Dated: January 09, 2017
The following is ORDERED:

Jennie D. Latta
UNITED STATES BANKRUPTCY JUDGE

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

In re EARL BENARD BLASINGAME and MARGARET GOOCH BLASINGAME, Debtors.	Case No. 08-28289-L Chapter 7 (asset)
Church Joint Venture, L.P., on behalf of Edward L. Montedonico, Chapter 7 Trustee, of the Bankruptcy Estate of Earl Benard Blasingame and Margaret Gooch Blasingame, Plaintiff, vs. Earl Benard Blasingame, Margaret Gooch Blasingame, and Blasingame Family Residence Generation Skipping Trust, Defendants.	Adv. Proc. No. 15-00339

ORDER ON CROSS MOTIONS FOR PARTIAL SUMMARY JUDGMENT

BEFORE THE COURT are the Plaintiff's Motion for Partial Summary filed March 23, 2016 (Adv. Dkt. 14) and Defendants' Cross-Motion for Summary Judgment Combined with Defendants' Response to Plaintiff's Motion for Partial Summary Judgment filed June 24, 2016

(Adv. Dkt. 31). The motions ask the court to determine whether or not the Debtors hold a life estate in their residence.

JURISDICTION

The Plaintiff alleges that this bankruptcy court has jurisdiction over this adversary proceeding and that venue is proper in the Western District of Tennessee. Complaint, Adv. Dkt. 1. The Plaintiff makes no statement concerning the authority of the bankruptcy court to enter a final order subject to review by appeal. The Defendants did not respond to the Plaintiff's allegations concerning jurisdiction and venue. Answer, Adv. Dkt. 8.

The Complaint seeks a determination of whether or not the Debtors hold a life estate in the residence they occupy and whether that interest is property of their bankruptcy estate. The district courts of the United States have original but not exclusive jurisdiction of all civil proceedings arising under title 11, or arising in or related to cases under title 11. 28 U.S.C. § 1334(b). Civil proceedings "arise under" a case under title 11 when a party "invokes a substantive right created by federal bankruptcy law." *Enron Corp. v. Citigroup, Inc. (In re Enron Corp.),* 353 B.R. 51, 57 (Bankr. S.D. N.Y. 2006). A civil proceeding "arises in" a case under title 11 when, "even though it is not based on a right expressly created by title 11, it would have no existence outside of bankruptcy." *Id.* A civil proceeding "relates to" a case under title 11 when its resolution "affects the amount of property available for distribution or the allocation of property among creditors." *Buchanan v. Berman, Roberts & Kelly (In re Spaulding & Co.),* 131 B.R. 84, 88 (N.D. Ill. 1990), quoting *Home Ins. Co. v. Cooper & Cooper, Ltd.,* 889 F.2d 746, 749 (7th Cir. 1989). "The usual articulation of the test for determining whether a civil proceeding is related to a bankruptcy case is whether *the outcome of that proceeding could conceivably have any effect on the estate being administered in bankruptcy." Michigan Emp.*

Security Comm'n v. Wolverine Radio Co. (In re Wolverine Radio Co.), 930 F.3d 1132, 1142 (6th Cir. 1991), quoting *In re Pacor, Inc.,* 743 F.2d 984, 994 (3rd Cir. 1984) (emphasis in original).

