

Handbook for Chapter 12 Standing Trustees

June 1992



U.S. Department of Justice
Executive Office for United States Trustees

**Handbook for
Chapter 12
Standing Trustees**

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PREFACE

The United States Trustee System was created by Congress as an agency in the Department of Justice to appoint and supervise private trustees and the administration of bankruptcy cases. This was part of the effort of Congress to clearly define the role of Bankruptcy Judges as true Judicial Officers with the same duties as other Federal Judges -- deciding issues and controversies.

The Department is committed to the present system of private trustees and to their receiving adequate compensation for the essential work they do on behalf of our Nation's bankruptcy system. The United States Trustee System is also committed to achieving the highest standards of fiduciary responsibility, to protecting the funds and assets entrusted to trustees, and to the expeditious handling and closing of cases with prompt payment to creditors and trustees.

The handbook that follows presents a statement of policy and is intended as a working guide for all Chapter 12 Standing Trustees under United States Trustee supervision.

Financial accountability is the cornerstone of the mandate placed upon the United States Trustee System by Congress. The reporting requirements set forth in this handbook, if conscientiously followed will result in a uniform and systematic review of the financial administration of Chapter 12 cases for both Chapter 12 Standing Trustees and the United States Trustees.

Your services in Chapter 12 cases are essential and appreciated.

ACKNOWLEDGMENTS

Many individuals provided invaluable assistance during the writing of this handbook, particularly the members of the Chapter 12 Subcommittee of the Advisory Committee of United States Trustees. Although it is not possible to recognize all of the persons to whom thanks are due, acknowledgment for providing assistance to this edition is gratefully given to John R. Stonitsch, Chairperson Standing Trustee Subcommittee, United States Trustee for Region 13; Wesley B. Huisinga, United States Trustee for Region 12; E. Franklin Childress, Jr., United States Trustee for Region 8; Victoria E. Young, Acting United States Trustee for Region 5; Kenneth C. Meeker, United States Trustee for Region 10; Albert T. Annillo, Assistant Director, Office of Review and Oversight, Executive Office for United States Trustees.

It is hoped that this work overall will contribute to the advancement of understanding and competence in the Chapter 12 Standing Trustees' administration of their cases.

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CHAPTER 12
STANDING TRUSTEE HANDBOOK

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CHAPTER 12

STANDING TRUSTEE HANDBOOK

This handbook explains the operating standards required by the Executive Office for United States Trustees (Executive Office). Individual United States Trustees may -- in light of circumstances existing in their districts -- impose more stringent requirements.

APPOINTMENT AND REQUIREMENTS: The United States Trustee appoints one or more individuals as chapter 12 standing trustee (hereinafter "trustee") in a judicial district if the number of chapter 12 cases commenced there warrants the appointment. All appointments or removals are subject to the approval of the Director of the Executive Office, as delegate of the Attorney General.

Each candidate for appointment must complete an application, Form SF-86 (Security Investigation Data), Form DOJ-488 (Tax Check Waiver), Form FD-258 (Fingerprint Card) and Form I-9 (Employment Eligibility Verification). Trustees must meet the qualifications set out in 28 C.F.R. section 58.2-5 and appointments are made on a nondiscriminatory basis, as provided in 28 C.F.R. section 58.5 (see Appendix A). Trustee employment practices must also be non-discriminatory to the same extent as provided in 28 C.F.R. section 58.5, and all prospective employees should be so advised by the trustee.

