

**UNITED STATES BANKRUPTCY COURT
for the
EASTERN DISTRICT OF NORTH CAROLINA**

**LOCAL RULES
OF
PRACTICE AND PROCEDURE**



Revised as of December 1, 2011

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PREFACE

The Local Bankruptcy Rules for the United States Bankruptcy Court for the Eastern District of North Carolina are adopted to facilitate the administration of bankruptcy cases, to assist the court in the management of contested matters and adversary proceedings and to provide for uniformity in local practice in this court. In a particular case, if justice requires, the court may modify or abrogate any local rule. In the event of a conflict between these local rules and the Administrative Guide to Local Practice and Procedure for the United States Bankruptcy Court for the Eastern District of North Carolina, these local rules shall control. Attorneys are instructed to notify the clerk if such a conflict is observed.

The numbering system for the Local Bankruptcy Rules is patterned after the uniform numbering system for local bankruptcy rules approved by the Advisory Committee on Bankruptcy Rules of the Judicial Conference of the United States. The numbering of the local rules generally corresponds to the numbering of the Federal Rules of Bankruptcy Procedure. The Local Bankruptcy Rules will be cited as: "E.D.N.C. LBR " (Example: "E.D.N.C. LBR 1007-1.")

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PART
COMMENCEMENT OF CASE; PROCEEDINGS RELATING TO PETITION
AND ORDER FOR RELIEF

Rule 1006-1
FEES - INSTALLMENT PAYMENTS

- (a) An application for permission to pay the filing fees in installments shall contain the following:
 - (1) reasons why the debtor cannot pay the full fee at the time of filing;
 - (2) a statement of fees paid to the debtor's attorney;
 - (3) a statement that the debtor does not owe any outstanding fees to the court on account of any other prior case; and
 - (4) the signature of both the debtor and the debtor's attorney.
- (b) Following the filing of a petition and an application, each application will be reviewed by the court and an order entered granting or denying the application. If the application is denied, the debtor shall have 14 days from the date of the order to pay the full fee. If the full fee is not paid within 14 days of the order, the petition may be dismissed by the court without any further prior notice.
- (c) Final installments of the filing fee shall be paid within 14 days following the date first set for the meeting of creditors pursuant to 11 U.S.C. § 341, unless otherwise ordered by the court upon appropriate motion for extension and for cause shown.
- (d) The debtor and the debtor's attorney are responsible for knowing the dates the payments are due. No reminders of the due date will be provided from the court. Upon failure to make any payment as scheduled, the petition is subject to dismissal after hearing on notice to the debtor and trustee.

Rule 1007-1
LISTS, SCHEDULES AND STATEMENTS; TIME LIMITS

- (a) **SCHEDULES AND STATEMENTS REQUIRED.** In cases other than those filed under chapter 11, upon the filing of an accelerated case when the schedules and statements are not filed with the voluntary petition, the schedules and statements shall be filed within 14 days thereafter and a copy transmitted to the bankruptcy administrator and the trustee. In cases filed under chapter 11, upon the filing of an accelerated case when the schedules and statements are not filed with the voluntary petition, the schedules and statements shall be filed within 14 days thereafter and a copy transmitted to the bankruptcy administrator. A certificate of service shall be filed reflecting that service has been completed.
- (b) A debtor is not required to file copies of payment advices or other evidence of payment.
- (c) **IDENTIFICATION OF VALUATION METHOD.** If a value is stated for property listed in a Schedule of Official Form 6, the method of valuation used shall be identified.

NOTE

Bankruptcy Code section 521(a)(1)(B)(iv) and Rule 1007(b)(1)(E) of the Federal Rules of Bankruptcy Procedure requires debtors to file copies of payment advices or other evidence of payment “unless the court orders otherwise.” The court has determined that payment advices and other evidence of payment should not be filed with the court and, in essence, thereby orders otherwise. Local Rule 4002-1(b)(2) addresses the duty of chapter 7 debtors to provide payment advices to the bankruptcy administrator.

Rule 1007-2 MAILING - LIST OR MATRIX

- (a) **PETITION ACCOMPANIED BY MATRIX.** A petition requesting relief under chapters 7, 11, 12, or 13 shall be accompanied by a mailing matrix containing the complete mailing address, including zip code, for the following:
- (1) all creditors listed in the petition, alphabetically arranged;
 - (2) Internal Revenue Service, except in chapters 7, 12 and 13 when the Internal Revenue Service is not listed as a creditor;
 - (3) North Carolina Department of Revenue, except in chapters 7, 12 and 13 when the North Carolina Department of Revenue is not listed as a creditor; and
 - (4) Employment Security Commission, except in chapters 7, 12 and 13 when the Employment Security Commission is not listed as a creditor;
 - (5) United States Attorney, if the United States is a party, other than for taxes (EXAMPLE: Farm Service Agency, Federal Housing Administration, Veteran's Administration, Small Business Administration);
 - (6) if the debtor is a corporation, the name and title of the managing agent; and
 - (7) if the debtor is a partnership, each member of the partnership.
- Addresses for the governmental agencies listed above are contained in the Administrative Guide to Practice and Procedure and are listed on the court's website at www.nceb.uscourts.gov.
- (b) **PREPARATION OF MATRIX.** The matrix shall be prepared in the format approved by the clerk and its content shall be certified as accurate by the filing attorney or party. The party shall be responsible for any errors in or omissions from the listing. The preparation of the matrix for paper or electronic filing shall be in the format prescribed in the Administrative Guide to Practice and Procedure.

Rule 1007-3
STATEMENT OF INTENTION
IN A CHAPTER 7 CASE

- (a) **STATEMENT OF INTENTION.** A chapter 7 debtor who is required to file a statement of intention pursuant to 11 U.S.C. § 521(a)(2)(A) shall serve a copy of the statement upon the creditor whose claim is secured by the property which is the subject of the statement. The debtor shall file a certificate of service with the clerk of court within seven days of the filing of the statement.
- (b) **FAILURE TO PERFORM STATEMENT OF INTENTION.** If a chapter 7 debtor fails to perform the intention as required by 11 U.S.C. § 521(a)(2)(B), the court may, upon motion of the affected creditor, enter an ex parte order lifting the stay of 11 U.S.C. § 362(a) and order the debtor to turn over the property to the creditor.

Rule 1009-1
AMENDMENTS TO LISTS AND SCHEDULES

Any amendment to a petition, list, schedule or statement shall be accompanied by a certificate of service in the form of a statement of the date and manner of service and of the names and addresses of the persons served, and must be certified as correct by the person making the service. An Amended Summary of Schedules (Official Form B6) must be filed each time an amended schedule is filed.

Rule 1017-2
DISMISSAL OR SUSPENSION – CASE OR PROCEEDINGS

NOTICE TO TRUSTEE OF REQUEST FOR AUTOMATIC DISMISSAL. A party in interest requesting dismissal of a case pursuant to § 521(i)(2) of the Code shall, on the day that the request for dismissal is made to the court, deliver, by electronic means, by facsimile transmission, or by hand, a copy of the request to the trustee.

NOTE

Subsection 521(i)(2) of the Code provides that a party in interest may request that the court enter an order dismissing a case that has been automatically dismissed under § 521(i)(1), and that the court shall do so within seven days. This subsection is subject to the provisions of § 521(i)(4), which states that on motion of the trustee filed prior to the expiration of the seven day period, the court may, on specified grounds, decline to dismiss the case. Local Rule 1017-2 was added to ensure that the trustee is made aware of any request for automatic dismissal on the same day that the request for dismissal is made.

Rule 1020-1
CHAPTER 11 SMALL BUSINESS CASES – GENERAL

PROTECTION OF TAX INFORMATION. The federal income tax return to be appended to the petition or filed with the court pursuant to § 1116(1)(A) of the Code shall be subject to the restrictions and procedures for safeguarding the confidentiality of tax information established by the Director of the Administrative Office of the United States Courts pursuant to § 315(c)(1) of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, except that the procedures for requesting and obtaining access to tax information contained in the procedures for safeguarding the confidentiality of tax information established by the Director of the Administrative Office of the United States Courts shall not apply to the bankruptcy administrator or to a trustee serving in the case.

NOTE

Local Rule 1020-1 was added to extend to Federal income tax returns filed under § 1116(1)(A), the protections developed by the Director of the Administrative Office of the United States Courts under § 315(c) of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005. The bankruptcy administrator or trustee serving in the case is not subject to the restrictions and procedures established by the Director with respect to their access to those tax returns.

Rule 1071-1
BANKRUPTCY COURT DIVISIONS

There shall be six divisions of the court: Fayetteville, Greenville, New Bern, Raleigh, Wilmington and Wilson. The counties comprising each division are contained in the Administrative Guide to Practice and Procedure.

Rule 1073-1
ASSIGNMENT OF CASES

- (a) In accordance with Local Bankruptcy Rule 1071-1, the clerk shall assign all cases and proceedings to a division when the action is filed or removed. The place of filing shall be determined by the debtor's domicile, residence, principal place of business or location of the debtor's principal assets immediately preceding the filing of the bankruptcy case. In cases involving an affiliate, a general partner or partnership, related cases may be filed in the division where the original case was filed.
- (b) In adversary proceedings in which there is no bankruptcy case pending in this district, the division will be assigned at the discretion of the clerk. The decision of the clerk to assign a case or proceeding to a particular division may be reviewed by the court upon written request.

PART II
OFFICERS AND ADMINISTRATION;
NOTICES; MEETINGS; EXAMINATIONS; ELECTIONS;
ATTORNEYS AND ACCOUNTANTS

Rule 2002-1
NOTICE TO CREDITORS AND OTHER INTERESTED PARTIES

- (a) AMENDED OR SUPPLEMENTAL SCHEDULES. The § 341 meeting will be scheduled and the clerk of court, or such other person as the clerk of court may designate, will notify the creditors listed on the matrix filed with the petition. If additional creditors are added either through filed schedules or amendments to schedules being filed after notice has been given, the debtor shall serve the notice of commencement of case, meeting of creditors, and deadlines, along with a proof of claim form if a notice to file a proof of claim has been given, on the added creditors and file a certificate of service with the clerk of court within seven days after service.
- (b) PAYMENT OF FEE REQUIRED. If a debtor files a request for conversion to another chapter, payment of the fee shall be a condition of the conversion.
- (c) GUIDE TO SERVICE AND NOTICE REQUIREMENTS. The chart included in the Administrative Guide to Practice and Procedure shall serve as a guide for the giving of notice to creditors and other parties in interest.
- (d) RETURNED AND UNDELIVERABLE MAIL. The procedure for returned and undeliverable mail is provided in the Administrative Guide.
- (e) NOTICE OF PREFERRED ADDRESS
 - (1) To file a notice of preferred address pursuant to 11 U.S.C. § 342(e), creditors may use the National Creditor Registration Service local forms found on the court's website, www.nceb.uscourts.gov.
 - (2) To file a notice of preferred address pursuant to 11 U.S.C. § 342(f), creditors may register with the National Creditor Registration Service offered through the Bankruptcy Noticing Center at ncrs.uscourts.gov.

Rule 2003-1
MEETING OF CREDITORS AND EQUITY SECURITY HOLDERS

- (a) The bankruptcy administrator shall retain and preserve the recordings of the meeting of creditors required by 11 U.S.C. § 341(a) for a period of two years from the date of the meeting. After the expiration of two years from the date of the meeting, the bankruptcy administrator is authorized to destroy the recordings.
- (b) Upon the request of any entity, the bankruptcy administrator may certify and provide a copy of the recording of the meeting of creditors at the entity's expense.

Rule 2004-1
EXAMINATION

A motion for an examination under this rule shall be reviewed by the court and allowed ex parte. Upon filing of a motion to reconsider, the obligation to appear or produce documents is stayed pending a ruling on the motion to reconsider.

Rule 2014-1
EMPLOYMENT OF PROFESSIONAL PERSONS

The chapter 11 debtor may not employ any professional person, including but not limited to any attorney, accountant, appraiser, business consultant, broker, agent, or auctioneer, without first obtaining approval of the court.

Rule 2014-2
APPLICATION FOR APPROVAL OF MENTAL HEALTH EVALUATION

The debtor may apply to the court for approval of a pro bono mental health evaluation. The application shall be filed and a copy of the application shall be transmitted by the debtor to the bankruptcy administrator and any other interested party. The application shall substantially conform to the Application for Approval of Mental Health Evaluation located on the court's website at *www.nceb.uscourts.gov*.

Rule 2015-2
DEBTOR IN POSSESSION DUTIES - WITH RESPECT TO GIVING NOTICE

In addition to the duties set forth in Local Bankruptcy Rule 4002-1(b), the debtor in possession in a chapter 11 case shall be responsible for serving the following notices and documents on creditors, after having their form and content approved by the clerk of court, and for filing a certificate of service with the clerk of court within seven days of the date of service:

- (1) the notice of the hearing on disclosure statement;
- (2) the plan, the approved or conditionally approved disclosure statement, and the notice regarding balloting and date for hearing on confirmation;
- (3) the confirmation order; and
- (4) any notices the court or clerk of court may direct.

Rule 2015-5
CHAPTER 13 TRUSTEES - SEARCH FEES

The standing chapter 13 trustees are authorized to charge a search fee when answering inquiries which require a search of the records for each name or item searched in the amount established

under 28 U.S.C. § 1930(b), and to use the funds as a part of operating expenses. The trustees shall include in the chapter 13 trustee's annual report the amount of any search fees received.