The Complaint asks whether the Debtors hold a life estate in their residence and whether that interest is property of their bankruptcy estate. The Supreme Court has instructed that: "Property interests are created and defined under state law. Unless some federal question requires a different result, there is no reason why such interests should be analyzed differently simply because an interested party is involved in a bankruptcy proceeding." *Butner v. United States,* 440 U.S. 48, 55, 99 S. Ct. 914, 918 (1978). The ultimate question, however, is whether the Debtors' interest in their residence is property of their bankruptcy estate. This is a question of federal bankruptcy law. Property of the estate generally includes all legal and equitable interests of the debtor in property wherever located and by whomever held. 11 U.S.C. § 541(a)(1). The question of whether the Debtors' interest is property of the estate invokes the substantive right of creditors to share whatever non-exempt property a debtor holds at the time of filing. The Debtors maintain that the only interest they have is a beneficial interest in a "spendthrift trust" which is excluded from the bankruptcy estate as the result of section 541(c)(1) of the Bankruptcy Code. This defense invokes substantive rights which arise under title 11. The underlying state law issues relate to the bankruptcy case because the resolution of those issues could result in augmentation of the bankruptcy estate. Federal bankruptcy jurisdiction is present with respect to the Complaint.

Venue is proper in the Western District of Tennessee because this adversary proceeding relates to a bankruptcy case pending in the Western District of Tennessee. 28 U.S.C. § 1409(a).

Pursuant to authority granted to the district courts at 28 U.S.C. § 157(a), the United States District Court for the Western District of Tennessee has referred to the bankruptcy judges of this

district all cases arising under title 11 and all proceedings arising under title 11 or arising in or related to a case under title 11. *In re Jurisdiction and Proceedings Under the Bankruptcy Amendments Act of 1984*, Misc. No. 81-30 (W.D. Tenn. July 10, 1984). Pursuant to this order, this adversary proceeding and the related bankruptcy case have been referred to this bankruptcy court. Because the ultimate dispute arises under the Bankruptcy Code, the bankruptcy court has authority to issue a final order subject only to review under 28 U.S.C. § 158. *See* 28 U.S.C. § 157(b)(1).

SUMMARY JUDGMENT STANDARD

A motion for summary judgment may be granted if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(a), incorporated at Fed. R. Bankr. P. 7056. "'Summary judgment is proper if the evidence, taken in the light most favorable to the nonmoving party, shows that there are no genuine issues of material fact and that the moving party is entitled to judgment as a matter of law.'" *Pazdzierz v. First American Title Ins. Co. (In re Pazdzierz)*, 718 F.3d. 582, 586 (6th Cir. 2013), quoting *Mazur v. Young*, 507 F.3d 1013, 1016 (6th Cir. 2007). The Court of Appeals for the Sixth Circuit has described the standards for granting summary judgment as follows:

> A genuine issue of material fact exists when, "there is sufficient evidence favoring the nonmoving party for a jury to return a verdict for that party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986). In deciding whether this burden has been met by the movant, this court views the evidence in the light most favorable to the nonmoving party. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587, 106 S. Ct. 1348, 89 L. Ed. 2d 538 (1986). However, to survive summary judgment, the plaintiff must present affirmative evidence sufficient to show a genuine issue for trial. *Anderson*, 477 U.S. at 249, 106 S. Ct. 2505. Therefore, "[i]f evidence is merely colorable, or is not significantly probative, summary judgment may be granted." *Id.* at 249-50, 106 S. Ct. 2505.

White v. Wyndham Vacation Ownership, Inc., 617 F.3d 472, 475-76 (6th Cir. 2010). When cross-motions for summary judgment are filed, the court must consider each motion in turn to determine whether it may be granted. *Westfield Ins. Co. v. Tech Dry, Inc*., 336 F.3d 503, 506 (6th Cir. 2003); *Taft Broadcasting Co. v. U.S.*, 929 F.2d 240, 248 (6th Cir. 1991).

UNDISPUTED FACTS

The Plaintiff, Church Joint Venture ("Church JV"), is a creditor in the Chapter 7 bankruptcy case of Earl Benard Blasingame and Margaret Gooch Blasingame (the "Debtors"), which was filed August 15, 2008. Pursuant to an order entered September 16, 2015, the Plaintiff has been given derivative standing to pursue this action on behalf of the chapter 7 trustee, Edward L. Montedonico (the "Trustee"). Bankr. Dkt. 632. The Defendants consist of the Debtors and the Blasingame Family Residence Generation Skipping Trust (the "BFRGST"). The Debtors serve as co-trustees of the BFRGST.

