

TITLE I

BANKRUPTCY RULES

Rule 1. Scope of bankruptcy rules and forms; short title.

The rules and forms in this Title I govern the procedure in courts of bankruptcy in bankruptcy cases under Chapters I-VII of the Bankruptcy Act. These rules may be known and cited as the Bankruptcy Rules. These forms may be known and cited as the Official Bankruptcy Forms.

PART I. PETITION AND PROCEEDINGS RELATING THERETO AND TO ADJUDICATION

Rule 101. Commencement of bankruptcy case.

A bankruptcy case is commenced by filing a petition with the court by or against a person for the purpose of obtaining his adjudication as a bankrupt.

Rule 102. Reference of cases; withdrawal of reference and assignment.

(a) *Reference.*—Upon the filing of a petition the clerk shall refer the case forthwith to a referee or, if a local rule so provides, to more than one referee concurrently. Thereafter all proceedings in the case shall be before the referee except as otherwise provided by subdivision (b) of this rule, by Rules 115 (b), 409 (c), and 920, by § 2a (15) of the Act when a complaint seeks an injunction to restrain a court, by § 43c of the Act when the office of the referee is vacant, and by the provisions in the Act and the rules in Part VIII governing appeals from judgments of the referee.

(b) *Withdrawal of reference and assignment.*—The district judge may, at any time, for the convenience of parties or other cause, withdraw a case in whole or in

part from a referee and either act himself or assign the case or part thereof to another referee in the district.

Rule 103. Voluntary petition.

A voluntary petition shall conform substantially to Official Form No. 1. An original and 2 copies of the petition shall be filed, unless a different number of copies is required by local rule.

Rule 104. Involuntary petition.

(a) *Form and number.*—An involuntary petition shall conform substantially to Official Form No. 9. An original and 2 copies of the petition shall be filed, unless additional copies are required by local rule.

(b) *Participation in act of bankruptcy.*—A creditor may not file or join in a petition alleging the commission of an act of bankruptcy other than the sixth act, if he consented to, participated in, or secured the commission of the act alleged. Notwithstanding the foregoing, if a creditor, without inducing it, participated in any general assignment, receivership, or other mode of adjustment or settlement of the affairs of the debtor and did not consent in writing thereto, or if he did so consent but without knowledge of facts which would constitute commission of the first, second, or third act of bankruptcy or which would be a bar to the discharge of the debtor in bankruptcy, he may nevertheless act as a petitioning creditor and may allege any act of bankruptcy including such assignment or receivership.

(c) *Particularity of allegations.*—The facts constituting an act of bankruptcy shall be alleged with sufficient particularity to identify the transaction or occurrence.

(d) *Transferor or transferee of claim.*—A person who has transferred or acquired a claim for the purpose of commencing a bankruptcy case shall not be a qualified petitioner. A petitioning creditor who is a transferor or transferee of a claim, whether transferred unconditionally, for security, or otherwise, shall annex to the original and

each of the 2 copies of the petition a copy of all documents evidencing the transfer, and a signed statement setting forth the consideration for and terms of the transfer and that the claim was not transferred for the purpose of commencing a bankruptcy case.

(e) *Joinder of petitioners after filing.*—Creditors other than the original petitioners may join in an involuntary petition at any time before its dismissal. If the answer to an involuntary petition filed by one or 2 creditors avers the existence of 12 or more creditors, the alleged bankrupt shall file with the answer a list of all his creditors with their addresses, a brief statement of the nature of their claims, and the amounts thereof. If it appears that there are 12 or more creditors as counted under § 59e of the Act, the court shall thereupon afford a reasonable opportunity for other creditors to join in the petition before a hearing is held thereon.

Rule 105. Partnership bankruptcy.

(a) *Voluntary petition.*—A voluntary petition may be filed by all the general partners on behalf of the partnership.