Rule 2016-1
COMPENSATION OF PROFESSIONALS

(a) **COMPENSATION OF ATTORNEY FOR DEBTOR IN CHAPTER 13 CASES.**

- (1) **AMOUNT OF STANDARD BASE FEE.** The standard base fee in a chapter 13 case is as provided in the statement of approved compensation published annually by the clerk and included in the Administrative Guide to Practice and Procedure. Though the standard base fee will typically be approved by the court without hearing, the trustee may recommend, in appropriate cases, that a lower fee be allowed. In recommending a standard base fee in converted cases, the trustee shall take into consideration the compensation already received.
- (2) **SERVICES INCLUDED IN THE BASE FEE.** The standard base fee includes the basic services reasonably necessary to properly represent the debtor before the bankruptcy court during the first 12 months after filing the case.
- (3) **APPLYING FOR A HIGHER BASE FEE.** Applications for approval of a base fee higher than the standard base fee must be filed by the debtor's attorney within 60 days after the conclusion of the creditor's meeting under § 341 of the Bankruptcy Code.
- (4) **NON-BASE FEE SERVICES DEFINED.** The following services are not covered by the standard base fee, and additional compensation for these services may be awarded by the court:
 - (A) motion for authority to sell real property;
 - (B) application to incur debt;
 - (C) motion to extend or impose the automatic stay for repeat filers;
 - (D) prosecution or defense of adversary proceedings;
 - (E) filing of formal motions or responses pertaining to three or more matters arising during the first year of the case, including but not limited to the services listed below in subsection (6); and
 - (F) any other service that, in the discretion of the court, reasonably warrants additional compensation.
- (5) **APPROVAL OF NON-BASE FEES.** Except as specified in subsection (6), applications for fees for any non-base fee services provided to a chapter 13 debtor must be approved by the court. Notice of each application for fees and expenses in any amount under \$1,000 must be sent to each debtor, the trustee, and the bankruptcy administrator. Notice of each application for fees and expenses of \$1,000 and above must be given to all parties in interest.
- (6) **PRESUMPTIVE NON-BASE FEES/APPROVAL/ NOTICE.** The list of presumptively reasonable non-base fee services are contained in the statement of approved compensation published by the clerk and included in the Administrative Guide to Practice and Procedure. Applications for the presumptive non-base fee must be filed with a notice verifying completion of the service and a certificate of service evidencing service of the notice on each debtor, the trustee and the bankruptcy

administrator. The applications for presumptive non-base fees will automatically be approved by the court. Alternatively, the debtor's attorney may apply to the court for approval of non-base fees on a "time and expense" basis pursuant to Rule 2016 of the Federal Rules of Bankruptcy Procedure and 11 U.S.C. § 330.

- (7) **DISCLOSURE OF FEE PROCEDURES.** Every attorney for a chapter 13 debtor must disclose to the debtor the procedures applicable in this district to awards of attorneys' fees in chapter 13 cases.
- (8) **INTERIM APPROVAL OF PARTIAL BASE FEE.** An attorney fee as specified in the Administrative Guide to Practice and Procedure for services provided to the debtor up to and including the petition date is authorized and shall be considered part of the base fee. Any amount in excess of the base fee collected by the attorney prior to filing the chapter 13 petition must be held in the attorney's client trust account pending further order of the court or approval of the fees in accordance with this rule.
- (9) **PAYMENT OF ATTORNEY FEES/MODIFICATION OF PLAN.** The following will be treated and paid as administrative expenses of the chapter 13 case:
 - (A) the standard base fee, less any partial base fee paid prior to filing the chapter 13 petition; and
 - (B) any additional amounts awarded in excess of the standard base fee or for non-base fee services.

These fees shall be paid by the trustee at the rate set in the Administrative Guide to Practice and Procedure unless the court directs otherwise. The trustee may, without application to the court, modify the chapter 13 plan to extend the duration of the plan and/or increase the monthly amount of the plan payment in order to provide the funds necessary to pay attorney fees. The trustee must notify the debtor and the debtor's attorney of the plan modification.

- (b) **COMPENSATION OF PROFESSIONALS IN CHAPTER 7, 11, AND 12 CASES.** The bankruptcy administrator's Procedures for Preparing and Submitting Applications for Compensation by Professionals shall serve as a guide for applications for compensation to professionals. The Procedures for Preparing and Submitting Applications for Compensation by Professionals outline is available from the office of the bankruptcy administrator.

Rule 2090-1
ATTORNEYS - ADMISSION TO PRACTICE

- (a) **LOCAL CIVIL RULE 83.1(f), EDNC APPLICABLE.** Except as otherwise provided in this rule, Local Civil Rule 83.1 of the Local Rules of Practice and Procedure for the United States District Court, Eastern District of North Carolina, entitled, "Attorneys," is applicable in this court with the following exceptions:
 - (1) An individual may represent himself;
 - (2) A corporate entity may be represented at a meeting of creditors by its officers and agents;
 - (3) The following documents may be filed by a corporate entity or an attorney not admitted to practice before this court on behalf of a client: (i) a proof of claim, (ii) a reaffirmation agreement; (iii) an assignment/transfer of claim, (iv) a notice of appearance and request for notices, and (v) a motion for release of unclaimed funds.

Corporate entities not represented by an attorney and attorneys not admitted to practice before this court may obtain a limited password for access to the court's CM/ECF system for the purpose of filing the above documents.

- (b) **ADMISSION.** Only those persons who are admitted to the bar of the United States District Court for the Eastern District of North Carolina are admitted to practice before this court. Except as permitted herein, all courtroom appearances, pretrial conferences, discovery procedures, pleadings, motions, objections, and other documents filed with this court, aside from certificates of service, must be by an attorney admitted to practice before this court.
- (c) **PRO HAC VICE APPEARANCE.** Local Rule 83.1(e)-(f) of the Local Rules of Practice and Procedure for the United States District Court, Eastern District of North Carolina, addresses attorneys appearing pro hac vice.

PART III
CLAIMS AND DISTRIBUTION
TO CREDITORS AND EQUITY INTEREST HOLDERS; PLANS

Rule 3001-1
CLAIMS AND EQUITY SECURITY INTERESTS -
PLACE OF FILING PROOF OF CLAIM OR INTEREST

All claims shall be filed with the clerk of court in accordance with Rule 5005, Federal Rules of Bankruptcy Procedure. All creditors not represented by an attorney who file more than ten proofs of claim in any 12-month period shall file the proofs of claim, including all transfers, assignments, amendments and withdrawals of proofs of claim, electronically according to the procedures established by the court.

Rule 3002-1
CHAPTER 11 DEBTOR'S NOTICE OF
DISPUTED, CONTINGENT OR UNLIQUIDATED CLAIMS

In addition to the duties set forth in Local Bankruptcy Rule 4002-1(b), the chapter 11 debtor shall notify each creditor whose claim is scheduled as contingent, disputed, or unliquidated of that fact within 14 days after filing the schedule of assets and liabilities or within 14 days after addition of any creditors to the petition. Failure to notify a creditor that its claim is listed as disputed, contingent, or unliquidated shall result in the creditor's claim being deemed filed in the amount listed as disputed, contingent, or unliquidated, as though a proof of claim had been filed by the creditor. The debtor shall file a certificate of service with the clerk of court within seven days after service has been made.

Rule 3003-1
TIME FOR FILING PROOF OF CLAIM OR INTEREST IN A CHAPTER 11 CASE

In a chapter 11 case, a proof of claim or interest shall be filed within 90 days after the date first set for the meeting of creditors pursuant to 11 U.S.C. § 341(a), except as otherwise ordered by the court.

Rule 3004-1
FILING OF CLAIMS BY DEBTOR OR TRUSTEE

In chapter 13 cases, if a creditor fails to file a timely proof of claim, the debtor or trustee may do so in the name of the creditor within 30 days after service by the chapter 13 trustee of the List of Claims Filed in the debtor's case. If the debtor or trustee does file a proof of claim on behalf of a creditor, the creditor may file an amended proof of claim pursuant to Rules 3002 or 3003(c) of the Federal Rules of Bankruptcy Procedure.

Rule 3010-1
SMALL DIVIDENDS

Rule 3010(b), Federal Rules of Bankruptcy Procedure, is amended to the extent that standing chapter 13 trustees are authorized to make payments to creditors in amounts smaller than \$15 without waiting until that creditor's dividends accumulate to \$15. The decision as to whether to make smaller payments shall be solely in the discretion of the trustee as to what is in the best interest of the individual estate.

Rule 3012-1
VALUATION OF SECURITY

After the § 341 meeting, a chapter 13 trustee may recommend the value of a creditor's security pursuant to a motion. Unless an objection is filed within 25 days after notice of the motion, the court may accept the recommendation of value for the purpose of distribution under the plan.

Rule 3070-1
CHAPTER 13 - PAYMENTS

- (a) RETURN OF PLAN PAYMENTS TO DEBTOR. Upon conversion or dismissal of a chapter 13 case prior to confirmation, and unless the court orders otherwise, the standing trustee shall return to the debtor any payments made by the debtor under the proposed plan, less any claim under 11 U.S.C. § 503(b).
- (b) ADEQUATE PROTECTION PAYMENTS TO SECURED CREDITORS AND DIRECT PAYMENTS TO LESSORS.
 - (1) The debtor shall pay directly to the lessor all payments scheduled in a lease of personal property for that portion of the obligation that becomes due after the order for relief.
 - (2) Unless the chapter 13 plan provides that the entire secured claim is to be paid directly by the debtor to the creditor, the debtor shall pay to a creditor, who holds an allowed claim secured by personal property to the extent that the claim is attributable to the purchase of the property by the debtor, pre-confirmation adequate protection payments through the chapter 13 trustee; however, the court may order payments to be made by any other method.
 - (3) The presumptive adequate protection payment to be paid pursuant to Section 1326(a)(1) shall be at least one percent (1%) of the value of the subject collateral at the discretion of the chapter 13 trustee as of the petition date. The valuation of the collateral shall be made solely by the chapter 13 trustee, subject to further court consideration.
 - (4) All adequate protection payments paid through the chapter 13 trustee shall be subject to an administrative fee in favor of the trustee equal to the trustee's statutory percentage commission then in effect, and the trustee shall collect the fee at the time of the distribution of the adequate protection payment to the claimant.
 - (5) The chapter 13 trustee shall make adequate protection payments to the creditor at the address duly noted on the proof of claim. The use of the address shall be deemed proper notice of the creditors for purpose of the adequate protection payments.

- (6) The chapter 13 trustee shall not be required to make pre-confirmation adequate protection payments on account of any claim for which the secured value of the claim is less than \$2,000.00.
 - (7) All adequate protection payments made through the chapter 13 trustee shall be disbursed in the ordinary course of the trustee's business, according to the trustee's standard monthly distribution schedule, from funds in the case as they become available for distribution to claimants prior to or after entry of the Order Confirming Plan.
 - (8) Upon the dismissal or conversion of the chapter 13 case to another chapter prior to confirmation, the chapter 13 trustee shall make the pre-confirmation adequate protection payments, or portion thereof, from any funds available for that purpose received on or before the date of the entry of the order of dismissal or conversion, to creditors that have filed proofs of claim that have been deemed allowed pursuant to Section 502(a), prior to the date of the dismissal or conversion.
 - (9) Subsections (b)(2) and (b)(3) of this rule shall not apply if the adequate protection is provided by means other than by direct payments to the holder of the secured claim.
- (c) **CHAPTER 13 TRUSTEE'S ADMINISTRATIVE FEE IN CHAPTER 13 CASES DISMISSED PRIOR TO CONFIRMATION.**
- (1) An administrative fee is authorized for the chapter 13 trustee in cases dismissed prior to confirmation in the amount set forth in the Administrative Guide.
 - (2) The fee shall be payable from payments made by the debtor(s) and held by the trustee at the time of case dismissal.
 - (3) The trustee who has incurred actual costs and expenses in excess of the standard administrative fee may apply under 11 U.S.C. § 503(a) for reimbursement of these additional costs and expenses from funds paid by the debtor to the trustee.

RULE 3070-2
CHAPTER 13 – RESIDENTIAL MORTGAGE PAYMENTS

- (a) **DEFINITIONS.** As used in this Local Rule, the following definitions shall apply:
- (1) "Administrative Arrearage" is the total amount of two full post-petition Mortgage Payments and shall be in addition to any Pre-Petition Arrearage claim.
 - (2) "Conduit Payment" means a Mortgage Payment that is paid by a Debtor through the Chapter 13 Trustee. The amount of a Conduit Payment shall be equal to the amount of the petition-date monthly contractual Mortgage Payment due pursuant to the note or contract subject to any subsequent change in such Mortgage Payment effectuated in compliance with this rule.
 - (3) "Debtor" includes both Debtors in a joint case.
 - (4) "Mortgage Loan" is a mortgage, deed of trust or other consensual lien on the real property of the Debtor that is the principal residence of the Debtor, unless the confirmed plan or other order of the court provides for the surrender of the residence, the avoidance of the lien purportedly securing such loan, or such other treatment that is expressly inconsistent with the application of this rule.