In the early 1990s, the Debtors were indebted to a variety of lenders including Third National Bank of Nashville ("TNB"). Adv. Dkt. 31, William Henry Shackelford, Jr. Declaration, Ex. D. In late 1993, the indebtedness to TNB exceeded $4,000,000, which was secured by, among other things, a lien upon the Debtors' residence in Adamsville, Tennessee, and approximately 27 surrounding acres (the "Residence"). The obligation to TNB was in default. On November 18, 1993, TNB made clear that it would not refinance the Debtors' indebtedness and that it intended to foreclose its liens, including the lien on the Residence. Adv. Dkt. 31, Shackelford Declaration, ¶ 9; Ex. 2. On December 29, 1993, Joe R. Sadler, Vice-President of TNB, wrote a letter to Benard Blasingame confirming that TNB would release the lien on the Residence and adjacent 204 acres upon payment of $490,000, of which $440,000 would be applied to the indebtedness secured by the Residence, $40,000 would be applied to the

indebtedness secured by the 204 acres, and the remaining $10,000 would be applied to costs. Adv. Dkt. 31, Shackelford Declaration, ¶ 11; Ex. 3. On December 30, 1993, Mavoureen Blasingame wired $490,000 to TNB, which acknowledged receipt of the transfer on December 31, 1993. Adv. Dkt. 31, Shackelford Declaration, Exs. 6 and 7).

On December 31, 1993, the Debtors executed a Warranty Deed prepared by Shackelford transferring the Residence to "The Blasingame Family Residence Trust." Adv. Dkt. 31, Shackelford Declaration, Ex. 10. The Warranty Deed was recorded in McNairy County, Tennessee, later that day.

In the record is a Contract of Sale with respect to the Residence. The parties to the contract are the Debtors as individuals and the Debtors as Trustees of "The Blasingame Family Residence Generation Skipping Trust" (the "BFRGST"). Mavoureen Blasingame is not a party to the document. The Contract of Sale is dated December 31, 1993. Adv. Dkt. 31, Shackelford Declaration, Ex. 8.

In the record is a Promissory Note naming "The Blasingame Family Residence Generation Skipping Trust" as maker and Mavoureen Blasingame as payee in the principal amount of $460,000. The Promissory Note is dated December 31, 1993. Adv. Dkt. 31, Shackelford Declaration, Ex. 9.

In the record is a document titled "The Blasingame Family Residence Generation Skipping Trust" (the "Trust Agreement"), naming the Debtors as co-trustees. The Trust Agreement bears the signatures of Mavoureen Blasingame; the Debtors; and Joyce Long, the Debtors' bookkeeper, as notary. The Trust Agreement is dated December 30, 1993. Adv. Dkt. 31, Shackelford Declaration, Ex.5.

The Trust Agreement contains certain provisions concerning the Residence. Section 5(b) provides:

> (b) Special Provisions Concerning the Residence. One asset of this trust is the principal personal residence located at 337 South Maple, Adamsville, Tennessee ("Residence"). This asset shall be used as a personal residence for the following persons during their respective lifetimes as stated hereafter:
>
> (1) My son, E. Benard Blasingame and his wife, Margaret G. Blasingame shall be permitted to reside in the Residence for their life.
>
> (2) In the event of the death of E. Benard Blasingame and Margaret G. Blasingame, my granddaughter, Katherine G. Blasingame, if she is living, shall be permitted to reside in the Residence for her life.
>
> [There follow three additional subsections permitting relatives of the Debtors to live in the Residence for their lives.]

