THE FOLLOWING ORDER
IS APPROVED AND ENTERED
AS THE ORDER OF THIS COURT:

DATED: January 22, 2018

G. Michael Halfenger
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF WISCONSIN

In the matter:

Patrick Neal Sabec and Angela Lynn Sabec,	Case No. 17-23264-GMH
Debtors.	Chapter 13

ORDER DENYING MOTION TO LIMIT NOTICE

Interim Local Rule 3015(c)(3) states, "[u]nless the court for cause shown limits the notice, a debtor requesting a pre-confirmation amendment or any party moving for a post-confirmation modification must give the trustee, United States trustee and all creditors not less than 21 days' notice of the time fixed for filing objections."

On December 12, 2017, the debtors filed a notice and request to amend their unconfirmed chapter 13 plan for the second time. CM-ECF Doc. No. 23. The debtors also filed a motion to limit notice of that request. CM-ECF Doc. No. 24. The motion to limit notice states that notice should be limited to the United States trustee, the chapter 13 trustee, and the debtors because "the amended plan does not adversely affect any other parties in interest." CM-ECF Doc. No. 24 at 1. The debtors observe that "[t]he amended plan increases the dividend to non-priority unsecured creditors without an

increase in payments due from the Debtor[s.]" *Id.*

Even though the plan amendment does not adversely affect creditors, this order denies the debtors' request to limit notice of the amendment. The court's new Interim Local Rule 3015 requires debtors to serve all proposed amendments to their plans on all creditors in order to minimize substantial administrative cost in reviewing plans for confirmation. Before the new rule, deciding the content of a plan at confirmation required the court and the chapter 13 trustee to comb the docket for serial amendments and then determine each amendment's effect—to what extent did it add, subtract, or change terms stated in the original plan or in an earlier amendment? One also had to examine whether the debtor properly served each amendment—a task made formidable both by a prior rule, which mandated service only on those creditors on whom the amendment had a materially adverse effect, and by changes to the creditor matrix as the case progressed. Hours might be devoted to determining whether creditors had proper notice of a plan that the debtor amended several times to change the treatment of secured and unsecured creditors.

Interim Local Rule 3015 minimizes this substantial administrative cost by providing that a pre-confirmation plan amendment supersedes all prior pre-confirmation amendments. See Interim Local Rule 3015(c)(2). The rule requires that the debtor include all amendment terms in each amendment, and because prior amendments are superseded, omitted terms cannot become part of the plan. *Id.* The rule's effect is that the court, the trustee, and other parties in interest need examine at most two documents to determine the entire content of the plan at confirmation: (1) the originally filed plan and (2) the most recently filed amendment. The rule thus holds the promise of eliminating the need to locate and review each plan amendment to determine its effect, whether it was required to be served and, if so, whether it was served correctly. These benefits can only be achieved, however, if the debtor is required to serve all plan amendments on all creditors. Otherwise, for example, if an innocuous

amendment followed an amendment substantially reducing the amount paid unsecured creditors, which followed an amendment reducing the amount paid to a secured creditor, the court would not be able to determine proper service of the plan without reviewing the content and certificate of service for each amendment. For this reason, Interim Local Rule 3015(c)(3) requires debtors to serve all plan amendments on all creditors.

Interim Rule 3015(c)(3) does allow the court to limit notice "for cause shown". But "cause shown" in this context requires a showing that limiting notice provides a benefit that outweighs the administrative cost savings achieved by consistent adherence to the serve-all-creditors rule. As a result, a request to limit notice simply because a particular amendment lacks a detrimental effect does not in this context amount to "cause shown"—otherwise, the court would again be forced to return to its abandoned practices of considering whether particular amendments were so inconsequential in effect as to not require service on all creditors. The new rule avoids all of this by directing debtors to serve all amendments on all creditors. Out of necessity, therefore, the court will reserve orders limiting notice to those rare instances in which some final amendment that likely has no detrimental effect on creditors is needed to achieve confirmation.

The court appreciates that the new mandate to serve all plan amendments on all creditors will impose additional costs on debtors' counsel when a need to amend the plan cannot reasonably be avoided. The court took those additional costs into consideration when it increased the presumptively reasonable fee amount for debtors' counsel—the increase presumes that debtors' counsel will serve all necessary plan amendments on all parties in interest.

Taking account of these considerations, cause sufficient to justify limiting service of a plan amendment requires a showing of specific and unique facts justifying a case-specific deviation from Interim Rule 3015's mandate that debtors must serve all plan

amendments on all creditors. In the future the court will summarily deny motions to limit notice of pre-confirmation amendments that do not state particular facts so showing.

For these reasons, the debtors' motion to limit notice is denied.

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