- (5) “Mortgage Payment” means a regular, periodic payment that is owed by a Debtor on a Mortgage Loan as set forth in the documents evidencing the loan that is the basis of the Real Property Creditor’s claim.
 - (6) “Plan Payment” means the total amount that the Debtor is required to pay to the Chapter 13 Trustee each month under the chapter 13 plan, which amount includes an amount sufficient to cover the Conduit Payments.
 - (7) “Pre-Petition Arrearage” is the total amount past due on a Real Property Creditor’s claim as of the petition date.
 - (8) “Real Property Creditor” is any entity holding or owning a secured claim on account of a Mortgage Loan, and including but not limited to any assignees, agents, servicers or successor as to such creditor.
- (b) **DISBURSEMENT OF REQUIRED CONDUIT PAYMENTS.**
- (1) Chapter 13 Debtors shall remit all Mortgage Payments owed by them to the Chapter 13 Trustee for disbursement to the Real Property Creditor.
 - (2) Debtors may be excused from the requirement of subparagraph (b)(1) in the discretion of the Chapter 13 Trustee or by order of the court, in which event the provisions of paragraph (c) shall not apply to the case.
- (c) **DUTIES OF THE DEBTOR AND OF THE CHAPTER 13 TRUSTEE.**
- (1) If the amount of the Mortgage Payment changes and results in the necessity for a modification of the Plan Payment, the Chapter 13 Trustee shall notify the Debtor and the attorney for the Debtor of the change and the extent to which it is necessary to modify the Plan Payment as a result of the Mortgage Payment change. If it is necessary to modify the Plan Payment as a result of a change in the Mortgage Payment, the Debtor must make any increased Plan Payment to the Chapter 13 Trustee beginning with the Plan Payment next due after the later of (i) the Trustee’s notification to the Debtor and counsel or (ii) the effective date of the Mortgage Payment change. Such a modification of the Plan Payment may be accomplished by consent order prepared and signed by counsel for the Debtor(s) and signed by the Chapter 13 Trustee, provided that no other creditor or party in interest is adversely affected by such modification.¹
 - (2) A claim in the amount of the Administrative Arrearage shall be allowed and paid by the Chapter 13 Trustee under the chapter 13 plan for each Mortgage Loan for which the Trustee disburses Conduit Payments. This amount shall be paid on a pro-rata basis

¹ **EXPLANATORY NOTE:**

With regard to DECREASES in the Mortgage Payments:

(a) Due to the operation of the disposable income requirement of § 1325(b)(1)(B) under some plans, a decrease in the Mortgage Payment might not necessitate a decrease in the debtor’s Plan Payments – in such a case the Plan Payments would stay the same and more money would be disbursed to unsecured creditors. Thus, in the event of a decrease in the Mortgage Payment under such a plan, the Chapter 13 Trustee would notify the debtor of the change but would not need to give notice that a plan modification was necessary.

(b) Alternatively, if the confirmed plan specifically provides that 0% is to be distributed to general unsecured claims, such as in attorney fee only chapter 13 plans for example, a decrease in the Mortgage Payment might result in no increase in distribution to unsecured creditors but would instead result in the termination of the confirmed plan by its terms earlier than originally anticipated.

Conversely, with regard to INCREASES in the Mortgage Payments: Unless the liquidation test of § 1325(a)(4) requires a minimum amount to be paid to unsecured creditors, or the Plan Payments after any increase in Mortgage Payments would not be enough to satisfy secured/priority/arrearage/administrative claims, an increase in the Mortgage Payment would not necessitate an increase in the debtor’s Plan Payments – rather the Plan Payments would stay the same and less money would be disbursed to unsecured creditors. Thus, in the event of an increase in the Mortgage Payment, the Chapter 13 Trustee would notify the Debtor of the change but may not need to give notice that a plan modification was necessary.

with other allowed secured claims being paid through the chapter 13 plan, subject to the provisions of paragraph (c)(4) below.

- (3) The Chapter 13 Trustee shall not disburse any amounts to a Real Property Creditor on any claim until such time as the Real Property Creditor, the Debtor, or the Chapter 13 Trustee has filed a Proof of Claim including all necessary documentation and the chapter 13 plan has been confirmed, except as may otherwise be provided by order of the court.
 - (4) Unless otherwise ordered by the court, if during any month of the chapter 13 plan the Debtor remits payments to the Chapter 13 Trustee in an amount that is insufficient to provide for all required disbursements to claimants, the Chapter 13 Trustee shall disburse all funds received from the Debtor first toward payment of the Conduit Payment(s) due and unpaid for the current month and any prior month(s) before making disbursements to any other claimants. Such actions by the Chapter 13 Trustee shall not impair the rights of the other claimants to take any lawful action as a result of the failure to receive disbursements on their claims.
 - (5) The Chapter 13 Trustee shall continue to disburse Conduit Payments notwithstanding the filing or allowance of a motion for relief from stay filed by a Real Property Creditor, unless notified in writing by the Debtor that Conduit Payments are to be terminated in which case the Chapter 13 Trustee shall serve notice of such termination upon the Debtor and the Real Property Creditor.
- (d) **DUTIES OF THE REAL PROPERTY CREDITOR.**
- (1) Each Real Property Creditor shall file a Proof of Claim as to each Mortgage Loan held or owned by it as to the Debtor. The Proof of Claim must comply with Fed. R. Bank. P. 3001(c) and clearly specify the amount of the Mortgage Payment of the petition date; and the amount and effective date of any then known and anticipated change of such Mortgage Payment.
 - (2) Unless otherwise ordered by the court, pursuant to Fed. R. Bank. P. 3002.1(b) and (d) the Real Property Creditor shall file and serve on the Chapter 13 Trustee, the Debtor, and the attorney for the Debtor a notice of any change in the amount of the Mortgage Payment at least 21 days before a payment in the new amount is. No change in the Mortgage Payment amount shall be effective unless and until notification of such change is served upon the Chapter 13 Trustee, the Debtor, and the attorney for the Debtor in accordance with this rule and Fed. R. Bankr. P. 3002.1(b) and (d). The effective date of such change in the Mortgage Payment shall be the later of: (i) the effective date specified in the notice of change provided by the Real Property Creditor, or (ii) 21 days after the filing and service of the notice of change by the Real Property Creditor.
 - (3) At least 21 days prior to the effective date of any change in the name or identity of the Real Property Creditor or the entity servicing a Real Property Creditor's claim (herein "Servicer") and/or the disbursement mailing address of a Real Property Creditor or Servicer, the Real Property Creditor or the Servicer shall file with the court a notice setting forth the requested changes with a copy served on the Trustee, the Debtor, and the attorney for the Debtor.
 - (4) All payments made to a Real Property Creditor or Servicer shall be applied as provided under and subject to the provisions of 11 U.S.C. § 524(i).
- (e) **EFFECT OF AND PROCEDURE UPON PLAN COMPLETION.**
- (1) **FOR CONDUIT MORTGAGE PAYMENTS.** If post-petition Mortgage Payments have been made by the Chapter 13 Trustee by means of Conduit Payments, and if the plan has paid all required Mortgage/Conduit Payments, allowed Pre-petition Arrearage claims, and other allowed claims related to a Mortgage Loan, then:

- (A) all pre-petition and post-petition defaults shall be deemed cured, the Mortgage Loan shall be deemed at least current as of the date of the disbursement by the Chapter 13 Trustee of the final plan payment to the Real Property Creditor, and any right of the Real Property Creditor to recover any amount alleged to have been incurred or become due since the petition-date, or to declare a default under the note, mortgage, deed of trust; or other loan documents based upon any and all events prior to the date of the disbursement by the Chapter 13 Trustee of the final plan payment to the Real Property Creditor shall be extinguished; and
 - (B) the Chapter 13 Trustee shall file and serve the notice referred to under Fed. R. Bank. P. 3002.1(f), which notice also shall set forth the total amount due on the Mortgage Loan as of a specific date identified in the notice.
- (2) **FOR DIRECT MORTGAGE PAYMENTS.** If post-petition Mortgage Payments have been made directly by the Debtor pursuant to the confirmed chapter 13 plan, the Debtor shall be responsible for filing and serving any notice permitted under Fed. R. Bank. P. 3002.1(f). In the event the Debtor files and serves this notice, it shall contain a statement that all Mortgage Payments and other permissible fees, expenses or charges accruing on the Mortgage Loan from the petition date through the date of the notice or other date specified therein have been made, set forth the total amount due on the Mortgage Loan as of a specific date identified in the notice, and be verified by the Debtor.
 - (3) **FAILURE BY HOLDER TO PROVIDE RESPONSE PURSUANT TO FED. R. BANK. P. 3002.1(g).** In addition to the provisions of Fed. R. Bank. P. 3002.1(i), upon the failure by a Real Property Creditor to timely file and serve the response required by Fed. R. Bankr. P. 3002.1(g), the Real Property Creditor shall be deemed to have admitted that the Mortgage Loan is current, and the court shall enter an order providing that the Mortgage Loan is current (with no arrearage, escrow balance, late charges, costs, expenses or attorney fees owing) as of date of the disbursement by the Chapter 13 Trustee of the final plan payment to the Real Property Creditor and stating the total amount due on the Mortgage Loan as of a specific date identified in the notice.
 - (4) **MOTIONS TO DEEM CURRENT OR FOR DETERMINATION OF FINAL CURE.** All motions to deem a Mortgage Loan to be current or for a determination of final cure pursuant to Fed. R. Bankr. P. 3002.1(h) must contain a statement that all Mortgage Payments and other permissible fees, expenses or charges accruing on the Mortgage Loan from the petition date through the date of the motion or other date specified therein have been made, set forth the total amount due on the Mortgage Loan as of a specific date identified in the motion, and be verified by the Debtor.
The motion may include any proof of such payments as the Debtor deems appropriate.
- (f) **SERVICE.** All notices, documents and motions required to be given or served under this rule shall be served by first class mail, sufficient postage pre-paid, on all interested parties at the last mailing address of record filed in the case, and any service required to be made upon the Chapter 13 Trustee pursuant to subparagraph (d) of this rule must also include in the address line: “Attn: Mortgage Claim Administrator.”
 - (g) **OTHER APPLICABLE LAWS.** Nothing in this rule shall relieve any party from complying with any obligation under the United States Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Rules of Practice and Procedure of the District and Bankruptcy Courts of the Eastern District of North Carolina, the Real Estate Settlement Procedures Act, the Fair Debt Collection Practices Act, the North Carolina Mortgage Servicing Act, any other applicable

standing or administrative orders of the court, or any other applicable non-bankruptcy law or rule.

PART IV
THE DEBTOR: DUTIES AND BENEFITS

Rule 4001-1
RELIEF FROM THE AUTOMATIC STAY

- (a) STANDING MODIFICATION. The automatic stay provided in 11 U.S.C. § 362(a) is modified as follows:
- (1) Chapter 7.
 - (A) Secured Creditors. The automatic stay shall be modified as provided in Local Bankruptcy Rule 4001-2(a).
 - (B) Internal Revenue Service. The Internal Revenue Service is authorized to:
 - (i) make income tax refunds, in the ordinary course of business, directly to the debtors unless otherwise ordered by the court or otherwise instructed by the chapter 7 trustee;
 - (ii) offset against any refund due a debtor any taxes due the United States government pursuant to 11 U.S.C. § 553;
 - (iii) assess any tax liability satisfied by offsetting any refunds, when such liability has not been assessed previously; and
 - (iv) assess tax liabilities shown on voluntarily filed returns and other agreed-to liabilities.
 - (2) Chapter 11.
 - (A) Internal Revenue Service.
 - (i) The Internal Revenue Service may contact the debtor or the trustee and the debtor's depository to verify that all required tax deposits are being made and reported and that all tax returns are being filed and remittances paid in the manner prescribed by law.
 - (ii) The debtor or trustee and the debtor's designated depository shall assist the Internal Revenue Service with the monitoring and verification of the provisions of this rule.
 - (B) North Carolina Department of Revenue.
 - (i) The North Carolina Department of Revenue may contact the debtor or the trustee and the debtor's depository to verify that all required tax deposits are being made and reported and that all tax returns are being filed and remittances paid in the manner prescribed by law.
 - (ii) The debtor or trustee and the debtor's designated depository shall assist the North Carolina Department of Revenue with the monitoring and verification of the provisions of this rule.
 - (3) Chapter 12.
 - (A) Internal Revenue Service.
 - (i) The Internal Revenue Service may contact the debtor or the trustee and the debtor's depository to verify that all required tax deposits are being made and reported and that all tax returns are being filed and remittances paid in the manner prescribed by law.
 - (ii) The debtor or trustee and the debtor's designated depository shall assist the Internal Revenue Service with the monitoring and verification of the provisions of this rule.
 - (B) North Carolina Department of Revenue.
 - (i) The North Carolina Department of Revenue may contact the debtor or the trustee and the debtor's depository to verify that all required tax deposits

- are being made and reported and that all tax returns are being filed and remittances paid in the manner prescribed by law.
- (ii) The debtor or trustee and the debtor's designated depository shall assist the North Carolina Department of Revenue with the monitoring and verification of the provisions of this rule.
- (4) Chapter 13.
- (A) Secured Creditors. Secured creditors may:
 - (i) contact the debtor about the status of insurance coverage on property securing a claim; and
 - (ii) contact the debtor about any post confirmation payment in default if a confirmed plan provides for direct payments by the debtor to creditors.
 - (B) Internal Revenue Service. The Internal Revenue Service is authorized to:
 - (i) make income tax refunds, in the ordinary course of business, directly to the debtors unless otherwise ordered by the court or otherwise instructed by the standing chapter 13 trustee;
 - (ii) offset against any refund due a debtor any taxes due the United States government pursuant to 11 U.S.C. § 553;
 - (iii) assess any tax liability satisfied by offsetting any refunds, when such liability has not been assessed previously; and
 - (iv) assess tax liabilities shown on voluntarily filed returns and other agreed-to liabilities.
- (b) **RELIEF WITH RESPECT TO SURRENDERED PROPERTY IN CHAPTER 13 CASES.** If a chapter 13 debtor's plan provides that property is to be surrendered to a secured creditor, the order confirming the plan may provide for the modification of the automatic stay and co-debtor stay with respect to the property.
- (c) **MOTION FOR RELIEF FROM AUTOMATIC STAY.**
- (1) Secured creditors seeking relief from the automatic stay on grounds of post-petition default by the debtor must specify in a motion that they seek relief on grounds of the debtor's default and must itemize, with specificity, all amounts alleged to be past due.
 - (2) If no response is filed, the motion may be granted without a hearing. If a response is filed, a debtor must comply with the requirements of Local Bankruptcy Rule 9014-1(f). Upon the debtor's request, the creditor shall immediately transmit the debtor's payment history to counsel for the debtor (or to the pro se debtor) by electronic or facsimile transmission or other expedited means.
- (d) **MOTION FOR CONTINUANCE OR IMPOSITION OF AUTOMATIC STAY.** The court may, in its discretion, rule on a motion for continuation or imposition of the automatic stay under 11 U.S.C. § 362(c)(3)(B) and § 362(c)(4)(B) without hearing if:
- (1) the debtor files a motion for continuation of the automatic stay within 5 days of the petition date;
 - (2) no objection is filed by a party in interest;
 - (3) the motion is accompanied by a notice of motion and the debtor's affidavit with sufficient facts to support the motion; and
 - (4) the motion and accompanying documents are timely served on all creditors and the trustee, if one has been appointed, contemporaneous with the filing of the motion.
- (e) **STAY OF EVICTION, UNLAWFUL DETAINER OR SIMILAR ACTION**
- (1) **CERTIFICATION.** The certification required by 11 U.S.C. § 362(l)(1)(A) shall be made and designated on the petition filed with the clerk of court.
 - (2) **FILING OF JUDGMENT.** The debtor must file a copy of the pre-petition judgment for possession of the debtor's residence together with the petition.