DUTIES OF THE STANDING CHAPTER 12 TRUSTEE: The duties of a trustee are set forth in section 1202 of the Bankruptcy Code (all citations to sections that follow are to sections of the Bankruptcy Code unless otherwise specified) but, as a threshold matter, the trustee should determine from the petition whether the debtor is eligible for chapter 12 relief. If the debtor is not, the court may be deprived of jurisdiction and the trustee would be without authority to administer the case. The trustee must personally preside at the section 341 meeting and appear and be heard at hearings on valuation, confirmation, modification of plan, and sale of property. The trustee must review the financial and other reports transmitted to the trustee by chapter 12 debtors and must police the requirement that debtors file periodic financial reports. The trustee is encouraged to tailor the reporting requirements and their frequency to the individual case whenever appropriate in order to avoid unnecessary expense to the debtor. In addition, the trustee is required to make an initial status report and a final report to the United States Trustee on each chapter 12 case, to make a monthly financial and status report, and to make an annual report which will be subject to audit.

Upon the filing of a chapter 12 petition, the debtor and debtor's attorney should receive written instructions concerning the information and periodic financial reports required of the debtor, together with instructions on the duties of

the debtor and the necessity for court approval prior to employing professionals, including the debtor's attorney, selling assets, using cash collateral, incurring secured debt, etc. (See Appendix C for sample).

DEBTORS' PAYMENTS: The trustee must file objections to the debtor's plan, if the debtor proposes to make a payment directly to a creditor on an impaired claim rather than through the trustee, whether or not a fee is to be paid to the trustee. If such a plan is confirmed over the objection of the trustee, the trustee must immediately notify the United States Trustee.

DUTY TO FILE TAX RETURNS: Sections 6012(b) (4) and 1398(a) of the Internal Revenue Code do not apply to estates or individuals under chapter 12 (or chapter 13) of the Bankruptcy Code. In addition, the chapter 12 estate is not subject to the separate entity rules and section 1398. Consequently, it is clearly the responsibility and duty of the chapter 12 debtor and not that of the trustee to prepare and file Federal tax returns.

In regard to state and local taxes, section 1231(a) of the Bankruptcy Code provides that the tax year of an individual chapter 12 debtor ends on the date of the order for relief, unless the case was converted from a chapter 7, and implies that the debtor will have to file the short year state and local (if applicable) returns. For each taxable period beginning after the date of the order for relief, a

state and local (if applicable) fiduciary return will have to be filed by the "trustee" under section 1231(b). Section 1203 of the Code provides that the debtor has the duties of a trustee serving in a chapter 11 case (with two exceptions not relevant here), until removed as debtor in possession under section 1204(a) of the Code. Accordingly, it appears that the individual debtor qualifies as the trustee for purposes of section 1231(b) and has the duty to file the returns. It is suggested that the state and local (if applicable) departments of revenue be contacted by the debtor to obtain the required tax return forms.

Note that this information concerning tax returns is included in section 3 of the sample letter to the debtor included at Appendix C.

As to any tax returns for the standing trustee individually or for any of the accounts maintained as standing trustee, it is strongly urged that a tax accountant or attorney be consulted.

FINANCIAL INTERESTS: Trustees may not have any financial interest in any business providing debt counseling, consolidation, extension, or proration services, or perform any duties for any such business whether with or without compensation. No charge may be made for cashing a debtor's check, nor may trustees operate a check-cashing business as a function of the office of the standing trustee, whether on the same premises or elsewhere.

CONFLICT OF INTEREST: If any person related by affinity or consanguinity within the degree of first cousin to the trustee has or acquires a financial or other interest in a business providing debt counseling, consolidation, extension, or proration services in the commercial area served by the trustee, the trustee must notify the United States Trustee. The United States Trustee, in consultation with the Director, will determine whether a conflict of interest exists, or whether an appearance of impropriety is created to such an extent as to impair the functioning and responsibility of the trustee.

A trustee who maintains any interest in any farm commodity, real estate company, agri-business consulting, farm appraisal or auction company, shall not provide any of such services to an entity that is a party in interest in any chapter 12 case assigned to that trustee. The trustee, if a practicing attorney, shall not represent any individual, partnership, or corporation that is a party in interest in any chapter 12 case under the trustee's supervision.

