 legislative history of this 1987 provision.

1 of ORS 93.643 in 1987, Oregon courts have continued to consider and apply  
2 the rules of inquiry notice. E.g., Akins v. Vermast, 150 Or. App. 236,  
3 adhered to on reconsideration, 151 Or. App. 422 (1997); Vandehey Dev. Co.  
4 v. Suarez, 108 Or. App. 154 (1991). See also Spady v. Graves, 307 Or.  
5 483, 488 n.3 (1989)(explaining that constructive notice can be either  
6 record notice under the statutes or inquiry notice).

7 "Inquiry notice . . . arises when the existence of a claimed  
8 interest in real property may be determined through investigation based  
9 on facts available to the claimant that would cause a reasonable person  
10 to make such inquiry." Gorzeman v. Thompson, 162 Or. App. 84, 93 (1999).  
11 The purchaser is "charged with notice of every fact that a reasonable  
12 inquiry would have disclosed." Vandehey Dev. Co., 108 Or. App. at 157.  
13 In order to be charged with notice of facts a reasonable inquiry would  
14 have disclosed, there first must be facts that would cause a reasonable  
15 person to make such inquiry. In other words, there must be a duty to  
16 inquire before the purchaser is charged with notice of what she would  
17 have learned had she made the inquiry.

18 Defendants point to numerous facts that they assert would give rise  
19 to a duty of a purchaser to inquire into whether there were unrecorded  
20 interests in the properties.

21 i. Debtor's statement of financial affairs

22 Marist High School argues that debtor's statement of financial  
23 affairs provided information sufficient to put a bona fide purchaser on  
24 notice of the existence of equitable interests in the test properties,  
25 because debtor listed the parish and school properties as properties held  
26

1 for others.

2 A trustee is given the status of a bona fide purchaser of real  
3 property "at the time of the commencement of the case." § 544(a)(3).  
4 The hypothetical bona fide purchaser created by § 544(a)(3) is "one who  
5 is without actual knowledge 'at the instant the petition is filed,' and  
6 purchases property from the debtor for value and in good faith." In re  
7 Professional Invest. Prop. of Am., 955 F.2d 623, 628 n.3 (9th Cir. 1992).  
8 Thus, the trustee is charged with notice of facts in existence as of the  
9 moment the petition is filed. The Ninth Circuit Court of Appeals has  
10 held that, where the debtor's bankruptcy schedules are filed with the  
11 petition, facts set out in those schedules can provide constructive  
12 notice that someone other than the debtor claims an interest in property  
13 to which the debtor holds title. Id. Where, however, the schedules are  
14 not filed along with the petition but are filed at a later date, the  
15 information would not be available to a bona fide purchaser as of the  
16 moment of filing, and therefore information contained in those schedules  
17 does not deprive the trustee of the status of a bona fide purchaser. In  
18 re Castro, 158 B.R. 180 (Bankr. C.D. Cal. 1993).

19 In this case, debtor filed its bankruptcy petition on July 6, 2004  
20 and did not file its schedules and statement of financial affairs until  
21 July 30, 2004. Thus, the information contained in the statement of  
22 financial affairs was not available upon the filing of the petition and  
23 therefore could not have provided constructive notice of defendants'  
24 asserted equitable interest in property to a bona fide purchaser as of  
25 the petition date. The later-filed statement of financial affairs does  
26

1 not defeat the TCC's status as a bona fide purchaser with respect to the  
2 test properties.

3 Defendants also argue that the petition itself should have raised  
4 questions about other interests in property, because debtor indicated on  
5 its petition that it had between \$10,000,001 and \$50 million in assets.  
6 According to defendants, a purchaser on that date should have realized  
7 from the valuation of debtor's assets that it was asserting that someone  
8 other than debtor had interests in some of debtor's property.

9 The mere listing of the value of assets is not sufficient to raise  
10 questions about unrecorded ownership interests in particular property  
11 titled in debtor's name. The fact that debtor showed assets of no more  
12 than \$50 million did not raise a duty of inquiry into ownership interests  
13 in particular parcels of property.

