This is an unofficial transcription of the Bankruptcy Judges, United States Trustees, and Family Farmer Bankruptcy Act of 1986, prepared by Robert J. Pfister for ease of reading and copying/pasting. The authoritative text is the United States Statutes at Large.

Ninety-Ninth Congress, Session II
Public Law 99-554 — 100 Stat. 3088 (H.R. 5316)
October 27, 1986

AN ACT *To amend title 28 of the United States Code to provide for the appointment of additional bankruptcy judges, to provide for the appointment of United States trustees to serve in bankruptcy cases in judicial districts throughout the United States, to make certain changes with respect to the role of United States trustees in such cases, and for other purposes.*

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Bankruptcy Judges, United States Trustees, and Family Farmer Bankruptcy Act of 1986".

TITLE I—AMENDMENTS TO TITLE 28 OF THE UNITED STATES CODE

Subtitle A—Appointment of Bankruptcy Judges

SEC. 101. ADDITIONAL BANKRUPTCY JUDGES.

Section 152(a)(2) of title 28, United States Code, is amended—

(1) in the item relating to the eastern district and the western district of Arkansas by striking out "2" and inserting in lieu thereof "3",

(2) in the item relating to the northern district of California by striking out "7" and inserting in lieu thereof "9",

(3) in the item relating to the eastern district of California by striking out "4" and inserting in lieu thereof "6",

(4) in the item relating to the central district of California by striking out "12" and inserting in lieu thereof "19",

(5) in the item relating to the southern district of California by striking out "3" and inserting in lieu thereof "4",

(6) in the item relating to the middle district of Florida by striking out "2" and inserting in lieu thereof "4",

(7) in the item relating to the northern district of Georgia by striking out "4" and inserting in lieu thereof "6",

(8) in the item relating to the southern district of Georgia by striking out "1" and inserting in lieu thereof "2",

(9) in the item relating to the district of Idaho by striking out "1" and inserting in lieu thereof "2",

(10) in the item relating to the northern district of Illinois by striking out "8" and inserting in lieu thereof "10",

(11) in the item relating to the central district of Illinois by striking out "2" and inserting in lieu thereof "3",

(12) in the item relating to the northern district of Indiana by striking out "2" and inserting in lieu thereof "3",

(13) in the item relating to the northern district of Iowa by striking out "1" and inserting in lieu thereof "2",

(14) in the item relating to the southern district of Iowa by striking out "1" and inserting in lieu thereof "2",

(15) in the item relating to the western district of Kentucky by striking out "2" and inserting in lieu thereof "3",

(16) in the item relating to the western district of Louisiana by striking out "2" and inserting in lieu thereof "3",

(17) in the item relating to the district of Maryland by striking out "2" and inserting in lieu thereof "3",

(18) in the item relating to the western district of Michigan by striking out "2" and inserting in lieu thereof "3",

(19) in the item relating to the district of Nebraska by striking out "1" and inserting in lieu thereof "2",

(20) in the item relating to the district of Nevada by striking out "2" and inserting in lieu thereof "3",

(21) in the item relating to the district of New Jersey by striking out "5" and inserting in lieu thereof "7",

(22) in the item relating to the western district of North Carolina by striking out "1" and inserting in lieu thereof "2",

(23) in the item relating to the northern district of Oklahoma by striking out "1" and inserting in lieu thereof "2",

(24) in the item relating to the western district of Oklahoma by striking out "2" and inserting in lieu thereof "3",

(25) in the item relating to the district of Oregon by striking out "4" and inserting in lieu thereof "5",

(26) in the item relating to the western district of Pennsylvania by striking out "3" and inserting in lieu thereof "4",

(27) in the item relating to the district of South Carolina by striking out "1" and inserting in lieu thereof "2",

(28) in the item relating to the district of South Dakota by striking out "1" and inserting in lieu thereof "2".

(29) in the item relating to the eastern district of Tennessee by striking out "2" and inserting in lieu thereof "3",

(30) in the item relating to the western district of Tennessee by striking out "2" and inserting in lieu thereof "3",

(31) in the item relating to the northern district of Texas by striking out "4" and inserting in lieu thereof "5",

(32) in the item relating to the southern district of Texas by striking out "3" and inserting in lieu thereof "6",

(33) in the item relating to the western district of Texas by striking out "2" and inserting in lieu thereof "3",

(34) in the item relating to the district of Utah by striking out "2" and inserting in lieu thereof "3",

(35) in the item relating to the eastern district of Virginia by striking out "3" and inserting in lieu thereof "4",

(36) in the item relating to the eastern district of Washington by striking out "1" and inserting in lieu thereof "2",

(37) in the item relating to the western district of Washington by striking out "4" and inserting in lieu thereof "5", and

(38) in the item relating to the eastern district of Wisconsin by striking out "3" and inserting in lieu thereof "4".

SEC. 102. QUALIFICATIONS FOR APPOINTMENT OF BANKRUPTCY JUDGES.

Section 120(c)(2) of the Bankruptcy Amendments and Federal Judgeship Act of 1984 (Public Law 98-353; 98 Stat. 345) is amended by striking out "or the District of Columbia bar," and inserting in lieu thereof "the District of Columbia bar, or the bar of the Commonwealth of Puerto Rico,".

SEC. 103. DIVISION OF BUSINESS AMONG BANKRUPTCY JUDGES.

Section 156 of title 28, United States Code, is amended by adding at the end thereof the following:

"(d) No office of the bankruptcy clerk of court may be consolidated with the district clerk of court office without the prior approval of the Judicial Conference and the Congress.".

Subtitle B—Appointment of United States Trustees and Related Matters

SEC. 111. APPOINTMENT OF UNITED STATES TRUSTEES.

(a) APPOINTMENT NATIONWIDE OF UNITED STATES TRUSTEES.—Section 581(a) of title 28, United States Code, is amended to read as follows:

"(a) The Attorney General shall appoint one United States trustee for each of the following regions composed of Federal judicial districts (without regard to section 451):

"(1) The judicial districts established for the States of Maine, Massachusetts, New Hampshire, and Rhode Island.

"(2) The judicial districts established for the States of Connecticut, New York, and Vermont.

"(3) The judicial districts established for the States of Delaware, New Jersey, and Pennsylvania.

"(4) The judicial districts established for the States of Maryland, North Carolina, South Carolina, Virginia, and West Virginia and for the District of Columbia.

"(5) The judicial districts established for the States of Louisiana and Mississippi.

"(6) The Northern District of Texas and the Eastern District of Texas.

"(7) The Southern District of Texas and the Western District of Texas.

"(8) The judicial districts established for the States of Kentucky and Tennessee.

"(9) The judicial districts established for the States of Michigan and Ohio.

"(10) The Central District of Illinois and the Southern District of Illinois; and the judicial districts established for the State of Indiana.

"(11) The Northern District of Illinois; and the judicial districts established for the State of Wisconsin.

"(12) The judicial districts established for the States of Minnesota, Iowa, North Dakota, and South Dakota.

"(13) The judicial districts established for the States of Arkansas, Nebraska, and Missouri.

"(14) The District of Arizona.

"(15) The Southern District of California; and the judicial districts established for the State of Hawaii, and for Guam and the Commonwealth of the Northern Mariana Islands.

"(16) The Central District of California.

"(17) The Eastern District of California and the Northern District of California; and the judicial district established for the State of Nevada.

"(18) The judicial districts established for the States of Alaska, Idaho (exclusive of Yellowstone National Park), Montana (exclusive of Yellowstone National Park), Oregon, and Washington.

"(19) The judicial districts established for the States of Colorado, Utah, and Wyoming (including those portions of Yellowstone National Park situated in the States of Montana and Idaho).

"(20) The judicial districts established for the States of Kansas, New Mexico, and Oklahoma.

"(21) The judicial districts established for the States of Alabama, Florida, and Georgia and for the Commonwealth of Puerto Rico and the Virgin Islands of the United States.".

(b) TERM OF OFFICE.—Section 581(b) of title 28, United States Code, is amended—

(1) by striking out "seven years" and inserting in lieu thereof "five years", and

(2) by striking out "Office" and inserting in lieu thereof "office".

(c) REMOVAL OF UNITED STATES TRUSTEES.—Section 581(c) of title 28, United States Code, is amended by striking out "for cause".

(d) REMOVAL OF ASSISTANT UNITED STATES TRUSTEES.—Section 582 of title 28, United States Code, is amended—

(1) in subsection (a) by striking out "district" and inserting in lieu thereof "region", and

(2) in subsection (b) by striking out "for cause".

SEC. 112. VACANCIES IN OFFICE OF UNITED STATES TRUSTEE.

Section 585 of title 28, United States Code, is amended to read as follows:

"§ 585. Vacancies

"(a) The Attorney General may appoint an acting United States trustee for a region in which the office of the United States trustee is vacant. The individual so appointed may serve until the date on which the vacancy is filled by appointment under section 581 of this title or by designation under subsection (b) of this section.

"(b) The Attorney General may designate a United States trustee to serve in not more than two regions for such time as the public interest requires.".

SEC. 113. DUTIES OF UNITED STATES TRUSTEES.

(a) SUPERVISION AND ADMINISTRATION.—Section 586(a) of title 28, United States Code, is amended—

(1) by striking out "his district" and inserting in lieu thereof "the region for which such United States trustee is appointed",

(2) in paragraph (3)—

(A) by striking out the semicolon and inserting in lieu thereof "by, whenever the United States trustee considers it to be appropriate—", and

(B) by adding at the end of such paragraph the following:

"(A) monitoring applications for compensation and reimbursement filed under section 330 of title 11 and, whenever the United States trustee deems it to be appropriate, filing with the court comments with respect to any of such applications;

"(B) monitoring plans and disclosure statements filed in cases under chapter 11 of title 11 and filing with the court, in connection with hearings under sections 1125 and 1128 of such title, comments with respect to such plans and disclosure statements;

"(C) monitoring plans filed under chapters 12 and 13 of title 11 and filing with the court, in connection with hearings under sections 1224, 1229, 1324, and 1329 of such title, comments with respect to such plans;

"(D) taking such action as the United States trustee deems to be appropriate to ensure that all reports, schedules, and fees required to be filed under title 11 and this title by the debtor are properly and timely filed;

"(E) monitoring creditors' committees appointed under title 11;

"(F) notifying the appropriate United States attorney of matters which relate to the occurrence of any action which may constitute a crime under the laws of the United States and, on the request of the United States attorney, assisting the United States attorney in carrying out prosecutions based on such action;

"(G) monitoring the progress of cases under title 11 and taking such actions as the United States trustee deems to be appropriate to prevent undue delay in such progress; and

"(H) monitoring applications filed under section 327 of title 11 and, whenever the United States trustee deems it to be appropriate, filing with the court comments with respect to the approval of such applications;", and

(3) in paragraph (5) by inserting before the semicolon the following: "and this title, and such duties consistent with title 11 and this title as the Attorney General may prescribe".

(b) QUALIFICATIONS OF TRUSTEES.—Section 586(b) of title 28, United States Code, is amended to read as follows:

"(b) If the number of cases under chapter 12 or 13 of title 11 commenced in a particular region so warrants, the United States trustee for such region may, subject to the approval of the Attorney General, appoint one or more individuals to serve as standing trustee, or designate one or more assistant United States trustees to serve in cases under such chapter. The United States trustee for such region shall supervise any such individual appointed as standing trustee in the performance of the duties of standing trustee.".

(c) APPOINTMENT AND COMPENSATION OF TRUSTEES.—Subsections (d) and (e) of section 586 of title 28, United States Code, are amended to read as follows:

"(d) The Attorney General shall prescribe by rule qualifications for membership on the panels established by United States trustees under paragraph (a)(1) of this section, and qualifications for appointment under subsection (b) of this section to serve as standing trustee in cases under chapter 12 or 13 of title 11. The Attorney General may not require that an individual be an attorney in order to qualify for appointment under subsection (b) of this section to serve as standing trustee in cases under chapter 12 or 13 of title 11.