SOLICITATION OF GRATUITIES, GIFTS, OR OTHER REMUNERATION

OR THING OF VALUE: Neither a trustee nor any employee of the trustee's office may solicit or accept any gratuity, gift, or other remuneration or thing of value from any person, if it is intended or offered to influence the official actions of the trustees in the performance of their duties and responsibilities.

A certification to this effect must be signed by the trustee and the employees in the office of the trustee, and a copy provided to the United States Trustee on an annual basis.

INSURANCE: Trustees may not act as agents for insurance companies on any sale of insurance to chapter 12 debtors, nor make any claim for commissions on any premiums paid to an insurance company by chapter 12 debtors. This restriction extends to any person related by affinity or consanguinity within the degree of first cousin to the trustee.

ADVERTISING: The trustee may not advertise in newspapers or other public information media, or take any other action that could reasonably be interpreted as encouraging debtors to file petitions under chapter 12 of the Bankruptcy Code. Subject to the approval and guidance of the United States Trustee, a trustee may disseminate information to interested persons about chapter 12, and may participate in meetings, educational seminars, or institutes concerning chapter 12.

ACCOUNTABILITY: Trustees are to maintain accounting records in conformity with such rules and regulations as the Executive Office for the United States Trustee may require. These accounting records must reflect all payments received and disbursed under plans, other revenues, and all expenses and

compensation paid. In addition, trustees are to submit to the United States Trustee reports that provide for uniform and systematic review of their financial administration of chapter 12 cases.

Trustees must establish a system of internal controls that ensures the accuracy of the accounting records, and the safeguarding of accounting records, funds, and other assets. At a minimum, the trustee must establish and maintain the following accounting records:

1. Cash Receipts and Disbursements Journal (see sample at Appendix D), except trustees with annual receipts of \$250,000 or less who may maintain a separate trust account for each case.
2. Individual Case Cash Receipts and Disbursements Ledger (see sample at Appendix E).
3. General Ledger (see sample at Appendix F).

The Individual Case Cash Receipts and Disbursements Ledger should show the date payments are due, as well as the date payments are received, in order to monitor the debtor's performance under the plan.

INVENTORY: Trustees must provide at least annually a listing of the physical assets that are the exclusive property of the office of the trustee. The list must include each asset and its cost, and be updated on an annual basis.

The trustee must obtain approval from the United States Trustee prior to purchasing any equipment, fixtures, furniture and other fixed assets with a value in excess of \$1,000, or entering into any lease or lease/purchase agreement with rental in excess of \$1,000 monthly, or such lower amount as the United States Trustee may specify, unless approval was previously obtained incident to the submission of the trustee's annual proposed budget. In other words, purchases of capital assets or monthly lease obligations in excess of \$1,000 to be funded from the trustee's expense account must receive prior written United States Trustee approval if not previously approved as part of the current year's budget. All capital expenditures, regardless of amount, to be funded from the surplus reserve carried forward from a prior year must receive prior written United States Trustee approval prior to the end of the current calendar year.

All fixed assets purchased with funds from the trustee's expense account or surplus reserve is property of the office of the trustee. This property will be transferred from the incumbent trustee to any successor trustee at the time prescribed by the United States Trustee and at no cost to the successor trustee.

The trustee must maintain adequate insurance on the physical assets that are property of the office of the trustee, as well as liability and workmen's compensation insurance.

BONDING: The minimum bond for a trustee is 110% of the highest daily total bank balance estimated by the trustee in the budget submitted for approval of percentage fee and maximum compensation for the upcoming calendar year. (See Appendix G). At a minimum, a quarterly review of the bond amount must be performed and adjustments should be made at that time, based on significant increases or decreases in projected receipts. The bond amount may not be increased or decreased from the original amount set at the time of submission of the annual budget without the approval of the United States Trustee. If the trustee has invested funds in certificates of deposit, or other forms of permissible investments, the amount of the bond will not be computed to include those invested funds, provided that the United States Trustee's counter-signature is required for the withdrawal of those funds and a separate written agreement has been provided by the depository institution that the invested funds are not subject to offset.