14 ii. Title report documents and deeds

15 Next, defendants argue that some of the title report documents show  
16 a beneficial interest of the parishes (St. Elizabeth Ann Seton and St.  
17 John Fisher), and that "many of the warranty deeds" require taxes and  
18 recorded title to be sent to the parishes, not to the debtor's offices.  
19 Parish Committee Memorandum in Opposition to Plaintiff's Third Motion for  
20 Partial Summary Judgment at 9.

21 As I explained above in discussing record notice, the reference to  
22 the two parishes in the recorded documents does not give record notice of  
23 a claimed interest by someone other than debtor. The parishes are part  
24 of debtor, so mention of the parishes in title report documents does not  
25 give rise to a duty to inquire whether someone other than debtor had an  
26



1 interest in the property.<sup>11</sup>

2 As to the requirement in "many of the warranty deeds" that certain  
3 official documents be sent to the parishes, the Parish Committee points  
4 to only two such references, both relating to St. Philip Benizi Church:  
5 Exhibit 4 to Newkirk's Affidavit p. 11 shows that the warranty deed for  
6 one parcel of property provides that tax statements and the recorded deed  
7 are to be sent to the Archdiocese of Portland in Oregon, at what appears  
8 to be the address of the parish church. Page 13 of that exhibit shows  
9 the address for the taxpayer Archdiocese of Portland OR as "St. Philip  
10 Benizi - Redland 2838 E. Burnside St., Portland, OR 97214 USA." In both  
11 of those documents, the record owner is listed as debtor. The fact that  
12 the address debtor gives for receipt of official documents is the address  
13 of the local parish is not sufficient to raise a duty of inquiry into  
14 whether some third party may claim an unrecorded interest in the  
15 property.

16 Regis High School argues that a purchaser would have a duty to  
17 inquire as to the Regis property, because the Regis property was deeded  
18 to debtor by Catholic Educational Corporation. Declaration of Brad T.  
19 Summers Exh. 34 p. 1. Regis claims that the identity of the grantor  
20 should cause a purchaser to inquire further into the ownership of the  
21 property, because a purchaser should have realized that a corporation

22 \_\_\_\_\_  
23 <sup>11</sup> None of the recorded documents relating to the test properties  
24 contain trust language such as "for the benefit of" a particular parish  
25 or school. Although I have already held that a parish or school that is  
26 not separately incorporated cannot be a beneficiary of a trust, I express  
no opinion about whether such language of trust could be sufficient to  
give rise to a duty to inquire.

1 called Catholic Educational Corporation likely would have a charitable  
2 purpose, and that a transfer from that charitable corporation to debtor,  
3 which is another charitable corporation, should raise questions about the  
4 beneficial interest in the property.

5 I do not see how the character of the entity that transferred the  
6 property to debtor should excite inquiry into whether someone other than  
7 the record title holder might have an interest in the properties. First,  
8 there is no reason a purchaser would have inquired into the character of  
9 the grantor to learn whether it was a charitable corporation incorporated  
10 for a particular educational purpose. What would matter is that the  
11 grantor had good title to transfer. Second, the property was deeded to  
12 debtor alone. Regis does not point to any authority that would prohibit  
13 a grantor that is a charitable organization from deeding property without  
14 restriction to a third party. I conclude that the real property records  
15 do not give rise to inquiry notice.<sup>12</sup>

16 iii. Debtor's existence as a corporation sole

17 Defendants argue that the very character of debtor as an  
18 ecclesiastical entity should excite inquiry that it might be holding  
19 property for the benefit of others. They rely on the Oregon religious  
20 corporation statutes and debtor's articles of incorporation, arguing that  
21 those authorities require reference to canon law, which limits debtor's  
22 authority with regard to the real property it holds for parishes.

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24 <sup>12</sup> Even if Regis's argument were correct, the argument applies  
25 only to one of two parcels of real property that make up the Regis  
26 properties. The second parcel was deeded to debtor by individuals, not  
by a corporation. See Declaration of Brad T. Summers Exh. 35.

1 Debtor is a corporation sole, organized under Oregon law. A  
2 corporation sole differs from other nonprofit corporations under Oregon  
3 law "only in that it shall have no board of directors, need not have  
4 officers and shall be managed by a single director who shall be the  
5 individual constituting the corporation and its incorporator or the  
6 successor of the incorporator." ORS 65.067(1).