"(e)(1) The Attorney General, after consultation with a United States trustee that has appointed an individual under subsection (b) of this section to serve as standing trustee in cases under chapter 12 or 13 of title 11, shall fix—

"(A) a maximum annual compensation for such individual, not to exceed the annual rate of basic pay in effect for step 1 of grade GS-16 of the General Schedule prescribed under section 5332 of title 5; and

"(B) a percentage fee not to exceed—

"(i) in the case of a debtor who is not a family farmer, ten percent; or

"(ii) in the case of a debtor who is a family farmer, the sum of—

"(I) not to exceed ten percent of the payments made under the plan of such debtor, with respect to payments in an aggregate amount not to exceed $450,000; and

"(II) three percent of payments made under the plan of such debtor, with respect to payments made after the aggregate amount of payments made under the plan exceeds $450,000;

based on such maximum annual compensation and the actual, necessary expenses incurred by such individual as standing trustee.

"(2) Such individual shall collect such percentage fee from all payments received by such individual under plans in the cases under chapter 12 or 13 of title 11 for which such individual serves as standing trustee. Such individual shall pay to the United States trustee, and the United States trustee shall deposit in the United States Trustee System Fund—

"(A) any amount by which the actual compensation of such individual exceeds 5 per centum upon all payments received under plans in cases under chapter 12 or 13 of title 11 for which such individual serves as standing trustee; and

"(B) any amount by which the percentage for all such cases exceeds—

"(i) such individual's actual compensation for such cases, as adjusted under subparagraph (A) of paragraph (1); plus

"(ii) the actual, necessary expenses incurred by such individual as standing trustee in such cases. Subject to the approval of the Attorney General, any or all of the interest earned from the deposit of payments under plans by such individual may be utilized to pay actual, necessary expenses without regard to the percentage limitation contained in subparagraph (d)(1)(B) of this section.".

SEC. 114. SALARIES OF UNITED STATES TRUSTEES AND ASSISTANT UNITED STATES TRUSTEES.

(a) FIXING OF SALARIES.—Section 587 of title 28, United States Code, is amended to read as follows:

"§ 587. Salaries

"Subject to sections 5315 through 5317 of title 5, the Attorney General shall fix the annual salaries of United States trustees and assistant United States trustees at rates of compensation not in excess of the rate of basic compensation provided for Executive Level IV of the Executive Schedule set forth in section 5315 of title 5, United States Code.".

(b) TEMPORARY SUSPENSION OF LIMITATION ON APPOINTMENTS.—During the period beginning on the effective date of this Act and ending on October 1, 1989, the provisions of title 5 of the United States Code governing appointments in the competitive service shall not apply with respect to appointments under section 589 of title 28, United States Code.

SEC. 115. UNITED STATES TRUSTEE SYSTEM FUND.

(a) AMENDMENT TO TITLE 28 OF THE UNITED STATES CODE.—Chapter 39 of title 28, United States Code, as added by section 224 of the Act of November 6, 1978 (Public Law 95-598; 92 Stat. 2662), is amended by adding at the end thereof the following:

"§ 589a. United States Trustee System Fund

"(a) There is hereby established in the Treasury of the United States a special fund to be known as the 'United States Trustee System Fund' (hereinafter in this section referred to as the 'Fund'). Monies in the Fund shall be available to the Attorney General without fiscal year limitation in such amounts as may be specified in appropriations Acts for the following purposes in connection with the operations of United States trustees—

"(1) salaries and related employee benefits;

"(2) travel and transportation;

"(3) rental of space;

"(4) communication, utilities, and miscellaneous computer charges;

"(5) security investigations and audits;

"(6) supplies, books, and other materials for legal research;

"(7) furniture and equipment;

"(8) miscellaneous services, including those obtained by contract; and

"(9) printing.

"(b) There shall be deposited in the Fund—

"(1) one-third of the fees collected under section 1930(a)(1) of this title;

"(2) three-fifths of the fees collected under section 1930(a)(3) of this title;

"(3) one-half of the fees collected under section 1930(a)(4) of this title;

"(4) one-half of the fees collected under section 1930(a)(5);

"(5) all of the fees collected under section 1930(a)(6) of this title;

"(6) three-fourths of the fees collected under the last sentence of section 1930(a) of this title; and

"(7) the compensation of trustees received under section 330(d) of title 11 by the clerks of the bankruptcy courts.

"(c)(1) Except as provided in paragraph (2), amounts in the Fund which are not currently needed for the purposes specified in subsection (a) shall be kept on deposit or invested in obligations of, or guaranteed by, the United States.

"(2) On November 1, 1989, and on November 1 of each year thereafter, the Secretary of the Treasury shall transfer into the general fund of the Treasury the amount, if any, in the Fund that exceeds 110 percent of—

> "(A) the amount appropriated for the entire current fiscal year for the purposes specified in subsection (a), or
>
> "(B) if no appropriation has been made for the entire current fiscal year, the annual equivalent of the aggregate amount appropriated to date for the current fiscal year for the purposes specified in subsection (a).

"(d)(1) The Attorney General shall transmit to the Congress, not later than 120 days after the end of each fiscal year, a detailed report on the amounts deposited in the Fund and a description of the expenditures made under this section.

"(2) If for each fiscal year in any period of 2 successive fiscal years—

> "(A) the aggregate amount deposited under subsection (b) in the Fund exceeds 110 percent of expenditures for the purposes specified in subsection (a), or
>
> "(B) the costs incurred for the purposes specified in subsection (a) exceed the aggregate amount deposited under subsection (b) in the Fund,

then the Attorney General shall include in such report a recommendation regarding the manner in which the fees payable under section 1930(a) of title 28, United States Code, may be modified to cause the annual amount deposited in the Fund to more closely approximate the annual amount expended from the Fund.

"(e) There are authorized to be appropriated to the Fund for any fiscal year such sums as may be necessary to supplement amounts deposited under subsection (b) for the purposes specified in subsection (a).".

(b) TECHNICAL AMENDMENT.—The table of sections for chapter 39 of title 28, United States Code, as added by section 224 of the Act of November 6, 1978 (Public Law 95-598; 92 Stat. 2662), is amended by adding at the end thereof the following new item:

"589a. United States Trustee System Fund.".

SEC. 116. PANEL OF TRUSTEES.

Subsection (f) of section 604 of title 28, United States Code, as added by the Act of November 6, 1978 (Public Law 95-598; 92 Stat. 2549), is repealed.

SEC. 117. FEES.

Section 1930(a) of title 28, United States Code, is amended—

(1) in paragraph (1) by striking out "$60" and inserting in lieu thereof "$90",

(2) in paragraph (3) by striking out "$200" and inserting in lieu thereof "$500",

(3) in paragraph (4) by striking out "$500" and inserting in lieu thereof "$1,000",

(4) by inserting after paragraph (4) the following:

"(5) For a case commenced under chapter 12 of title 11, $200.

"(6) In addition to the filing fee paid to the clerk, a quarterly fee shall be paid to the United States trustee, for deposit in the Treasury, in each case under chapter 11 of title 11 for each quarter (including any fraction thereof) until a plan is confirmed or the case is converted or dismissed, whichever occurs first. The fee

shall be $150 for each quarter in which disbursements total less than $15,000; $300 for each quarter in which disbursements total $15,000 or more but less than $150,000; $750 for each quarter in which disbursements total $150,000 or more but less than $300,000; $2,250 for each quarter in which disbursements total $300,000 or more but less than $3,000,000; $3,000 for each quarter in which disbursements total $3,000,000 or more. The fee shall be payable on the last day of the calendar month following the calendar quarter for which the fee is owed.", and

(5) by adding at the end thereof the following: "For converting, on request of the debtor, a case under chapter 7, or 13 of title 11, to a case under chapter 11 of title 11, the debtor shall pay to the clerk of the court a fee of $400.".

Subtitle C—Miscellaneous Amendments and Technical Corrections to Title 28

SEC. 141. COURT IN LAWRENCE, KANSAS.

Section 96 of title 28, United States Code, is amended by inserting "Lawrence," after "Kansas City,".

SEC. 142. CUSTODY OF BANKRUPTCY COURT RECORDS AND DOCKETS.

Section 156 of title 28, United States Code, as amended by section 103 of this Act, is amended by adding at the end thereof the following:

"(e) In a judicial district where a bankruptcy clerk has been appointed pursuant to subsection (b), the bankruptcy clerk shall be the official custodian of the records and dockets of the bankruptcy court.".

SEC. 143. CONFORMING AMENDMENT.

Section 157(b)(2)(B) of title 28, United States Code, is amended by inserting ", 12," after "chapter 11".

SEC. 144. TECHNICAL CORRECTIONS.

(a) Section 156 of title 28, United States Code, as amended by sections 103 and 142 of this Act, is amended by adding at the end thereof the following:

"(f) For purposes of financial accountability in a district where a bankruptcy clerk has been certified, such clerk shall be accountable for and pay into the Treasury all fees, costs, and other monies collected by such clerk except uncollected fees not required by an Act of Congress to be prepaid. Such clerk shall make returns thereof to the Director of the Administrative Office of the United States Courts and the Director of the Executive Office For United States Trustees, under regulations prescribed by such Directors.".

(b)(1) Section 157(b)(2)(B) of title 28, United States Code, is amended by striking out "interest" and inserting in lieu thereof "interests".

(2) Section 157(b)(2)(G) of title 28, United States Code, is amended by inserting a comma after "annul".

(c) Section 526 of title 28, United States Code, is amended—

(1) in the heading by striking out "trustee" and inserting in lieu thereof "trustees",

(2) in subsection (a)—

(A) by striking out "and trustees" and inserting in lieu thereof ", trustees, including trustees in cases under title 11" in paragraph (1), and

(B) by striking out "courts of the Canal Zone and the Virgin Islands, probation officers, trustees in cases under title 11," and inserting in lieu thereof "court of the Virgin Islands, probation officers," in paragraph (2).

(d) Section 584 of title 28, United States Code, is amended by striking out "districts" and inserting in lieu thereof "regions".

(e) Section 1334(d) of title 28, United States Code, is amended by striking out "and of the estate" and inserting in lieu thereof "and of property of the estate".

(f) Section 1930(a) of title 28, United States Code, is amended by striking out "of the court" and inserting in lieu thereof "of the district court or the clerk of the bankruptcy court, if one has been certified pursuant to section 156(b) of this title,".

(g)(1) The heading for chapter 39 of title 28, United States Code, as added by the Ethics in Government Act, is amended by striking out **"CHAPTER 39"** and inserting in lieu thereof **"CHAPTER 40"**.

(2) The table of chapters for part II of title 28, United States Code, is amended by striking out the item relating to Independent Counsel and inserting in lieu thereof the following:

"40. Independent Counsel 591".

(3) Section 49(f) of title 28, United States Code, is amended by striking out "chapter 39" each place it appears and inserting in lieu thereof "chapter 40".

TITLE II—AMENDMENTS TO TITLE 11 OF THE UNITED STATES CODE

Subtitle A—Activities of United States Trustees

SEC. 201. DEFINITIONS.

Section 101 of title 11, United States Code, is amended—

(1) in paragraph (14) by striking out "and governmental unit" and inserting in lieu thereof "governmental unit, and United States trustee" before the semicolon at the end thereof, and

(2) in paragraph (24) by inserting "(but not a United States trustee while serving as a trustee in a case under this title)" after "United States" the second place it appears.

SEC. 202. RULES OF CONSTRUCTION.

Section 102 of title 11, United States Code, is amended—

(1) by striking out "and" at the end of paragraph (7) thereof,

(2) by striking the period at the end of paragraph (8) and inserting in lieu thereof "; and", and

(3) by inserting at the end thereof the following:

"(9) 'United States trustee' includes a designee of the United States trustee.".

SEC. 203. POWER OF COURT.

Section 105(a) of title 11, United States Code, is amended by adding at the end thereof the following new sentence: "No provision of this title providing for the raising of an issue by a party in interest shall be construed to preclude the court from, sua sponte, taking any action or making any determination necessary or appropriate to enforce or implement court orders or rules, or to prevent an abuse of process.".

SEC. 204. INVOLUNTARY CASES.