Employees of the trustee who have access to receipts or disbursements of cash or negotiable instruments, or to the financial records of the office, must be covered under the trustee bond, or covered by a separate employees fidelity or honesty bond. The employee bond amount is to be approved **in writing** by the United States Trustee. The trustee shall maintain a copy of the United States Trustee bond authorization in the trustee's files.

CASH DEPOSITORIES: All payments under plans are to be deposited immediately upon receipt in trustee accounts in a depository insured by the Federal Deposit Insurance Corporation (FDIC).

If the aggregate of funds held by the trustee is on deposit in a single depository and these funds, together with any interest income, exceed \$100,000, the amount insured by the FDIC, the depository must be bonded or must deposit securities for the excess over \$100,000. This may be done by a specific bond or a deposit with the Federal Reserve Bank of securities of the kind specified in 31 U.S.C. section 9303 (see Appendix H), in the amount by which the aggregate of all account balances exceed FDIC insurance limits. When the securities are deposited, a copy of the Federal Reserve document evidencing the deposit must be sent to the United States Trustee. The United States Trustee is the "bond approving officer" who is responsible for approving any bond provided or securities pledged. If the trust accounts and the expense account are maintained in the same depository, the amounts in those accounts may be treated by the FDIC as one account for purposes of insurance coverage.

Trustees are required to maintain all bank statements and/or other documentation as to deposits and interest income, and to make arrangements with the depository to permit the United States Trustee, at any time, to examine or obtain copies of the depository's records of the trustee's deposits and withdrawals.

Any depository in which the trustee maintains chapter 12 funds is to be directed by the trustee to provide the United States Trustee with an affidavit detailing any personal financial relationship with the trustee and, if such a relationship exists, a statement that the trustee does not receive any preferential treatment.

ACCOUNTS AND INVESTMENT POLICIES: All trustees are to maintain at least two accounts, a post-confirmation trust account (trustees with receipts of less than \$250,000 may maintain a separate trust account for each case) and an expense trust account.

If debtors make payments to the trustee prior to confirmation, the payments are to be deposited in a separate preconfirmation trust account. If the amounts paid are substantial and will be held for a significant length of time, the preconfirmation trust account should be interest bearing. Following is a description of the separate accounts:

- 1) A preconfirmation trust account, either interest bearing or not, for the deposit of preconfirmation payments. Upon confirmation of a plan, the debtor's preconfirmation deposit is to be transferred to the post-confirmation trust account and any interest earned on the deposit to the expense trust account. If the case is

dismissed prior to confirmation, the deposit and any interest earned will be refunded to the debtor after deducting the trustee's percentage fee (computed on the deposit only) and any section 503(b) award. The percentage fee and any section 503(b) award to the trustee are to be transferred to the expense trust account after all other section 503(b) awards have been paid. If interest of \$10 or more is earned on the deposit, the required Form 1099 reporting the exact interest earned will have to be furnished to the Internal Revenue Service and to the debtor. The United States Trustee may provide written authorization to a trustee to maintain a preconfirmation trust account as a separate account within the post-confirmation account if the United States Trustee has determined that the trustee's accounts reflect the preconfirmation deposits separately, credit the interest earned to the appropriate deposit, prevent the transfer of accrued interest to the expense trust account before the plan is confirmed and that, in the event the case is dismissed prior to confirmation, the trustee will be able to compute and pay over to the debtor the exact amount of interest earned and issue a Form 1099 whenever required.

- 2) A post-confirmation trust account for payments received by the trustee under confirmed plans. All deposits made prior to confirmation plan are to be transferred to this account as soon as the order of confirmation has been entered. This account is to be used to make all disbursements of the percentage fee to the expense trust account. Interest earned on the funds in this account must be transferred to the expense trust account monthly. The Cash Receipts and Disbursements Journal maintained by the standing trustee must reflect every transaction made in the account, including all receipts, refunds, deposits, payments, investments, and interest earned.