(b) *Partner's petition against partnership.*—A petition may be filed by fewer than all the general partners to have a partnership adjudged bankrupt under § 5b of the Act. An original and 2 copies of the petition shall be filed under this subdivision, but if more than one general partner does not join in the petition, an additional copy for each such partner shall be filed. The petition for adjudication of the partnership may be contested by any general partner (or alleged general partner) who is not a petitioner.

(c) *Involuntary petition by creditors.*—An involuntary petition may be filed by creditors against a partnership. Within 5 days after the filing, the petitioning creditors shall cause a copy of the petition to be sent by certified mail to the last known address of, or to be delivered to, each general partner who has not been served.

(d) *Petition when all general partners are adjudicated.*—If all the general partners of a partnership are adjudged bankrupt, any party in interest may file a petition in any court in which a partner's bankruptcy case is pending to have the partnership adjudged bankrupt.

Rule 106. Caption of petition.

The caption of every petition shall comply with Rule 904 (b). In addition the title of the case as set forth in the caption shall include the name of the bankrupt and all other names used by him within 6 years before the filing of the petition. If the petition is not filed by the bankrupt, the petitioners shall include such other names according to their best information.

Rule 107. Filing fees.

(a) *General requirement.*—Except as otherwise provided in subdivision (b), every petition shall be accompanied by the prescribed filing fees.

(b) *Payment of filing fees in installments.*

(1) *Application for permission to pay filing fees in installments.*—A voluntary petition shall be accepted for filing by the clerk of the district court if accompanied by an application signed by the petitioner for permission to pay the filing fees in installments. The application shall state that the applicant is unable to pay the filing fees except in installments, the proposed terms of such installment payments, and that the applicant has paid no money and transferred no property to his attorney for services in connection with the case. The application shall be filed in duplicate, one copy for the clerk and one for the bankruptcy judge.

(2) *Action on application.*—At or prior to the first meeting of creditors, the court after a hearing may make an order permitting the payment of the filing fees in installments to the clerk of the district court, and fixing the number of installments and the amount and date of

payment of each installment. The number of installments permitted shall not exceed 4, and the final installment shall be payable not later than 4 months after the filing of the petition. For cause shown, however, the court may extend the time for payment of any installment to a date not later than 6 months after the date of filing of the petition.

(3) *Postponement of attorney's fees.*—Filing fees must be paid in full before the bankrupt may pay his attorney for services in connection with the case.

Rule 108. Schedules and statement of affairs.

(a) *Schedules and statement required.*—The bankrupt shall file with the court schedules of all his debts and all his property and a statement of his affairs, prepared by him in the manner prescribed by Official Forms No. 6 and either No. 7 or No. 8, whichever is appropriate. The number of copies of the schedules and statement shall correspond to the number of copies of the petition required by these rules.

(b) *Time limits.*—Except as otherwise provided herein, the schedules and statement shall be filed with the petition by a voluntary bankrupt and within 10 days after adjudication by an involuntary bankrupt or by a partnership adjudicated on other than a voluntary petition. A voluntary petition shall nevertheless be accepted by the clerk if accompanied by a list of all the bankrupt's creditors and their addresses, and the schedules and statement may be filed within 10 days thereafter in such case. On application the court may grant up to 10 additional days for the filing of schedules and the statement of affairs; any further extension may be granted only for cause shown and on such notice as the court may direct.

(c) *Partnership and partners.*—If the bankrupt is a partnership, the general partners shall prepare and file the schedules of the debts and property and statement of affairs of the partnership. Every general partner not

adjudicated shall file a statement of his assets and liabilities with the trustee of the partnership within 10 days after qualification by the trustee or within such further time as may be allowed by the court for cause shown.

(d) *Preparation of schedules or statement of affairs on default by bankrupt.*—If the schedules or statement of affairs is not prepared and filed as required by this rule, the court may order the receiver, trustee, a petitioning creditor, or other party in interest to prepare and file any of these papers within such time as the court shall fix.