Section 303 of title 11, United States Code, is amended—

(1) in subsection (g), by inserting "order the United States trustee to" after "may", the first time it appears, and

(2) in subsection (i)(1)—

(A) by inserting "or" at the end of subparagraph (A), and

(B) by striking out subparagraph (C).

SEC. 205. AUTHORITY OF UNITED STATES TRUSTEE IN CASES UNDER TITLE 11.

(a) AUTHORITY.—Subchapter I of chapter 3 of title 11, United States Code, is amended by adding at the end thereof the following:

"§ 307. United States trustee

"The United States trustee may raise and may appear and be heard on any issue in any case or proceeding under this title but may not file a plan pursuant to section 1121(c) of this title.".

(b) TECHNICAL AMENDMENT.—The table of sections for subchapter I of chapter 3 of title 11, United States Code, is amended by adding at the end thereof the following new item:

"307. United States trustee.".

SEC. 206. ELIGIBILITY OF UNITED STATES TRUSTEE TO SERVE AS TRUSTEE.

Section 321 of title 11, United States Code, is amended by adding at the end thereof the following:

"(c) The United States trustee for the judicial district in which the case is pending is eligible to serve as trustee in the case if necessary.".

SEC. 207. QUALIFICATION OF TRUSTEE.

Section 322 of title 11, United States Code, is amended—

(1) in subsection (a) by striking out "A person" and inserting in lieu thereof "Except as provided in subsection (b)(1), a person", and

(2) by amending subsection (b) to read as follows:

"(b)(1) The United States trustee qualifies wherever such trustee serves as trustee in a case under this title.

"(2) The United States trustee shall determine—

"(A) the amount of a bond required to be filed under subsection (a) of this section; and

"(B) the sufficiency of the surety on such bond.".

SEC. 208. REMOVAL OF TRUSTEE OR EXAMINER.

Section 324 of title 11, United States Code, is amended to read as follows:

"§ 324. Removal of trustee or examiner

"(a) The court, after notice and a hearing, may remove a trustee, other than the United States trustee, or an examiner, for cause.

"(b) Whenever the court removes a trustee or examiner under subsection (a) in a case under this title, such trustee or examiner shall thereby be removed in all other cases

under this title in which such trustee or examiner is then serving unless the court orders otherwise.".

SEC. 209. LIMITATION ON COMPENSATION OF TRUSTEE.

Section 326(b) of title 11, United States Code, is amended to read as follows:

"(b) In a case under chapter 12 or 13 of this title, the court may not allow compensation for services or reimbursement of expenses of the United States trustee or of a standing trustee appointed under section 586(b) of title 28, but may allow reasonable compensation under section 330 of this title of a trustee appointed under section 1202(a) or 1302(a) of this title for the trustee's services, payable after the trustee renders such services, not to exceed five percent upon all payments under the plan.".

SEC. 210. EMPLOYMENT OF PROFESSIONAL PERSONS.

Section 327(c) of title 11, United States Code, is amended by inserting "or the United States trustee" after "another creditor".

SEC. 211. COMPENSATION OF OFFICERS.

Section 330 of title 11, United States Code, is amended—

(1) in subsection (a) by inserting "to any parties in interest and to the United States trustee" after "notice", and

(2) by inserting at the end thereof the following:

"(d) In a case in which the United States trustee serves as trustee, the compensation of the trustee under this section shall be paid to the clerk of the bankruptcy court and

deposited by the clerk into the United States Trustee System Fund established by section 589a of title 28.".

SEC. 212. MEETINGS OF CREDITORS AND EQUITY SECURITY HOLDERS.

Section 341 of title 11, United States Code, is amended—

(1) in subsection (a) by striking out "there shall be a meeting of creditors" and inserting in lieu thereof "the United States trustee shall convene and preside at a meeting of creditors",

(2) in subsection (b) by striking out "court may order" and inserting in lieu thereof "United States trustee may convene", and

(3) in subsection (c) by inserting "including any final meeting of creditors" before the period at the end thereof.

SEC. 213. EXAMINATION OF THE DEBTOR.

Section 343 of title 11, United States Code, is amended to read as follows:

"§ 343. Examination of the debtor

"The debtor shall appear and submit to examination under oath at the meeting of creditors under section 341(a) of this title. Creditors, any indenture trustee, any trustee or examiner in the case, or the United States trustee may examine the debtor. The United States trustee may administer the oath required under this section.".

SEC. 214. MONIES OF ESTATES.

Section 345(b) of title 11, United States Code, is amended to read as follows:

"(b) Except with respect to a deposit or investment that is insured or guaranteed by the United States or by a department, agency, or instrumentality of the United States or backed by the full faith and credit of the United States, the trustee shall require from an entity with which such money is deposited or invested—

"(1) a bond—

"(A) in favor of the United States;

"(B) secured by the undertaking of a corporate surety approved by the United States trustee for the district in which the case is pending; and

"(C) conditioned on—

"(i) a proper accounting for all money so deposited or invested and for any return on such money;

"(ii) prompt repayment of such money and return; and

"(iii) faithful performance of duties as a depository; or

"(2) the deposit of securities of the kind specified in section 9303 of title 31.".

SEC. 215. INTERIM TRUSTEE.

Section 701(a) of title 11, United States Code, is amended to read as follows:

"(a)(1) Promptly after the order for relief under this chapter, the United States trustee shall appoint one disinterested person that is a member of the panel of private trustees established under section 586(a)(1) of title 28 or that is serving as trustee in the case immediately before the order for relief under this chapter to serve as interim trustee in the case.

"(2) If none of the members of such panel is willing to serve as interim trustee in the case, then the United States trustee may serve as interim trustee in the case.".

SEC. 216. SUCCESSOR TRUSTEE.

Subsections (b) and (c) of section 703 of title 11, United States Code, are amended to read as follows:

"(b) Pending election of a trustee under subsection (a) of this section, if necessary to preserve or prevent loss to the estate, the United States trustee may appoint an interim trustee in the manner specified in section 701(a).

"(c) If creditors do not elect a successor trustee under subsection (a) of this section or if a trustee is needed in a case reopened under section 350 of this title, then the United States trustee—

"(1) shall appoint one disinterested person that is a member of the panel of private trustees established under section 586(a)(1) of title 28 to serve as trustee in the case; or

"(2) may, if none of the disinterested members of such panel is willing to serve as trustee, serve as trustee in the case.

SEC. 217. DUTIES OF TRUSTEE.

Section 704 of title 11, United States Code, is amended—

(1) in paragraph (8) by—

(A) inserting ", with the United States trustee," after "court" the first place it appears, and

(B) inserting "the United States trustee or" after "information as", and

(2) in paragraph (9) by inserting "and with the United States trustee" before the period at the end thereof.

SEC. 218. CREDITORS' COMMITTEE.

Section 705(b) of title 11, United States Code, is amended—

(1) by inserting "or the United States trustee" after "trustee" each place it appears, and

(2) by inserting "or the United States trustee" immediately after "court".

SEC. 219. DISMISSAL.

(a) GROUND FOR DISMISSAL.—Section 707(a) of title 11, United States Code, is amended—

(1) by striking out "or" at the end of paragraph (1),

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof the following: "; and", and

(3) by adding at the end thereof the following:

"(3) failure of the debtor in a voluntary case to file, within fifteen days or such additional time as the court may allow after the filing of the petition commencing such case, the information required by paragraph (1) of section 521, but only on a motion by the United States trustee.".

(b) PROCEDURE.—Section 707(b) of title 11, United States Code, is amended by striking out "motion and" and inserting in lieu thereof "motion or on a motion by the United States trustee, but".

SEC. 220. DISCHARGE.

Subsections (c), (d), and (e) of section 727 of title 11, United States Code, are amended to read as follows:

"(c)(1) The trustee, a creditor, or the United States trustee may object to the granting of a discharge under subsection (a) of this section.

"(2) On request of a party in interest, the court may order the trustee to examine the acts and conduct of the debtor to determine whether a ground exists for denial of discharge.

"(d) On request of the trustee, a creditor, or the United States trustee, and after notice and a hearing, the court shall revoke a discharge granted under subsection (a) of this section if—

> "(1) such discharge was obtained through the fraud of the debtor, and the requesting party did not know of such fraud until after the granting of such discharge;
>
> "(2) the debtor acquired property that is property of the estate, or became entitled to acquire property that would be property of the estate, and knowingly and fraudulently failed to report the acquisition of or entitlement to such property, or to deliver or surrender such property to the trustee; or
>
> "(3) the debtor committed an act specified in subsection (a)(6) of this section.

"(e) The trustee, a creditor, or the United States trustee may request a revocation of a discharge—

> "(1) under subsection (d)(1) of this section within one year after such discharge is granted; or

"(2) under subsection (d)(2) or (d)(3) of this section before the later of—

"(A) one year after the granting of such discharge; and

"(B) the date the case is closed.".

SEC. 221. CREDITORS' AND EQUITY SECURITY HOLDERS' COMMITTEES.

Section 1102 of title 11, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

"(a)(1) As soon as practicable after the order for relief under chapter 11 of this title, the United States trustee shall appoint a committee of creditors holding unsecured claims and may appoint additional committees of creditors or of equity security holders as the United States trustee deems appropriate.

"(2) On request of a party in interest, the court may order the appointment of additional committees of creditors or of equity security holders if necessary to assure adequate representation of creditors or of equity security holders. The United States trustee shall appoint any such committee.", and

(2) by repealing subsection (c).

SEC. 222. APPOINTMENT OF TRUSTEE OR EXAMINER.

Section 1104 of title 11, United States Code, is amended—

(1) in subsection (a), by inserting "or the United States trustee" after "party in interest",

(2) in subsection (b), by inserting "or the United States trustee" after "party in interest", and

(3) in subsection (c)—

(A) by striking out "court" the second place it appears and inserting in lieu thereof "United States trustee, after consultation with parties in interest", and

(B) by striking out "one disinterested person" and inserting in lieu thereof ", subject to the court's approval, one disinterested person other than the United States trustee".

SEC. 223. TERMINATION OF TRUSTEE APPOINTMENT.

Section 1105 of title 11, United States Code, is amended by inserting "or the United States trustee" after "party in interest".

SEC. 224. CONVERSION OR DISMISSAL.

Section 1112 of title 11, United States Code, is amended—

(1) in subsection (b)—

(A) by inserting "or the United States trustee" after "party in interest",

(B) by striking out "or" in paragraph (8),

(C) by striking out the period at the end of paragraph (9) and inserting in lieu thereof "; or", and

(D) by adding at the end thereof the following:

"(10) nonpayment of any fees or charges required under chapter 123 of title 28.",

(2) by redesignating subsection (e) as subsection (f), and

(3) by inserting after subsection (d) the following:

"(e) Except as provided in subsections (c) and (f), the court, on request of the United States trustee, may convert a case under this chapter to a case under chapter 7 of this title or may dismiss a case under this chapter, whichever is in the best interest of creditors and the estate if the debtor in a voluntary case fails to file, within fifteen days after the filing of the petition commencing such case or such additional time as the court may allow, the information required by paragraph (1) of section 521, including a list containing the names and addresses of the holders of the twenty largest unsecured claims (or of all unsecured claims if there are fewer than twenty unsecured claims), and the approximate dollar amounts of each of such claims.".

SEC. 225. PREREQUISITE TO CONFIRMATION OF PLAN UNDER CHAPTER 11.

Section 1129(a) of title 11, United States Code, is amended by adding at the end thereof the following:

"(12) All fees payable under section 1930, as determined by the court at the hearing on confirmation of the plan, have been paid or the plan provides for the payment of all such fees on the effective date of the plan.".

SEC. 226. AUTHORITY TO APPOINT TRUSTEE.

Section 1163 of title 11, United States Code, is amended to read as follows:

"§ 1163. Appointment of trustee

"As soon as practicable after the order for relief the Secretary of Transportation shall submit a list of five disinterested persons that are qualified and willing to serve as

trustees in the case. The United States trustee shall appoint one of such persons to serve as trustee in the case.".

SEC. 227. REPEALER.

Section 1202 of title 11, United States Code, as added by section 255 of this Act, is amended by striking out subsections (c) and (d).