- (3) DEPOSIT. Any deposit of rent made by or on behalf of a debtor, pursuant to 11 U.S.C. § 362(l)(1)(B), shall be made in the form of a certified check or money order payable to the order of the lessor, and delivered to the clerk of court upon filing of a petition.
- (4) TRANSMISSION TO LESSOR. Upon the clerk's receipt of the deposit and certification tendered pursuant to 11 U.S.C. § 362(l)(1), the clerk shall transmit the certified check or money order promptly to the lessor, by certified mail, return receipt requested, to the address listed on the petition.

Rule 4001-2
SECURED CREDITOR DUTIES

- (a) A secured creditor may send all payment coupons or statements of account that the creditor provides to its non-bankruptcy customers as follows:
 - (1) To chapter 7 debtors who have indicated, in their statement of intention, their intent to retain the secured creditor's collateral by complying with the terms of the contract.
 - (2) To chapter 13 debtors who have indicated in their proposed chapter 13 plan their intent to retain the secured creditor's collateral by complying with the terms of the contract.
- (b) The transmission of the payment coupons or statements of account shall not violate the automatic stay or the debtor's discharge injunction.
- (c) If a secured creditor, in its ordinary course of business, does not provide payment coupons and statements of account, then upon request by the debtor, that secured creditor shall provide the debtor with a telephone number or other means to access account information that would normally be provided by the payment coupons or statements of account
- (d) A secured creditor shall respond promptly to a trustee or debtor's reasonable requests for account information.

Rule 4002-1
DEBTOR DUTIES

- (a) The following shall apply to individual debtors in all cases.
 - (1) FINANCIAL INFORMATION. Every individual debtor shall bring to the meeting of creditors under § 341 and make available to the trustee evidence of current income, including copies of all payment advices or other evidence of payment, if any, with all but the last four digits of the debtor's social security number redacted, received by the debtor from an employer within 60 days before the filing of the petition.
 - (2) TAX RETURN. At the meeting of creditors under § 341, the debtor shall provide to the trustee a copy of the debtor's Federal income tax return for the most recent tax year ending immediately before the commencement of the case and for which a return was filed, including any attachments, or a transcript of the tax return, or provide a written statement that the documentation does not exist.
 - (3) The debtor's obligation to provide tax returns under Federal Bankruptcy Rules 4002(b)(3) and 4002(b)(4), and Local Bankruptcy Rule 4002-1(a)(2) and (b)(2) is subject to procedures for safeguarding the confidentiality of tax information established by the Director of the Administrative Office of the United States Courts, except that with respect to tax returns provided by the debtor under Local Bankruptcy Rule 4002-1(a)(2) and (b)(2), the trustee and bankruptcy administrator are not subject to the procedures for

requesting and obtaining access to tax information established by the Director of the Administrative Office of the United States Courts.

- (b) **CHAPTER 7 DEBTOR - DUTIES.** The following shall apply in chapter 7 cases.
- (1) The chapter 7 debtor shall comply with the requirements of Local Bankruptcy Rules 1007-1 and 1007-3. regarding statements of intention.
 - (2) **TAX RETURNS AND PAYMENT ADVICES PROVIDED TO BANKRUPTCY ADMINISTRATOR.**
 - (A) No later than 14 days after the date of the filing of the petition, an individual debtor in a case under chapter 7 shall provide in electronic format to the bankruptcy administrator:
 - (i) the debtor's Federal income tax return for the most recent tax year ending immediately before the commencement of the case and for which a return was filed, including any attachments, or a transcript of the tax return, or provide a written statement that the documentation does not exist; and
 - (ii) evidence of current income including copies of all payment advices or other evidence of payment, if any, with all but the last four digits of the debtor's social security number redacted, received by the debtor from an employer within 60 days before filing of the petition.
 - (B) If a debtor is proceeding without the assistance of counsel and is unable to provide in electronic format the documents required in (A) of this subsection, the debtor may provide the documents to the bankruptcy administrator by other means.
- (c) **CHAPTER 11 DEBTOR - DUTIES.** The following shall apply in chapter 11 cases.
- (1) **NOTICE OF DISPUTED, CONTINGENT OR UNLIQUIDATED CLAIMS.** The debtor shall notify each creditor whose claim is scheduled as contingent, disputed or unliquidated in compliance with the requirements of Local Bankruptcy Rule 3002-1.
 - (2) **MONTHLY REPORT.**
 - (A) Except as provided in small business cases, Federal Rules of Bankruptcy Procedure 2015(a)(6), effective December 1, 2008, the debtor shall file with the clerk monthly accountings, the first report being due within 30 days, following the end of the month in which the petition was filed or date of conversion from another chapter, and subsequent reports on or before the thirtieth day of each month thereafter.
 - (B) The debtor shall transmit a copy of all monthly reports to the bankruptcy administrator, attorney and the chair for the unsecured creditors committee. That report shall be in a format prescribed by the bankruptcy administrator.
 - (C) Monthly bank statements shall be transmitted to the bankruptcy administrator at the time the monthly report is filed with the court. However, the monthly bank statements shall not be filed with the court.
 - (3) **BOOKS OF ACCOUNT.**
 - (A) The debtor shall close the present books of account as of the close of business on the date on which the petition is filed and open new books of account and a bank account in a depository acceptable to the bankruptcy administrator and meeting the requirements of 11 U.S.C. § 345(b) with respect to amounts on deposit exceeding \$100,000.00 as of the opening of business on the next succeeding business day.
 - (B) In the new books of account, the debtor shall keep proper records of earnings, expenses, receipts and disbursements, and all obligations incurred and business transactions. The debtor shall preserve proper vouchers for all payments made on account of the disbursements.

- (C) If the debtor is authorized to use cash collateral, separate cash collateral accounts must be established and maintained pursuant to 11 U.S.C. § 363(c)(4).
- (4) **PROOF OF INSURANCE COVERAGE.**
 - (A) The debtor shall keep the property of the debtor and the bankruptcy estate insured in a manner and to the extent as may be deemed necessary and prudent with loss payable clauses, in the case of pledged or mortgaged property, in favor of the appropriate secured creditors as their interests may appear.
 - (B) Within seven days of the filing of the petition, or date of conversion from another chapter, the debtor shall file with the bankruptcy administrator a verified statement or written evidence that workers' compensation, general liability, fire, theft and motor vehicle insurance are in full force and effect, together with all other insurance coverage ordinarily used in the debtor's operations.
- (5) **TAX ACCOUNTS.**
 - (A) The debtor shall segregate and hold separate from all other funds, all monies withheld from employees or collected from others for taxes, including social security taxes, under any law of the United States or any state or subdivision thereof.
 - (B) The debtor shall deposit the funds withheld or collected, together with the debtor's share of social security taxes, in a separate bank account simultaneously with the collection or withholding. The debtor shall pay from the bank account to the appropriate taxing authority the amounts due at the times and in the manner prescribed by law.
- (6) **BANKING INSTITUTION.** The debtor shall advise the bankruptcy administrator of the name of the bank to be used as the debtor's depository within 14 days of the filing of the petition or date of conversion from another chapter.
- (7) **FILING OF PLAN AND DISCLOSURE STATEMENT.** The debtor shall file a plan of reorganization and a disclosure statement within 120 days of the date of the filing of the petition commencing the case or date of conversion from another chapter, unless another deadline is set by the court.
- (8) **PHYSICAL INVENTORY.** The debtor shall procure a physical inventory, if applicable, upon the filing of the petition and file the inventory with the bankruptcy administrator within 30 days of the filing of the petition, date of conversion from another chapter, or such other time as the court may direct.
- (9) **PROJECTED OPERATING STATEMENT.** The debtor shall file with the bankruptcy administrator a projected operating statement for the next 30 days of operation under chapter 11 within 14 days of the filing of the petition commencing the case or date of conversion from another chapter. The statement must contain:
 - (A) the estimated costs of operation for the next succeeding 30 days;
 - (B) the estimated profit or loss for the period;
 - (C) the amount of cash available for the operation;
 - (D) how the debtor intends to fund the cost of operation for the next 30 days; and
 - (E) any additional information that is pertinent to determine the desirability of continuing the debtor's business.
- (10) **RELATIONSHIP WITH SECURED CREDITORS AND UNSECURED CREDITORS' COMMITTEE.** The debtor shall promptly respond to reasonable inquiries of secured creditors, the unsecured creditors' committee, and any court appointed consultant.
- (11) **PAYMENT OF JUDICIAL CONFERENCE QUARTERLY FEE.** In all cases filed after April 1, 2002, the debtor shall promptly remit quarterly fees to the clerk, which fee shall be calculated on the graduated scale as prescribed by 28 U.S.C. §1930(a)(7), based upon the total sum of all disbursements made during a calendar quarter until the case is

either converted to a case under another chapter or closed. The payment of quarterly fees shall be by remission of an attorney trust account check, certified check, money order, or payment through pay.gov.

(d) CHAPTER 11 - DEBTOR PROHIBITIONS.

(1) PAYMENT TO PRINCIPALS. The chapter 11 debtor shall not compensate or remunerate any of its partners, officers, directors or shareholders in any manner, prior to confirmation of a plan of reorganization or prior to approval of the court, except as provided in the interim exception under subparagraph (d)(1)(B) herein.

(A) An application for approval of compensation must be signed under oath by an officer of the debtor and must set forth the following:

(i) the name and proposed position of the individual sought to be employed along with a detailed description of the duties the individual is to perform, the number of hours the individual will devote to those duties each week, and the reasons why the employment of the individual is necessary to the successful reorganization of the debtor;

(ii) the amount of compensation sought on a weekly or monthly basis and details of all perquisites, benefits and consideration of any kind the individual is to receive. Examples include use of company vehicles, payment of life or health insurance premiums, reimbursement of expenses; and

(iii) the salary history of the individual to be employed for the year immediately preceding the filing of the petition. Supporting documentary evidence thereof shall be provided directly to the bankruptcy administrator.

(B) If the debtor has filed an application for an interim payment for post-petition services which substantially conforms to the requirements of subsection (c)(1)(A) above, the debtor may make an interim payment in an amount not to exceed the ordinary pre-petition salary or wages for a 14 day period to those individuals who were employed on the date of the filing of the bankruptcy petition, or date of conversion from another chapter, and for whom approval is being sought.

(C) The court may reconsider orders to compensate principals *sua sponte* or at the request of the bankruptcy administrator, any creditor or other party in interest.

(2) PAYMENT OF PRE-PETITION DEBT. The debtor shall not pay pre-petition unsecured debt including pre-petition wages without approval of the court.

(e) CHAPTER 12 - DEBTOR DUTIES. The following shall apply in chapter 12 cases.

(1) SCHEDULES AND STATEMENTS REQUIRED. The debtor shall comply with the requirements of Local Bankruptcy Rule 1007-1.

(2) MONTHLY REPORTS. The debtor shall file with the chapter 12 trustee monthly reports, the first report being due within 30 days following the end of the month in which the petition is filed or date of conversion from another chapter. Subsequent reports are due no later than the fifteenth day of each month thereafter. The reports shall contain:

(A) monthly receipts from every source;

(B) monthly disbursements by accounting classification;

(C) expenses charged and not paid;

(D) crop inventory (if applicable);

(E) livestock inventory (if applicable);

(F) tax deposit statement (if applicable).

(3) BOOKS OF ACCOUNT.

(A) The debtor shall close the present books of account as of the close of business on the date on which the petition is filed, or date of conversion from another chapter,

and open new books of account and a bank account as of the opening of business on the next succeeding business day.

