

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF VERMONT**

IN RE:)
)
IMPLEMENTATION OF TEMPORARY)
RULE ON SMALL BUSINESS CHAPTER 11)
REORGANIZATION CASES UNDER)
BANKRUPTCY REFORM ACT OF 1994)

GENERAL ORDER 95-4

a) **ELECTION TO BE CONSIDERED A SMALL BUSINESS IN A CHAPTER 11 REORGANIZATION CASE.** In a Chapter 11 reorganization case, a debtor that is a small business may elect to be considered a small business by filing a written statement of election no later than 60 days after the date of the order for relief or by a later date as the Court, for cause, may fix.

b) **APPROVAL OF DISCLOSURE STATEMENT.**

1) Conditional Approval. If the debtor is a small business and has made a timely election to be considered a small business in a Chapter 11 case, the Court may, on application of the plan proponent, conditionally approve a disclosure statement filed in accordance with Bankruptcy Rule 3016. On or before conditional approval of the disclosure statement, the Court shall:

- a) fix a time within which the holders of claims and interests may accept or reject the plan;
- b) fix a time for filing objections to the disclosure statement;
- c) fix a date for the hearing on final approval of the disclosure statement to be held if a timely objection is filed; and
- d) fix a date for the hearing on confirmation.

2) Application of Bankruptcy Rule 3017. If the disclosure statement is conditionally approved, Bankruptcy Rule 3017(a), (b), (c), and (e) do not apply. Conditional approval of the disclosure statement is considered approval of the disclosure statement for the purpose of applying Bankruptcy Rule 3017(d).

3) Objections and Hearing on Final Approval. Notice of the time fixed for filing objections and the hearing to consider final approval of the disclosure statement shall be given in accordance with Bankruptcy Rule 2002 and may be combined with notice of the hearing on confirmation of the plan. Objections to the disclosure statement shall be filed, transmitted to the U.S. Trustee, and served on the debtor, the trustee, any committee appointed under the Bankruptcy Code, and any other entity designated by the Court at any time before final approval of the disclosure statement or by an earlier date as the Court may fix. If a timely objection to the disclosure statement is filed, the Court

shall hold a hearing to consider final approval before or combined with the hearing on confirmation of the plan.

NOTE

This temporary rule is designed to implement §§1121(e) and 1125(f) that were added to the Code by the Bankruptcy Reform Act of 1994. These amendments are applicable in cases commenced on or after October 22, 1994.

If the debtor is a small business and has elected under §1121(e) to be considered a small business, §1125(f) permits the Court to conditionally approve a disclosure statement subject to final approval after notice and a hearing. If a disclosure statement is conditionally approved, and no timely objection to the disclosure statement is filed, it is not necessary for the Court to hold a hearing on final approval.

This temporary rule is in addition to VLBR 3020-A.

This temporary rule shall become effective immediately. So Ordered.

DATED at Rutland, Vermont, this 7th day of March, 1995



Francis G. Conrad
U.S. Bankruptcy Judge