SEC. 228. TRUSTEE.

Section 1302 of title 11, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

"(a) If the United States trustee appoints an individual under section 586(b) of title 28 to serve as standing trustee in cases under this chapter and if such individual qualifies under section 322 of this title, then such individual shall serve as trustee in the case. Otherwise, the United States trustee shall appoint one disinterested person to serve as trustee in the case or the United States trustee may serve as a trustee in the case.", and

(2) by striking out subsections (d) and (e).

SEC. 229. CONVERSION OR DISMISSAL.

Section 1307 of title 11, United States Code, is amended—

(1) in subsection (c)—

(A) by inserting "or the United States trustee" after "party in interest",

(B) by striking out "or" at the end of paragraph (7) and inserting a semicolon in lieu thereof,

(C) by striking out the period at the end of paragraph (8) and inserting in lieu thereof a semicolon, and

(D) by adding at the end thereof the following:

"(9) only on request of the United States trustee, failure of the debtor to file, within fifteen days, or such additional time as the court may allow, after the filing of the petition commencing such case, the information required by paragraph (1) of section 521; or

"(10) only on request of the United States trustee, failure to timely file the information required by paragraph (2) of section 521.", and

(2) in subsection (d) by inserting "or the United States trustee" after "party in interest".

SEC. 230. PAYMENTS.

Section 1326(b) of title 11, United States Code, is amended to read as follows:

"(b) Before or at the time of each payment to creditors under the plan, there shall be paid—

"(1) any unpaid claim of the kind specified in section 507(a)(1) of this title; and

"(2) if a standing trustee appointed under section 586(b) of title 28 is serving in the case, the percentage fee fixed for such standing trustee under section 586(e)(1)(B) of title 28.".

SEC. 231. REPEAL OF CHAPTER 15.

Chapter 15 of title 11, United States Code, is repealed.

Subtitle B—Debtors Who Are Family Farmers

SEC. 251. DEFINITIONS.

Section 101 of title 11, United States Code, as amended by section 201 of this Act, is amended—

(1) in paragraph (17) by inserting "(except when such term appears in the term 'family farmer')" after "means",

(2) by redesignating paragraphs (17) through (49) as paragraphs (19) through (51), respectively, and

(3) by inserting after paragraph (16) the following new paragraphs:

"(17) 'family farmer' means—

"(A) individual or individual and spouse engaged in a farming operation whose aggregate debts do not exceed $1,500,000 and not less than 80 percent of whose aggregate noncontingent, liquidated debts (excluding a debt for the principal residence of such individual or such individual and spouse unless such debt arises out of a farming operation), on the date the case is filed, arise out of a farming operation owned or operated by such individual or such individual and spouse, and such individual or such individual and spouse receive from such farming operation more than 50 percent of such individual's or such individual and spouse's gross income for the taxable year preceding the taxable year in which the case concerning such individual or such individual and spouse was filed; or

"(B) corporation or partnership in which more than 50 percent of the outstanding stock or equity is held by one family, or by one family and the

relatives of the members of such family, and such family or such relatives conduct the farming operation, and

"(i) more than 80 percent of the value of its assets consists of assets related to the farming operation;

"(ii) its aggregate debts do not exceed $1,500,000 and not less than 80 percent of its aggregate noncontingent, liquidated debts (excluding a debt for one dwelling which is owned by such corporation or partnership and which a shareholder or partner maintains as a principal residence, unless such debt arises out of a farming operation), on the date the case is filed, arise out of the farming operation owned or operated by such corporation or such partnership; and

"(iii) if such corporation issues stock, such stock is not publicly traded;

"(18) 'family farmer with regular annual income' means family farmer whose annual income is sufficiently stable and regular to enable such family farmer to make payments under a plan under chapter 12 of this title;".

SEC. 252. APPLICABILITY OF CHAPTERS.

Section 103 of title 11, United States Code, is amended—

(1) in subsection (a) by striking out "or 13" and inserting in lieu thereof "12, or 13",

(2) by adding at the end thereof the following:

"(i) Chapter 12 of this title applies only in a case under such chapter.".

SEC. 253. WHO MAY BE A DEBTOR.

Section 109 of title 11, United States Code, is amended—

(1) in subsection (f)—

(A) by inserting "or family farmer" after "individual", and

(B) by redesignating such subsection as subsection (g), and

(2) by inserting after subsection (e) the following:

"(f) Only a family farmer with regular annual income may be a debtor under chapter 12 of this title.".

SEC. 254. INVOLUNTARY CASES.

Section 303(a) of title 11, United States Code, is amended by inserting ", family farmer," after "farmer".

SEC. 255. FAMILY FARMERS.

Title 11 of the United States Code is amended by inserting after chapter 11 the following new chapter:

"CHAPTER 12—ADJUSTMENT OF DEBTS OF A FAMILY FARMER WITH REGULAR ANNUAL INCOME

"SUBCHAPTER I—OFFICERS, ADMINISTRATION, AND THE ESTATE

"Sec.

"1201. Stay of action against codebtor.
"1202. Trustee.
"1203. Rights and powers of debtor.
"1204. Removal of debtor as debtor in possession.
"1205. Adequate protection.
"1206. Sales free of interests.
"1207. Property of the estate.
"1208. Conversion or dismissal.

"SUBCHAPTER II—THE PLAN

"1221. Filing of plan.
"1222. Contents of plan.
"1223. Modification of plan before confirmation.
"1224. Confirmation hearing.
"1225. Confirmation of plan.
"1226. Payments.
"1227. Effect of confirmation.
"1228. Discharge.
"1229. Modification of plan after confirmation.
"1230. Revocation of an order of confirmation.
"1231. Special tax provisions.

"SUBCHAPTER I—OFFICERS, ADMINISTRATION, AND THE ESTATE

"§ 1201. Stay of action against codebtor

"(a) Except as provided in subsections (b) and (c) of this section, after the order for relief under this chapter, a creditor may not act, or commence or continue any civil action, to collect all or any part of a consumer debt of the debtor from any individual that is liable on such debt with the debtor, or that secured such debt, unless—

"(1) such individual became liable on or secured such debt in the ordinary course of such individual's business; or

"(2) the case is closed, dismissed, or converted to a case under chapter 7 of this title.

"(b) A creditor may present a negotiable instrument, and may give notice of dishonor of such an instrument.

"(c) On request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided by subsection (a) of this section with respect to a creditor, to the extent that—

> "(1) as between the debtor and the individual protected under subsection (a) of this section, such individual received the consideration for the claim held by such creditor;
>
> "(2) the plan filed by the debtor proposes not to pay such claim; or
>
> "(3) such creditor's interest would be irreparably harmed by continuation of such stay.

"(d) Twenty days after the filing of a request under subsection (c)(2) of this section for relief from the stay provided by subsection (a) of this section, such stay is terminated with respect to the party in interest making such request, unless the debtor or any individual that is liable on such debt with the debtor files and serves upon such party in interest a written objection to the taking of the proposed action.

"§ 1202. Trustee

"(a) If the United States trustee has appointed an individual under section 586(b) of title 28 to serve as standing trustee in cases under this chapter and if such individual qualifies as a trustee under section 322 of this title, then such individual shall serve as trustee in any case filed under this chapter. Otherwise, the United States trustee shall appoint one disinterested person to serve as trustee in the case or the United States trustee may serve as trustee in the case if necessary.

"(b) The trustee shall—

"(1) perform the duties specified in sections 704(2), 704(3), 704(5), 704(6), 704(7), and 704(9) of this title;

"(2) perform the duties specified in section 1106(a)(3) and 1106(a)(4) of this title if the court, for cause and on request of a party in interest, the trustee, or the United States trustee, so orders;

"(3) appear and be heard at any hearing that concerns—

"(A) the value of property subject to a lien;

"(B) confirmation of a plan;

"(C) modification of the plan after confirmation; or

"(D) the sale of property of the estate;

"(4) ensure that the debtor commences making timely payments required by a confirmed plan; and

"(5) if the debtor ceases to be a debtor in possession, perform the duties specified in sections 704(8), 1106(a)(1), 1106(a)(2), 1106(a)(6), 1106(a)(7), and 1203.

"(c) If the number of cases under this chapter commenced in a particular judicial district so warrants, the court may appoint one or more individuals to serve as standing trustee for such district in cases under this chapter.

"(d)(1) A court that has appointed an individual under subsection (a) of this section to serve as standing trustee in cases under this chapter shall set for such individual—

"(A) a maximum annual compensation not to exceed the lowest annual rate of basic pay in effect for grade GS-16 of the General Schedule prescribed under section 5332 of title 5; and

"(B) a percentage fee not to exceed the sum of—

> "(i) not to exceed ten percent of the payments made under the plan of such debtor, with respect to payments in an aggregate amount not to exceed $450,000; and
>
> "(ii) three percent of payments made under the plan of such debtor, with respect to payments made after the aggregate amount of payments made under the plan exceeds $450,000;

based on such maximum annual compensation and the actual, necessary expenses incurred by such individual as standing trustee.

"(2) Such individual shall collect such percentage fee from all payments under plans in the cases under this chapter for which such individual serves as standing trustee. Such individual shall pay annually to the Treasury—

> "(A) any amount by which the actual compensation received by such individual exceeds five percent of all such payments made under plans in cases under this chapter for which such individual serves as standing trustee; and
>
> "(B) any amount by which the percentage fee fixed under paragraph (1)(B) of this subsection for all such cases exceeds—
>
> > "(i) such individual's actual compensation for such cases, as adjusted under subparagraph (A) of this paragraph; plus

"(ii) the actual, necessary expenses incurred by such individual as standing trustee in such cases.

"§ 1203. Rights and powers of debtor

"Subject to such limitations as the court may prescribe, a debtor in possession shall have all the rights, other than the right to compensation under section 330, and powers, and shall perform all the functions and duties, except the duties specified in paragraphs (3) and (4) of section 1106(a), of a trustee serving in a case under chapter 11, including operating the debtor's farm.

"§ 1204. Removal of debtor as debtor in possession

"(a) On request of a party in interest, and after notice and a hearing, the court shall order that the debtor shall not be a debtor in possession for cause, including fraud, dishonesty, incompetence, or gross mismanagement of the affairs of the debtor, either before or after the commencement of the case.

"(b) On request of a party in interest, and after notice and a hearing, the court may reinstate the debtor in possession.

"§ 1205. Adequate protection

"(a) Section 361 does not apply in a case under this chapter.

"(b) In a case under this chapter, when adequate protection is required under section 362, 363, or 364 of this title of an interest of an entity in property, such adequate protection may be provided by—

"(1) requiring the trustee to make a cash payment or periodic cash payments to such entity, to the extent that the stay under section 362 of this title, use, sale, or lease under section 363 of this title, or any grant of a lien under section 364 of this

title results in a decrease in the value of property securing a claim or of an entity's ownership interest in property;

"(2) providing to such entity an additional or replacement lien to the extent that such stay, use, sale, lease, or grant results in a decrease in the value of property securing a claim or of an entity's ownership interest in property;

"(3) paying to such entity for the use of farmland the reasonable rent customary in the community where the property is located, based upon the rental value, net income, and earning capacity of the property; or

"(4) granting such other relief, other than entitling such entity to compensation allowable under section 503(b)(1) of this title as an administrative expense, as will adequately protect the value of property securing a claim or of such entity's ownership interest in property.

"§ 1206. Sales free of interests

"After notice and a hearing, in addition to the authorization contained in section 363(f), the trustee in a case under this chapter may sell property under section 363(b) and (c) free and clear of any interest in such property of an entity other than the estate if the property is farmland or farm equipment, except that the proceeds of such sale shall be subject to such interest.

"§ 1207. Property of the estate

"(a) Property of the estate includes, in addition to the property specified in section 541 of this title—

"(1) all property of the kind specified in such section that the debtor acquires after the commencement of the case but before the case is closed, dismissed, or converted to a case under chapter 7 of this title, whichever occurs first; and

"(2) earnings from services performed by the debtor after the commencement of the case but before the case is closed, dismissed, or converted to a case under chapter 7 of this title, whichever occurs first.

