

15-512. RENTAL PROPERTY.

TO THE EXTENT THAT A TRUSTEE ACCOUNTS FOR RECEIPTS FROM RENTAL PROPERTY PURSUANT TO THIS SECTION, THE TRUSTEE SHALL ALLOCATE TO INCOME AN AMOUNT RECEIVED AS RENT OF REAL OR PERSONAL PROPERTY, INCLUDING AN AMOUNT RECEIVED FOR CANCELLATION OR RENEWAL OF A LEASE. AN AMOUNT RECEIVED AS A REFUNDABLE DEPOSIT, INCLUDING A SECURITY DEPOSIT OR A DEPOSIT THAT IS TO BE APPLIED AS RENT FOR FUTURE PERIODS, MUST BE ADDED TO PRINCIPAL AND HELD SUBJECT TO THE TERMS OF THE LEASE AND IS NOT AVAILABLE FOR DISTRIBUTION TO A BENEFICIARY UNTIL THE TRUSTEE'S CONTRACTUAL OBLIGATIONS HAVE BEEN SATISFIED WITH RESPECT TO THAT AMOUNT.

15-513. OBLIGATION TO PAY MONEY.

(A) AN AMOUNT RECEIVED AS INTEREST, WHETHER DETERMINED AT A FIXED, VARIABLE, OR FLOATING RATE, ON AN OBLIGATION TO PAY MONEY TO THE TRUSTEE, INCLUDING AN AMOUNT RECEIVED AS CONSIDERATION FOR PREPAYING PRINCIPAL, MUST BE ALLOCATED TO INCOME WITHOUT ANY PROVISION FOR AMORTIZATION OF PREMIUM.

(B) A TRUSTEE SHALL ALLOCATE TO PRINCIPAL AN AMOUNT RECEIVED FROM THE SALE, REDEMPTION, OR OTHER DISPOSITION OF AN OBLIGATION TO PAY MONEY TO THE TRUSTEE MORE THAN 1 YEAR AFTER IT IS PURCHASED OR ACQUIRED BY THE TRUSTEE, INCLUDING AN OBLIGATION WHOSE PURCHASE PRICE OR VALUE WHEN IT IS ACQUIRED IS LESS THAN ITS VALUE AT MATURITY. IF THE OBLIGATION MATURES WITHIN 1 YEAR AFTER IT IS PURCHASED OR ACQUIRED BY THE TRUSTEE, AN AMOUNT RECEIVED IN EXCESS OF ITS PURCHASE PRICE OR ITS VALUE WHEN ACQUIRED BY THE TRUST MUST BE ALLOCATED TO INCOME.

(C) THIS SECTION DOES NOT APPLY TO AN OBLIGATION TO WHICH § 15-516, § 15-517, § 15-518, § 15-519, § 15-521, OR § 15-522 OF THIS SUBTITLE APPLIES.

15-514. INSURANCE POLICIES AND SIMILAR CONTRACTS.

(A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (B) OF THIS SECTION, A TRUSTEE SHALL ALLOCATE TO PRINCIPAL THE PROCEEDS OF A LIFE INSURANCE POLICY OR OTHER CONTRACT IN WHICH THE TRUST OR ITS TRUSTEE IS NAMED AS BENEFICIARY, INCLUDING A CONTRACT THAT INSURES THE TRUST OR ITS TRUSTEE AGAINST LOSS FOR DAMAGE TO, DESTRUCTION OF, OR LOSS OF TITLE TO A TRUST ASSET. THE TRUSTEE SHALL ALLOCATE DIVIDENDS ON AN INSURANCE POLICY TO INCOME IF THE PREMIUMS ON THE POLICY ARE PAID FROM INCOME, AND TO PRINCIPAL IF THE PREMIUMS ARE PAID FROM PRINCIPAL.

(B) A TRUSTEE SHALL ALLOCATE TO INCOME PROCEEDS OF A CONTRACT THAT INSURES THE TRUSTEE AGAINST LOSS OF OCCUPANCY OR OTHER USE BY AN INCOME BENEFICIARY, LOSS OF INCOME, OR, SUBJECT TO § 15-510 OF THIS SUBTITLE, LOSS OF PROFITS FROM A BUSINESS.

(C) THIS SECTION DOES NOT APPLY TO A CONTRACT TO WHICH § 15-516 OF THIS SUBTITLE APPLIES.