- (B) In the new books of account, the debtor shall keep proper records of earnings, expenses, receipts, disbursements, and all obligations incurred and transactions had in the operation of the business. The debtor shall preserve proper vouchers for all payments made on account of the disbursements.
- (4) INSURANCE COVERAGE. The debtor shall keep the property of the debtor and the bankruptcy estate insured in a manner and to the extent as may be deemed necessary with loss payable clauses, in the case of pledged or mortgaged property, in favor of the appropriate secured creditors as their interests may appear.
- (5) TAX ACCOUNTS.
 - (A) The debtor shall segregate and hold separate and apart from all other funds, all monies withheld from employees or collected from others for taxes, including social security taxes, under any law of the United States or any state or subdivision thereof.
 - (B) The debtor shall deposit the funds so withheld or collected, together with the debtor's share of social security taxes, in a separate bank account simultaneously with the collection or withholding. The debtor shall pay from the bank account to the appropriate taxing authorities the amounts due at the times and in the manner prescribed by law.
- (6) BANKING INSTITUTION. The debtor shall advise the of the name of the bank to be used as the debtor's depository within 14 days of the filing of the petition commencing the case under chapter 12 or date of conversion from another chapter.
- (7) FILING OF PLAN. The debtor shall file a plan of reorganization within 90 days of the order for relief pursuant to 11 U.S.C. § 1221.
- (8) RELATIONSHIP WITH CREDITORS. The debtor shall promptly respond to reasonable inquiries of creditors.
- (f) CHAPTER 12 - DEBTOR PROHIBITIONS.
 - (1) PAYMENTS TO PRINCIPALS. The debtor shall not compensate or remunerate any of its partners, officers, directors or shareholders in any manner, prior to confirmation of a plan of reorganization or prior approval of the court, except as provided in the interim exception under subparagraph (e)(1)(B) herein.
 - (A) An application for approval of compensation must be signed under oath by an officer of the debtor and must set forth the following:
 - (i) the name and proposed position of the individual sought to be employed along with a detailed description of the duties the individual is to perform, the number of hours the individual will devote to those duties each week, and the reasons why the employment of the individual is necessary to the successful reorganization of the debtor;
 - (ii) the amount of compensation sought on a weekly or monthly basis and details of all perquisites, benefits and consideration of any kind the individual is to receive, examples include use of company vehicles, payment of life or health insurance premiums, and reimbursement of expenses; and
 - (iii) the salary history of the individual to be employed for the year immediately preceding the filing of the petition. Supporting documentary evidence thereof shall be provided directly to the bankruptcy administrator.
 - (B) If the debtor has filed an application for an interim payment for post-petition services which substantially conforms to the requirements of subsection (e)(1)(A)

above, the debtor may make an interim payment in an amount not to exceed the ordinary pre-petition salary or wages for a 14 day period to those individuals who were employed on the date of the filing of the bankruptcy petition, or date of conversion from another chapter, and for whom approval is being sought.

- (C) The court may reconsider orders to compensate principals *sua sponte* or at the request of the bankruptcy administrator, any creditor or other party in interest.
- (2) PAYMENT OF PRE-PETITION DEBT. The debtor shall not pay pre-petition unsecured debt including pre-petition wages without approval of the court.
- (g) CHAPTER 13 - DEBTOR DUTIES. The following shall apply in chapter 13 cases.
 - (1) SCHEDULES AND STATEMENTS REQUIRED. A debtor in a case under chapter 13 shall comply with the requirements of Local Bankruptcy Rule 1007-1.
 - (2) PAYMENTS UNDER PLAN. The debtor shall begin making the payments called for in the proposed plan on the first day of the first month following the month in which the chapter 13 case is filed. The payments shall be made as directed by the standing chapter 13 trustee.
 - (3) DIRECT PAYMENTS TO CREDITORS. If secured claims are to be paid outside the plan, the debtor shall continue to make the regular scheduled payments to the secured creditor prior to confirmation.
 - (4) DISPOSITION OF PROPERTY. The debtor shall not dispose of any non-exempt property having a fair market value of more than \$5,000 by sale or otherwise without prior approval of the trustee and an order of the court.
 - (5) OBTAINING CREDIT. The debtor shall not purchase additional property or incur additional debt of \$7,500 or more without prior approval from the court. The debtor must give notice of the application to purchase additional property or to incur additional debt to the chapter 13 trustee, who must respond within seven days of receipt of the notice. If no objection is filed, the court may approve the application without a hearing.
 - (6) ADEQUATE PROTECTION. When a case is dismissed prior to confirmation, the court may require the debtor to provide adequate protection to one or more secured creditors by directing that the chapter 13 trustee make adequate protection payments from funds received under paragraph (f)(2) (Payments Under Plan) of this rule.
 - (7) INSURANCE COVERAGE.
 - (A) The debtor shall keep the property of the debtor and the bankruptcy estate insured in a manner and to the extent as may be deemed necessary, with loss payable clauses, in the case of pledged or mortgaged property, in favor of the appropriate secured creditors as their interests may appear.
 - (B) The debtor shall ensure that any vehicle, if it is property of the debtor or property of the estate and is required by a security agreement, lease or other similar agreement to be covered by collision insurance, is not driven, unless the vehicle is so covered.

NOTE

Local Bankruptcy Rule 4002-1(a)(1) is consistent with Rule 4002(b)(2)(A) of the Federal Rules of Bankruptcy Procedure and reflects the preference of the district's trustees to receive payment advices and other evidence of payment at the section 341 meeting of creditors.

The requirements of Local Bankruptcy Rule 4002-1(a)(2) are different from Bankruptcy Code section 521(e)(2)(A) and Rule 4002(b)(3) of the Federal Rules of Bankruptcy Procedure. Local

Bankruptcy Rule 4002-1(a)(2)(B) is consistent with the preference of the district's trustees to receive tax returns at the section 341 meeting.

Local Bankruptcy Rule 4002-1(a)(3) provides an exception, with respect to the procedures for requesting and obtaining tax information by the trustee and bankruptcy administrator, to the procedures for safeguarding the confidentiality of tax information established by the Director of the Administrative Office of the United States.

Local Bankruptcy Rule 4002-1(b)(2) requires that no later than 14 days after the filing of the petition, an individual debtor in a case under chapter 7 must provide, in electronic format, the debtor's Federal income tax return and payment advices or other evidence of payment. A pro se debtor may provide the information by any other reasonable means. The Rule is consistent with the preference of the bankruptcy administrator.

Rule 4003-1 EXEMPTIONS

- (a) **FORM.** If the debtor is an individual and desires to claim exemptions, the debtor shall file a claim for exempt property pursuant to 11 U.S.C. § 522(b)(1). If the debtor is entitled to claim exemptions under North Carolina law the debtor shall use the local form, Schedule C-1, Property Claimed as Exempt. If the debtor is entitled to claim exemptions under Federal bankruptcy law or the law of a State other than North Carolina the debtor shall use the local form, Schedule C-2, Property Claimed as Exempt.
- (b) **EXTENSION OF TIME FOR OBJECTIONS TO EXEMPTIONS.** The court may grant any party in interest an extension of time for objecting to the debtor's claim of exempt property. The request for extension shall be by motion which must contain the reasons for requesting the extension. The motion must be filed before the time for objecting expires.
- (c) **CLAIMING EXEMPTIONS UNDER LAW OTHER THAN THAT OF NORTH CAROLINA.** Any claim of exemptions under Federal bankruptcy law or the law of a State other than North Carolina requires the debtor to use the local form, Schedule C-2, Property Claimed as Exempt. As required by that local form, the debtor shall provide the specific constitutional, statutory, or case law citation supporting each claim of exemption and shall specify the exact dates and addresses of the debtor's domicile(s) during the 730 days preceding the date of the filing of the bankruptcy petition.

PART V
COURTS AND CLERKS

Rule 5001-2
CLERK - OFFICE LOCATION AND HOURS

The office of the clerk of court, with the clerk of court or a deputy clerk in attendance, shall be open to the public from 8:30 a.m. until 4:30 p.m. on all days except Saturdays, Sundays and the legal holidays listed in Rule 6(a), Federal Rules of Civil Procedure, or as otherwise ordered.

Rule 5003-1
CLERK - GENERAL AUTHORITY

The clerk of court is authorized to enter the orders and judgments listed below without further direction of the court. However, the action may be suspended, altered or rescinded by the court for cause shown:

- (1) consent orders for the substitution of attorneys;
- (2) orders setting status conferences and preliminary conferences;
- (3) orders extending for a reasonable amount of time the period within which to file a response or an answer to a complaint (first request only);
- (4) orders continuing trial with consent of all parties;
- (5) stipulations of dismissal or consent orders dismissing a proceeding;
- (6) judgments by default as provided for in Rules 55(a) and (b)(1) of the Federal Rules of Civil Procedure; and
- (7) orders canceling liability on bonds.

Rule 5003-4
REGISTER OF MAILING ADDRESSES OF
FEDERAL AND STATE GOVERNMENTAL UNITS

The Register of Mailing Addresses of Federal and State Governmental Units required by Rule 5003, Federal Rules of Bankruptcy Procedure, is contained in the Administrative Guide to Practice and Procedure and is posted on the court's website at www.nceb.uscourts.gov.

Rule 5005-1
FILING PAPER DOCUMENTS - REQUIREMENTS

- (a) **PAPER DOCUMENTS FILED WITH THE CLERK.** All paper documents filed by pro se individuals and attorneys who have been granted an exemption from electronic filing, including proofs of claim, pleadings, and proposed orders shall be tendered to the clerk of court rather than directly to the judge, unless otherwise specifically directed.
 - (1) The clerk may require filing by facsimile pursuant to Rule 5005-1(b) in lieu of paper filing if the clerk deems it appropriate for the safety or security of the court. The clerk will maintain a record of any attempted paper filings and, if the facsimile filing is received within 24 hours of the attempted paper filing, the filing will be effective as of the date and time of the attempted paper filing.

- (b) **FILING BY FACSIMILE.**
 - (1) **FILING.** Pro se individuals and attorneys who have been granted an exemption from electronic filing may file the following paper documents by facsimile transmission to the clerk:
 - (A) motions for a continuance stipulated to by all parties;
 - (B) withdrawal of motions that are scheduled for hearing; and
 - (c) any other filings allowed by the court.
 - (2) **FAXED DOCUMENT SERVES AS ORIGINAL.** A paper document filed by facsimile serves as an original, and subjects the signer to the same penalties as an original document, including penalties of Rule 9011, Federal Rules of Bankruptcy Procedure.
- (c) **PAPER EXHIBITS OR ATTACHMENTS CONTAINING EXCERPTED MATERIAL.** Any exhibit or attachment to any paper document filed under these rules must contain only those excerpts of the referenced documents that are directly germane to the matter under consideration by the court. Excerpted material must be clearly and prominently identified as such. A party filing excerpts of documents as exhibits or attachments under this rule may supplement the excerpt without prejudice to timely file additional excerpts or the complete document. Responding parties likewise may timely file excerpts or the complete document to the extent that the excerpts or document are directly germane to the matter under consideration. Upon request by any party in interest or the court, the complete document containing any such excerpt shall be made available to both the party making the request and the court, unless otherwise ordered.

Rule 5005-2
FILING PAPER DOCUMENTS - NUMBER OF COPIES

Any person requesting file stamped copies of paper documents filed in accordance with Local Bankruptcy Rule 5005-1 above must submit a copy, together with a stamped, self-addressed envelope.

Rule 5005-3
FILING PAPER DOCUMENTS - SIZE OF PAPERS, TWO-SIDED DOCUMENTS

- (a) **PAPER SIZE.** The Judicial Conference of the United States has adopted 8½ x 11 inch letter size paper as the standard for use throughout the federal judiciary. All documents and other papers submitted to this court must conform to this standard.
- (b) **ATTACHMENTS.** Any attachments to a document which are necessary to an understanding of the matters set forth in the document must conform to the standard paper size unless advance permission is sought to submit oversized materials.
- (c) **TWO-SIDED DOCUMENTS.** No document submitted to the court shall have text on both sides of the paper

Rule 5005-4
ELECTRONIC CASE FILING

Local Bankruptcy Rule 5005-4 shall be read in conjunction with the Administrative Guide to Practice and Procedure. The guide is available from the Office of the Clerk of the United States Bankruptcy Court for the Eastern District of North Carolina and is maintained on the court's web site at: www.nceb.uscourts.gov. In the event of a conflict between the Local Bankruptcy Rules and the Administrative Guide to Practice and Procedure, the Local Bankruptcy Rules shall control.

Rule 5005-4(1)
ASSIGNMENT TO SYSTEM AND FILING REQUIREMENTS

- (a) **ASSIGNMENT.** All cases are assigned to the Electronic Case Filing System ("ECF System").
- (b) **FILING.** All petitions, motions, memoranda of law, and other pleadings or documents required to be filed with the court in connection with the case must be electronically filed.
- (c) **APPLICATION FOR EXCEPTION/EXEMPTION.** Any document required to be filed electronically, but presented in paper form, shall be accompanied by an application for an exception or exemption from this rule and a proposed order granting the relief sought. The application shall state the reason(s) why electronic filing would impose an extreme hardship on the applicant.
- (d) **EXEMPTION FROM ELECTRONIC FILING REQUIREMENT.** Notwithstanding the foregoing, pro se individuals and other parties who have been granted an exception or exemption from electronic filing are not required to electronically file pleadings and other documents in cases assigned to the ECF System, but are required to comply with Local Bankruptcy Rules 5005-2 and 5005-3 above.