"(b) Except as provided in section 1204, a confirmed plan, or an order confirming a plan, the debtor shall remain in possession of all property of the estate.

"§ 1208. Conversion or dismissal

"(a) The debtor may convert a case under this chapter to a case under chapter 7 of this title at any time. Any waiver of the right to convert under this subsection is unenforceable.

"(b) On request of the debtor at any time, if the case has not been converted under section 706 or 1112 of this title, the court shall dismiss a case under this chapter. Any waiver of the right to dismiss under this subsection is unenforceable.

"(c) On request of a party in interest, and after notice and a hearing, the court may dismiss a case under this chapter for cause, including—

"(1) unreasonable delay, or gross mismanagement, by the debtor that is prejudicial to creditors;

"(2) nonpayment of any fees and charges required under chapter 123 of title 28;

"(3) failure to file a plan timely under section 1221 of this title;

"(4) failure to commence making timely payments required by a confirmed plan;

"(5) denial of confirmation of a plan under section 1225 of this title and denial of a request made for additional time for filing another plan or a modification of a plan;

"(6) material default by the debtor with respect to a term of a confirmed plan;

"(7) revocation of the order of confirmation under section 1230 of this title, and denial of confirmation of a modified plan under section 1229 of this title;

"(8) termination of a confirmed plan by reason of the occurrence of a condition specified in the plan; or

"(9) continuing loss to or diminution of the estate and absence of a reasonable likelihood of rehabilitation.

"(d) On request of a party in interest, and after notice and a hearing, the court may dismiss a case under this chapter or convert a case under this chapter to a case under chapter 7 of this title upon a showing that the debtor has committed fraud in connection with the case.

"(e) Notwithstanding any other provision of this section, a case may not be converted to a case under another chapter of this title unless the debtor may be a debtor under such chapter.

"SUBCHAPTER II—THE PLAN

"§ 1221. Filing of plan

"The debtor shall file a plan not later than 90 days after the order for relief under this chapter, except that the court may extend such period if an extension is substantially justified.

"§ 1222. Contents of plan

"(a) The plan shall—

"(1) provide for the submission of all or such portion of future earnings or other future income of the debtor to the supervision and control of the trustee as is necessary for the execution of the plan;

"(2) provide for the full payment, in deferred cash payments, of all claims entitled to priority under section 507 of this title, unless the holder of a particular claim agrees to a different treatment of such claim; and

"(3) if the plan classifies claims and interests, provide the same treatment for each claim or interest within a particular class unless the holder of a particular claim or interest agrees to less favorable treatment.

"(b) Subject to subsections (a) and (c) of this section, the plan may—

"(1) designate a class or classes of unsecured claims, as provided in section 1122 of this title, but may not discriminate unfairly against any class so designated; however, such plan may treat claims for a consumer debt of the debtor if an individual is liable on such consumer debt with the debtor differently than other unsecured claims;

"(2) modify the rights of holders of secured claims, or of holders of unsecured claims, or leave unaffected the rights of holders of any class of claims;

"(3) provide for the curing or waiving of any default;

"(4) provide for payments on any unsecured claim to be made concurrently with payments on any secured claim or any other unsecured claim;

"(5) provide for the curing of any default within a reasonable time and maintenance of payments while the case is pending on any unsecured claim or secured claim on which the last payment is due after the date on which the final payment under the plan is due;

"(6) subject to section 365 of this title, provide for the assumption, rejection, or assignment of any executory contract or unexpired lease of the debtor not previously rejected under such section;

"(7) provide for the payment of all or part of a claim against the debtor from property of the estate or property of the debtor;

"(8) provide for the sale of all or any part of the property of the estate or the distribution of all or any part of the property of the estate among those having an interest in such property;

"(9) provide for payment of allowed secured claims consistent with section 1225(a)(5) of this title, over a period exceeding the period permitted under section 1222(c);

"(10) provide for the vesting of property of the estate, on confirmation of the plan or at a later time, in the debtor or in any other entity; and

"(11) include any other appropriate provision not inconsistent with this title.

"(c) Except as provided in subsections (b)(5) and (b)(9), the plan may not provide for payments over a period that is longer than three years unless the court for cause approves a longer period, but the court may not approve a period that is longer than five years.

"§ 1223. Modification of plan before confirmation

"(a) The debtor may modify the plan at any time before confirmation, but may not modify the plan so that the plan as modified fails to meet the requirements of section 1222 of this title.

"(b) After the debtor files a modification under this section, the plan as modified becomes the plan.

"(c) Any holder of a secured claim that has accepted or rejected the plan is deemed to have accepted or rejected, as the case may be, the plan as modified, unless the modification provides for a change in the rights of such holder from what such rights were under the plan before modification, and such holder changes such holder's previous acceptance or rejection.

"§ 1224. Confirmation hearing

"After expedited notice, the court shall hold a hearing on confirmation of the plan. A party in interest, the trustee, or the United States trustee may object to the confirmation of the plan. Except for cause, the hearing shall be concluded not later than 45 days after the filing of the plan.

"§ 1225. Confirmation of plan

"(a) Except as provided in subsection (b), the court shall confirm a plan if—

> "(1) the plan complies with the provisions of this chapter and with the other applicable provisions of this title;
>
> "(2) any fee, charge, or amount required under chapter 123 of title 28, or by the plan, to be paid before confirmation, has been paid;
>
> "(3) the plan has been proposed in good faith and not by any means forbidden by law;

"(4) the value, as of the effective date of the plan, of property to be distributed under the plan on account of each allowed unsecured claim is not less than the amount that would be paid on such claim if the estate of the debtor were liquidated under chapter 7 of this title on such date;

"(5) with respect to each allowed secured claim provided for by the plan—

"(A) the holder of such claim has accepted the plan;

"(B)(i) the plan provides that the holder of such claim retain the lien securing such claim; and

"(ii) the value, as of the effective date of the plan, of property to be distributed by the trustee or the debtor under the plan on account of such claim is not less than the allowed amount of such claim; or

"(C) the debtor surrenders the property securing such claim to such holder; and

"(6) the debtor will be able to make all payments under the plan and to comply with the plan.

"(b)(1) If the trustee or the holder of an allowed unsecured claim objects to the confirmation of the plan, then the court may not approve the plan unless, as of the effective date of the plan—

"(A) the value of the property to be distributed under the plan on account of such claim is not less than the amount of such claim; or

"(B) the plan provides that all of the debtor's projected disposable income to be received in the three-year period, or such longer period as the court may approve

under section 1222(c), beginning on the date that the first payment is due under the plan will be applied to make payments under the plan.

"(2) For purposes of this subsection, 'disposable income' means income which is received by the debtor and which is not reasonably necessary to be expended—

"(A) for the maintenance or support of the debtor or a dependent of the debtor; or

"(B) for the payment of expenditures necessary for the continuation, preservation, and operation of the debtor's business.

"(c) After confirmation of a plan, the court may order any entity from whom the debtor receives income to pay all or any part of such income to the trustee.

"§ 1226. Payments

"(a) Payments and funds received by the trustee shall be retained by the trustee until confirmation or denial of confirmation of a plan. If a plan is confirmed, the trustee shall distribute any such payment in accordance with the plan. If a plan is not confirmed, the trustee shall return any such payments to the debtor, after deducting—

"(1) any unpaid claim allowed under section 503(b) of this title; and

"(2) if a standing trustee is serving in the case, the percentage fee fixed for such standing trustee.

"(b) Before or at the time of each payment to creditors under the plan, there shall be paid—

"(1) any unpaid claim of the kind specified in section 507(a)(1) of this title; and

"(2) if a standing trustee appointed under section 1202(d) of this title is serving in the case, the percentage fee fixed for such standing trustee under section 1202(e) of this title.

"(c) Except as otherwise provided in the plan or in the order confirming the plan, the trustee shall make payments to creditors under the plan.

"§ 1227. Effect of confirmation

"(a) Except as provided in section 1228(a) of this title, the provisions of a confirmed plan bind the debtor, each creditor, each equity security holder, and each general partner in the debtor, whether or not the claim of such creditor, such equity security holder, or such general partner in the debtor is provided for by the plan, and whether or not such creditor, such equity security holder, or such general partner in the debtor has objected to, has accepted, or has rejected the plan.

"(b) Except as otherwise provided in the plan or the order confirming the plan, the confirmation of a plan vests all of the property of the estate in the debtor.

"(c) Except as provided in section 1228(a) of this title and except as otherwise provided in the plan or in the order confirming the plan, the property vesting in the debtor under subsection (b) of this section is free and clear of any claim or interest of any creditor provided for by the plan.

"§ 1228. Discharge

"(a) As soon as practicable after completion by the debtor of all payments under the plan, other than payments to holders of allowed claims provided for under section 1222(b)(5) or 1222(b)(10) of this title, unless the court approves a written waiver of discharge executed by the debtor after the order for relief under this chapter, the court shall grant the debtor a discharge of all debts provided for by the plan allowed

under section 503 of this title or disallowed under section 502 of this title, except any debt—

"(1) provided for under section 1222(b)(5) or 1222(b)(10) of this title; or

"(2) of the kind specified in section 523(a) of this title.

"(b) At any time after the confirmation of the plan and after notice and a hearing, the court may grant a discharge to a debtor that has not completed payments under the plan only if—

"(1) the debtor's failure to complete such payments is due to circumstances for which the debtor should not justly be held accountable;

"(2) the value, as of the effective date of the plan, of property actually distributed under the plan on account of each allowed unsecured claim is not less than the amount that would have been paid on such claim if the estate of the debtor had been liquidated under chapter 7 of this title on such date; and

"(3) modification of the plan under section 1229 of this title is not practicable.

"(c) A discharge granted under subsection (b) of this section discharges the debtor from all unsecured debts provided for by the plan or disallowed under section 502 of this title, except any debt—

"(1) provided for under section 1222(b)(5) or 1222(b)(10) of this title; or

"(2) of a kind specified in section 523(a) of this title.

"(d) On request of a party in interest before one year after a discharge under this section is granted, and after notice and a hearing, the court may revoke such discharge only if—

"(1) such discharge was obtained by the debtor through fraud; and

"(2) the requesting party did not know of such fraud until after such discharge was granted.

"(e) After the debtor is granted a discharge, the court shall terminate the services of any trustee serving in the case.

"§ 1229. Modification of plan after confirmation

"(a) At any time after confirmation of the plan but before the completion of payments under such plan, the plan may be modified, on request of the debtor, the trustee, or the holder of an allowed unsecured claim, to—

"(1) increase or reduce the amount of payments on claims of a particular class provided for by the plan;

"(2) extend or reduce the time for such payments; or

"(3) alter the amount of the distribution to a creditor whose claim is provided for by the plan to the extent necessary to take account of any payment of such claim other than under the plan.

"(b)(1) Sections 1222(a), 1222(b), and 1223(c) of this title and the requirements of section 1225(a) of this title apply to any modification under subsection (a) of this section.

"(2) The plan as modified becomes the plan unless, after notice and a hearing, such modification is disapproved.

"(c) A plan modified under this section may not provide for payments over a period that expires after three years after the time that the first payment under the original

confirmed plan was due, unless the court, for cause, approves a longer period, but the court may not approve a period that expires after five years after such time.

"§ 1230. Revocation of an order of confirmation

"(a) On request of a party in interest at any time within 180 days after the date of the entry of an order of confirmation under section 1225 of this title, and after notice and a hearing, the court may revoke such order if such order was procured by fraud.

"(b) If the court revokes an order of confirmation under subsection (a) of this section, the court shall dispose of the case under section 1207 of this title, unless, within the time fixed by the court, the debtor proposes and the court confirms a modification of the plan under section 1229 of this title.

"§ 1231. Special tax provisions

"(a) For the purpose of any State or local law imposing a tax on or measured by income, the taxable period of a debtor that is an individual shall terminate on the date of the order for relief under this chapter, unless the case was converted under section 706 of this title.

"(b) The trustee shall make a State or local tax return of income for the estate of an individual debtor in a case under this chapter for each taxable period after the order for relief under this chapter during which the case is pending.

