

## **Rule 6004-1**

### **Sale of Estate Property**

#### **(a) Sale of Property Not in the Ordinary Course of Business.**

**(1) Motion/Notice of Proposed Sale of Property (Subject to Liens or Free and Clear of Liens).** When proposing to sell property other than in the ordinary course of business, the proponent of the sale must give notice in accordance with Fed. R. Bankr. P. 2002(a)(2), 2002(c)(1) and 6004(c), and must file a Certificate of Service with the Clerk.

**(2) Scope and Content of Notice.** The motion/notice must include the time and place of any proposed sale, a summary of the terms and conditions of the proposed sale, a statement of the aggregate amount of liens or encumbrances known to movant, and a statement that the proposed sale price is at least equal to or more than the value of the property. The notice must afford creditors, parties in interest, and affected parties and lienholders not less than twenty (20) days notice and opportunity to object to the proposed action, unless the Court shortens the notice period upon appropriate request.

**(3) Objection to Proposed Use, Sale or Lease.** An objection to the proposed use, sale, or lease, not in the ordinary course of business, shall be filed with the Court and served upon the proponent of the action not less than five (5) days before the date set for the proposed action. The Clerk shall schedule a hearing date on the objection and shall provide notice of the hearing to all parties in interest.

**(4) Report of Sale.** The trustee or debtor in possession shall file with the court a report of any sale of estate property outside the ordinary course of business. The report shall be filed within thirty (30) days after the sale with a copy to the United States Trustee.

**(b) All-asset sales.** An “all-asset sale” is defined as the sale of all or substantially all of the assets of the estate. The court will not approve an “all-asset sale,” submitted by a debtor-in-possession under 11 U.S.C. § 363, outside of a plan of reorganization unless the following requirements are satisfied:

**(1)** the proposed sale is submitted by the debtor during the debtor’s exclusivity period as provided for under 11 U.S.C. § 1121;

**(2)** the proposed sale and a proposed form of notice of the sale is first submitted to the Court on a motion requesting approval, with notice to the United States Trustee, any committee appointed and serving in the case under 11 U.S.C. § 1102 or, if no committee has been appointed, the twenty (20) largest unsecured creditors, and any parties who have filed appearances in the case;

**(3)** the Court holds a preliminary hearing to consider approval of the proposed sale;

**(4)** the proposed form of notice will serve as a functional equivalent for the type of disclosure required if the sale were embodied in a plan of reorganization under 11 U.S.C. § 1125; and

(5) the debtor shows good cause to justify the proposed method of disposing of the entire estate.

If the foregoing requirements are not satisfied, or the proposal is made after the termination of the debtor's exclusivity period, the debtor's remedy is to consent to convert to a Chapter 7 liquidation proceeding so that a disinterested trustee may act with regard to the proposal to liquidate all of the assets of the estate.