(e) *Interests acquired or arising after bankruptcy.*—Within 10 days after the information comes to his knowledge or within such further time as the court may allow, the bankrupt shall file a supplemental schedule showing the facts regarding (1) any property that vests in him by bequests, devise, or inheritance within 6 months after bankruptcy; (2) any property in which the bankrupt had an estate or interest by the entirety on the date of bankruptcy and which became transferable in whole or in part solely by the bankrupt within 6 months after bankruptcy; and (3) any interests in real property that were non-assignable prior to bankruptcy and that, within 6 months thereafter, became assignable interests or estates, or gave rise to powers in the bankrupt to acquire assignable interests or estates. If any of the property or interests required to be reported under this subdivision is claimed by the bankrupt as exempt, he shall claim his exemption in the supplemental schedule. The duty to file a supplemental schedule in accordance with this subdivision continues notwithstanding the closing of the case before the duty is or can be performed.

Rule 109. Verification of petitions and accompanying papers.

All petitions, schedules, statements of affairs, and amendments thereto shall be verified.

Rule 110. Amendments of voluntary petitions, schedules, and statements of affairs.

A voluntary petition, schedule, or statement of affairs may be amended as a matter of course at any time before the case is closed. The court may, on application or motion of any party in interest or on its own initiative, order any voluntary petition, schedule, or statement of affairs to be amended. Every amendment under this rule shall be filed in the same number as required of the original paper, and the court shall give notice of the amendment to such persons as it may designate.

Rule 111. Service of petition and process.

Upon the filing of an involuntary petition, the clerk of the district court shall forthwith issue a summons for service on the bankrupt. Upon the filing of a partner's petition against a partnership under Rule 105 (b), the clerk shall forthwith issue a summons for service upon all general partners who are not petitioners. The summons shall conform substantially to Official Form No. 10 and a copy shall be served with a copy of the petition in the manner provided for service of a summons, complaint, and notice of trial by Rule 704 (b), (c), or (i). If service cannot be made as provided in the preceding sentence, the court may order the summons and petition to be served by mailing copies thereof to the last known address, if any, and by at least one publication in such manner and form as the court may direct. The summons and petition may be served anywhere. The provisions of Rule 704 (e), (g), and (h) apply when service is made or attempted under this rule.

Rule 112. Responsive pleading or motion.

The alleged bankrupt in an involuntary petition, or, in the case of a petition against a partnership under subdivision (b) or (c) of Rule 105, any general partner (or alleged general partner) who is not a petitioner, may

contest the petition. Rule 12 of the Federal Rules of Civil Procedure applies to the making of a defense or objection to the petition, except that an answer or a motion permitted under Rule 12 (b), (e), or (f) of the Federal Rules of Civil Procedure shall be served and filed within 15 days after the issuance of the summons, but if service is made by publication upon an alleged bankrupt or partner not an inhabitant of nor found within the state in which the district court is held, the court shall prescribe the time for such service and filing of the response. The service of a motion permitted under Rule 12 of the Federal Rules of Civil Procedure shall have the effect prescribed by Rule 712 (a) on the time allowed for serving an answer to the petition, but any motion or answer served on the petitioner must be filed with the court no later than the last day allowed for service of the motion or the answer, as the case may be. The answer to a petition may include the statement of a claim against a petitioning creditor only for the purpose of defeating the petition. No other responsive pleadings shall be allowed, except that the court may order a reply to an answer and prescribe the time for it to be served and filed.

Rule 113. Affirmative defense of solvency.

If a petition alleges the commission of the first act of bankruptcy, the alleged bankrupt shall plead and have the burden of proving the defense of solvency at the date of bankruptcy.

Rule 114. Examination of bankrupt on issue of insolvency or inability to pay debts as they mature.