7 Unless a nonprofit corporation's articles of incorporation provide  
8 otherwise, such corporations have the power to, among other things,  
9 "[p]urchase, take by gift, devise or bequest, receive, lease or otherwise  
10 acquire, and own, hold, improve, use and otherwise deal with, real or  
11 personal property or any interest in property, wherever located." ORS  
12 65.077(5). Nonprofit corporations may also "[s]ell, convey, mortgage,  
13 pledge, lease, exchange, transfer and otherwise dispose of all or any  
14 part of its property." ORS 65.077(6). ORS 65.531(2) provides that a  
15 nonprofit corporation may sell or otherwise dispose of substantially all  
16 of its property in the regular course of business, and that no approval  
17 by the members of the corporation or anyone else is required unless  
18 required by the articles of incorporation. Because the statutes  
19 expressly authorize a nonprofit corporation, including a corporation  
20 sole, to buy and sell real property, without approval by anyone else, the  
21 fact that the record owner is a corporation sole would not excite inquiry  
22 into other, unrecorded interests.

23 Defendants argue that the corporation sole statute and other  
24 religious corporation statutes require reference to canon law to  
25 determine the authority of the corporation sole to convey property. As I  
26

1 discussed in ruling on the TCC's Restated Second Motion for Partial  
2 Summary Judgment, the reference in the corporation sole statute to canon  
3 law<sup>13</sup> does not incorporate canon law into the law of Oregon, and the  
4 references to religious or canon law in other nonprofit corporation  
5 statutes, ORS 65.042 (religious doctrine and practice can take precedence  
6 over nonprofit corporation law under certain circumstances); ORS 65.077  
7 (power of nonprofit corporation conditioned on its articles of  
8 incorporation); and ORS 65.357(2)(d) and 65.377(2)(c) (permitting  
9 religious corporations to rely on information provided by religious  
10 authorities in managing the corporation), would not excite inquiry into  
11 whether the corporation sole has limits on its authority to convey  
12 property, other than those set out in the corporation statutes and the  
13 articles of incorporation. The statutes do not provide that real  
14 property transactions of religious corporations are governed by the law  
15 of the religion; they merely allow such corporations to look to canon law  
16 in their internal affairs, including in deciding whether they may,  
17 consistent with their internal church law, incorporate as a corporation  
18 sole.

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19  
20 <sup>13</sup> ORS 65.067(1) provides:

21 Any individual may, in conformity with the constitution,  
22 canons, rules, regulations and disciplines of any church or  
23 religious denomination, form a corporation hereunder to be a  
24 corporation sole. Such corporation shall be a form of religious  
25 corporation and will differ from other such corporations organized  
26 hereunder only in that it shall have no board of directors, need not  
have officers and shall be managed by a single director who shall be  
the individual constituting the corporation and its incorporator or  
the successor of the incorporator.

1 The statutes do, however, provide that a nonprofit corporation's  
2 powers are subject to what is set out in the articles of incorporation  
3 for the corporation. ORS 65.077. A purchaser of property from a  
4 corporation sole would, therefore, look to debtor's articles of  
5 incorporation to determine whether they somehow limit that authority  
6 granted by statute.

7 A purchaser reviewing debtor's articles of incorporation would not  
8 find anything inconsistent with the authority granted by statute to own  
9 and sell property. Debtor's original articles of incorporation, filed in  
10 1874, provide for the incorporation of debtor as a corporation sole, and  
11 that

12 the object and purpose of this corporation is to provide for and  
13 maintain the worship of Almighty God, and the preaching of the  
14 gospel of our Lord Jesus Christ, according to the doctrine, canons,  
15 rules and usages of the Roman Catholic Church; to establish and  
16 maintain educational and charitable institutions for the promotion  
of piety and learning, and the maintenance of the poor, sick and  
impotent; and for acquiring, holding and disposing of church  
property for the benefit of the Roman Catholic Church for works of  
charity and for public worship.

17 Articles of Incorporation, Declaration of Albert Kennedy in Support of  
18 Third Motion for Partial Summary Judgment Exh. 2 p. 8 (emphasis  
19 supplied).

