District Court MAR 06 2020 for the Northern Mariana Islands By_ (Deputy Clerk) IN THE UNITED STATES DISTRICT COURT

FILED Clerk

FOR THE NORTHERN MARIANA ISLANDS

IN RE: LOCAL RULES ADOPTING SMALL BUSINESS REORGANIZATION ACT GENERAL ORDER NO. 20-00001

I. Adoption of SBRA Interim Rules

On August 23, 2019, the Small Business Reorganization Act of 2019 (the SBRA) was enacted into law. The SBRA makes many substantive and procedural changes to the Bankruptcy Code and requires changes to the Federal Rules of Bankruptcy Procedure to implement those changes. However, the February 19, 2020 effective date of the SBRA occurs long before the Bankruptcy Rules can be amended under the three-year process required by the Rules Enabling Act. Accordingly, the Advisory Committee on Bankruptcy Rules (the Advisory Committee) drafted, published for comment, and subsequently approved interim bankruptcy rules (the Interim Rules) for distribution to the courts. The Committee on Rules of Practice and Procedure approved the Interim Rules, and the Judicial Conference authorized distribution of the Interim Rules to courts for adoption locally to facilitate uniform implementation of the changes mandated by the SBRA.

NOW THEREFORE, pursuant to 28 U.S.C. § 2071, Rule 83 of the Federal Rules of Civil Procedure, and Rule 9029 of the Federal Rules of Bankruptcy Procedure, the Interim

Rules attached as Exhibit A are adopted in their entirety without change by this court. For cases and proceedings not governed by the SBRA, the Federal Rules of Bankruptcy Procedure and the Local Rules of this Court, other than the Interim Rules, shall apply. The Interim Rules shall remain in effect until further order of the Court.

II. Adoption of Amended LBR 3003-1

Rule 3003 of the Federal Rules of Bankruptcy Procedure provides that in a chapter 11 reorganization case, "[t]he court shall fix and for cause shown may extend the time within which proofs of claim or interest may be filed." LBR 3003-1 – Chapter 11 Claims Bar Date is amended to fix the time for filing a proof of claim by adding: "In a chapter 11 case under subchapter V, a proof of claim is timely filed if it is filed not later than 70 days after the order for relief under that chapter or the date of the order of conversion to a case under subchapter V of chapter 11." *See* Exhibit B.

SO ORDERED this 6th day of March, 2020.

RAMONA V. MANGLONA Chief Judge

INTERIM AMENDMENTS TO THE FEDERAL RULES OF BANKRUPTCY PROCEDURE¹

1	Rule 1007. Lists, Schedules, Statements, and Other
2	Documents; Time Limits
3	* * * *
4	(b) SCHEDULES, STATEMENTS, AND OTHER
5	DOCUMENTS REQUIRED.
6	* * * *
7	(5) An individual debtor in a chapter 11 case
8	(unless under subchapter V) shall file a statement of
9	current monthly income, prepared as prescribed by
10	the appropriate Official Form.
11	* * * *

¹ These interim bankruptcy rules (the Interim Rules) have been prepared by the Advisory Committee on Bankruptcy Rules and approved by the Judicial Conference of the United States to be adopted as local rules by the Bankruptcy Courts to implement the procedural and substantive changes to the Bankruptcy Code made by the Small Business Reorganization Act of 2019. The Interim Rules will be withdrawn after similar amendments can made to the Rules of Bankruptcy Procedure under the normal Rules Enabling Act process.

(h) INTERESTS ACQUIRED OR ARISING 12 13 AFTER PETITION. If, as provided by \S 541(a)(5) of the 14 Code, the debtor acquires or becomes entitled to acquire any 15 interest in property, the debtor shall within 14 days after the 16 information comes to the debtor's knowledge or within such 17 further time the court may allow, file a supplemental 18 schedule in the chapter 7 liquidation case, chapter 11 19 reorganization case, chapter 12 family farmer's debt 20 adjustment case, or chapter 13 individual debt adjustment 21 case. If any of the property required to be reported under 22 this subdivision is claimed by the debtor as exempt, the 23 debtor shall claim the exemptions in the supplemental 24 This duty to file a supplemental schedule schedule. 25 continues even after the case is closed, except for property 26 acquired after an order is entered:

27 (1) confirming a chapter 11 plan (other than one28 confirmed under § 1191(b)); or

29	(2) discharging the debtor in a chapter 12 case, a
30	chapter 13 case, or a case under subchapter V of
31	chapter 11 in which the plan is confirmed under
32	§ 1191(b).
33	* * * *

1 Rule 1020. Chapter 11 Reorganization Case for Small

2 Business Debtors

3 (a) SMALL BUSINESS DEBTOR 4 DESIGNATION. In a voluntary chapter 11 case, the debtor 5 shall state in the petition whether the debtor is a small 6 business debtor and, if so, whether the debtor elects to have 7 subchapter V of chapter 11 apply. In an involuntary chapter 8 11 case, the debtor shall file within 14 days after entry of the 9 order for relief a statement as to whether the debtor is a small 10 business debtor and, if so, whether the debtor elects to have 11 subchapter V of chapter 11 apply. The status of the case as 12 a small business case or a case under subchapter V of chapter 13 11 shall be in accordance with the debtor's statement under 14 this subdivision, unless and until the court enters an order 15 finding that the debtor's statement is incorrect.

(b) OBJECTING TO DESIGNATION. The United
States trustee or a party in interest may file an objection to
the debtor's statement under subdivision (a) no later than 30

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19	days after the conclusion of the meeting of creditors held
20	under § 341(a) of the Code, or within 30 days after any
21	amendment to the statement, whichever is later.

22 PROCEDURE FOR OBJECTION OR (c) DETERMINATION. Any objection or request for a 23 24 determination under this rule shall be governed by Rule 9014 25 and served on: the debtor; the debtor's attorney; the United States trustee; the trustee; the creditors included on the list 26 filed under Rule 1007(d) or, if a committee has been 27 appointed under § 1102(a)(3), the committee or its 28 authorized agent and any other entity as the court directs. 29

2009. 1 Rule Trustees for Estates When Joint 2 **Administration Ordered**

3 (a) ELECTION OF SINGLE TRUSTEE FOR 4 ESTATES BEING JOINTLY ADMINISTERED. If the 5 court orders a joint administration of two or more estates 6 under Rule 1015(b), creditors may elect a single trustee for 7 the estates being jointly administered, unless the case is 8 under subchapter V of chapter 7 or subchapter V of chapter 9 11 of the Code.

10 (b) RIGHT OF CREDITORS TO ELECT 11 SEPARATE TRUSTEE. Notwithstanding entry of an order 12 for joint administration under Rule 1015(b), the creditors of any debtor may elect a separate trustee for the estate of the 13 14 debtor as provided in § 702 of the Code, unless the case is 15 under subchapter V of chapter 7 or subchapter V of chapter 16 11.

17 (c) APPOINTMENT OF TRUSTEES FOR 18 ESTATES BEING JOINTLY ADMINISTERED.

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19	* * * *
20	(2) Chapter 11 Reorganization Cases. If the
21	appointment of a trustee is ordered or is required by
22	the Code, the United States trustee may appoint one
23	or more trustees for estates being jointly
24	administered in chapter 11 cases.
25	* * * *

1 Rule 2012. Substitution of Trustee or Successor

2 Trustee; Accounting

(a) TRUSTEE. If a trustee is appointed in a chapter
11 case (other than under subchapter V), or the debtor is
removed as debtor in possession in a chapter 12 case or in a
case under subchapter V of chapter 11, the trustee is
substituted automatically for the debtor in possession as a
party in any pending action, proceeding, or matter.