The Trust Agreement contains additional provisions concerning the Residence. Section 5(d)(1) provides:

> Special Provisions Regarding Son's Residence. If the survivor of my son, E. Benard Blasingame, and my daughter-in-law, Margaret G. Blasingame, dies at such time when there is a child of my son's who is less than twenty-one (21) years of age, and if at such time the trust owns the principal personal residence occupied by my said grandchild, then my daughter-in-law's sister, Grace G. Henley, her husband, Will Henley and their children, Rebecca and Sarah Henley shall be permitted to occupy said residence rent free until such time as there is no child of my son's who is less than twenty-one (21) years of age.
>
> [There follows another provision in the event that Grace Henley elects not to occupy the residence.]

The Trust Agreement provides to the Debtors a testamentary power of appointment, whereby they may by will appoint the income and corpus of the trust to their children and the spouses of their children, either outright or in trust, but not so as to benefit themselves, their estates, their creditors or the creditors of their estates. Trust Agreement, 5(c).

The Trust Agreement also contains "spendthrift provisions." Section 6 provides:

> Spendthrift Provisions. No part of any trust herein created, nor the income therefrom, is to be subject to execution or other legal process for any obligation of any beneficiary or subject to the claims of creditors of any beneficiaries in any manner, nor shall any beneficiary have the power to sell or mortgage or encumber same, or any part thereof, nor anticipate the same, or any part thereof, by assignment or otherwise.

Mavoureen Blasingame is now deceased and thus unavailable to give further explanation concerning her intentions with respect to the Trust Agreement.

The Plaintiff asserts that the Debtors hold a life estate in the Residence which is property of their bankruptcy estate and which may be sold for the benefit of their creditors. In support of its position, the Plaintiff relies upon the Warranty Deed, the Trust Agreement, and the expert opinion of A. Stephen McDaniel, attorney at law.

The Defendants maintain that the Residence is held by the BFRGST for the benefit of the Debtors and others pursuant to a spendthrift trust created according to Tennessee law. The Defendants also maintain that the Debtors' right to use the Residence during their lifetimes is not a life estate, but a mere "equitable possessory interest," which is not an interest in property, and thus not property of their bankruptcy estate. Adv. Dkt. 31, Defendants' Cross Motion, etc., p. 19. The Defendants rely upon the Warranty Deed, the Trust Agreement, and expert opinion of Bryan Howard, attorney at law.

CONCLUSIONS OF LAW

The limited question before the court is whether or not the Debtors hold a life estate in their Residence. The court concludes that, according to the Trust Agreement, the Debtors hold an equitable life estate in the Residence. At this time, the court expresses no opinion concerning the efficacy of the Warranty Deed to transfer legal title to the Debtors as trustees of the BFRGST and no opinion concerning the efficacy of the spendthrift provisions of the Trust Agreement.

Estates in land are generally created by conveyance or devise. An estate in fee simple absolute is the most common. It is freely alienable and devisable. At common law, it was created by conveyance to "A and his heirs," which indicated that the estate was heritable, meaning that upon the death of the grantee the estate would pass to his heirs. In contrast to the fee simple absolute, the life estate is a freehold estate not heritable. It is an estate that endures for the tenant's own life or for that of another person. *Harwell v. Harwell,* 151 Tenn. 587, 271 S.W. 353 (1925). Upon the end of the measuring life, the estate either reverts to the grantor or passes to the remainderman.

A trust exists where the legal interest in property is held by one person and an equitable interest in another. It is said to be "an equitable right, title, or interest in property, real or personal, distinct from the legal ownership." 2 Story, Eq. Jur. § 964, quoted in *Muldoon v. Trewhitt,* 38 S.W. 109, 112 (Tenn. Ct. Ch. App. 1896). A trust has been defined as "[a]n obligation arising out of a confidence reposed in a person to whom the legal title of property is conveyed, that he will faithfully apply the property according to the wishes of the creator of the trust." *Jackson v. Dobbs*, 154 Tenn. 602, 290 S.W. 402, 405 (1926), quoting Anderson's Law Dictionary. Under Tennessee law, "[a]t a minimum, there must be a grantor or settlor who intends to create a trust; a corpus (the subject property); a trustee; and a beneficiary. The trustee holds legal title in that sense, owns the property, holding it for the benefit of the beneficiary who owns the equitable title. While the grantor may retain either of these interests, no one may solely hold both as the purpose of separating the two would be defeated." *Myers v. Myers*, 891 S.W.2d 216, 218-19 (Tenn. Ct. App. 1994) (citations omitted). A trust may be created by transfer of property to another person as trustee, by declaration of the owner that the owner holds