20 Debtor is the surviving corporation of a 1991 merger between the  
21 Archdiocese of Portland in Oregon and the Roman Catholic Archbishop of  
22 the Archdiocese of Portland in Oregon. Declaration of Albert Kennedy in  
23 Support of Third Motion for Partial Summary Judgment Exh. 1 pp. 22-23.  
24 The terms and conditions of the merger included:

25 Each merging corporation is a religious corporation organized for  
26 the purpose of holding and administering the assets of and

1 conducting the corporate purposes and mission of the Roman Catholic  
2 Archdiocese of Portland in Oregon.

3 Id. at p. 23 (emphasis supplied). Defendants do not point to any  
4 language in the articles of incorporation that in any way limits debtor's  
5 authority to convey real property to third parties, or that conditions  
6 such conveyance on approval of parishes or schools or parishioners or  
7 parents and students of the schools.

8 As I explained in my ruling on the Second Restated Motion for  
9 Partial Summary Judgment, one of the very purposes of a religious  
10 organization incorporating as a corporation sole is to create a civil  
11 legal entity that can hold and convey real property. Nothing in the  
12 Oregon nonprofit corporation statutes or debtor's articles of  
13 incorporation would excite inquiry into whether debtor was holding title  
14 to real property in trust for some other beneficial interests. Nor would  
15 either of those sources cause a reasonable purchaser to refer to canon  
16 law to determine whether there might be some unrecorded interests in the  
17 property.

18 I conclude that debtor's existence as a corporation sole would lead  
19 a reasonable purchaser to inquire into the corporation sole statutes and  
20 debtor's articles of incorporation, and that both of those sources  
21 confirm debtor's authority to convey real property without limitation.  
22 Neither source would cause a reasonable purchaser to inquire into whether  
23 anyone other than debtor had an unrecorded interest in the property.

24 iv. Possession, use, and maintenance of properties by parishes  
25 and schools

26 Defendants argue that a purchaser of real property from debtor would

1 have a duty to inquire into whether there were any unrecorded interests  
2 in the property, based on the possession, use and maintenance of the  
3 properties by the parishes and schools. According to defendants, a  
4 reasonable and prudent purchaser would question why property titled in  
5 the name of debtor is occupied, used, and maintained by parishes and  
6 schools.

7 Under Oregon law, possession of real property by a third party other  
8 than the grantor puts "a purchaser upon inquiry as to the possessor's  
9 interest." Webb v. Stewart, 255 Or. 523, 536 (1970). This is because  
10 the possession by someone other than the grantor "is a fact inconsistent  
11 with the record title[.]" Id. (quoting Groff v. State Bank of  
12 Minneapolis, 50 Minn. 234, 238 (1892)).

13 In this case, even considering all of the evidence presented by  
14 defendants that bears upon possession of the test properties,<sup>14</sup> the facts  
15 would not lead a reasonable and prudent person to inquire into whether  
16 defendants claim any unrecorded interest in the properties.

17 Each of the parcels that make up the test properties is used as a  
18 Catholic church, a Catholic school, or a Catholic cemetery. The church  
19 properties are occupied by parish priests, other employees, and  
20 parishioners; the school properties by students, teachers, and  
21 administrators. To the extent there are identifying signs on the

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22  
23 <sup>14</sup> The TCC has filed an omnibus evidentiary objection to most if  
24 not all of that evidence. Because I conclude that, even considering the  
25 evidence presented by defendants, they have not established a genuine  
26 issue of material fact with regard to inquiry notice, I will not consider  
whether to exclude the evidence on the various grounds asserted by the  
TCC.

1 premises, those signs show the name of the parish or school; they do not  
2 mention debtor.

3 Defendants argue that the signs on the property, reflecting the name  
4 of the parish or the school, would lead a reasonable person to question  
5 whether the parish or school had an interest in the property, because  
6 title is held by the Archdiocese, not by the parish or school. However,  
7 as I have already explained, the parishes and schools are simply parts or  
8 divisions of debtor. If a reasonable prospective purchaser were to look  
9 in the state's corporate records, the purchaser would see that none of  
10 the parishes, churches, schools, or cemeteries are separately  
11 incorporated so that they could hold real property interests in their own  
12 behalf. If the purchaser were to visit debtor's website, the purchaser  
13 would see that the parishes are listed as "Parishes of the Archdiocese of  
14 Portland." It is unremarkable that real property owned by a church  
15 organization, here the Archdiocese, is occupied by and used as churches,  
16 schools, and cemeteries and is frequented by parishioners of the  
17 churches, students and teachers of the schools, and people visiting  
18 cemeteries. Having a sign on the property that shows that the property  
19 is occupied by a division of the title owner would not give rise to  
20 inquiry about whether there is some other unrecorded interest in the  
21 property.

