

## Chapter 11 – Subchapter V

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### Docketing Event

N/A

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### Negative Notice: N/A

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### Accompanying Orders: N/A

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### Code and Rule References:

[11 U.S.C. §1181](#)

[Interim Bankruptcy Rule 1020](#)

[11 U.S.C. §1182](#)

[Interim Bankruptcy Rule 1020](#) (Revised April 2020)

[11 U.S.C. §1183](#)

[Interim Bankruptcy Rule 2009](#)

[11 U.S.C. §1184](#)

[Interim Bankruptcy Rule 2012](#)

[11 U.S.C. §1185](#)

[Interim Bankruptcy Rule 2015](#)

[11 U.S.C. §1186](#)

[Interim Bankruptcy Rule 3010](#)

[11 U.S.C. §1187](#)

[Interim Bankruptcy Rule 3011](#)

[11 U.S.C. §1188](#)

[Interim Bankruptcy Rule 3014](#)

[11 U.S.C. §1189](#)

[Interim Bankruptcy Rule 3016](#)

[11 U.S.C. §1190](#)

[Interim Bankruptcy Rule 3017.1](#)

[11 U.S.C. §1191](#)

[Interim Bankruptcy Rule 3017.2](#)

[11 U.S.C. §1192](#)

[Interim Bankruptcy Rule 3018](#)

[11 U.S.C. §1193](#)

[Interim Bankruptcy Rule 3019](#)

[11 U.S.C. §1194](#)

[Administrative Order FLMB-2020-1](#)

[11 U.S.C. §1195](#)

[Administrative Order FLMB-2020-6](#)

[Interim Bankruptcy Rule 1007](#)

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**Fee: Chapter 11 Subchapter V = \$1,738**

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**Applicable Chapters: Subchapter V of 11**

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**Implemented: 1/26/2021**

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**Last Revision: 1/26/2021 10:44:07 AM**

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### Description

A debtor under Chapter 11 of the Bankruptcy Code may elect to proceed under Subchapter V of Chapter 11, if eligible. The Small Business Reorganization Act (“SBRA”), enacted in August 2019, became effective on February 19, 2020. It is commonly called Subchapter V because all of its provisions are contained in Subchapter V of Chapter 11 of the Bankruptcy Code. SBRA was enacted to help small businesses reorganize by streamlining the cumbersome and often expensive process of a typical Chapter 11 reorganization case. For example, no disclosure statement is required.

Several provisions of Chapter 11 still apply in a Subchapter V case. The debtor remains in possession, has authority to operate its business, and subject to 11 U.S.C. § 363 regarding use of cash collateral, is authorized to pay all necessary and current expenses of operating its business. There are major differences, however, from a traditional Chapter 11 case.

A Small Business Trustee or Subchapter V Trustee is appointed in a case under Subchapter V. The Subchapter V Trustee acts as a supervisory, evaluative, and facilitative professional in the case. The duties of the Subchapter V Trustee are provided in 11 U.S.C. § 1183.

After electing to proceed under Subchapter V, the Court will enter an *Order Prescribing Procedures in Chapter 11 Subchapter V Case, Setting Deadline for Filing Plan, and Setting Status Conference* (“Procedures Order”). The Procedures Order provides the obligations and deadlines the debtor must follow in the Subchapter V case. Some items addressed by the Procedures Order include: communications with and interim compensation of the Subchapter V Trustee, deadline to file a plan, and monthly operating reports. Parties should give special attention to the Procedure Order as deadlines are expedited.

The plan proposal, confirmation and discharge process in Subchapter V differ significantly from a typical Chapter 11 case. For example, only the debtor may file a plan and an impaired accepting class is not vital to confirmation. The Judicial Conference has approved an official form Plan of Reorganization for Subchapter V cases, which is optional. Upon filing a proposed plan, the Court enters an *Order Scheduling (I) Hearing on Confirmation of Plan of Reorganization, (II) Deadlines with Respect to Confirmation Hearing, and (III) Deadlines for Filing Administrative Expense Applications* which includes deadlines affecting confirmation and for filing administrative expense applications.

There are two ways to confirm a plan under Subchapter V—consensually under § 1191(a) or nonconsensually under § 1191(b). The time when the Court enters a discharge in Subchapter V and terminates the services of the Subchapter V Trustee depends upon whether a consensual or nonconsensual plan is confirmed. These new requirements for proposed plans, confirmation and discharge are extensive and generally are provided in 11 U.S.C. §§1181, 1189, 1190, 1191 and 1192.

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**Forms:**

Official Form 425A - Plan of Reorganization for Small Business Under Chapter 11