Whenever a petition filed under Rule 104 alleges the commission of the second, third, or fifth act of bankruptcy or a petition is filed under Rule 105 (b), and the alleged bankrupt denies the allegation of insolvency or inability to pay debts as they mature, the alleged bankrupt shall appear in court at the hearing, and prior thereto if ordered by the court, with books, papers, and accounts,

and submit to an examination as to all matters bearing on the issue of insolvency or inability to pay debts as they mature. If the alleged bankrupt fails so to appear or submit to an examination, the court on motion may make such orders in regard to the failure as are just, including those specified in paragraphs (A), (B), and (C), of Rule 37 (b)(2) of the Federal Rules of Civil Procedure. The examination provided by this rule is not exclusive of the procedures available under Rules 121 and 205.

Rule 115. Hearing and disposition of petition.

(a) *Contested petition.*—The court shall determine the issues of a contested petition at the earliest practicable time and adjudicate the debtor a bankrupt, dismiss the case, or enter such other order as may be appropriate.

(b) *Jury trial.*

(1) An alleged bankrupt may, at or before the time within which an answer may be filed, demand a trial by jury of any issue triable of right by a jury under § 19a of the Act, by serving upon the petitioners a demand therefor in writing and filing it. Such demand may be indorsed upon the answer. If the demand specifies that a district judge conduct the trial or if a local rule of court so provides, the trial shall be placed on the calender of the district court as a jury action; otherwise the referee shall conduct the jury trial. The failure of a party to serve and file a demand in accordance with this rule constitutes a waiver by him of trial by jury or of a jury trial before a district judge, as the case may be.

(2) When trial by jury has been demanded in accordance with this rule, the trial of all issues so demanded shall be by jury unless the alleged bankrupt, by a writing filed with the court or by an oral statement made in open court and entered in the record, consents to trial by the court sitting without a jury. A trial with an advisory jury or a jury trial conducted as of right on consent of the parties may be ordered in accordance with Rule 39 (c) of the Federal Rules of Civil Procedure.

(3) When issues triable of right by jury have been placed on the district court calendar as provided in paragraph (1) of this subdivision, the district judge may order the trial before him of any other issues presented by the pleadings in the interest of expediting the court's business or for other good cause.

(4) Except as provided in subdivision (d) of this rule, Rules 47-51 of the Federal Rules of Civil Procedure apply to a jury trial conducted under this subdivision.

(c) *Default*.—If no pleading or other defense to a petition is filed within the time provided by these rules, the court shall on the next day, or as soon thereafter as practicable, make the adjudication or make such other order as may be appropriate.

(d) *Adjudication*.—An adjudication shall conform substantially to Official Form No. 11 and shall be entered in the referee's docket or the civil docket of the district court, as the case may be.

(e) *Award of costs*.—When a case commenced by the filing of a petition against any person pursuant to Rule 104 (a) or Rule 105 (b) or (c) is dismissed or withdrawn, the court on reasonable notice to the petitioner or petitioners may award to the prevailing party the same costs that are allowed to a prevailing party in a civil action and reasonable counsel fees, and shall award any other sums required by the Act.

Rule 116. Venue and transfer.

(a) *Proper venue*.

(1) *Natural person*.—A petition by or against a natural person may be filed in the district where the bankrupt has had his principal place of business, residence, or domicile for the preceding 6 months or for a longer portion thereof than in any other district. A petition by or against a natural person who has had no principal place of business, residence, or domicile within the United States during the preceding 6 months may be filed in a district wherein he has property.

(2) *Corporation or partnership.*—A petition by or against a corporation or partnership may be filed in the district (A) where the bankrupt has had its principal place of business or its principal assets for the preceding 6 months or for a longer portion thereof than in any other district; or (B) if there is no such district, in any district where the bankrupt has property.

(3) *Partner with partnership or copartner.*—Notwithstanding the foregoing: (A) a petition commencing a bankruptcy case may be filed by or against any general partner in a district where a petition under the Act by or against a partnership is pending; (B) a petition commencing a bankruptcy case may be filed by or against a partnership or by or against any other general partner or by or against any combination of the partnership and the general partners in a district where a petition under the Act by or against a general partner is pending.

