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 Lumber Co.,* 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

BFP *v.* RESOLUTION TRUST CORPORATION, AS RECEIVER OF IMPERIAL FEDERAL SAVINGS ASSOCIATION, ET AL.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

No. 92–1370. Argued December 7, 1993—Decided May 23, 1994

Petitioner BFP took title to a California home subject to, *inter alia,* a deed of trust in favor of Imperial Savings Association. After Imperial entered a notice of default because its loan was not being serviced, the home was purchased by respondent Osborne for $433,000 at a properly noticed foreclosure sale. BFP soon petitioned for bankruptcy and, acting as a debtor in possession, filed a complaint to set aside the sale to Osborne as a fraudulent transfer, claiming that the home was worth over $725,000 when sold and thus was not exchanged for a ``reasonably equivalent value'' under 11 U. S. C. §548(a)(2). The bankruptcy court granted summary judgment to Imperial. The District Court affirmed the dismissal, and a bankruptcy appellate panel affirmed the judgment, holding that consideration received in a noncollusive and regularly conducted nonjudicial foreclosure sale establishes ``reasonably equivalent value'' as a matter of law. The Court of Appeals affirmed.

Held: A ``reasonably equivalent value'' for foreclosed real property is the price in fact received at the foreclosure sale, so long as all the requirements of the State's foreclosure law have been complied with. Pp. 3–18.

(a) Contrary to the positions taken by some Courts of Appeals, fair market value is not necessarily the benchmark against which determination of reasonably equivalent value is to be measured. It may be presumed that Congress acted intentionally when it used the term ``fair market value'' elsewhere in the Bankruptcy Code but not in §548, particularly when the omission entails replacing standard legal terminology

with a neologism. Moreover, fair market value presumes market conditions that, by definition, do not obtain in the forced-sale context, since property sold within the time and manner strictures of state-prescribed foreclosure is simply worth less than property sold without such restrictions. ``Reasonably equivalent value'' also cannot be read to mean a ``reasonable'' or ``fair'' forced-sale price, such as a percentage of fair market value. To specify a federal minimum sale price beyond what state foreclosure law requires would extend bankruptcy law well beyond the traditional field of fraudulent transfers and upset the coexistence that fraudulent transfer law and foreclosure law have enjoyed for over 400 years. While, under fraudulent transfer law, a ``grossly inadequate price'' raises a rebuttable presumption of actual fraudulent intent, it is black letter foreclosure law that, when a State's procedures are followed, the mere inadequacy of a foreclosure sale price is no basis for setting the sale aside. Absent clearer textual guidance than the phrase ``reasonably equivalent value''—a phrase entirely compatible with pre-existing practice—the Court will not presume that Congress intended to displace traditional state regulation with an interpretation that would profoundly affect the important state interest in the security and stability of title to real property. Pp. 3–14.

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(b) The conclusion reached here does not render §548(a)(2) superfluous. The ``reasonably equivalent value'' criterion will continue to have independent meaning outside the foreclosure context, and §548(a)(2) will continue to be an exclusive means of invalidating foreclosure sales that, while not intentionally fraudulent, nevertheless fail to comply with all governing state laws. Pp. 14–15.

974 F. 2d 1144, affirmed.

SCALIA, J., delivered the opinion of the Court, in which REHNQUIST, C. J., and O'CONNOR, KENNEDY, and THOMAS, JJ., joined. SOUTER, J., filed a dissenting opinion, in which BLACKMUN, STEVENS, and GINSBURG, JJ., joined.