Rule 5005-4(2)
ELIGIBILITY, REGISTRATION AND PASSWORDS

- (a) **ELIGIBILITY AND REGISTRATION.** Attorneys admitted to the bar of this court, the bankruptcy administrator, private trustees, and others as the court deems appropriate, may register as Filing Users or Filing Agents of the court's Electronic Case Filing System. Registration is in the form prescribed by and available from the clerk. The registration forms are published on the court's web site www.nceb.uscourts.gov.
- (b) **FILING AGENT.** All references within these rules to filings made by the Filing User shall likewise refer to filings made by a Filing Agent on behalf of the Filing User.
- (c) **ELECTRONIC NOTICE AND SERVICE; WAIVERS.** As to all documents properly filed and served electronically, registration as a Filing User constitutes (1) a waiver of the right to receive notice or service by first class mail or personal delivery; and (2) consent to electronic service pursuant to Local Bankruptcy Rule 5005-4(9), except with regard to service of a summons and complaint under Rule 7004 of the Federal Rules of Bankruptcy Procedure, a motion initiating a contested matter under Rule 9014 of the Federal Rules of Bankruptcy Procedure, and with regard to any other applicable rule or statute pursuant to which service by mail is not permitted. Waiver and consent pursuant to this subsection (c) applies to notice of the entry of an order or judgment under Rule 9022 of the Federal Rules of Bankruptcy Procedure.

Rule 5005-4(3)
CONSEQUENCES OF ELECTRONIC FILING; DEADLINES

- (a) **FILING.** Electronic transmission of a document to the Electronic Case Filing System consistent with these rules, together with the transmission of a Notice of Electronic Filing from the clerk, constitutes filing of the document for all purposes of the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules of this court, and constitutes entry of the document on the docket kept by the clerk under Rule 5003 of the Federal Rules of Bankruptcy Procedure.
- (b) **OFFICIAL RECORD.** When a document has been filed electronically or imaged by the court, the official record is the electronic recording of the document as stored by the clerk, and the filing party is bound by the document as filed. A document filed electronically is deemed filed at the date and time stated on the Notice of Electronic Filing.
- (c) **DEADLINES UNCHANGED BY ELECTRONIC FILING.** Filing a document electronically does not alter the filing deadline for that document. Filing must be completed before 12:00 midnight, Eastern Time, in order to be considered timely filed that day.

Rule 5005-4(4)
ENTRY OF COURT ORDERS;
ISSUANCE OF ELECTRONIC SUMMONS

- (a) **FILING OF COURT ORDERS; EFFECT OF ELECTRONIC FILING ON COURT ORDERS.** All orders or other documents generated by the court and filed electronically, with the electronic signature of a judge, shall have the same force and effect as if the judge had affixed the judge's signature to a paper copy of the order.
- (b) **SUBMISSION OF DOCUMENTS FOR JUDGE'S SIGNATURE.** Any document submitted for a judge's signature in a case assigned to the ECF System must be submitted electronically to the clerk's office in the format specified by the Administrative Guide to Practice and Procedure.
- (c) **ISSUANCE OF ELECTRONIC SUMMONS.** The clerk may sign, seal, and issue a summons electronically, although a summons may not be served electronically.

Rule 5005-4(5)
FORMAT; ATTACHMENTS AND EXHIBITS

- (a) All documents filed electronically within the ECF System are subject to the same rules pertaining to format as documents filed in paper form, including but not limited to Local Bankruptcy Rule 5005-3, and in the Administrative Guide to Practice and Procedure.
- (b) Filing Users must submit, in electronic form, all documents referenced as exhibits or attachments as provided in Local Bankruptcy Rule 5005-1(c), unless the court permits paper filing pursuant to Local Bankruptcy Rules 5005-1, 5005-2 and 5005-3. Excerpted material must be clearly and prominently identified as such.

Rule 5005-4(6)
SEALED DOCUMENTS

- (a) In connection with the filing of any document in an action assigned to the ECF system, any person may apply by motion for an order allowing the filing of such document under seal, or limiting the electronic access to, any specifically-identified document as provided by 11 U.S.C. § 107 or as authorized by law.

- (b) A motion to file a document under seal or subject to restricted access may be filed electronically unless prohibited by law. A court order authorizing the filing of a document under seal or subject to restricted access may be filed electronically unless prohibited by law.
- (c) Any document ordered to be placed under seal must be filed in paper form, and not electronically, unless specifically authorized by the court. A paper copy of the order authorizing the filing of documents under seal must be attached to the documents and delivered to the clerk, who will place the order and the sealed documents in the safe located in the clerk's office under restricted access until further order of the court.
- (d) For any document ordered to be filed but not made available for public viewing, the Filing User shall contact the clerk's office by telephone to advise that the document in question is ready to be electronically filed, and shall then proceed to electronically file the document in question such that the clerk's office may immediately remove it from public access.

Rule 5005-4(7)

ORIGINAL SIGNATURES AND RETENTION REQUIREMENTS

- (a) A Filing User must obtain original signatures prior to filing on all electronically filed documents that require original signatures from any person other than the Filing User (e.g., petitions, lists, schedules, statements, amendments, affidavits, verifications, and other documents that require verification under Fed. R. Bankr. P. 1008 or an unsworn declaration as provided in 28 U.S.C. § 1746), which documents must be maintained by the Filing User in paper form, bearing the original signatures, for four years after the closing of the case or proceeding in which the documents were filed. Upon the court's request, the Filing User must provide the original signed documents for review.
- (b) Except as provided above when original signatures are required on a document, a Filing User may electronically file documents (including the submission of proposed consent orders) signed by persons other than the Filing User without obtaining the original signature of such persons on the document, provided that the Filing User first has confirmed that the content of the document is acceptable to all persons required to sign the document and has obtained in writing proof that the document has been signed, or that each signature is authorized, by all persons (e.g., a faxed signature, scanned signature, or e-mail authorized signature). The Filing User shall retain the writing evidencing or authorizing each signature on the document for four years after the closing of the case or proceeding in which the documents were filed. Upon the court's request, the Filing User must provide the writing(s) evidencing or authorizing the signature(s) on the document for review.

Rule 5005-4(8)

SIGNATURES AND CERTIFICATION

- (a) **ELECTRONIC FILING CONSTITUTES SIGNATURE AND CERTIFICATION.** The use of the login and password of the Filing User, or of a Filing Agent registered to file on behalf of the Filing User, to electronically file any petition, pleading, motion, claim, or other document shall constitute the signature of that Filing User on the electronically filed document for purposes of the Federal Rules of Bankruptcy Procedure, including Rule 9011, the Local Bankruptcy Rules of this court, and any other purpose for which a signature is required in connection with proceedings before this court. Use of the login and password of the Filing User, or of a Filing Agent registered to file on behalf of the Filing User, also shall constitute certification by the Filing User that: (1) all persons indicated to have signed the document have actually executed the original or a copy of the original,

or have approved the content of and authorized their signature on the document, prior to electronic filing; and (2) the Filing User has authorized the electronic filing of the executed document.

- (b) **USE OF LOGIN/PASSWORD.** No Filing User or other person may knowingly permit or cause to permit a Filing User's or a Filing Agent's password to be used by anyone other than an agent of the Filing User authorized to use such login and password.

Rule 5005-4(9)

**SERVICE OF DOCUMENTS BY ELECTRONIC OR
CONVENTIONAL MEANS; CALCULATION OF RESPONSE TIME**

- (a) **CERTIFICATE OF SERVICE REQUIRED.** A Filing User who electronically files a pleading or other document in a case assigned to the ECF System must include a certificate of service indicating how service was made.
- (b) **SERVICE OF NOTICE OF ELECTRONIC FILING TO FILING USERS.** Service of an electronically filed document on other Filing Users may be made by transmitting or causing transmission of a "Notice of Electronic Filing" to those other Filing Users. Electronic service of process is not effective for purposes of obtaining service of process under Rules 7001 or 9014, Federal Rules of Bankruptcy Procedure.
- (c) **CONVENTIONAL SERVICE OF DOCUMENTS AND NOTICE TO NON-CONSENTING PARTIES.** Parties who are entitled to service of a document but who have not consented to electronic service must be served with a paper copy of the document in compliance with the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules.
- (d) **CALCULATION OF RESPONSE TIME.** Rule 9006(f) of the Federal Rules of Bankruptcy Procedure applies to the calculation of deadlines for responses to electronically filed pleadings and other documents.

Rule 5005-4(10)

TECHNICAL FAILURES

A Filing User whose filing is made untimely as the result of a technical failure may seek appropriate relief from the court.

Rule 5005-4(11)

LIMITATION ON PUBLIC ACCESS

Material filed on the ECF System shall not be accessed or downloaded for any purpose inconsistent with the privacy concerns of any person.

PART VI
COLLECTION AND LIQUIDATION OF THE ESTATE

Rule 6004-1
SALE OF ESTATE PROPERTY

Following a public sale, the trustee shall file a report of sale and serve the report on the debtor and the bankruptcy administrator. The report shall include an itemized statement of the property sold, list of bidders, the name of each purchaser, and the price received for each item or lot or for the property as a whole, if sold in bulk, and shall state the date, time, and place of the sale. The report shall include a calculation of compensation allowable under the order of employment and copies of the sale advertisement along with a summary listing of all advertising expenses, sign expenses, shipping costs and postage expenses.

Rule 6005-1
APPRAISERS AND AUCTIONEERS

- (a) **EMPLOYMENT OF AUCTIONEER.** Unless otherwise ordered by the court, an auctioneer shall be paid pursuant to the scale provided in the Administrative Guide. Ordinary expenses of the sale shall be included in the commission scale, and other expenses may be reimbursed as allowed by the court.
- (b) **CONDITIONS PRECEDENT TO EMPLOYMENT.** The trustee may employ and compensate an auctioneer without application to the court on the basis set out in (a) above only if the following conditions are satisfied in advance:
 - (1) the auctioneer to be employed under subsection (a) above must have been employed as an auctioneer in a chapter 7 case in this district, by order of this court, within the prior 12 months;
 - (2) the auctioneer must be licensed and in good standing with the North Carolina Auctioneer's Commission consistent with North Carolina General Statute §§ 85B-3 and 4;
 - (3) the auctioneer must execute and deliver to the trustee the same affidavit that would be required in support of an application for employment of auctioneer otherwise filed with the court;
 - (4) the auctioneer must not have been censured or suspended; and
 - (5) the affidavit executed by the auctioneer must affirmatively set out compliance with the conditions of subsections (2) and (4) above. The trustee shall be entitled to rely on the truth and accuracy of the affidavit submitted by the auctioneer.
- (c) **REPORT BY TRUSTEE.** The trustee shall prepare a report of sale that discloses fees paid to the auctioneer, and the report shall be accompanied by the auctioneer's affidavit. The trustee must file the report of sale with the clerk and serve copies on the bankruptcy administrator.
- (d) **REPORT BY AUCTIONEER.** An auctioneer employed to conduct a sale on behalf of the bankruptcy estate must file a report of sale following the conclusion of any sale within the time and in the format as prescribed by the bankruptcy administrator.

Rule 6070-1
TAX RETURNS AND TAX REFUNDS

Tax returns and tax refunds, and their treatment in the context of the automatic stay provided in 11 U.S.C. § 362(a), are addressed in Local Bankruptcy Rule 4001-1(a).

PART VII
ADVERSARY PROCEEDINGS

Rule 7005-1
SERVING AND FILING PLEADINGS AND OTHER PAPERS

Electronic service through the court's transmission facilities is allowed as provided in Local Bankruptcy Rule 5005-4 or as the party served may otherwise consent in writing. If the party making service learns that the attempted electronic service did not reach the person to be served, the party making service shall cause the pleading to be re-served by electronic means or served by other acceptable means of service as provided in Rule 7005(b) of the Federal Rules of Bankruptcy Procedure.

Rule 7007-1
MOTION PRACTICE IN ADVERSARY PROCEEDINGS

- (a) **GENERAL REQUIREMENTS.** All motions shall state with particularity the facts supporting the motion and shall state the relief requested. All motions, except those seeking a shortening or extension of any time period, shall be filed with an accompanying memorandum.
- (b) **RESPONSES TO MOTIONS.** Any party may file a written response to any motion within 21 days after service of the motion in question unless otherwise ordered by the court or prescribed by the applicable rules of bankruptcy procedure. The response may be a memorandum and may be accompanied by affidavits or other supporting documents. When the response is not a memorandum, the written response shall be accompanied by a supporting memorandum. In the event no response is filed, the court may proceed to rule on the motion.
- (c) **HEARINGS ON MOTIONS.** Hearings on motions may be ordered by the court in its discretion.