"(c) The issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer under a plan confirmed under section 1225 of this title, may not be taxed under any law imposing a stamp tax or similar tax.

"(d) The court may authorize the proponent of a plan to request a determination, limited to questions of law, by a State or local governmental unit charged with

responsibility for collection or determination of a tax on or measured by income, of the tax effects, under section 346 of this title and under the law imposing such tax, of the plan. In the event of an actual controversy, the court may declare such effects after the earlier of—

"(1) the date on which such governmental unit responds to the request under this subsection; or

"(2) 270 days after such request.".

SEC. 256. CONVERSION FROM CHAPTER 11 TO CHAPTER 12.

Section 1112(d) of title 11, United States Code, is amended—

(1) by inserting "12 or" before "13",

(2) in paragraph (1) by striking out "and" at the end thereof,

(3) in paragraph (2) by striking out the period at the end thereof and inserting "; and", and

(4) by inserting after paragraph (2) the following:

"(3) if the debtor requests conversion to chapter 12 of this title, such conversion is equitable.".

SEC. 257. CONFORMING AMENDMENTS.

(a) Title 11 of the United States Code is amended in the table of chapters by inserting after the item relating to chapter 11 the following new item:

"12. Adjustment of Debts of Family Farmers with Regular Annual Income **1201".**

(b) Section 108 of title 11, United States Code, is amended—

(1) in subsection (b) by inserting "1201 or" before "1301", and

(2) in subsection (c)—

(A) by striking out "section 1301" and inserting in lieu thereof "section 1201 or 1301", and

(B) by inserting "1201," after "722,".

(c) Sections 321(a), 329(b)(1)(B), and 1106(a)(5) of title 11, United States Code, are each amended by striking out "or 13" each place it appears and inserting in lieu thereof ", 12, or 13".

(d) Sections 322(a) and 546(a)(1) of title 11, United States Code, are each amended by striking out "or 1302" each place it appears and inserting in lieu thereof "1302, or 1202".

(e) Section 327 of title 11, United States Code, is amended—

(1) in subsection (b) by inserting ", 1202," after "section 721,", and

(2) in subsection (c) by inserting ", 12," after "section 7".

(f) Section 330(c) of title 11, United States Code, is amended by inserting "12 or" before "13".

(g) Section 346 of title 11, United States Code, is amended—

(1) in subsection (b) by inserting ", 12," after "chapter 7",

(2) in subsection (g)(1)(C) by inserting "or 12" after "chapter 11", and

(3) in subsection (i)(1) by inserting ", 12," after "chapter 7".

(h) Section 347 of title 11, United States Code, is amended—

(1) in subsection (a)—

(A) by inserting ", 1226," after "section 726", and

(B) by inserting ", 12," after "chapter 7", and

(2) in subsection (b)—

(A) by striking out "or 11" and inserting in lieu thereof ", 11, or 12", and

(B) by striking out "or 1173" and inserting in lieu thereof "1173, or 1225".

(i) Section 348 of title 11, United States Code, is amended—

(1) in subsection (b)—

(A) by striking out "and 1328(a)" and inserting in lieu thereof "1201(a), 1221, and 1228(a)", and

(B) by striking out "or 1307" and inserting in lieu thereof "1307, or 1208",

(2) in subsections (c) and (e) by striking out "or 1307" each place it appears and inserting in lieu thereof "1307, or 1208", and

(3) in subsection (d) by striking out "or 1307" and inserting in lieu thereof ", 1307, or 1208".

(j) Sections 362(c)(2)(C), 365(d)(2), and 502(g) of title 11, United States Code, are each amended by striking out "or 13" each place it appears and inserting in lieu thereof "12, or 13".

(k) Section 363 of title 11, United States Code, is amended—

(1) in subsection (c)(1) by striking out "or 1304" and inserting in lieu thereof "1304, 1203, or 1204", and

(2) in subsection (l) by striking out "or 13" and inserting in lieu thereof ", 12, or 13".

(l) Section 364(a) of title 11, United States Code, is amended by striking out "or 1304" and inserting in lieu thereof "1304, 1203, or 1204".

(m) Section 365(g) of title 11, United States Code, is amended—

(1) in paragraph (1) by striking out "or 13" and inserting in lieu thereof "12, or 13", and

(2) in paragraph (2)—

(A) by striking out "or 13" and inserting in lieu thereof "12, or 13", and

(B) by striking out "or 1307" each place it appears and inserting in lieu thereof ", 1307, or 1208".

(n) Section 523(a) of title 11, United States Code, is amended by striking out "or 1328(b)" and inserting in lieu thereof ", 1228(a), 1228(b), or 1328(b)".

(o) Section 524 of title 11, United States Code, is amended—

(1) in subsections (a)(1), (c)(1), and (d) by striking out "or 1328" each place it appears and inserting in lieu thereof "1228, or 1328", and

(2) in subsection (a)(3) by striking out "or 1328(a)(1)" and inserting in lieu thereof ", 1228(a)(1), or 1328(a)(1)".

(p) Section 557(d)(3) of title 11, United States Code, is amended by inserting "1202," after "1104,".

(q) Section 706 of title 11, United States Code, is amended—

(1) in subsection (a)—

(A) by striking out "or 1307" and inserting in lieu thereof ", 1307, or 1208", and

(B) by striking out "or 13" and inserting in lieu thereof ", 12, or 13", and

(2) in subsection (c) by inserting "12 or" before "13".

(r) Section 726(b) of title 11, United States Code, is amended by inserting "1208," after "section 1112".

(s) Section 727(a)(9) of title 11, United States Code, is amended by inserting "1228 or" before "1328".

(t) Section 728(a) of title 11, United States Code, is amended by inserting "or 1208" after "section 1112".

(u) Section 1306(a) of title 11, United States Code, is amended—

(1) in paragraph (1) by striking out "or 11" and inserting in lieu thereof ", 11, or 12", and

(2) in paragraph (2) by striking out "or 11" and inserting in lieu thereof ", 11, or 12".

(v) Section 1307 of title 11, United States Code, is amended—

(1) in subsection (b) by striking out "or 1112" and inserting in lieu thereof ", 1112, or 1208",

(2) in subsection (d) by inserting "or 12" after "chapter 11", and

(3) in subsection (e) by striking out "or 11" and inserting in lieu thereof ", 11, or 12".

Subtitle C—Miscellaneous Amendments and Technical Corrections to Title 11

SEC. 281. SUPPORT OBLIGATIONS.

Section 523(a)(5) of title 11, United States Code, is amended—

(1) by striking out "decree," and inserting in lieu thereof "decree", and

(2) by inserting ", determination made in accordance with State or territorial law by a governmental unit," after "record".

SEC. 282. DISCHARGE.

Section 524(d) of title 11, United States Code is amended—

(1) in the first sentence by striking out "shall" the first place it appears and inserting in lieu thereof "may",

(2) in the second sentence by inserting "any" after "At", and

(3) in the third sentence by inserting "the court shall hold a hearing at which the debtor shall appear in person and" after "then".

SEC. 283. TECHNICAL CORRECTIONS.

(a)(1) Section 101(43)(A)(xv) of title 11, United States Code, as amended by section 251, is amended by striking out "secuity" and inserting in lieu thereof "security".

(2) Section 101(51) of title 11, United States Code, as amended by section 251, is amended by striking out the semicolon at the end thereof and inserting in lieu thereof a period.

(b)(1) Section 303(b) of title 11, United States Code, is amended by striking out "subject on" and inserting in lieu thereof "subject of".

(2) Section 303(h)(1) of title 11, United States Code, is amended by striking out "that".

(c) Section 346(j)(7) of title 11, United States Code, is amended by striking out "owned" and inserting in lieu thereof "owed".

(d) Section 362(b) of title 11, United States Code, is amended—

(1) in paragraph (6) by striking out "financial institution," each place it appears and inserting in lieu thereof ", financial institutions",

(2) striking "or" after the semicolon in the first paragraph (9),

(3) striking out "(9)" in the second paragraph (9), and "(10)" in paragraph (10) and inserting in lieu thereof "(10)" and "(11)", respectively, and

(4) in paragraph (10), as so redesignated, by striking out the period at the end thereof and inserting in lieu thereof "; or".

(e)(1) Section 365(c) of title 11, United States Code, is amended by—

(1) striking "or and assignee of such contract or lease" in subparagraph (1)(A), and

(2) in paragraph (3) by—

(A) inserting "is" after "lease", and

(B) inserting "and" after "property".

(2) Paragraph (1) of section 365(h) of title 11, United States Code, is amended by inserting "or timeshare plan" after "lease" the fourth place it appears.

(3) Section 365(m) of title 11, United States Code, is amended by striking out "362(b)(9)" and inserting in lieu thereof "362(b)(10)".

(f)(1) Section 502(b)(6)(A)(ii) of title 11, United States Code, is amended by striking out "reposessed" and inserting in lieu thereof "repossessed".

(2) Section 502(i) of title 11, United States Code, is amended by striking out "507(a)(6)" and inserting in lieu thereof "507(a)(7)".

(g) Section 503(b) of title 11, United States Code, is amended—

(1) in subparagraph (1)(B) by striking out "507(a)(6)" and inserting in lieu thereof "507(a)(7)".

(2) in paragraph (5) by inserting "and" after the semicolon, and

(3) in paragraph (6) by striking out "; and" and inserting in lieu thereof a period.

(h) Section 521(4) of title 11, United States Code, is amended by inserting ", whether or not immunity is granted under section 344 of this title" after "estate" the second place it appears.

(i)(1) Section 522(h)(1) of title 11, United States Code, is amended by striking out "tittle" and inserting in lieu thereof "title".

(2) Section 522(i)(2) of title 11, United States Code, is amended by striking out "his" and inserting in lieu thereof "this".

(j)(1) Section 523(a) of title 11, United States Code, is amended—

(A) in subparagraph (1)(A) by striking out "507(a)(6)" and inserting in lieu thereof "507(a)(7)", and

(B) by redesignating the second paragraph (9) as paragraph (10).

(2) Section 523(b) of title 11, United States Code, is amended by striking out "Services" and inserting in lieu thereof "Service".

(k) Section 524(d)(2) of title 11, United States Code, is amended by striking out "subsection" the second place it appears and inserting in lieu thereof "section".

(l) Section 546(e) of title 11, United States Code, is amended by inserting a comma after "stockbroker".

(m) Section 547(b)(4)(B) of title 11, United States Code, is amended by inserting "and" after the semicolon.

(n) Section 548(d)(2)(B) of title 11, United States Code, is amended by striking out "financial institution," and inserting in lieu thereof ", financial institution".

(o) Section 549(b) of title 11, United States Code, is amended—

(1) by striking out "that occurs" and inserting in lieu thereof "made",

(2) by striking out "is valid against the trustee to the extent of" and inserting in lieu thereof "to the extent", and

(3) by inserting "is" before "given".

(p) Section 554(c) of title 11, United States Code, is amended by striking out "521(a)(1)" and inserting in lieu thereof "521(1)".

(q) The items relating to sections 557, 558, and 559 in the table of sections for subchapter III of chapter 5 of title 11, United States Code, are amended to read as follows:

"557. Expedited determination of interests in, and abandonment or other disposition of grain assets.
"558. Defenses of the estate.
"559. Contractual right to liquidate a repurchase agreement.".

(r) Section 724(b)(2) of title 11, United States Code, is amended by—

(1) striking out "or", and

(2) inserting ", or 507(a)(6)" after "507(a)(5)".

(s) Section 726(b) of title 11, United States Code, is amended by striking out "or (6)" and inserting in lieu thereof "(6) or (7)".

(t) Section 743 of title 11, United States Code, is amended by striking out "(d)".

(u) Section 1121(d) of title 11, United States Code, is amended by striking *out "subsection" and inserting in lieu thereof* "subsections (b) and".

(v) Section 1129(a) of title 11, United States Code, is amended—

(1) in paragraph (7) by striking out "of" the first time it appears,

(2) in subparagraph (9)(B) by striking out "or 507(a)(5)" the first time it appears and inserting in lieu thereof "507(a)(5) or 507(a)(6)", and

(3) in paragraph (9)(C) by striking out "(6)" and inserting in lieu thereof "(7)".