- 3) An expense account for the deposit of amounts paid from the trust account for the percentage fee fixed for the trustee, together with interest income and awards to the trustee under section 503(b), and for the disbursement of amounts payable for actual and necessary expenses of administration, trustee's compensation, and for payments to the United States Trustee under 28 U.S.C. section 586(e)(2). Under no circumstances should a trustee deposit the percentage fee into any account other

than the expense account. The purpose of the expense account is to identify clearly all actual and necessary expenses of the trustee paid out of the percentage fee and section 503(b) awards. Expenses for other purposes, or for any portion of general office expenses unrelated to the administration of the trustee's chapter 12 cases, may not be paid out of the expense account.

- 4) Such additional accounts as the United States Trustee deems necessary under exceptional circumstances.

Trustees are directed:

- 1) to invest all funds not needed for immediate disbursements in interest bearing accounts or certificates of deposit insured by the FDIC or, upon United States Trustee approval, in obligations of the United States (See section 345);
- 2) not to invest in repurchase agreements (repo's) or reverse repo's since they are not insured by the FDIC; or in non-bank money market accounts or commercial paper since the latter are not investments authorized under section 345;
- 3) not to make any investments that would delay disbursements under confirmed plans in violation of the trustee's duty to make timely payments to creditors.

PAYMENTS: Payments received by the trustee prior to the entry of an order confirming the debtor's plan must be separately identified in the Cash Receipts and Disbursements Journal, Individual Case Cash Receipts and Disbursement Ledger, and the General Ledger.

If confirmation does not occur and the case is dismissed, the payments are to be returned promptly to the debtor, unless the court orders otherwise, and the percentage fee authorized by section 1226(a)(2) transferred to the trustee's expense account. If the court makes a section 503(b) award to the trustee under section 1226 (a)(1), that award should be transferred to the trustee's expense account. Once a plan is confirmed, payments to creditors must be made in accordance with the plan or any court order and should be disbursed immediately upon the trustee's receipt of collected funds.

If the case is converted to a chapter 7, undistributed funds should be disbursed only pursuant to court order or rule.

EXPENSES: Reasonable, actual and necessary administrative expenses of the trustee are to be supported by proper documentation, and property records are to be maintained for depreciable assets purchased. The following is a brief description of administrative expenses recognized by the Executive Office as being actual and necessary:

Employee Salaries and Benefits: Regular salaries and wages, including bonuses paid directly to employees and amounts withheld for employees' share, and including amounts paid for employees share of retirement and insurance contributions, taxes, etc. Employee salary and benefits will be reviewed and monitored to ensure they are commensurate with services performed, but shall not exceed the limitations in 28 U.S.C. 586(e). No employee of a Chapter 12 trustee may receive compensation and benefits of a value greater than the maximum allowable statutory compensation for a chapter 12 trustee.

Each Chapter 12 trustee must have a written position description for each employee. These position descriptions should itemize all duties performed by each employee with sufficient clarity and detail that the positions described can be graded for purposes of determining salary, benefits, and promotion. The position description or descriptions must accompany the yearly budget when submitted.

Should the trustee wish to increase the compensation and benefits of an employee during any twelve month period, the trustee shall provide the United States Trustee with an appropriate amendment to his/her budget, including a written justification for the increase. The applicable position description must accompany the amended budget.

Rent and Utilities: Charges for rental of office space, including conference rooms, garage space, and storage space; charges for utilities should include the service of heat, water, gas, and electricity to the extent they are not included in the rental charge.

Bookkeeping/Accounting Services: Charges incurred for services obtained on outside contracts, including all bookkeeping and accounting charges necessary for the operation of the trustee office, including charges for preparation of payroll, payroll taxes, annual reports, and reconciliation of bank accounts.