(4) *Affiliate.*—Notwithstanding the foregoing, a petition commencing a bankruptcy case may be filed by or against an affiliate of the bankrupt in a district where a petition under the Act by or against the bankrupt is pending.

(b) *Transfer of cases; dismissal or retention when venue improper.*

(1) *When venue proper.*—Although a petition is filed in accordance with subdivision (a) of this rule, the court may, after hearing on notice to the petitioner or petitioners and such other persons as it may direct in the interest of justice and for the convenience of the parties, transfer the case to any other district. The transfer may be ordered at or before the first meeting of creditors either on the court's own initiative or on motion of a party in interest but thereafter only on a timely motion.

(2) *When venue improper.*—If a petition is filed in a wrong district, the court may, after hearing on notice to the petitioner or petitioners and such other persons as it may direct, dismiss the case or, in the interest of

justice and for the convenience of the parties, retain the case or transfer it to any other district. Such an order may be made at or before the first meeting of creditors either on the court's own initiative or on motion of a party in interest but thereafter only on a timely motion. Notwithstanding the foregoing, the court may without a hearing retain a case filed in a wrong district if no objection is raised.

(c) *Procedure when petitions involving the same bankrupt or related bankrupts are filed in different courts.*—If petitions commencing bankruptcy cases or a bankruptcy case and any other case under the Act are filed in different districts by or against (1) the same bankrupt, or (2) a partnership and one or more of its general partners, or (3) 2 or more general partners, or (4) a bankrupt and an affiliate, the court in which the first petition is filed shall, after hearing on motion and notice to the petitioners and such other persons as the court may designate, determine the court or courts in which the case or cases should proceed in the interest of justice and for the convenience of the parties. The proceedings on the other petitions shall be stayed by the courts in which such petitions have been filed until such determination is made. Thereafter all the courts in which petitions have been filed shall proceed in accordance with the determination.

(d) *Reference of transferred cases.*—A case transferred under this rule shall, in accordance with Rule 102 (a), be referred by the clerk of the district court to which it has been transferred.

Rule 117. Consolidation or joint administration of cases pending in same court.

(a) *Cases involving same bankrupt.*—If 2 or more petitions are pending in the same court by or against the same bankrupt, the court may order consolidation of the cases.

(b) *Cases involving 2 or more related bankrupts.*—If 2 or more petitions are pending in the same court by or against (1) a husband and wife, or (2) a partnership and one or more of its general partners, or (3) 2 or more general members of a partnership, or (4) a bankrupt and an affiliate, the court may order a joint administration of the estates. Before making such an order the court shall give due consideration to the protection of creditors of the different estates against potential conflicts of interest.

(c) *Expediting and protective orders.*—When an order for consolidation or joint administration of 2 or more cases is entered pursuant to this rule, the court, while protecting the rights of the parties under the Act, may make such orders as may tend to avoid unnecessary costs and delay.

Rule 118. Death or insanity of bankrupt.

The death or insanity of the bankrupt shall not abate a bankruptcy case. In such event the estate of the bankrupt shall be administered and the case concluded in the same manner, so far as possible, as though the death or insanity had not occurred.

Rule 119. Bankrupt involved in foreign proceeding.

When a proceeding for the purpose of the liquidation or rehabilitation of his estate has been commenced by or against a bankrupt in a court of competent jurisdiction without the United States, the court of bankruptcy may, after hearing on notice to the petitioner or petitioners and such other persons as it may direct, having regard to the rights and convenience of local creditors and other relevant circumstances, dismiss a case or suspend the proceedings therein under such terms as may be appropriate.

Rule 120. Dismissal of case without determination of merits.