Rule 7016-1
PRETRIAL PROCEDURES

- (a) **PRELIMINARY PRETRIAL CONFERENCE.**
 - (1) **SCHEDULING AND NOTICE.** A preliminary pretrial conference may be scheduled at the discretion of the court. The clerk of court shall give at least 21 days notice of the conference.
 - (2) **PREPARATION BY COUNSEL FOR PRELIMINARY PRETRIAL CONFERENCE.** Counsel shall be prepared to discuss at the conference the following:
 - (A) the issues raised by the pleadings;
 - (B) issues concerning jurisdiction, venue, or the authority of the bankruptcy court;
 - (C) whether the parties, if the proceeding is not a core proceeding, have consented to the bankruptcy judge hearing and determining the proceeding pursuant to 28 U.S.C. § 157(c)(2);
 - (D) the disposition of pending motions;
 - (E) the necessity, desirability, and timing of amendments to pleadings, joinder of additional parties, the filing of additional motions and discovery;
 - (F) the timing and form of disclosures under Rule 26(a)(1) of the Federal Rules of Civil Procedure, including a statement of when disclosures under (a)(1) were made or should be made;
 - (G) the amount of time that will be needed for discovery;

- (H) changes that should be made in the limitations on discovery imposed by the Federal Rules of Civil Procedure;
 - (I) whether use of expert witnesses is contemplated, and if so, whether and when the disclosure of expert information as required by Rule 26(a)(2) of the Federal Rules of Civil Procedure should be required;
 - (J) if a jury demand has been made in a core proceeding, whether the parties consent to a jury trial in the bankruptcy court;
 - (K) whether the parties have engaged in settlement discussions;
 - (L) whether the parties have considered voluntary or court ordered mediation and/or arbitration;
 - (M) the need for additional pretrial conferences;
 - (N) whether there are witnesses whose testimony could be accommodated at deposition or trial by video conferencing, and if so, what stipulations can be made regarding the appearance of witnesses by video conferencing.
- (3) **PRELIMINARY PRETRIAL CONFERENCE REPORT.** At least seven days prior to the preliminary pretrial conference, counsel shall file with the clerk of court a joint report containing information concerning all the items to be discussed at the preliminary pretrial conference.
- (4) **DISCLOSURES.** Unless counsel agree to disclosures at an earlier date, disclosures required to be made by Rule 26(a) and (b), Federal Rules of Civil Procedure, shall be made at the time and under the circumstances directed by the court in the scheduling order entered after receipt of the preliminary pretrial conference report.
- (b) **FINAL PRETRIAL CONFERENCE**
- (1) **SCHEDULING AND NOTICE.** A final pretrial conference may be scheduled at the discretion of the court. The clerk of court shall give at least 30 days notice of the conference.
 - (2) **PREPARATION BY COUNSEL FOR FINAL PRETRIAL CONFERENCE.** At least 14 days prior to the final pretrial conference, trial counsel for each of the parties shall confer and prepare a proposed final pretrial order. In the event no pretrial conference is scheduled, counsel shall confer, prepare and submit a proposed final pretrial order to the court no later than 14 days prior to the scheduled trial. It is the duty of counsel for the plaintiff to arrange this conference. The conference of attorneys shall be held in a mutually agreeable location or may be conducted by telephone conference. Each counsel must bring to the conference or be responsible for the exchange of copies of exhibits to be introduced into evidence, lists of witnesses to be called and designations of discovery material to be used at the trial. The disclosure of witnesses and exhibits under this section supersedes the requirements of timing and format otherwise required by Rule 26(a)(3), Federal Rules of Civil Procedure.
- (c) **PRETRIAL ORDER.** The pretrial order shall be prepared in one sequential document without reference to attached exhibits or schedules and shall contain the following in five separate sections, numbered by Roman numerals, as indicated:
- (1) **I. STIPULATIONS.** Stipulations covering jurisdiction, joinder, capacity of the parties, all relevant and material facts, legal issues and factual issues.
 - (2) **II. CONTENTIONS.** Contentions covering matters on which the parties have been unable to stipulate, including jurisdiction, misjoinder, capacity of the parties, relevant and material facts, legal issues and factual issues. Claims and defenses as to which no contentions are listed in the pretrial order are deemed abandoned.
 - (3) **III. EXHIBITS.** A list of exhibits that each party may offer at trial, including any map or diagram, numbered sequentially, which numbers shall remain the same throughout all further proceedings. Copies of all exhibits shall be provided to opposing counsel not later

than the attorney conference provided for in Local Bankruptcy Rule 7016-1(b)(2). The court may excuse the copying of large maps or other exhibits. Except as otherwise indicated in the pretrial order, it will be deemed that all parties stipulate that all exhibits are authentic and may be admitted into evidence without further identification or proof. Grounds for objection as to authenticity or admissibility must be set forth in the pretrial order.

- (4) IV. DESIGNATION OF PLEADINGS AND DISCOVERY MATERIALS. The designation of all portions of pleadings and discovery materials, including depositions, interrogatories and requests for admissions that each party may offer at trial by reference to document, volume, page, and line. Objections by opposing counsel must be noted by document, volume, page and line, and reasons for objections must be stated.
- (5) V. WITNESSES. A list of the names and addresses of all witnesses each party may offer at trial, together with a brief statement of what counsel proposes to establish by their testimony.

A pretrial order should be submitted in detail sufficient to comply with these rules. A sample pretrial order is in the Administrative Guide to Practice and Procedure.

- (d) PRETRIAL CONFERENCE.
 - (1) The purpose of the pretrial conference is to resolve any disputes concerning the contents of the pretrial order. At the pretrial conference, counsel should be prepared to present to the court all information and documentation necessary for completion of the pretrial order. Failure to do so shall result in the sanctions provided by this rule.
 - (2) Rule 16(f) of the Federal Rules of Civil Procedure, which provides for sanctions if a party or party's attorney fails to obey a scheduling or pretrial order, or if no appearance is made on behalf of a party at a scheduling or pretrial conference, or if a party or party's attorney is substantially unprepared to participate in the conference, or if a party or party's attorney fails to participate in good faith, is applicable to adversary proceedings pursuant to Rule 7016, Federal Rules of Bankruptcy Procedure.

Rule 7016-2 TRIALS

- (a) OPENING STATEMENTS. At the beginning of the trial, each party (beginning with the party having the burden of proof on the first issue) may, without argument and in such reasonable time as the court allows, state to the court the following:
 - (1) the substance of the claim, counterclaim, cross claim or defense; and
 - (2) what counsel contends the evidence will show.Parties not having the burden of proof on the first issue may elect to make an opening statement immediately prior to presenting evidence, rather than at the beginning of the trial.
- (b) WITNESSES. Counsel may not release a person from a subpoena without notice to opposing counsel and leave of court. A party objecting to the release of a person shall bear all costs incident to the person that arise subsequent to the request for release. The court, in its discretion and in the interest of justice, may permit a party to call and examine a witness not listed in the final pretrial order.
- (c) EXHIBITS.
 - (1) All exhibits shall be pre-marked with stickers with sequential numbers as listed in the pretrial order.

- (2) Copies of all exhibits, properly bound, shall be provided to the court at the beginning of the trial.
 - (3) The original exhibit shall bear a sticker. After receipt into evidence, it shall remain in the custody of the courtroom deputy except when being used by a witness.
 - (4) Copies of all exhibits shall bear the photocopy of the sticker or a typed or printed reproduction thereof.
 - (5) Upon presentation of an exhibit to a witness, counsel shall announce to the court the exhibit number.
- (d) CLOSING ARGUMENT. The court will set the times for closing argument after consultation with parties. Unless otherwise ordered by the court, the party with the burden of proof shall open and close the arguments. The opening argument may not be waived.

Rule 7026-1
DISCOVERY - GENERAL

Transcripts of depositions, interrogatories, requests for production of documents, requests for admissions, answers and responses thereto, notices of deposition (unless filing is needed to obtain a subpoena in another district), or any subpoena or subpoena duces tecum, are not to be filed unless by order of the court or for use in the proceeding. All such papers must be served on other counsel or parties entitled to service of papers filed with the clerk of court. The party taking a deposition or obtaining any material through discovery is responsible for its preservation and delivery to the court if needed or so ordered.

Rule 7055-1
DISMISSAL OF ACTIONS FOR LACK OF PROSECUTION

- (a) Except where a complaint objecting to a discharge has been filed, an adversary proceeding may be dismissed by the court for lack of prosecution as follows:
 - (1) where no service of process has been made and certified to the court within 30 days after the filing of the complaint; or
 - (2) where no responsive pleadings have been filed and plaintiff has not moved for entry of default within 30 days after the time for filing responsive pleadings has expired.
- (b) Dismissal under this local bankruptcy rule shall be without prejudice unless the delay has resulted in prejudice to an opposing party.

RULE 7065-1
TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION

- (a) Prior to submitting a motion for a temporary restraining order or for a preliminary injunction, an adversary proceeding shall be filed seeking such relief.
- (b) A motion for a temporary restraining order or for a preliminary injunction shall be made in a document separate from the complaint and shall be accompanied by:
 - (1) a proposed temporary restraining order or preliminary injunction; and
 - (2) a declaration or affidavit by the moving party or counsel for the moving party showing compliance with Rule 7065, Federal Rules of Bankruptcy Procedure, regarding notice to opposing parties.

Rule 7067-1
REGISTRY FUND

In the event a depository intended by the court to receive registry funds is not able, immediately upon the court's receipt of the registry funds, to pledge sufficient collateral for receipt of those funds, the funds may be retained temporarily in non-interest-bearing U. S. Treasury accounts as necessary to arrange for their deposit in interest-bearing accounts.

PART VIII
APPEALS TO DISTRICT COURT
[RESERVED]

PART IX
GENERAL PROVISIONS

Rule 9004-2
CAPTION - DOCUMENTS, GENERAL

Pursuant to Local Bankruptcy Rule 1071-1, all documents filed with the clerk or the court shall state in the caption the court and division in which the action is pending and the chapter under which the case is being administered.

Rule 9007-1
DESIGNATION OF PARTIES TO PROVIDE NOTICE

The clerk of court is authorized to designate the parties who shall provide the notice to creditors and parties in interest as required under the Federal Rules of Bankruptcy Procedure or Local Bankruptcy Rules.

RULE 9009-1
FORMS

Local forms are available on the court's website at www.nceb.uscourts.gov.

Rule 9011-1
ATTORNEYS - DUTIES

Any attorney who files a bankruptcy petition for or on behalf of a debtor shall remain the attorney of record for all purposes, including the representation of the debtor in all matters that arise in conjunction with the proceeding, until the case is closed or the attorney is relieved upon application and court order. If additional fees are required, application must be made pursuant to Rule 2016, Federal Rules of Bankruptcy Procedure, and Local Bankruptcy Rule 2016-1.

Rule 9011-3
SANCTIONS

- (a) FAILURE TO COMPLY WITH LOCAL BANKRUPTCY RULES. If any attorney or party willfully fails to comply with any Local Bankruptcy Rule of this court, the court, in its discretion, may impose sanctions.
- (b) SANCTIONS UNDER § 362(k). When determining sanctions under 11 U.S.C. § 362(k), the court shall consider whether the moving party notified the offending party and gave the party an opportunity to cure the alleged violation.

Rule 9011-4
SIGNATURES

All documents signed by an attorney pursuant to Rule 9011 of the Federal Rules of Bankruptcy Procedure and filed with the court shall contain the individual name, firm name, address, telephone number, facsimile number, email and State Bar identification number, where applicable, of the signing attorney(s).

Rule 9013-1
SERVICE OF MOTIONS

- (a) SERVICE ON TRUSTEE AND ATTORNEY FOR DEBTOR IN POSSESSION. In addition to the parties affected by the pleading, all filings (except claims) in all proceedings and cases must be served on the trustee whether or not the trustee is a party to the proceeding. In chapter 11 cases, the attorney for the debtor in possession must be served in like manner.
- (b) SERVICE ON BANKRUPTCY ADMINISTRATOR. In chapter 11 cases, all filings (except claims) must be served on the bankruptcy administrator. In chapter 7 cases, all pleadings filed by the chapter 7 trustee, or filed in response to a pleading filed by the trustee, must be served on the bankruptcy administrator.

RULE 9013-2
BRIEFS AND MEMORANDA OF LAW

Except as provided in Local Bankruptcy Rule 7007-1, supporting briefs or memoranda of law are optional and are not required unless ordered by the court.

RULE 9013-3
CERTIFICATE OF SERVICE

Each pleading or document to be served on any party shall have attached a certificate reflecting that service has been made on that party and identifying the method of service.

Rule 9014-1
CONTESTED MATTERS – GENERAL

- (a) REQUIREMENTS OF MOTION. A motion shall be accompanied by all exhibits and attachments referred to in the motion, together with a notice of motion and certificate of service, and filed with a proposed order pursuant to Local Bankruptcy Rule 9072-1. The notice of motion shall give notice of the filing of the motion, allow for a specific response time to the motion and shall conform substantially to the notice of motion in the local forms. A response to a motion does not require a notice of motion or an accompanying proposed order.
- (b) CONTENT OF MOTIONS. Motions seeking relief other than as to the debtor or the trustee must recite the name and address of the party against whom relief is sought.
- (c) TIME FOR RESPONSE. A response and accompanying affidavits, if any, to any motion shall be filed within 14 days from the date of the service of the motion, unless otherwise ordered or provided in the Federal Rules of Bankruptcy Procedure or Local Bankruptcy Rules.

- (d) **SERVICE OF MOTION.** The moving party shall serve the notice of the motion together with the motion and all exhibits and attachments (unless service of the motion itself is not required) in the manner prescribed in Rule 9014, Federal Rules of Bankruptcy Procedure, and Local Bankruptcy Rule 9013-1.
- (e) **RESPONSE.** Any party against whom relief is sought may file a written response to the motion. The response may be accompanied by affidavits and other supporting documents and shall be served on all interested parties.
- (f) **CONTENT OF RESPONSE.** All responses shall contain sufficient information to reasonably disclose the basis for the party's position and what specific issues are contested. If a response is not in compliance with this provision, the court in its discretion may resolve the matter without a hearing.
- (g) **HEARING ON MOTION.** Unless a hearing is requested in the motion or in the response, motions may be determined without a hearing. A hearing on a motion may be ordered by the court in its discretion.
- (h) **EVIDENTIARY HEARINGS.** Evidentiary hearings, at which witnesses may testify, will be held in contested matters at the first appearance before the court, unless otherwise ordered.
- (i) **FRIVOLOUS OR DELAYING MOTIONS.** Where the court finds that a motion is frivolous or filed for delay, costs may be assessed against the party or counsel filing the motion. Any party filing a request for a hearing shall appear at the hearing set by the court in support of the request or costs may be assessed.