22 Nor does the use of the properties as Catholic churches, schools,  
23 and cemeteries raise a question about record title. The Archdiocese is  
24 authorized by its articles of incorporation to acquire, hold, and dispose  
25 of church property "for public worship." Articles of Incorporation,  
26



1 Declaration of Albert Kennedy in Support of Third Motion for Partial  
2 Summary Judgment Exh. 2 p. 8. The existence of Catholic churches,  
3 Catholic schools, and Catholic cemeteries on property titled in the name  
4 of the Archdiocese is entirely consistent with record title.

5 Similarly, the fact that a purchaser would find on the premises  
6 priests at the parishes and school administrators for the school is  
7 entirely consistent with ownership by the highest authority of the church  
8 in this region. It is undisputed that the parish priests are assigned to  
9 the parishes by the Archbishop. The employees of the parishes are  
10 Archdiocesan employees. The school administrators and teachers are  
11 Archdiocesan employees.<sup>15</sup> Possession of property by agents of the record  
12 owner does not excite inquiry into whether other unrecorded interests  
13 exist in the property.

14 The fact that parishioners are often on the properties engaging in  
15

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16 <sup>15</sup> These facts are established through Exhibit 3 to the Second  
17 Declaration of Michael Fletcher in Support of the TCC's Third Motion for  
18 Summary Judgment. Debtor moves to strike this exhibit, arguing that it  
19 is the same exhibit the court denied the TCC leave to file in connection  
20 with the Second Restated Motion for Partial Summary Judgment.

21 My ruling denying the TCC's motion for leave to file a supplemental  
22 response in connection with the Second Restated Motion was based on the  
23 fact that it was untimely under the briefing schedule for the Second  
24 Restated Motion, not for any substantive reason. I will not strike it  
25 from the record for the Third Motion for Partial Summary Judgment,  
26 because it was timely submitted in support of that motion.

27 Debtor also argues that its personnel policies and employee benefits  
28 are irrelevant to the issue of inquiry notice. I consider the exhibit,  
29 which is the Archdiocese's Employee Handbook for School and Parish  
30 Personnel, as relevant evidence that persons employed at the parishes and  
31 schools are Archdiocesan employees, not employees of the parishes or  
32 schools. Thus, I will not strike the exhibit.

1 various activities, including maintenance and service functions, does not  
2 excite inquiry. A parish church or parochial school would be expected to  
3 be frequented and maintained by parishioners or others who are committed  
4 to the mission of the parish and school. There is nothing inconsistent  
5 with record title in the use or maintenance of church and school property  
6 by parishioners and persons committed to the school mission.

7 Even considering the evidence presented by defendants bearing on  
8 inquiry notice arising from use of the properties by the parishes,  
9 schools, and cemeteries, I conclude that there is no genuine issue of  
10 material fact and that such possession and use is not sufficient to give  
11 rise to a duty of a reasonable and prudent prospective purchaser to  
12 inquire into whether there are interests in the test properties that are  
13 not reflected in the real property records.

14 v. Internal church practice

15 Defendants argue that, because parish and school property cannot as  
16 a matter of practice be sold without the input and consent of the parish  
17 priest or school administrator, a prudent purchaser would question  
18 whether the parishes or schools have interests in the properties that are  
19 not reflected in the title. However, the duty to inquire is not  
20 triggered by what one might learn if, in fact, one were to actually  
21 inquire.

22 "If a purchaser, or encumbrancer, dealing concerning property, of  
23 which the record title appears to be complete and perfect, has  
24 information of extraneous facts, or matters *in pais*, sufficient to  
25 put him on inquiry respecting some unrecorded conveyance, mortgage,  
26 or encumbrance, or respecting some outstanding interest, claim, or  
right which is not the subject of record, and he omits to make  
proper inquiry, he will be charged with constructive notice of all  
facts which he might have learned by means of a due and reasonable

1 inquiry."