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1	Rule 2015. Duty to Keep Records, Make Reports, and
2	Give Notice of Case or Change of Status
3	(a) TRUSTEE OR DEBTOR IN POSSESSION. A
4	trustee or debtor in possession shall:
5	(1) in a chapter 7 liquidation case and, if the
6	court directs, in a chapter 11 reorganization case
7	(other than under subchapter V), file and transmit to
8	the United States trustee a complete inventory of the
9	property of the debtor within 30 days after qualifying
10	as a trustee or debtor in possession, unless such an
11	inventory has already been filed;
12	(2) keep a record of receipts and the
13	disposition of money and property received;
14	(3) file the reports and summaries required by
15	§ 704(a)(8) of the Code, which shall include a
16	statement, if payments are made to employees, of the
17	amounts of deductions for all taxes required to be

18 withheld or paid for and in behalf of employees and 19 the place where these amounts are deposited; 20 (4) possible after the as soon as 21 commencement of the case, give notice of the case to 22 every entity known to be holding money or property 23 subject to withdrawal or order of the debtor, 24 including every bank, savings or building and loan 25 association, public utility company, and landlord 26 with whom the debtor has a deposit, and to every 27 insurance company which has issued a policy having 28 a cash surrender value payable to the debtor, except 29 that notice need not be given to any entity who has 30 knowledge or has previously been notified of the 31 case; 32 (5) in a chapter 11 reorganization case (other 33 than under subchapter V), on or before the last day 34 of the month after each calendar quarter during

which there is a duty to pay fees under 28 U.S.C.

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36	§ 1930(a)(6), file and transmit to the United States
37	trustee a statement of any disbursements made
38	during that quarter and of any fees payable under 28
39	U.S.C. § 1930(a)(6) for that quarter; and
40	(6) in a chapter 11 small business case, unless
41	the court, for cause, sets another reporting interval,
42	file and transmit to the United States trustee for each
43	calendar month after the order for relief, on the
44	appropriate Official Form, the report required by
45	§ 308. If the order for relief is within the first 15 days
46	of a calendar month, a report shall be filed for the
47	portion of the month that follows the order for relief.
48	If the order for relief is after the 15th day of a
49	calendar month, the period for the remainder of the
50	month shall be included in the report for the next
51	calendar month. Each report shall be filed no later
52	than 21 days after the last day of the calendar month
53	following the month covered by the report. The

54 obligation to file reports under this subparagraph 55 terminates on the effective date of the plan, or 56 conversion or dismissal of the case. 57 (b) TRUSTEE, DEBTOR IN POSSESSION, AND 58 DEBTOR IN A CASE UNDER SUBCHAPTER V OF 59 CHAPTER 11. In a case under subchapter V of chapter 11, the debtor in possession shall perform the duties prescribed 60 in (a)(2)–(4) and, if the court directs, shall file and transmit 61 62 to the United States trustee a complete inventory of the 63 debtor's property within the time fixed by the court. If the 64 debtor is removed as debtor in possession, the trustee shall 65 perform the duties of the debtor in possession prescribed in 66 this subdivision (b). The debtor shall perform the duties

67 prescribed in (a)(6).

(c) CHAPTER 12 TRUSTEE AND DEBTOR IN
POSSESSION. In a chapter 12 family farmer's debt
adjustment case, the debtor in possession shall perform the
duties prescribed in clauses (2)–(4) of subdivision (a) of this

72	rule and, if the court directs, shall file and transmit to the
73	United States trustee a complete inventory of the property of
74	the debtor within the time fixed by the court. If the debtor is
75	removed as debtor in possession, the trustee shall perform
76	the duties of the debtor in possession prescribed in this
77	subdivision (c).
78	(d) CHAPTER 13 TRUSTEE AND
79	DEBTOR.
80	(1) Business Cases. In a chapter 13
81	individual's debt adjustment case, when the debtor is
82	engaged in business, the debtor shall perform the
83	duties prescribed by clauses (2)-(4) of subdivision
84	(a) of this rule and, if the court directs, shall file and
85	transmit to the United States trustee a complete
86	inventory of the property of the debtor within the
87	time fixed by the court.
88	(2) Nonbusiness Cases. In a chapter 13

89 individual's debt adjustment case, when the debtor is 90 not engaged in business, the trustee shall perform the
91 duties prescribed by clause (2) of subdivision (a) of
92 this rule.

(e) FOREIGN REPRESENTATIVE. In a case in
which the court has granted recognition of a foreign
proceeding under chapter 15, the foreign representative shall
file any notice required under § 1518 of the Code within 14
days after the date when the representative becomes aware
of the subsequent information.