(a) *Voluntary dismissal; dismissal for want of prosecution.*—A case shall not be dismissed on application or

motion of the petitioner or petitioners or for want of prosecution or by consent of the parties until after hearing on notice to the creditors as provided in Rule 203 (a). To enable the court to give such notice, the bankrupt, if he has not already done so, shall file a list of all his creditors with their addresses within the time fixed by the court. If the bankrupt fails to file such list, the court may by order provide for the preparation and filing of the list in such manner as may be appropriate.

(b) *Dismissal for failure to pay filing fees.*

(1) On nonpayment of any installment of the filing fees as ordered pursuant to Rule 107 (b) and after hearing on notice to the bankrupt, the court may dismiss the case.

(2) If a case is dismissed or closed without the payment in full of the filing fees, the installments collected shall be distributed in the same manner and proportions as if the filing fees had been paid in full.

(3) Notice of dismissal for failure to pay the filing fees shall be given within 30 days after the dismissal to creditors appearing on the list of creditors and to those who have filed claims, in the manner provided in Rule 203.

(c) *Effect of dismissal.*—Unless the order specifies to the contrary, dismissal of a case otherwise than on the merits is without prejudice.

Rule 121. Applicability of rules in Part VII.

Except as otherwise provided in Part I of these rules and unless the court otherwise directs, the following rules in Part VII apply in all proceedings relating to a contested petition and in all proceedings to vacate an adjudication: Rules 705, 708-710, 715, 716, 724-726, 728-737, 744.1, 752, 756, and 762. The court may direct that one or more of the other rules in Part VII shall also apply in such a proceeding. For the purposes of this rule a reference in the rules in Part VII to adversary proceedings shall be read as a reference to proceedings

relating to a contested petition or proceedings to vacate an adjudication, and a reference in the Federal Rules of Civil Procedure to the complaint shall be read as a reference to the petition.

Rule 122. Conversion of a chapter case to bankruptcy.

When an order is entered in a Chapter X, XI, XII, or XIII case directing that the case continue as a bankruptcy case, the procedure shall be as follows:

(1) In all respects other than as provided in the following paragraphs, the case shall be deemed to have been commenced as of the date of the filing of the first petition initiating a case under the Act and shall be conducted as far as possible as if no petition commencing a chapter case had been filed.

(2) Unless otherwise directed by the court, lists, inventories, schedules, and statements filed in the superseded case shall be deemed to be the schedules and statement of affairs filed in the bankruptcy case pursuant to Rule 108 and in full compliance therewith; but if no such documents have been previously filed, the bankrupt shall comply with Rule 108 as if he had been adjudicated an involuntary bankrupt on the date of the entry of the order directing that the case continue as a bankruptcy case.

(3) Notice of the order directing that the case continue as a bankruptcy case shall be given to all creditors in the manner provided by Rule 203 within 20 days after entry of the order and shall accompany the notice of the first meeting of creditors if one is held. If no first meeting of creditors is held, the date of the mailing of the notice of the order as provided in this paragraph shall be deemed the first date set for the first meeting of creditors for the purposes of any rule referring to that date to prescribe the time when or within which an act is required or allowed to be done; but if the time for filing claims, a complaint objecting to discharge, or a complaint to obtain a determination of the discharge-

ability of any debt had expired in a pending bankruptcy case prior to the filing therein of a chapter petition, the preceding clause of this paragraph shall not be deemed to revive or extend such time.

(4) A trustee shall be appointed by the court and notified pursuant to Rule 209 (c), and shall qualify pursuant to Rule 212, unless

(A) a trustee has been previously selected pursuant to Rule 209 and has qualified, in which event he shall be immediately notified of the order directing that the case continue as a bankruptcy case and shall enter upon the performance of his duties without further qualification; or

(B) a standby trustee has been nominated in the superseded case, in which event he shall be immediately notified pursuant to Rule 209 (c) and, within 5 days after receipt of notice, shall qualify in the manner provided by Rule 212; or

(C) the court pursuant to Rule 211 orders that no trustee be appointed.