identifiable property in trust, by the exercise of a power of appointment, or by a court pursuant to its statutory or equitable powers. Tenn. Code Ann. § 35-15-401.

A life estate may be either legal or equitable. A trust instrument that directs the trustee to permit the use of trust property by a beneficiary for life creates an equitable life estate. *See, e.g.*, *Green v. Green,* 90 U.S. 486, 1874 WL 17459 (1874); *Kay v. Connor,* 27 Tenn. 624, 1848 WL 1790 (1848); *Davis v. Williams,* 85 Tenn. 646, 4 S.W. 8 (1887); *Muldoon v. Trewhitt,* 38 S.W. 109 (Tenn. Ct. Ch. App. 1896). A legal life estate is created by deed or devise. An equitable life estate is created when property is transferred to a trustee for the use and benefit of another during the beneficiary's life or the life of another.

Thus, in the leading case of *Jourolman v Massengill*, a will provided:

> To my son, S.S. Massengill, I give all the remainder of my estate, both real and personal, charging him with the payment of all my just debts, and solemnly enjoining upon him to take care of and support his mother on the home farm, and to observe towards her in the future the same tenderness and affection which has so signally marked his conduct in the past. I also request of him that he will not sell the home tract of land, or any part thereof, but that he will keep it as a home for himself and those who are to come after him. I make no provision for my beloved wife except that she shall reside in the old family mansion with my son Sterling, feeling doubly confident that his kindness and generosity will amply supply all her wants.

Three years later, the testator added a codicil, which provided:

> My will is that all the property of every kind bequeathed to my son, S.S. Massengill, in the sixth clause of my will, be vested in Dr. John W. Thornburg, as trustee, for the use and benefit of my said son; and no part of the same is to be subject to execution, or other legal process, for any debt or liability he may have contracted, or may hereafter contract. Nor is he to sell the same, or any part thereof, but may use the rents and profits for his support and that of my wife, E.H. Massengill, but he shall have the right to dispose of the same by last will and testament.

Jourolman v. Massengill, 86 Tenn. 81, 5 S.W. 719, 720 (1887). The home property was sold at a sheriff's sale to satisfy the debts of the son to Jourolman as trustee for a number of execution

creditors. The son, Massengill, objected that he had less than absolute legal title. Jourolman argued that no duty was imposed upon Massengill in the will rendering the trust a dry trust and thus conveying to him the fee simple title. The court found that the intent of the testator was to provide for the support of his widow and his son, and that the limit of the devise to the son to support of himself and the widow out of the rents and profits of the property for the son's life was a purpose that could not be carried out without a trustee. If the testator had devised the rents and profits directly to his son for life, the son would have taken a life estate, a legal estate, subject to the claims of his creditors. The court explained "*the clear purpose of the testator was that the trustee should take such a title* as would prevent the merging of the legal title with the equitable life-estate; as would preserve the remainder estate for the appointees under the will of the beneficial owner for life; as would enable him to see that the rents and profits were applied to the support of the son and wife of the testator; as would prevent the alienation of any part of the *corpus* of the estate, and prevent the subjection of either *corpus* or rents by creditors of the son." *Id.* at 724. The court concluded that the duties incumbent upon the trustee to carry forward the intentions of the testator rendered the trust an active trust. *Id.* This rendered the life estate in the son an equitable one.