99 (f) TRANSMISSION OF REPORTS. In a chapter 100 11 case the court may direct that copies or summaries of 101 annual reports and copies or summaries of other reports shall be mailed to the creditors, equity security holders, and 102 103 indenture trustees. The court may also direct the publication 104 of summaries of any such reports. A copy of every report or 105 summary mailed or published pursuant to this subdivision 106 shall be transmitted to the United States trustee.

1	Rule 3010. Small Dividends and Payments in Cases
2	Under Chapter 7, Subchapter V of Chapter 11, Chapter
3	12, and Chapter 13
4	* * * *
5	(b) CASES UNDER SUBCHAPTER V OF
6	CHAPTER 11, CHAPTER 12, AND CHAPTER 13. In a
7	case under subchapter V of chapter 11, chapter 12, or chapter
8	13, no payment in an amount less than \$15 shall be
9	distributed by the trustee to any creditor unless authorized
10	by local rule or order of the court. Funds not distributed
11	because of this subdivision shall accumulate and shall be
12	paid whenever the accumulation aggregates \$15. Any funds
13	remaining shall be distributed with the final payment.

Rule 3011. Unclaimed Funds in Cases Under Chapter 7,
 Subchapter V of Chapter 11, Chapter 12, and Chapter
 13

The trustee shall file a list of all known names and addresses of the entities and the amounts which they are entitled to be paid from remaining property of the estate that is paid into court pursuant to § 347(a) of the Code. Rule 3014. Election Under § 1111(b) by Secured
 Creditor in Chapter 9 Municipality or Chapter 11
 Reorganization Case

4 An election of application of \S 1111(b)(2) of the 5 Code by a class of secured creditors in a chapter 9 or 11 case 6 may be made at any time prior to the conclusion of the 7 hearing on the disclosure statement or within such later time 8 as the court may fix. If the disclosure statement is 9 conditionally approved pursuant to Rule 3017.1, and a final 10 hearing on the disclosure statement is not held, the election 11 of application of \S 1111(b)(2) may be made not later than the 12 date fixed pursuant to Rule 3017.1(a)(2) or another date the court may fix. In a case under subchapter V of chapter 11 in 13 14 which § 1125 of the Code does not apply, the election may 15 be made not later than a date the court may fix. The election shall be in writing and signed unless made at the hearing on 16 17 the disclosure statement. The election, if made by the

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- 18 majorities required by § 1111(b)(1)(A)(i), shall be binding
- 19 on all members of the class with respect to the plan.

Rule 3016. Filing of Plan and Disclosure Statement in a
 Chapter 9 Municipality or Chapter 11 Reorganization
 Case

4 (a) IDENTIFICATION OF PLAN. Every proposed
5 plan and any modification thereof shall be dated and, in a
6 chapter 11 case, identified with the name of the entity or
7 entities submitting or filing it.

8 (b) DISCLOSURE STATEMENT. In a chapter 9 or 9 11 case, a disclosure statement, if required under § 1125 of 10 the Code, or evidence showing compliance with § 1126(b) 11 shall be filed with the plan or within a time fixed by the 12 court, unless the plan is intended to provide adequate information under § 1125(f)(1). If the plan is intended to 13 14 provide adequate information under § 1125(f)(1), it shall be 15 so designated, and Rule 3017.1 shall apply as if the plan is a 16 disclosure statement.

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18	(d) STANDARD FORM SMALL BUSINESS
19	DISCLOSURE STATEMENT AND PLAN. In a small
20	business case or a case under subchapter V of chapter 11, the
21	court may approve a disclosure statement and may confirm
22	a plan that conform substantially to the appropriate Official
23	Forms or other standard forms approved by the court.