If a trustee notified under this paragraph fails to qualify or to enter upon the performance of his duties, the court shall appoint a trustee pursuant to Rule 209.

(5) All claims filed in the superseded case shall be deemed filed in the bankruptcy case.

(6) Forthwith after qualification of the trustee or entry by him on the performance of his duties as provided in paragraph (4) of this rule, any trustee, receiver, or debtor in possession previously acting in the chapter case shall, unless otherwise ordered, turn over to the trustee in bankruptcy all the records and property of the estate in his possession or subject to his control.

(7) Each trustee, receiver, and debtor in possession acting in the superseded chapter case shall, unless the court otherwise directs, file with the court a final report and account within 30 days after the entry of the order directing that the case continue as a bankruptcy case,

including, in a superseded Chapter X, XI, or XII case, a separate schedule listing unpaid debts incurred by him after the commencement of the chapter case. If the order is entered after confirmation of a plan, the debtor shall file with the court schedules of (A) property not listed in the final report filed pursuant to the preceding sentence of this paragraph and acquired by him after the filing of the original petition under the Act and before the entry of the order directing that the case continue as a bankruptcy case and (B) debts not listed in the final report filed pursuant to the preceding sentence of this paragraph and incurred by him after confirmation and before the entry of such order.

(8) On the filing of a schedule required by the preceding paragraph, the court shall enter an order directing the claims so scheduled, including claims of the United States, any state, and any subdivision thereof, to be filed and shall give notice by mail to the holders thereof to file their claims pursuant to Rule 302 (a)-(d) within 60 days from the entry of the order directing them to be filed, except that claims not scheduled as provided in the preceding paragraph and claims arising from rejection of executory contracts under paragraph (10) of this rule may be filed within such further time as the court may direct.

(9) If the court grants an extension of time for the filing of claims pursuant to Rule 302 (e)(5), the extension shall apply to holders of claims who failed to file within the time prescribed by, or fixed by the court pursuant to, paragraph (8) of this rule, and notice shall be given them in the manner provided in Rule 203 (a).

(10) Rule 607 shall govern the assumption, rejection, and assignment of contracts entered into or assumed by a trustee, receiver, or debtor in possession acting in the superseded chapter case which are executory in whole or in part at the time of the entry of the order directing the case to continue as a bankruptcy case, except that

with respect to a trustee selected as provided in paragraph (4)(A) of this rule the time periods prescribed by Rule 607 shall begin to run from the entry of such order.

PART II. OFFICERS FOR ADMINISTERING THE ESTATE;
NOTICES TO CREDITORS; CREDITORS' MEETINGS;
EXAMINATIONS; ELECTIONS; ATTORNEYS
AND ACCOUNTANTS

Rule 201. Appointment and duties of receivers.

(a) *Purposes and term of receivership.*—Subject to the provisions of this rule, the court may appoint a receiver when necessary in the best interest of the estate (1) to take charge of the property of a bankrupt; (2) to conduct the business of the bankrupt; or (3) to afford representation to the estate in an action, adversary proceeding, or contested matter when no trustee has qualified or the interest of the trustee may be adverse to that of the estate. Such appointment shall be terminated when the trustee qualifies or there is no further need for a receiver, and the authorization to conduct the business of the bankrupt after adjudication shall continue only for such time as may be in the best interest of the estate and consistent with orderly liquidation.

(b) *Application for appointment.*—An application for appointment of a receiver shall state the specific facts showing the necessity for the appointment.

(c) *Appointment before adjudication.*—Before adjudication, appointment of a receiver may be made only on application. The application may be granted only after hearing on notice to the alleged bankrupt and such other parties in interest as the court may designate, except that a receiver may be appointed without notice if irreparable loss to the estate may otherwise result. An application for appointment of a receiver without notice and any order of appointment made without notice