(*w*) Section 1302(e)(1) *of title 11*, United States Code, is amended by striking out "fix" and inserting in lieu thereof "set for such individual".

(x) Section 1324 of title 11, United States Code, is amended in the second sentence by striking out "the" the first place it appears.

(y) Section 1325(b)(2)(A) of title 11, United States Code, is amended by striking out "or" after the semicolon and inserting in lieu thereof "and".

(z) Section 1326(a)(2) of title 11, United States Code, is amended by striking out "payments" and inserting in lieu thereof "payment".

(aa) Official Bankruptcy Form No. 1, referred to in Rule 1002 of the Bankruptcy Rules, is amended—

(1) in paragraph (6) by striking out "7 or 13" and inserting in lieu thereof "7, 11, 12, or 13", and

(2) by striking out "7 or 13" and inserting in lieu thereof "7, 11, 12, or 13" in the statement to be made by the attorney in "Exhibit 'B'".

TITLE III—TRANSITION AND ADMINISTRATIVE PROVISIONS

SEC. 301. INCUMBENT UNITED STATES TRUSTEES.

(a) AREA FOR WHICH APPOINTED.—Notwithstanding any paragraph of section 581(a) of title 28, United States Code, as in effect before the effective date of this Act, a United States trustee serving in such office on the effective date of this Act shall serve

the remaining term of such office as United States trustee for the region specified in a paragraph of such section, as amended by this Act, that includes the site at which the primary official station of the United States trustee is located immediately before the effective date of this Act.

(b) TERM OF OFFICE.—Notwithstanding section 581(b) of title 28, United States Code, as in effect before the effective date of this Act, the term of office of any United States trustee serving in such office on the date of the enactment of this Act shall expire—

(1) 2 years after the expiration date of such term of office under such section, as so in effect, or

(2) 4 years after the date of the enactment of this Act,

whichever occurs first.

SEC. 302. EFFECTIVE DATES; APPLICATION OF AMENDMENTS.

(a) GENERAL EFFECTIVE DATE.—Except as provided in subsections (b), (c), (d), (e), and (f), this Act and the amendments made by this Act shall take effect 30 days after the date of the enactment of this Act.

(b) AMENDMENTS RELATING TO BANKRUPTCY JUDGES AND INCUMBENT UNITED STATES TRUSTEES.—Subtitle A of title I, and sections 301 and 307(a), shall take effect on the date of the enactment of this Act.

(c) AMENDMENTS RELATING TO FAMILY FARMERS.—(1) The amendments made by subtitle B of title II shall not apply with respect to cases commenced under title 11 of the United States Code before the effective date of this Act.

(2) Section 1202 of title 11 of the United States Code (as added by the amendment made by section 255 of this Act) shall take effect on the effective date of this Act and before the amendment made by section 227 of this Act.

(3) Until the amendments made by subtitle A of title II of this Act become effective in a district and apply to a case, for purposes of such case—

(A)(i) any reference in section 326(b) of title 11 of the United States Code to chapter 13 of title 11 of the United States Code shall be deemed to be a reference to chapter 12 or chapter 13 of title 11 of the United States Code,

(ii) any reference in such section 326(b) to section 1302(d) of title 11 of the United States Code shall be deemed to be a reference to section 1302(d) of title 11 of the United States Code or section 586(b) of title 28 of the United States Code, and

(iii) any reference in such section 326(b) to section 1302(a) of title 11 of the United States Code shall be deemed to be a reference to section 1202(a) or section 1302(a) of title 11 of the United States Code, and

(B)(i) the first two references in section 1202(a) of title 11 of the United States Code (as added by the amendment made by section 255 of this Act) to the United States trustee shall be deemed to be a reference to the court, and

(ii) any reference in such section 1202(a) to section 586(b) of title 28 of the United States Code shall be deemed to be a reference to section 1202(c) of title 11 of the United States Code (as so added).

(d) APPLICATION OF AMENDMENTS TO JUDICIAL DISTRICTS.—

(1) CERTAIN REGIONS NOT CURRENTLY SERVED BY UNITED STATES TRUSTEES.—(A) The amendments made by subtitle A of title II of this Act, and section 1930(a)(6) of title 28 of the United States Code (as added by section 117(4) of this Act), shall not—

(i) become effective in or with respect to a judicial district specified in subparagraph (B) until, or

(ii) apply to cases while pending in such district before,

the expiration of the 270-day period beginning on the effective date of this Act or of the 30-day period beginning on the date the Attorney General certifies under section 303 of this Act the region specified in a paragraph of section 581(a) of title 28, United States Code, as amended by section 111(a) of this Act, that includes such district, whichever occurs first.

(B) Subparagraph (A) applies to the following:

(i) The judicial district established for the Commonwealth of Puerto Rico.

(ii) The District of Connecticut.

(iii) The judicial districts established for the State of New York (other than the Southern District of New York).

(iv) The District of Vermont.

(v) The judicial districts established for the State of Pennsylvania.

(vi) The judicial district established for the Virgin Islands of the United States.

(vii) The District of Maryland.

(viii) The judicial districts established for the State of North Carolina.

(ix) The District of South Carolina.

(x) The judicial districts established for the State of West Virginia.

(xi) The Western District of Virginia.

(xii) The Eastern District of Texas.

(xiii) The judicial districts established for the State of Wisconsin.

(xiv) The judicial districts established for the State of Iowa.

(xv) The judicial districts established for the State of New Mexico.

(xvi) The judicial districts established for the State of Oklahoma.

(xvii) The District of Utah.

(xviii) The District of Wyoming (including those portions of Yellowstone National Park situated in the States of Montana and Idaho).

(xix) The judicial districts established for the State of Alabama.

(xx) The judicial districts established for the State of Florida.

(xxi) The judicial districts established for the State of Georgia.

(2) CERTAIN REMAINING JUDICIAL DISTRICTS NOT CURRENTLY SERVED BY UNITED STATES TRUSTEES.—(A) The amendments made by subtitle A of title II of this Act, and section 1930(a)(6) of title 28 of the United States Code (as added by section 117(4) of this Act), shall not—

(i) become effective in or with respect to a judicial district specified in subparagraph (B) until, or

(ii) apply to cases while pending in such district before,

the expiration of the 2-year period beginning on the effective date of this Act or of the 30-day period beginning on the date the Attorney General certifies under section 303 of this Act the region specified in a paragraph of section 581(a) of title 28, United States Code, as amended by section 111(a) of this Act, that includes such district, whichever occurs first.

(B) Subparagraph (A) applies to the following:

(i) The judicial districts established for the State of Louisiana.

(ii) The judicial districts established for the State of Mississippi.

(iii) The Southern District of Texas and the Western District of Texas.

(iv) The judicial districts established for the State of Kentucky.

(v) The judicial districts established for the State of Tennessee.

(vi) The judicial districts established for the State of Michigan.

(vii) The judicial districts established for the State of Ohio.

(viii) The judicial districts established for the State of Illinois (other than the Northern District of Illinois).

(ix) The judicial districts established for the State of Indiana.

(x) The judicial districts established for the State of Arkansas.

(xi) The judicial districts established for the State of Nebraska.

(xii) The judicial districts established for the State of Missouri.

(xiii) The District of Arizona.

(xiv) The District of Hawaii.

(xv) The judicial district established for Guam.

(xvi) The judicial district established for the Commonwealth of the Northern Mariana Islands.

(xvii) The judicial districts established for the State of California (other than the Central District of California).

(xviii) The District of Nevada.

(xix) The District of Alaska.

(xx) The District of Idaho.

(xxi) The District of Montana.

(xxii) The District of Oregon.

(xxiii) The judicial districts established for the State of Washington.

(3) JUDICIAL DISTRICTS FOR THE STATES OF ALABAMA AND NORTH CAROLINA.—(A) Notwithstanding paragraphs (1) and (2), and any other provision of law, the amendments made by subtitle A of title II of this Act, and section 1930(a)(6) of title 28 of the United States Code (as added by section 117(4) of this Act), shall not—

(i) become effective in or with respect to a judicial district specified in subparagraph (E) until, or

(ii) apply to cases while pending in such district before,

such district elects to be included in a bankruptcy region established in section 581(a) of title 28, United States Code, as amended by section 111(a) of this Act, or October 1, 1992, whichever occurs first.

(B) Any election under subparagraph (A) shall be made upon a majority vote of the chief judge of such district and each bankruptcy judge in such judicial district in favor of such election.

(C) Notice that an election has been made under subparagraph (A) shall be given, not later than 10 days after such election, to the Attorney General and the appropriate Federal Circuit Court of Appeals for such district.

(D) Any election made under subparagraph (A) shall become effective on the date the amendments made by subtitle A of title II of this Act become effective in the region that includes such district or 30 days after the Attorney General receives the notice required under subparagraph (C), whichever occurs later.

(E) Subparagraph (A) applies to the following:

(i) The judicial districts established for the State of Alabama.

(ii) The judicial districts established for the State of North Carolina.

(F)(i) Subject to clause (ii), with respect to cases under chapters 7, 11, 12, and 13 of title 11, United States Code—

(I) commenced before the effective date of this Act, and

(II) pending in a judicial district in the State of Alabama or the State of North Carolina before any election made under subparagraph (A) by such district becomes effective or October 1, 1992, whichever occurs first,

the amendments made by section 113 and subtitle A of title II of this Act, and section 1930(a)(6) of title 28 of the United States Code (as added by section 117(4) of this Act), shall not apply until October 1, 1993, or the expiration of the 1-year period beginning on the date such election becomes effective, whichever occurs first.

(ii) For purposes of clause (i), the amendments made by section 113 and subtitle A of title II of this Act, and section 1930(a)(6) of title 28 of the United States Code (as added by section 117(4) of this Act), shall not apply with respect to a case under chapter 7, 11, 12, or 13 of title 11, United States Code, if—

(I) the trustee in the case files the final report and account of administration of the estate, required under section 704 of such title, or

(II) a plan is confirmed under section 1129, 1225, or 1325 of such title,

before October 1, 1993, or the expiration of the 1-year period beginning on the date such election becomes effective, whichever occurs first.

(G) Notwithstanding section 589a of title 28, United States Code, as added by section 115 of this Act, funds collected as a result of the amendments made by section 117 of this Act in a judicial district in the State of Alabama or the State of North Carolina under section 1930(a) of title 28, United States Code, before the date the amendments made by subtitle A of title II of this Act take effect in such district shall be deposited in the general receipts of the Treasury.

(H) The repeal made by section 231 of this Act shall not apply in or with respect to the Northern District of Alabama until March 1, 1987, or the effective date of any election made under subparagraph (A) by such district, whichever occurs first.

(I) In any judicial district in the State of Alabama or the State of North Carolina that has not made the election described in subparagraph (A), any person who is appointed under regulations issued by the Judicial Conference of the United States to administer estates in cases under title 11 of the United States Code may—

(i) establish, maintain, and supervise a panel of private trustees that are eligible and available to serve as trustees in cases under title 11, United States Code, and

(ii) supervise the administration of cases and trustees in cases under chapters 7, 11, 12, and 13 of title 11, United States Code,

until the amendments made by subtitle A of title II take effect in such district.

(e) APPLICATION OF UNITED STATES TRUSTEE SYSTEM AND QUARTERLY FEES TO CERTAIN CASES.—

(1) IN GENERAL.—Subject to paragraph (2), with respect to cases under chapters 7, 11, 12, and 13 of title 11, United States Code—

(A) commenced before the effective date of this Act, and

(B) pending in a judicial district referred to in section 581(a) of title 28, United States Code, as amended by section 111(a) of this Act, for which a United States trustee is not authorized before the effective date of this Act to be appointed,

the amendments made by section 113 and subtitle A of title II of this Act, and section 1930(a)(6) of title 28 of the United States Code (as added by section 117(4) of this Act), shall not apply until the expiration of the 3-year period beginning on the effective date of this Act, or of the 1-year period beginning on the date the Attorney General certifies under section 303 of this Act the region specified in a paragraph of such section 581(a), as so amended, that includes such district, whichever occurs first.