1	Rule 3017.1. Court Consideration of Disclosure
2	Statement in a Small Business Case or in a Case Under
3	Subchapter V of Chapter 11
4	(a) CONDITIONAL APPROVAL OF
5	DISCLOSURE STATEMENT. In a small business case or
6	in a case under subchapter V of chapter 11 in which the court
7	has ordered that § 1125 applies, the court may, on
8	application of the plan proponent or on its own initiative,
9	conditionally approve a disclosure statement filed in
10	accordance with Rule 3016. On or before conditional
11	approval of the disclosure statement, the court shall:
12	(1) fix a time within which the holders of claims and
13	interests may accept or reject the plan;
14	(2) fix a time for filing objections to the disclosure
15	statement;
16	(3) fix a date for the hearing on final approval of the
17	disclosure statement to be held if a timely objection
18	is filed; and

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- 19 (4) fix a date for the hearing on confirmation.
- 20 ****

1	Rule 3017.2. Fixing of Dates by the Court in Subchapter
2	V Cases in Which There Is No Disclosure Statement
3	In a case under subchapter V of chapter 11 in which
4	§ 1125 does not apply, the court shall:
5	(a) fix a time within which the holders of claims
6	and interests may accept or reject the plan;
7	(b) fix a date on which an equity security holder
8	or creditor whose claim is based on a security must
9	be the holder of record of the security in order to be
10	eligible to accept or reject the plan;
11	(c) fix a date for the hearing on confirmation; and
12	(d) fix a date for transmission of the plan, notice
13	of the time within which the holders of claims and
14	interests may accept or reject the plan, and notice of
15	the date for the hearing on confirmation.

1 Rule 3018. Acceptance or Rejection of Plan in a Chapter 2 9 Municipality or a Chapter 11 Reorganization Case 3 ENTITIES ENTITLED TO ACCEPT OR (a) 4 REJECT PLAN; TIME FOR ACCEPTANCE OR 5 REJECTION. A plan may be accepted or rejected in 6 accordance with § 1126 of the Code within the time fixed by 7 the court pursuant to Rule 3017, 3017.1, or 3017.2. Subject 8 to subdivision (b) of this rule, an equity security holder or 9 creditor whose claim is based on a security of record shall 10 not be entitled to accept or reject a plan unless the equity security holder or creditor is the holder of record of the 11 12 security on the date the order approving the disclosure 13 statement is entered or on another date fixed by the court 14 under Rule 3017.2, or fixed for cause after notice and a 15 hearing. For cause shown, the court after notice and hearing may permit a creditor or equity security holder to change or 16 17 withdraw an acceptance or rejection. Notwithstanding 18 objection to a claim or interest, the court after notice and

hearing may temporarily allow the claim or interest in an
amount which the court deems proper for the purpose of
accepting or rejecting a plan.

1	Rule 3019. Modification of Accepted Plan in a Chapter
2	9 Municipality or a Chapter 11 Reorganization Case
3	* * * *
4	(b) MODIFICATION OF PLAN AFTER
5	CONFIRMATION IN INDIVIDUAL DEBTOR CASE. If
6	the debtor is an individual, a request to modify the plan under
7	§ 1127(e) of the Code is governed by Rule 9014. The request
8	shall identify the proponent and shall be filed together with
9	the proposed modification. The clerk, or some other person
10	as the court may direct, shall give the debtor, the trustee, and
11	all creditors not less than 21 days' notice by mail of the time
12	fixed to file objections and, if an objection is filed, the
13	hearing to consider the proposed modification, unless the
14	court orders otherwise with respect to creditors who are not
15	affected by the proposed modification. A copy of the notice
16	shall be transmitted to the United States trustee, together
17	with a copy of the proposed modification. Any objection to
18	the proposed modification shall be filed and served on the

19	debtor, the proponent of the modification, the trustee, and
20	any other entity designated by the court, and shall be
21	transmitted to the United States trustee.
22	(c) MODIFICATION OF PLAN AFTER
23	CONFIRMATION IN A SUBCHAPTER V CASE. In a
24	case under subchapter V of chapter 11, a request to modify
25	the plan under § 1193(b) or (c) of the Code is governed by
26	Rule 9014, and the provisions of this Rule 3019(b) apply.

LBR 3003-1. Chapter 11 Claims Bar Date

Unless the court orders otherwise, proofs of claim or interest required to be filed in a chapter 11 case under Bankruptcy Rule 3003 must be filed within 90 days after the first date set for the meeting of creditors called under § 341. In a <u>chapter 11 case under subchapter V, a proof of claim is timely filed if it is filed not</u> <u>later than 70 days after the order for relief under that chapter or the date of the</u> <u>order of conversion to a case under subchapter V of chapter 11.</u>