In this case, it appears that prior to December 30, 1993, the Debtors owned the Residence in fee simple absolute subject to a trust deed held by TNB. The following transactions appear to have occurred with respect to the Residence:

(1) Mavoureen Blasingame paid $480,000 to TNB on December 30, 1993.

(2) Mavoureen Blasingame executed the Trust Agreement dated December 30, 1993, naming Debtors as co-trustees for the benefit of Debtors and their issue and

certain contingent beneficiaries, and providing Debtors a limited testamentary power of appointment.

(3) TNB released its lien on December 31, 1993.

(4) Debtors entered into a contract with BFRGST for the sale of the Residence for $440,000 on December 31, 1993.

(5) BFRGST gave a note to Mavoureen Blasingame for $460,000 on December 31, 1993, which was to have been secured by a lien on the Residence.

(6) Debtors conveyed the Residence to "The Blasingame Family Residence Trust, … Grantee, its successors and assigns, forever" by Warranty Deed free of encumbrance on December 31, 1993.

(7) Mavoureen Blasingame forgave $100,000 of the indebtedness owed by the BFRGST on December 31, 1993.

(8) Mavoureen Blasingame forgave another $100,000 of the indebtedness owed by the BFRGST in January 1994.

(9) Mavoureen Blasingame forgave the remaining indebtedness of the BFRGST over the next three years. The Note was paid in full before the bankruptcy case was filed.

If all of these transactions are considered together, the effect is that Mavoureen Blasingame donated $440,000 to Debtors as trustees of the BFRGST. The Debtors conveyed the Residence to "The Blasingame Family Residence Trust." If this conveyance is treated as a conveyance to the Debtors as trustees of the BFRGST, then it was a conveyance in trust for the benefit of the Debtors and other beneficiaries of the BFRGST. Mavoureen Blasingame did not

give funds directly to the trustees of the BFRGST, however, but enabled the release of the lien and the purchase of the Residence through the payment to TNB.

It appears that Mavoureen Blasingame intended that the Debtors and any successor trustees hold the Residence in trust for the beneficiaries described in the Trust Agreement pursuant to the terms of that agreement. The Trust Agreement incorporates by reference the fiduciary powers enumerated in Tennessee Code Annotated section 35-50-110, among which is the power to buy and sell real and personal property. Trust Agreement, 9(a). This power is consistent with the fee simple absolute estate held by the trustees. The trustees' powers under the Trust Agreement are limited, however, by the special provisions concerning the Residence which permit certain persons to use the Residence during the lifetimes of Debtors or the minority of their children, whichever is greater. That limitation is best described as an equitable life estate.

In reaching this conclusion, the court has endeavored to ascertain the intent of Mavoureen Blasingame in creating this BFRGST from the Trust Agreement. Trust agreements are to be construed and interpreted as are contracts and deeds so as "to determine the intention of the settlor as evidenced by all the provisions of the instrument, giving no portion any greater emphasis than any other." *Marks v. Southern Trust Co.,* 203 Tenn. 200, 205, 310 S.W.2d 435, 438 (1958), citing *Russell v. Brown,* 195 Tenn. 482, 260 S.W.2d 257 (1953); *Hutchison v. Board,* 194 Tenn. 223, 250 S.W.2d 82 (1952). The Tennessee Supreme Court continues:

> In determining this intention we cannot follow any hard and fast rule but each case must be considered on its own bottom. The peculiar facts and circumstances and so forth, are considered to determine what is this intention. It is not necessarily so much the language that is used by the settlor as it is his or her evident intention which governs.
>
> One clause in the instrument which might come in conflict with another clause will not necessarily prevail over the other unless there is an evident and clear

> intention on the part of the maker that one clause should prevail over the other. We have of course for very obvious reasons long since abolished all technical rules of construction which were used at common law because it was felt that in construing these instruments that the intention of the maker was the primary purpose to be considered.

Marks, 203 Tenn. at 205-06, 310 S.W.2d at 438.

