Bankruptcy Local Rule 2002-1

SALE OF PROPERTY OF THE ESTATE

A sale of property of the estate, other than in the ordinary course of business, pursuant to 11 U.S.C. § 363(b), including a sale free and clear of any interest of any entity other than the estate, must comply with Fed. R. Bankr. P. 6004 and is subject to LBR 2002-2.

(a) **Notice of sale or motion for sale**.

(1) The notice of sale or motion for sale shall include, without limitation, the following information:

(A) A description of the property to be sold;

(B) The date, time and place of sale;

(C) The material terms of sale including, but not limited to, the name of any individual or entity with a pending offer to purchase the property being sold; the potential buyer's connections, if any, to the debtor(s); the opening bid price, if known; and the bidding procedures and overbid qualifications to be used at the sale, if any;

(D) Whether the property is to be sold free and clear of any interest, liens or encumbrances, and, if so, an explanation of how the sale is authorized under 11 U.S.C. § 363(f);

(E) The estimated fair market value of the property and a brief statement of the basis for the estimate;

(F) If known, the amounts of each lien or encumbrance claimed against the property and the identity of each lienholder;

(G) The proposed disposition of the proceeds of sale shall include any proposed compensation to brokers, auctioneers, or other professionals to be paid from the proceeds of sale;

(H) If applicable, an explanation of how the sale meets the requirements of a "good faith sale" under 11 U.S.C. § 363(m); and

(I) The date by which objections to the sale must be filed, pursuant to Fed. R. Bankr. P. 6004(b), and the name and address of any entity to be served with the objection.

(2) All interests in the property sold free and clear shall attach to the proceeds of the sale, except as otherwise provided in the notice.

(b) **Order**.

A party moving for an order approving or confirming an unopposed sale shall support the motion with an affidavit showing the necessity for the order.

Related Authority:

11 U.S.C. § 363(f)
Fed. R. Bankr. P. 2002(a),
2002(c)(1), 6004, 7001

Advisory Committee Notes:

Certain controls on the sale of property of the estate, including a requirement of specificity in the notice or motion, were deemed advisable by the committee especially in regard to sales free and clear of claims, liens and interests.

The notice or motion, under subdivision (a)(1)(G), should note that any such compensation is subject to

review of the court.

An action to determine the validity, priority, or extent of any interest of an entity other than the bankruptcy estate in property must be brought separately as an adversary proceeding. *See* Fed. R. Bankr. P. 7001(2).