(2) AMENDMENTS INAPPLICABLE.—For purposes of paragraph (1), the amendments made by section 113 and subtitle A of title II of this Act, and section 1930(a)(6) of title 28 of the United States Code (as added by section 117(4) of this Act), shall not apply with respect to a case under chapter 7, 11, 12, or 13 of title 11, United States Code, if—

(A) the trustee in the case files the final report and account of administration of the estate, required under section 704 of such title, or

(B) a plan is confirmed under section 1129, 1225, or 1325 of such title,

before the expiration of the 3-year period, or the expiration of the 1-year period, specified in paragraph (1), whichever occurs first.

(3) RULE OF CONSTRUCTION REGARDING FEES FOR CASES.—This Act and the amendments made by section 117(4) of this Act shall not be construed to require the payment of a fee under paragraph (6) of section 1930(a) of title 28, United States Code, in a case under title 11 of the United States Code for any conduct or period occurring before such paragraph becomes effective in the district in which such case is pending.

(f) REPEAL OF CHAPTER 12 OF TITLE 11.—Chapter 12 of title 11 of the United States Code is repealed on October 1, 1993. All cases commenced or pending under chapter 12 of title 11, United States Code, and all matters and proceedings in or relating to such cases, shall be conducted and determined under such chapter as if such chapter had not been repealed. The substantive rights of parties in connection with such cases, matters, and proceedings shall continue to be governed under the laws applicable to such cases, matters, and proceedings as if such chapter had not been repealed.

SEC. 303. CERTIFICATION OF JUDICIAL DISTRICTS; NOTICE AND PUBLICATION OF CERTIFICATION.

(a) CERTIFICATION BY ATTORNEY GENERAL.—The Attorney General may certify in writing a region specified in a paragraph of section 581(a) of title 28, United States Code (other than paragraph (16)), as amended by section 111(a) of this Act, to the appropriate court of appeals of the United States, for the purpose of informing such court that certain amendments made by this Act will become effective in accordance with section 302 of this Act.

(b) NOTICE AND PUBLICATION OF CERTIFICATION.—Whenever the Attorney General transmits a certification under subsection (a), the Attorney General shall simultaneously—

(1) transmit a copy of such certification to the Speaker of the House of Representatives and to the President pro tempore of the Senate, and

(2) publish such certification in the Federal Register.

SEC. 304. ADMINISTRATIVE PROVISIONS.

(a) COOPERATIVE ARRANGEMENTS.—The Attorney General and the Director of the Administrative Office of the United States Courts may enter into agreements under which United States trustees may—

(1) use—

(A) the services, equipment, personnel, records, reports, and data compilations, in any form, of the courts of the United States, and

(B) the facilities of such courts, and

(2) cooperate in the use by the courts of the United States of—

(A) the services, equipment, personnel, records, reports, and data compilations, in any form, of United States trustees, and

(B) the facilities of such trustees,

to prevent duplication during the 2-year period beginning on the effective date of this Act.

(b) INFORMATION AND DOCUMENTS RELATING TO BANKRUPTCY CASES AND UNITED STATES TRUSTEES.—The Director of the Administrative Office of the United States Courts shall make available to United States trustees, at the request of the Attorney General and on a continuing basis, all records, reports, and data compilations relating to—

(1) cases and proceedings under title 11 of the United States Code, and

(2) the duties of United States trustees under titles 11 and 28 of the United States Code.

SEC. 305. APPLICATION OF CERTAIN BANKRUPTCY RULES.

(a) RULES RELATING TO THE UNITED STATES TRUSTEE SYSTEM.—If a United States trustee is not authorized, before the effective date of this Act, to be appointed for a judicial district referred to in section 581(a) of title 28, United States Code, as amended by section 111(a) of this Act, then part X of the Bankruptcy Rules shall not apply to cases in such district until the amendments made by subtitle A of title II of this Act become effective under section 302 of this Act in such district.

(b) RULES RELATING TO CHAPTER 12 OF TITLE 11.—The rules prescribed under section 2075 of title 28, United States Code, and in effect on the date of the enactment of this Act shall apply to cases filed under chapter 12 of title 11, United States Code, to the extent practicable and not inconsistent with the amendments made by title II of this Act.

SEC. 306. SALARY OF INCUMBENT UNITED STATES TRUSTEES.

For service as a United States trustee in the period beginning on the effective date of this Act and ending on the expiration under section 301 of this Act of their respective terms of office, the salary payable to United States trustees serving in such offices on the effective date of this Act shall be fixed in accordance with section 587 of title 28, United States Code, as amended by section 114(a) of this Act.

SEC. 307. PRESERVATION OF UNITED STATES TRUSTEE SYSTEM DURING PENDENCY OF LEGISLATION; REPEALER.

(a) TEMPORARY DELAY OF REPEAL OF UNITED STATES TRUSTEE SYSTEM.—Effective immediately before November 10, 1986, section 408(c) of the Act of November 6, 1978 (Public Law 95-598; 92 Stat. 2687), is amended by striking out "November 10, 1986" and inserting in lieu thereof "30 days after the effective date of the Bankruptcy Judges, United States Trustees, and Family Farmer Bankruptcy Act of 1986".

(b) CONFORMING AMENDMENT.—Section 408 of the Act of November 6, 1978 (Public Law 95-598; 92 Stat. 2687), is repealed.

SEC. 308. CONSIDERATION OF CURRENT PRIVATE TRUSTEES FOR APPOINTMENT BY UNITED STATES TRUSTEES.

(a) TRUSTEES IN BANKRUPTCY CASES UNDER CHAPTER 7.—It is the sense of the Congress that individuals who are serving before the effective date of this Act, as trustees in cases under chapter 7 of title 11, United States Code, should be considered by United States trustees for appointment under section 586(a)(1) of title 28, United States Code, to the panels of private trustees that are established as a result of the amendments made by this Act.

(b) STANDING TRUSTEES IN BANKRUPTCY CASES UNDER CHAPTER 13.—It is the sense of the Congress that individuals who are serving before the effective date of this Act, as standing trustees in cases under chapter 13 of title 11, United States Code, should be considered by the United States trustees for appointment under section 586(b) of title 28, United States Code, as standing trustees who are appointed as a result of the amendments made by this Act.

SEC. 309. APPOINTMENT OF UNITED STATES TRUSTEES BY THE ATTORNEY GENERAL.

It is the sense of the Congress that individuals otherwise qualified who are serving, before the effective date of this Act, as estate administrators under title 11 of the United States Code should be considered by the Attorney General for appointment under sections 581 and 582 of title 28, United States Code, to new positions of United States trustee and assistant United States trustee resulting from the amendments made by this Act.

SEC. 310. ELECTRONIC CASE MANAGEMENT DEMONSTRATION PROJECT.

(a) ESTABLISHMENT OF PROJECT.—Not later than 1 year after the effective date of this Act, the Director of the Executive Office for United States Trustees, in consultation with the Director of the Administrative Office of the United States Courts, shall establish an electronic case management demonstration project to be carried out in 3 Federal judicial districts that have a sufficiently large and varied bankruptcy caseload so as to provide a meaningful evaluation of the cost and effectiveness of such system. A contract for such project shall be awarded—

(1) on the basis of competitive bids submitted by qualified nongovernmental entities that are able to design an automated joint information system for use by the United States courts and by United States trustees, and

(2) in accordance with the Federal Property and Administrative Services Act of 1949, the Office of Federal Procurement Policy Act, and title 31 of the United States Code.

(b) STUDY BY GENERAL ACCOUNTING OFFICE.—Not later than 1 year after the electronic case management system begins to operate in all of the judicial districts participating in the demonstration project carried out under subsection (a), the General Accounting Office shall conduct a study to compare the cost and effectiveness of such system with the cost and effectiveness of case management systems used in Federal judicial districts that are not participating in such project.

(c) TERM OF PROJECT.—The demonstration project required by subsection (a) shall be carried out until—

(1) the expiration *of the 2-year period beginning on the date* the electronic case management system begins to operate in all of the judicial districts participating in such project, or

(2) legislation is enacted to extend, expand, modify, or terminate the operation of such project,

whichever occurs first.

(d) USE BY CLERKS OF THE COURTS.—The electronic case management system demonstrated under the project required by subsection (a) shall provide the clerk of court in each district in which such system is operated, with a means of—

(1) maintaining a complete electronic case file of all relevant information contained in petitions and schedules (and any amendments thereto) relating to debtors in cases under title 11 of the United States Code, including—

(A) a complete list of creditors in each such case, as listed by the debtor,

(B) a complete list of assets scheduled by the debtor, the value of such asset, and any action taken by the trustee or debtor in possession with regard to such asset during the pendency of such case,

(C) a complete list of debts and, with respect to each debt—

(i) any priority of such debt under title 11 of the United States Code,

(ii) whether such debt is secured or unsecured, and

(iii) whether such debt is contingent or noncontingent, and

(D) the debtor's statements of current expenses and income, and

(2) maintaining all calendars and dockets and producing all notices required to be sent in cases under title 11 of the United States Code.

(e) USE BY UNITED STATES TRUSTEES.—The electronic case management system demonstrated under the project required by subsection (a) shall provide, at a minimum, the United States trustee in each district in which such system is operated with—

(1) complete electronic case files which contain, in addition to the information listed in subsection (d), records of case openings, case closings, hearings, and the filing of all motions, trustee appointments, pleadings, and responses, as well as a record of the responses by the United States trustee to those motions, trustee appointments, and pleadings,

(2) a means to generate standardized forms for motions, appointments, pleadings, and responses,

(3) a means to generate standard management reports and letters on an exception basis,

(4) a means to maintain accounting records, reports, and information required to be maintained by debtors in possession and trustees in cases under title 11 of the United States Code,

(5) a means to calculate and record distribution to creditors, final applications and orders for distribution, and final case closing reports, and

(6) a means to monitor the payment of filing and other required fees.

(f) AVAILABILITY TO CERTAIN GOVERNMENTAL ENTITIES.—Unlimited access to information maintained in the electronic case management system demonstrated

under the project required by subsection (a) shall be provided at no charge to the following:

(1) The Congress.

(2) The Executive Office for the United States Trustees.

(3) The Administrative Office of the United States Courts.

(4) The clerks of the courts in judicial districts in which such system is operated and persons who review case information, in accordance with section 107(a) of title 11, United States Code, in the offices of the clerks.

(5) The judges on the bankruptcy and district courts in districts in which such system is operated.

(6) Trustees in cases pending in districts in which such system is operated.

(g) FEES FOR OTHER USERS.—(1) The entity which is awarded a contract to provide the electronic case management system demonstrated under this project may, under guidelines established by the Director of the Executive Office for the United States Trustees in the provisions of such contract, collect reasonable fees from assets of the estate of the debtor in bankruptcy for providing notices and services to the court and trustees under the demonstration project.

(2) Access to information maintained in electronic case files pursuant to the demonstration project may be provided to persons other than those specified in subsection (f), but such access shall be limited to viewing such information only. A reasonable charge for such access may be collected by the entity which is awarded a contract under this section, in accordance with the guidelines established by the Director of the Executive Office for the United States Trustees in such contract. A

reasonable portion of any charge so collected may be required by the Director to be remitted to the Executive Office for United States Trustees and deposited in the United States Trustee System Fund established in section 589a of title 28, United States Code.

(h) SECURITY.—Access provided under subsection (f) to an entity or an individual shall be subject to such security limitations as may be imposed by the Congress or the head of the affected entity.

SEC. 311. CASES PENDING UNDER THE BANKRUPTCY ACT.

At the end of one calendar year following the date the amendments made by subtitle A of title II of this Act take effect in a district in which any case is still pending under the Bankruptcy Act, the district court shall withdraw the reference of any such case and, after notice and a hearing, determine the status of the case. Such case shall be remanded to the bankruptcy judge with such instructions as are necessary for the prompt closing of the case and with a requirement that a progress report on the case be provided by the bankruptcy judge after such interval as the district court deems appropriate.

APPROVED October 27, 1986.