2 Petrain v. Kiernan, 23 Or. 455, 457-58 (1893)(quoting 2 Pom. Eq. Jur.  
3 §§ 613, 615). There must first be facts that would lead a reasonable  
4 person to inquire into other possible interests in the property, that is,  
5 that would give rise to a duty to inquire. Only if there is a duty to  
6 inquire is one charged with the facts that would be learned on inquiry.<sup>16</sup>

7 Although someone inquiring about purchasing property titled in the  
8 name of the Archdiocese of Portland and occupied by Catholic churches,  
9 schools, and cemeteries might be told that the parish or school needed to  
10 agree to the sale, that fact does not give rise to a duty to make the  
11 inquiry in the first place.

12  
13  
14 <sup>16</sup> Debtor provided the declaration of Craig M. Chisholm, in which  
15 he says that, "Inquiry notice certainly includes both what could be  
16 ascertained by an inspection of the land and what could be ascertained by  
17 making inquiry of persons in possession thereof." Declaration of Craig  
18 M. Chisholm ¶ 9. That statement is a legal conclusion, not a factual  
19 assertion. Declarations or affidavits submitted in opposition to a  
20 motion for summary judgment are to set out "such facts as would be  
21 admissible in evidence[.]" Fed. R. Civ. P. 56(e). A legal conclusion is  
22 not a fact admissible in evidence. Therefore, I will strike ¶ 9 of  
23 Chisholm's declaration.

24 Debtor argues that the statement is admissible as an expert opinion.  
25 I can reach opinions about what the law is without considering the  
26 opinion of a legal expert.

27 Further, Chisholm's statement does not say that the duty to inquire  
28 is triggered by making the inquiry. Inquiry notice is comprised of two  
29 steps: first, the duty to inquire, and second, the facts that would be  
30 learned on inquiry. It is not clear whether Chisholm in his statement is  
31 saying that the duty to inquire is triggered by what would have been  
32 learned if inquiry had been made, or rather that inquiry notice includes  
33 inspection, which could give rise to the duty to inquire, which would  
34 lead to facts learned upon actual inquiry.

1 vi. Publicity

2 Finally, the Parish Committee argues that there could be no bona  
3 fide purchaser of the test properties as of the petition date, because  
4 publicity before debtor's bankruptcy filing date informed the public that  
5 parishes were asserting an interest in property on which parishes  
6 operate. It relies on two newspaper articles, one from the Boston Globe  
7 dated June 2, 2004, and one from the Oregonian dated May 23, 2004. I  
8 agree with the TCC that the article from the Boston Globe is irrelevant;  
9 the question here is whether there was sufficient information available  
10 to a reasonable prudent purchaser of real property from debtor on the  
11 petition date to give rise to a duty to inquire into other possible  
12 interests in the property that were not of record. Events occurring in  
13 Boston relating to the Boston Archdiocese are not relevant to information  
14 relating to the Archdiocese of Portland.<sup>17</sup>

15 The TCC also argues that the Oregonian article is inadmissible  
16 because it is both irrelevant and hearsay. I need not decide whether to  
17 strike the article because, even taking it into consideration, I conclude  
18 that it does not give rise to inquiry notice. Whether or not pervasive  
19 publicity about an asserted interest in property might be sufficient to  
20 put a prudent purchaser on notice to inquire further about the grantor's  
21 ability to pass clear title, see In re Merrill Lynch & Co., Inc., 273 F.  
22 Supp. 2d 351 (S.D.N.Y. 2003), aff'd on other grounds, 396 F.3d 161 (2d  
23 Cir. 2005)(numerous newspaper articles gave inquiry notice of possible  
24

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25 <sup>17</sup> Therefore, I will strike Exhibit 2 to the Declaration of Mark  
26 Edlen.

1 claim for securities fraud); Barnett v. City of Yonkers, 731 F. Supp. 594  
2 (S.D.N.Y. 1990)(newspaper articles gave constructive notice of hazards of  
3 exposure to asbestos for purposes of wrongful death action), one article  
4 cannot be said to be pervasive publicity. The properties at issue in  
5 this case are located throughout the western part of Oregon. A single  
6 article appearing in even a newspaper of large circulation in the state  
7 is not sufficient to excite inquiry.

