

## Sale of Assets in Bankruptcy Relevant Code Sections

United States Code Annotated [Currentness](#)

Title 11. Bankruptcy ([Refs & Annos](#))

▣ [Chapter 3. Case Administration](#) ([Refs & Annos](#))

▣ [Subchapter IV. Administrative Powers](#)

➔ **§ 363. Use, sale, or lease of property**

**(a)** In this section, "cash collateral" means cash, negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents whenever acquired in which the estate and an entity other than the estate have an interest and includes the proceeds, products, offspring, rents, or profits of property and the fees, charges, accounts or other payments for the use or occupancy of rooms and other public facilities in hotels, motels, or other lodging properties subject to a security interest as provided in [section 552\(b\)](#) of this title, whether existing before or after the commencement of a case under this title.

**(b)(1)** The trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.

**(2)** If notification is required under subsection (a) of section 7A of the Clayton Act in the case of a transaction under this subsection, then--

**(A)** notwithstanding subsection (a) of such section, the notification required by such subsection to be given by the debtor shall be given by the trustee; and

**(B)** notwithstanding subsection (b) of such section, the required waiting period shall end on the 15th day after the date of the receipt, by the Federal Trade Commission and the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice, of the notification required under such subsection (a), unless such waiting period is extended--

**(i)** pursuant to subsection (e)(2) of such section, in the same manner as such subsection (e)(2) applies to a cash tender offer;

**(ii)** pursuant to subsection (g)(2) of such section; or

**(iii)** by the court after notice and a hearing.

**(c)(1)** If the business of the debtor is authorized to be operated under [section 721](#), [1108](#), [1203](#), [1204](#), or [1304](#) of this title and unless the court orders otherwise, the trustee may enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice or a hearing, and may use property of the estate in the ordinary course of business without notice or a hearing.

**(2)** The trustee may not use, sell, or lease cash collateral under paragraph (1) of this subsection unless--

**(A)** each entity that has an interest in such cash collateral consents; or

**(B)** the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section.

**(3)** Any hearing under paragraph (2)(B) of this subsection may be a preliminary hearing or may be consolidated with a hearing under subsection (e) of this section, but shall be scheduled in

accordance with the needs of the debtor. If the hearing under paragraph (2)(B) of this subsection is a preliminary hearing, the court may authorize such use, sale, or lease only if there is a reasonable likelihood that the trustee will prevail at the final hearing under subsection (e) of this section. The court shall act promptly on any request for authorization under paragraph (2)(B) of this subsection.

**(4)** Except as provided in paragraph (2) of this subsection, the trustee shall segregate and account for any cash collateral in the trustee's possession, custody, or control.

**(d)** The trustee may use, sell, or lease property under subsection (b) or (c) of this section only to the extent not inconsistent with any relief granted under [section 362\(c\)](#), [362\(d\)](#), [362\(e\)](#), or [362\(f\)](#) of this title.

**(e)** Notwithstanding any other provision of this section, at any time, on request of an entity that has an interest in property used, sold, or leased, or proposed to be used, sold, or leased, by the trustee, the court, with or without a hearing, shall prohibit or condition such use, sale, or lease as is necessary to provide adequate protection of such interest. This subsection also applies to property that is subject to any unexpired lease of personal property (to the exclusion of such property being subject to an order to grant relief from the stay under [section 362](#)).

**(f)** The trustee may sell property under subsection (b) or (c) of this section free and clear of any interest in such property of an entity other than the estate, only if--

- (1)** applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2)** such entity consents;
- (3)** such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4)** such interest is in bona fide dispute; or
- (5)** such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

**(g)** Notwithstanding subsection (f) of this section, the trustee may sell property under subsection (b) or (c) of this section free and clear of any vested or contingent right in the nature of dower or curtesy.

**(h)** Notwithstanding subsection (f) of this section, the trustee may sell both the estate's interest, under subsection (b) or (c) of this section, and the interest of any co-owner in property in which the debtor had, at the time of the commencement of the case, an undivided interest as a tenant in common, joint tenant, or tenant by the entirety, only if--

- (1)** partition in kind of such property among the estate and such co-owners is impracticable;
- (2)** sale of the estate's undivided interest in such property would realize significantly less for the estate than sale of such property free of the interests of such co-owners;
- (3)** the benefit to the estate of a sale of such property free of the interests of co-owners outweighs the detriment, if any, to such co-owners; and
- (4)** such property is not used in the production, transmission, or distribution, for sale, of electric energy or of natural or synthetic gas for heat, light, or power.