The record sheds light on Mavoureen Blasingame's intention with respect to the transactions that occurred on December 30-31, 1993. Mr. Shackelford testified that in the fall of 1993, Mavoureen Blasingame confronted him about the financial condition of various companies owned by the Blasingames. Adv. Dkt. 39, Ex. 4, Shackelford Depo., p. 30. He stated that he confirmed that the companies were in financial trouble and that she expressed a desire to help in order to protect her son and his wife and her grandchildren. Adv. Dkt. 39, Ex. 4, Shackelford Depo., pp. 30-31. Mr. James Gooch, an attorney that Benard and Mavoureen Blasingame consulted in Nashville, testified that he "suspect[s] that the house was an important asset and that Mrs. [Mavoureen] Blasingame wanted to be sure that if she put $480,000 over there and it was used to buy a house that her son could continue to live there." Adv. Dkt. 39, Ex. 2, Gooch Depo., p. 60.

The determination of the intention of Mavoureen Blasingame is somewhat complicated by the overlay of tax considerations. A memorandum prepared by Mr. Shackelford at or near the time of the creation of the trust affirms that the BFRGST "was established in December 1993 and the assets purchased. Benard's mother, Ms. Mavoureen financed the acquisition with a $460,000 loan that was used to purchase the property and to finance the closing costs. … Therefore, to avoid gift tax ramifications, Ms. [Mavoureen] Blasingame has loaned the trust $460,000 evidenced by a demand note and secured by a deed of trust. … It is her plan to make

annual gifts of $10,000 per beneficiary of the trust for so long as she lives to reduce the interest and principal on the note." Adv. Dkt. 31, Ex. 11, Shackelford Declaration.

If tax ramifications had not been a consideration, it may be supposed that Mavoureen Blasingame would have purchased the Residence from Debtors in an amount sufficient to satisfy TNB and then conveyed the Residence to Debtors as trustees subject to the terms of the Trust Agreement. In the alternative, Mavoureen Blasingame might have contributed $460,000 to Debtors as trustees with the understanding that those funds would be used to purchase the Residence and satisfy the loan from TNB. She was prevented from these direct transactions by her concern that the entire amount needed to satisfy the lien of TNB not be treated as an outright gift to Debtors.

Church JV argues that the court's prior comments in connection with the ruling on the entitlement of the Debtors to discharge constitutes the law of the case, which the Defendants are estopped from challenging. The language of the court was as follows:

> The Debtors hold a life estate in real property consisting of a residence and 27 acres located on South Maple Street, Adamsville, Tennessee, insured for a value of $1,706,000, as beneficiaries of the Blasingame Family Residence Generation Skipping Trust, for which they serve as co-trustees.

Memorandum Opinion, *Church Joint Venture v. Blasingame (In re Blasingame),* Ch. 7 Case No. 08-28289-L, Adv. No. 09-00482, slip op. at 3 (Bankr. W.D. Tenn. January 15, 2015). This language is consistent with the present finding that, according to the Trust Agreement, the Debtors hold an equitable life estate. The court said that the Debtors hold a life estate as beneficiaries of the BFRGST. As beneficiaries, they hold a beneficial or *equitable* life estate. This interest is distinct from a legal life estate, which is created by conveyance, not by limitation in the context of a trust agreement.

CONCLUSION

The parties have submitted to the court the limited question of whether the Debtors hold a life estate with respect to the Residence. The court concludes that the Debtors hold an equitable life estate pursuant to the terms of the Trust Agreement. Partial summary judgment is **DENIED** to the Plaintiff insofar as it asserted that the Debtors hold a legal life estate. Partial summary judgment is **GRANTED** to the Defendants insofar as they asserted that the Debtors hold an equitable interest in the Residence.

cc: Debtors
Attorneys for Debtors
Plaintiff
Attorneys for Plaintiff
Defendants
Attorneys for Defendants
Chapter 7 Trustee