8 I conclude that there is no genuine issue of material fact that the  
9 TCC is entitled under § 544(a)(3) to avoid any unrecorded interests in  
10 the test properties.

11 2. First Amendment and the Religious Freedom Restoration Act ("RFRA")

12 Defendants assert that, if § 544(a)(3) allows avoidance of their  
13 asserted beneficial interests in the test properties, application of  
14 § 544(a)(3) would violate the First Amendment and RFRA, 42 U.S.C.  
15 § 2000bb - 2000bb-4.<sup>18</sup>

16 I have discussed and disposed of defendants' First Amendment and  
17 RFRA arguments in my ruling on the Second Restated Motion for Partial  
18

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19 <sup>18</sup> In a footnote in its opposition brief, the Parish Committee  
20 raises for the first time the argument that applying § 544(a)(3) to avoid  
21 pre-1978 unrecorded interests in property would violate the Fifth  
22 Amendment takings provision. Parish and Parishioners' Class and Parish  
23 Committee Memorandum in Opposition to Plaintiff's Third Motion for  
24 Partial Summary Judgment at 58 n.28. The Parish Committee has not raised  
25 a Fifth Amendment affirmative defense in this adversary proceeding (it  
26 did raise a religious freedom affirmative defense, based on the First  
Amendment, ORS 65.042, and RFRA), so the issue is not properly before  
this court. In addition, I agree with the court in In re Washburn &  
Roberts, Inc., 17 B.R. 305 (Bankr. E.D. Wa. 1982), that application of  
§ 544(a)(3) to avoid pre-1978 unrecorded transfers of property does not  
violate the Fifth Amendment.

1 Summary Judgment. I have concluded that there is a question of fact  
2 whether application of the avoidance powers under § 544(a)(3) might  
3 substantially burden the exercise of religion in violation of RFRA, if it  
4 were to result in the loss of so many parish churches and Archdiocesan  
5 high schools that it would leave defendants with no place to worship and  
6 study. This motion involves only the test properties, not a significant  
7 number of the properties on which Archdiocesan churches and schools are  
8 located. Allowing the TCC to avoid the unrecorded interests in the test  
9 properties would leave 115 other parishes (there are 124 parishes in the  
10 Archdiocese of Portland) where parishioners could worship, and two  
11 Archdiocesan high schools where children could obtain religious  
12 education. Although having to attend a different parish church or school  
13 might be an inconvenience, defendants do not point to any evidence that  
14 using alternative facilities would effectively prevent them "from  
15 engaging in conduct or having a religious experience which the faith  
16 mandates." Worldwide Church of God v. Philadelphia Church of God, Inc.,  
17 227 F.3d 1110, 1121 (9th Cir. 2000).

18 Therefore, RFRA does not preclude avoidance of the unrecorded  
19 interests in these test properties.<sup>19</sup>

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22 <sup>19</sup> Nothing in this ruling is intended to establish a particular  
23 remedy if defendants are able at trial to establish their RFRA defense.  
24 If the defense is established, and I conclude that the remedy is that  
25 unrecorded interests may be avoided in only a limited number of  
26 properties, the parties may revisit whether these particular test  
properties are the ones for which the asserted interests should be  
avoided.

1 IV. CONCLUSION

2 The TCC has established that there is no genuine issue of material  
3 fact and that it is entitled to judgment as a matter of law. Applying  
4 § 544(a)(3) to avoid defendants' asserted unrecorded interests in the  
5 test properties would not substantially burden their exercise of religion  
6 and thereby violate RFRA. Therefore, the TCC is entitled to avoid any  
7 unrecorded interests in the test properties, and to a declaration that  
8 debtor holds both legal and equitable title to those properties so that  
9 they are property of debtor's bankruptcy estate. Mr. Kennedy should  
10 submit the order.

11 ###

12  
13 cc: Howard M. Levine  
14 Albert N. Kennedy  
15 Brad T. Summers  
16 Steven M. Hedberg  
17 Brad S. Copeland  
18 Phoebe Joan O'Neill  
19 James Ray Streinz  
20 David Foraker  
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