Rule 9014-2
CONTESTED MATTERS – EXPEDITED

- (a) **APPLICABILITY.** This rule is applicable to any motion in which a hearing or the entry of an order is requested with less than 14 days notice.
- (b) **PROCEDURE.**
 - (1) Any request for a shortened notice time and expedited hearing shall be filed as a separate motion.
 - (2) The motion for which shortened notice time is requested shall be filed contemporaneously with the filing of the motion for shortened notice.
 - (3) The movant shall contact the clerk's office by telephone to inform that the motion has been filed so that the motion may be immediately referred to the judge.
- (c) **SERVICE OF MOTION AND NOTICE OF HEARING.**
 - (1) **MOTION.** The moving party shall immediately serve a copy of the motion to shorten time and the motion upon which expedited relief is requested by hand delivery, overnight delivery, facsimile or electronic transmission.
 - (2) **NOTICE OF MOTION.** Immediately upon receipt of the order on the motion to shorten time, the movant shall file a notice of motion consistent with the order indicating the response due date, and notice of hearing, if applicable, and shall serve the notice upon the parties in the manner prescribed in subparagraph (c)(1) above.
 - (3) In instances where service of the notice of motion may not provide sufficient time for parties in interest to respond or appear, counsel shall telephonically provide notice.
 - (4) A certificate of service indicating the manner of service shall be filed immediately upon completion of service.

Rule 9019-1
SETTLEMENTS AND AGREED ORDERS

Unless additional time is granted by the court, parties to a settlement shall submit a consent order within 21 days of the notification to the court that the settlement has been reached.

Rule 9019-2
MEDIATED SETTLEMENT CONFERENCE

The court may require parties and their representatives to attend a pretrial mediated settlement conference in any adversary proceeding or contested matter pending in the court.

Rule 9019-2(1)
MEDIATED SETTLEMENT ORDER AND MOTIONS

- (a) **TIMING OF THE ORDER.** The court may issue the order at any time.
- (b) **CONTENT OF ORDER.** The court's order shall:
 - (1) require that a mediated settlement conference be held in the case;
 - (2) establish a deadline for the completion of the conference;
 - (3) state clearly that the parties have the right to select their own mediator as provided by Local Bankruptcy Rule 9019-2(2);
 - (4) state the rate of compensation of the court appointed mediator in the event that the parties do not exercise their right to select a mediator pursuant to Local Bankruptcy Rule 9019-2(2); and
 - (5) state that the parties shall be required to pay the mediator's fee at the conclusion of the settlement conference unless otherwise ordered by the court.
- (c) **MOTION TO DISPENSE WITH MEDIATED SETTLEMENT CONFERENCE.** A party may move the court, within 14 days after entry of the court's order, to dispense with the conference. The motion shall state the reasons the relief is sought. Any party may file a written objection specifically stating the reasons for opposing the motion.
- (d) **MOTION FOR COURT ORDERED MEDIATED SETTLEMENT CONFERENCE.** In cases not ordered to mediated settlement conference, any party may move the court to order such a conference. The motion shall state the reasons why the order should be allowed. Objections may be filed in writing with the court within 14 days after the date of the service of the motion.
- (e) **MEDIATED SETTLEMENT CONFERENCE IS NOT TO DELAY OTHER PROCEEDINGS.** The mediated settlement conference shall not delay other proceedings in the case, including the completion of discovery, the filing or hearing of motions, or the trial of the case, except by order of the court.

Rule 9019-2(2)
SELECTION OF MEDIATOR

- (a) **SELECTION OF MEDIATOR BY AGREEMENT OF PARTIES.** The parties appearing of record may select a mediator. The plaintiff (or movant in a contested matter) shall file with the court a notice indicating the selection of a mediator by agreement within 14 days of the court's order. This notice shall state the name, address and telephone number of the mediator selected; state the rate of compensation of the mediator; and state that the mediator and the parties have agreed upon the selection and rate of compensation.

- (b) **APPOINTMENT OF MEDIATOR BY THE COURT.** If the parties cannot agree upon the selection of a mediator, the plaintiff (or movant in a contested matter) shall submit a motion for court appointment of mediator. The motion must be filed within 14 days after the court's order requiring mediation and shall state that the parties and their attorneys discussed the selection of a mediator and are unable to agree.
- (c) **DISQUALIFICATION OF MEDIATOR.** Any party may move for an order disqualifying the mediator. If the mediator is disqualified, a replacement mediator shall be selected or appointed pursuant to this rule. Nothing in this provision shall preclude mediators from disqualifying themselves upon written notice to the court and the parties.

Rule 9019-2(3)

MEDIATED SETTLEMENT CONFERENCE LOCATION AND TIME

- (a) **LOCATION OF CONFERENCE.** Unless all parties and the mediator otherwise agree, the mediated settlement conference shall be held in the United States Bankruptcy Courthouse or other public or community building in the Eastern District. The mediator shall be responsible for reserving a place and making arrangements for the conference and for giving timely notice of the conference to all attorneys, unrepresented parties and other persons and entities required to attend.
- (b) **TIME OF CONFERENCE.** The court's order issued pursuant to Local Bankruptcy Rule 9019-2(1) shall state a date of completion for the conference. As a guiding principle, the conference should be held after the parties have had a reasonable time to conduct discovery but well in advance of the trial date.
- (c) **REQUEST TO EXTEND DATE OF COMPLETION.** A party, or the mediator, may request the judge to extend the deadline for completion of the conference. The request shall state the reasons the continuance is sought and shall be served by the movant upon the other parties and the mediator. If any party does not consent to the request, said party shall promptly communicate its objection to the judge. The judge may grant the request and enter an order setting a new date for the completion of the conference, which date may be set at any time prior to trial. The order shall be served on all parties and on the mediator by the person who sought the extension.
- (d) **RECESSES.** The mediator may recess the conference at any time and may set times for reconvening. No further notification is required for persons present at the recessed conference.

Rule 9019-2(4)

DUTIES OF PARTIES, REPRESENTATIVES, AND ATTORNEYS

- (a) **ATTENDANCE.** The following persons shall physically attend the entire mediated settlement conference until an agreement is reduced to writing and signed as provided by subsection (c) of this rule or an impasse has been declared, unless excused by the court or by the mediator with approval of all parties and attorneys.
 - (1) **PARTIES.**
 - (A) all individual parties;
 - (B) any party that is not a natural person or a governmental entity, represented at the conference by an officer, employee or agent who is not such party's outside counsel and who has been authorized to decide on behalf of such party whether and on what terms to settle the action; and
 - (C) any party that is a governmental entity, represented at the conference by an employee or agent who is not such party's outside counsel and who has authority to decide on behalf of such party whether and on what terms to settle the action;

provided, if under law proposed settlement terms can be approved only by a board, the representative shall have authority to negotiate on behalf of the party and to make a recommendation to that board.

- (2) **INSURANCE COMPANY REPRESENTATIVES.** A representative of each insurance carrier which may be obligated to pay all or part of any claim presented in the action. Each carrier shall be represented at the conference by an officer, employee, or agent, other than the carrier's outside counsel, who has the authority to make a decision on behalf of the carrier or who has been authorized to negotiate on behalf of the carrier and can promptly communicate during the conference with persons who have decision-making authority.
 - (3) **ATTORNEYS.** At least one counsel of record for each party or other participant whose counsel has appeared in the action.
- (b) **NOTIFYING LIEN HOLDERS.** Any party or attorney who has received notice of a lien or other claim upon proceeds recovered in the action shall notify the lien holder or claimant of the date, time, and location of the mediated settlement conference and shall request the lien holder or claimant to attend the conference or make a representative available with whom to communicate during the conference.
 - (c) **FINALIZING AGREEMENT.** Upon reaching agreement, either before or during the mediation conference, the settlement shall be immediately reduced to writing and signed by the parties, their counsel, and others with settlement authority.
 - (d) **PAYMENT OF COMPENSATION BY PARTIES.** Unless otherwise agreed to by the parties or ordered by the court, costs of the mediated settlement conference shall be paid in equal shares by the parties. Multiple parties shall be considered one party when they are represented by the same counsel. Parties obligated to pay a share of the costs shall pay them equally unless the court otherwise orders.

Rule 9019-2(5)
SANCTIONS FOR FAILURE TO ATTEND

- (a) If any person required to attend the conference pursuant to Local Bankruptcy Rule 9019-2(4) fails to attend without good cause, the court may impose an appropriate monetary sanction, including but not limited to, the payment of fines, attorneys fees, mediator fees, expenses and losses of earnings incurred by persons attending the conference.
- (b) A party seeking sanctions against another party or person shall do so in a written motion stating the grounds for the motion and the relief sought.

Rule 9019-2(6)
AUTHORITY AND DUTIES OF MEDIATOR

- (a) **AUTHORITY OF MEDIATOR.**
 - (1) **CONTROL OF CONFERENCE.** The mediator shall at all times be in control of the conference and the procedures to be followed.
 - (2) **PRIVATE CONSULTATION.** The mediator may meet and consult privately with any participant or counsel during the conference.
 - (3) **SCHEDULING THE CONFERENCE.** The mediator shall make a good faith effort to schedule the conference at a time that is convenient to the participants, attorneys and mediator. In the absence of agreement, the mediator shall select the date for the conference.

- (b) DUTIES OF MEDIATOR.
- (1) GENERALLY. The mediator shall define and describe the following to the parties at the beginning of the conference:
 - (A) the process of mediation;
 - (B) the differences between mediation and other forms of conflict resolution;
 - (c) the costs of the mediated settlement conference;
 - (D) that the mediated settlement conference is not a trial, the mediator is not a court, and the parties retain their right to trial if they do not reach settlement;
 - (E) the circumstances under which the mediator may meet and communicate privately with any of the parties or with any other person;
 - (F) whether and under what conditions communications with the mediator will be held in confidence during the conference;
 - (G) the inadmissibility of conduct and settlements as provided by applicable Rules of Evidence.
 - (H) the duties and responsibilities of the mediator and the participants; and
 - (I) the fact that any agreement reached will be reached by mutual consent.
 - (2) DISCLOSURE. The mediator has a duty to be impartial and to advise all participants of any circumstances bearing on possible bias, prejudice or partiality.
 - (3) DECLARING IMPASSE. It is the duty of the mediator to timely determine that an impasse exists and that the conference should end.
 - (4) LOCATION OF CONFERENCE. Unless all parties agree, the mediated settlement conference shall be held at a place selected by the mediator. The mediator shall be responsible for reserving a place and making arrangements for the conference and for giving timely notice of the conference to all attorneys, unrepresented parties and other persons and entities required to attend.
 - (5) REPORTING RESULTS OF CONFERENCE. The mediator shall submit a Report of Mediator to the court which indicates the results of the conference. This report shall be filed within two weeks of the conclusion of the conference or upon the receipt of a copy of a written settlement agreement, whichever comes first.
 - (A) If an agreement was reached, the report shall state whether the action will be concluded by consent judgment or voluntary dismissal and shall identify the persons designated to file the consent judgment or dismissals. The mediator's report shall inform the court of the absence of any party, attorney, or insurance representative who was absent without permission from the conference.
 - (B) Unless confidential, the mediator shall attach the written settlement agreement prepared by the parties to the Report of Mediator.

Rule 9036-1

NOTICE BY ELECTRONIC TRANSMISSION

- (a) Whenever the clerk or some other person as directed by the court is required to send notice by mail, and the entity or person entitled to receive the notice requests in writing that instead of notice by mail, all or part of the information required to be contained in the notice be sent by a specified type of electronic transmission, the court may direct the clerk or other person to send the information by such electronic transmission.
- (b) Notice by electronic transmission is complete, and the sender shall have fully complied with the requirement to send notice, when the sender obtains electronic confirmation that the transmission has been received, except where the recipient of the notice has agreed in writing that confirmation is not required, in which case notice is complete upon transmission.

Rule 9070-1
EXHIBITS

Exhibits filed in this district, in either paper or electronic form, and in the context of an adversary proceeding, contested matter, or any other proceeding, shall conform to the requirements of the Local Bankruptcy Rules, including Local Bankruptcy Rules 5005-1, 5005-4(5), 7016-1, 7016-2, and 9014-1, as they may apply.

Rule 9072-1
PROPOSED ORDERS

A proposed order shall be submitted contemporaneously with the filing of any document requesting relief in accordance with the procedures established in the Administrative Guide.

RULE 9074-1
TELEPHONE OR VIDEO CONFERENCES AND HEARINGS

- (a) **CONFERENCES AND HEARINGS.** The court may schedule any matter in a bankruptcy case, contested matter or adversary proceeding to be heard by video or telephone conference. Any party in interest affected by or involved in a case, matter or proceeding may request the court to hear the matter by telephone or video conference.
- (b) **EXCHANGE OF EXHIBIT AND WITNESS LISTS.** The parties involved in video conferences and hearings shall exchange proposed witness and exhibit lists and copies of all proposed exhibits, and file such lists and exhibits with the court, at least three business days prior to a hearing or trial unless otherwise ordered by the court. The moving party in a contested matter shall identify exhibits in numerical sequence. The responding party in a contested matter shall identify exhibits in alphabetical sequence. If multiple parties are involved, the parties prior to hearing or trial shall determine an identification sequence that eliminates any duplicative sequence. Failure to exchange timely and file proposed witness and exhibit lists and copies of proposed exhibits in accordance with this rule may result in the court barring any undisclosed witness testimony and denying the admission of any unexchanged exhibits.