

Motion to Approve Compromise or Settlement Agreement

Docketing Event

Bankruptcy > Motions/Applications/Objections > Motion to Approve Compromise of Controversy or Settlement Agreement

Negative Notice: Yes – for all motions except for those related to personal injury claims in a Chapter 13 case.

Accompanying Orders: N/A

Code and Rule References:

[Fed. R. Bankr. P. 2002](#)

[Fed. R. Bankr. P. 4001\(d\)](#)

[Fed. R. Bankr. P. 9019](#)

[Local Rule 2002-4](#)

[Local Rule 9019-1](#)

Fee: N/A

Applicable Chapters: 7, 11, 12, 13

Implemented: 2/9/2016

Last Revision: 8/17/2020 1:38:40 PM

Description

A compromise or settlement agreement often arises when the parties agree to settle an adversary proceeding or contested matter. Parties must obtain court approval for these settlements. A Motion to Approve Compromise or Settlement Agreement should be filed in the lead bankruptcy case except for settlements solely based on 11 U.S.C. § 523 (dischargeability). Motions to Approve Compromise solely based on Section 523 must be filed in the relevant adversary proceeding.

Review the procedure on adversary dismissals for specific requirements on compromises relating to Section 727 of the Bankruptcy Code.

When a compromise is approved that resolves an entire adversary proceeding, an order will be entered that administratively closes the adversary proceeding and indicates that the adversary proceeding may be reopened to address any issues that arise in implementing the settlement. For more information, review the procedure on closing adversary proceedings.

Filing Checklist

Review the motion to determine if:

- The motion is signed;
- The motion has the attorney's name and address complete and consistent with the filing attorney's name and address in CM/ECF;
- The motion is filed with negative notice that contains the correct language and is located on the first page;
 - ❖ **Note:** Response period is 21 days (plus an additional three days for service if any party was served by U.S. Mail). **Negative notice is not permitted for motions relating to personal injury claims in a Chapter 13 case.**

- The motion is properly served and includes a proper certificate of service.
 - ❖ **Note:** File motion in the lead bankruptcy case unless the settlement and adversary proceeding resolves dischargeability claims under 11 U.S.C. § 523.
 - ❖ **Note:** File motion in the adversary proceeding only if the settlement and adversary proceeding resolves dischargeability claims under 11 U.S.C. § 523.

Forms

[Motion to Approve Compromise of Controversy](#)
[Order Approving Compromise After Negative Notice](#)