**(i)** Before the consummation of a sale of property to which subsection (g) or (h) of this section applies, or of property of the estate that was community property of the debtor and the debtor's

spouse immediately before the commencement of the case, the debtor's spouse, or a co-owner of such property, as the case may be, may purchase such property at the price at which such sale is to be consummated.

**(j)** After a sale of property to which subsection (g) or (h) of this section applies, the trustee shall distribute to the debtor's spouse or the co-owners of such property, as the case may be, and to the estate, the proceeds of such sale, less the costs and expenses, not including any compensation of the trustee, of such sale, according to the interests of such spouse or co-owners, and of the estate.

**(k)** At a sale under subsection (b) of this section of property that is subject to a lien that secures an allowed claim, unless the court for cause orders otherwise the holder of such claim may bid at such sale, and, if the holder of such claim purchases such property, such holder may offset such claim against the purchase price of such property.

**(l)** Subject to the provisions of [section 365](#), the trustee may use, sell, or lease property under subsection (b) or (c) of this section, or a plan under chapter 11, 12, or 13 of this title may provide for the use, sale, or lease of property, notwithstanding any provision in a contract, a lease, or applicable law that is conditioned on the insolvency or financial condition of the debtor, on the commencement of a case under this title concerning the debtor, or on the appointment of or the taking possession by a trustee in a case under this title or a custodian, and that effects, or gives an option to effect, a forfeiture, modification, or termination of the debtor's interest in such property.

**(m)** The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

**(n)** The trustee may avoid a sale under this section if the sale price was controlled by an agreement among potential bidders at such sale, or may recover from a party to such agreement any amount by which the value of the property sold exceeds the price at which such sale was consummated, and may recover any costs, attorneys' fees, or expenses incurred in avoiding such sale or recovering such amount. In addition to any recovery under the preceding sentence, the court may grant judgment for punitive damages in favor of the estate and against any such party that entered into such an agreement in willful disregard of this subsection.

**(o)** In any hearing under this section--

- (1)** the trustee has the burden of proof on the issue of adequate protection; and
- (2)** the entity asserting an interest in property has the burden of proof on the issue of the validity, priority, or extent of such interest.

**11** U.S.C.A. § **1141**

United States Code Annotated [Currentness](#)

Title 11. Bankruptcy ([Refs & Annos](#))

▣ [Chapter 11. Reorganization](#) ([Refs & Annos](#))

▣ [Subchapter III. Postconfirmation Matters](#) ([Refs & Annos](#))

➡ **§ 1141. Effect of confirmation**

**(a)** Except as provided in subsections (d)(2) and (d)(3) of this section, the provisions of a confirmed plan bind the debtor, any entity issuing securities under the plan, any entity acquiring property under the plan, and any creditor, equity security holder, or general partner in the debtor, whether or not the claim or interest of such creditor, equity security holder, or general partner is impaired under the plan and whether or not such creditor, equity security holder, or general partner has accepted 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 subsections (d)(2) and (d)(3) of this section and except as otherwise provided in the plan or in the order confirming the plan, after confirmation of a plan, the property dealt with by the plan is free and clear of all claims and interests of creditors, equity security holders, and of general partners in the debtor.

**(d)(1)** Except as otherwise provided in this subsection, in the plan, or in the order confirming the plan, the confirmation of a plan--

**(A)** discharges the debtor from any debt that arose before the date of such confirmation, and any debt of a kind specified in [section 502\(g\)](#), [502\(h\)](#), or [502\(i\)](#) of this title, whether or not--

**(i)** a proof of the claim based on such debt is filed or deemed filed under [section 501](#) of this title;

**(ii)** such claim is allowed under [section 502](#) of this title; or

**(iii)** the holder of such claim has accepted the plan; and

**(B)** terminates all rights and interests of equity security holders and general partners provided for by the plan.

**(2)** The confirmation of a plan does not discharge an individual debtor from any debt excepted from discharge under [section 523](#) of this title.

**(3)** The confirmation of a plan does not discharge a debtor if--

**(A)** the plan provides for the liquidation of all or substantially all of the property of the estate;

**(B)** the debtor does not engage in business after consummation of the plan; and

**(C)** the debtor would be denied a discharge under [section 727\(a\)](#) of this title if the case were a case under chapter 7 of this title.

**(4)** The court may approve a written waiver of discharge executed by the debtor after the order for relief under this chapter.