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NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States v. Detroit Timber & Lumber Co.*, 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

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**FIDELITY FINANCIAL SERVICES, INC. v. FINK,
TRUSTEE****CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR
THE EIGHTH CIRCUIT**

No. 96–1370. Argued November 3, 1997– Decided January 13, 1998

Diane Beasley purchased a new car and gave petitioner, Fidelity Financial Services, Inc., a promissory note for the purchase price, secured by the car. Twenty-one days later, Fidelity mailed the application necessary to perfect its security interest under Missouri law. Beasley later filed for bankruptcy, and the trustee of her bankruptcy estate, respondent Fink, moved to set aside Fidelity's security interest on the ground that the lien was a voidable preference under 11 U. S. C. §547(b). Section 547(c)(3)(B) prohibits the avoidance of a security interest for a loan used to acquire property if, among other things, the security interest is "perfected on or before 20 days after the debtor receives possession of such property." Fink argued that this "enabling loan" exception was inapposite because Fidelity had not perfected its interest within the 20-day period. Fidelity responded that Missouri law treats a motor vehicle lien as having been "perfected" on the date of its creation (in this case, within the 20-day period), if the creditor files the necessary documents within 30 days after the debtor takes possession. The Bankruptcy Court set aside the lien as a voidable preference, holding that Missouri's relation-back provision could not extend §547(c)(3)(B)'s 20-day perfection period. The District Court affirmed on substantially the same grounds, as did the Eighth Circuit, holding a transfer to be perfected when the transferee takes the last step required by state law to perfect its security interest.

Held: A transfer of a security interest is "perfected" under §547(c)(3)(B) on the date that the secured party has completed the steps necessary to perfect its interest, so that a creditor may invoke the enabling loan exception only by satisfying state law perfection requirements within

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the 20-day period provided by the federal statute. Section 547(e)(1)(B) provides that “a transfer of . . . property . . . is perfected when a creditor on a simple contract cannot acquire a judicial lien that is superior to the interest of the transferee.” This definition implies that a transfer is “perfected” only when the secured party has done all the acts required to perfect its interest, not at the moment as of which state law may retroactively deem that perfection effective. A variety of considerations support this conclusion, including §546, which raises a negative implication that Congress did not intend state relation-back provisions or grace periods to control a trustee’s power to avoid preferences, and the fact that, under Fidelity’s reading, the net effect of the 1994 amendment extending the §547(c)(3)(B) perfection period from 10 to 20 days would be merely to benefit a class of creditors in only ten jurisdictions. Indeed, the broader statutory history of the preference provisions persuasively suggests that Congress intended §547(c)(3)(B) to establish a uniform federal perfection period immune to alteration by state laws permitting relation back. Thus, the statutory text, structure, and history lead to the understanding that a creditor may invoke the enabling loan exception only by acting to perfect its security interest within 20 days after the debtor takes possession of its property. Pp. 3–10.

102 F. 3d 334, affirmed.

SOUTER, J., delivered the opinion for a unanimous Court.