Article 5.

Rights of Power Holder's Creditors in Appointive Property.

§ 31D-5-501. Creditor claim; general power created by power holder.

(a) In this section, "power of appointment created by the power holder" includes a power of appointment created in a transfer by another person to the extent the power holder contributed value to the transfer.

(b) Appointive property subject to a general power of appointment created by the power holder is subject to a claim of a creditor of the power holder or of the power holder's estate to the extent provided in the Uniform Voidable Transactions Act, Article 3A of Chapter 39 of the General Statutes.

(c) Subject to subsection (b) of this section, appointive property subject to a general power of appointment created by the power holder is not subject to a claim of a creditor of the power holder or the power holder's estate to the extent the power holder irrevocably appointed the property in favor of a person other than the power holder or the power holder's estate.

(d) Subject to subsections (b) and (c) of this section, and notwithstanding the presence of a spendthrift provision or whether the claim arose before or after the creation of the power of appointment, appointive property subject to a general power of appointment created by the power holder is subject to a claim of a creditor of:

(1) The power holder, to the same extent as if the power holder owned the appointive property, if the power is presently exercisable.

(2) The power holder's estate, to the extent that the estate is insufficient to satisfy the claim and subject to the right of a decedent to direct the source from which liabilities are paid, if the power is exercisable at the power holder's death. (2015-205, s. 3(a).)

§ 31D-5-502. Creditor claim; general power not created by power holder.

(a) Except as otherwise provided in subsection (b) of this section, and only when and to the extent that the power holder exercises the power, appointive property subject to a general power of appointment created by a person other than the power holder is subject to a claim of a creditor of:

(1) The power holder, to the extent the power holder's property is insufficient, if the power is presently exercisable.

(2) The power holder's estate, to the extent the estate is insufficient, subject to the right of a decedent to direct the source from which liabilities are paid.

(b) Subject to the provisions of G.S. 31D-5-504(c), a power of appointment created by a person other than the power holder which is subject to an ascertainable standard relating to an individual's health, education, support, or maintenance within the meaning of section 2041(b)(1)(A) or section 2514(c)(1) of the Internal Revenue Code, as amended, is treated for purposes of this Article as a nongeneral power. (2015-205, s. 3(a).)

§ 31D-5-503. Power to withdraw.

(a) For purposes of this Article, a power to withdraw property from a trust is treated as a presently exercisable general power of appointment to the extent of the property subject to the power to withdraw.
(b) The lapse, release, or waiver of a power to withdraw property from a trust shall not be deemed to be an exercise of the power. (2015-205, s. 3(a).)

§ 31D-5-504. Creditor claim; nongeneral power.
(a) Except as otherwise provided in subsections (b) and (c) of this section, appointive property subject to a nongeneral power of appointment is exempt from a claim of a creditor of the power holder or the power holder's estate.
(b) Appointive property subject to a nongeneral power of appointment is subject to a claim of a creditor of the power holder or the power holder's estate to the extent that the power holder owned the property and, reserving the nongeneral power, transferred the property in violation of the Uniform Voidable Transactions Act, Article 3A of Chapter 39 of the General Statutes.
(c) If the initial gift in default of appointment is to the power holder or the power holder's estate, a nongeneral power of appointment is treated for purposes of this Article as a general power. (2015-205, s. 3(a).)

§ 31D-5-505. Requisites of release as against creditors and purchasers for value.
No release of a power of appointment after March 8, 1943, which is made by the owner of the legal title to real property in this State shall be valid as against creditors and purchasers for a valuable consideration until an instrument in writing setting forth the release is executed and acknowledged in the manner required for a deed and recorded in the county where the real property is. (1943, c. 665, s. 3; 2017-102, s. 13(b); 2017-212, s. 8.4(a).)