Computer Services: Charges for services for the development and modification of software systems, data preparation and conversion (keying, data coding, key-to-tape, key-to-disk, and card-to-tape), consulting, and research and development, including initial processing fees charged by a computer firm.

NOTE: The Executive Office makes no recommendation as to the utilization of any computer firm, as long as all requirements contained herein are met.

Audit Services: Charges incurred for services of any independent auditing firm selected by the Executive Office.

Consulting Services: Charges incurred under contract with individuals for services by attorneys, accountants, and for automated data processing consulting. Approval by the United States Trustee is required prior to the employment or retention of an attorney.

Telephone: Charges for local phone service, long distance service, switchboards, and installation of telephone equipment.

Postage and Mailing: All postal charges and rental of post office boxes, mailing machines, and postage meters.

Office Supplies: Charges incurred for consumable supplies and other property of little monetary value.

Bond Premiums: Fees for premiums on surety bonds, including any premiums paid on behalf of an employee.

Clerk Fees: Do not include any filing fees or other court costs that are provided to be paid under the plan or pursuant to section 1226(a)(1).

Dues to Professional Organizations: Charges for membership in professional organizations in connection with the duties of the trustee. However, professional

licensing fees and/or association dues required for the trustee to engage in the practice of his/her profession are not an approved expenditure.

Publications: Charges for subscriptions to and copies of journals and periodicals, and for books and directories as pertinent to the duties of the trustee.

Insurance other than Employee Benefits: Charges for premises liability insurance for the office of the trustee and automobile insurance, if said automobile is owned or leased by the office of the trustee upon authorization by the United States Trustee. (For a discussion of errors and omissions insurance, see page 23 of this handbook.)

Conference Expenses: Charges for training and tuition, including charges for conference registration, textbooks and supplies, airfare, mileage, meals, lodging, and other costs incurred as related to approved travel in connection with training activities associated with the duties of the trustee and employees of the trustee. Travel expenses for ACT² Liaison Committee members, and other members of the ACT² for attendance at committee meetings, board meetings, and executive meetings is not an allowable expenditure from trustee's expense funds unless such meetings are with and at the request of the Executive Office for United States Trustees or held in conjunction with the Annual ACT² National Conference.

Maintenance: Charges incurred for the repair and maintenance of the office suite and office equipment, including all office machines and furnishings, and including charges for custodial services when not included in the basic lease agreement.

Photo Services and Transcripts: Charges incurred for photo copying, printing and purchase of transcripts and court reporting services necessary for the administration of Chapter 12 cases.

Travel: Charges incurred for official travel necessary for the administration of Chapter 12 cases including airfare, mileage, meals, lodging and other costs incurred as related to official travel.

Equipment/Furniture Rental: Charges for the use of equipment owned by another, including copying machines, audio and visual aid equipment, rental of computer systems and software, printers, desks, tables, chairs, typewriters, calculators/ bookkeeping machines, and file cabinets, if total rental charges incurred over the life of the lease aggregate no more than the total purchase price of comparable equipment or furniture.

Equipment/Furniture Purchase: Charges for purchase of equipment and furniture, fittings, and fixtures; including desks, tables, chairs, file cabinets,

typewriters, calculators, computers, including software and hardware, and any charges for services in connection with initial installation when performed under contract.

Leasehold Improvements: Charges incurred for space adjustments (including partitioning), alterations, and improvements to building or office suite, as previously approved by the United States Trustee.

PAYMENT OF TRUSTEE COMPENSATION: Pursuant to 28 U.S.C. §586(e) the Attorney General shall fix a maximum annual compensation consisting of an amount not to exceed the annual rate of basic pay in effect for Level V of the Executive Schedule and the cash value of employment benefits comparable to the benefits provided by the United States to individuals who are employed at the same rate of basic pay. This maximum annual compensation, including benefits as a percentage thereof, will be fixed on an annual basis after submission and approval of the standing trustee's budget.

The actual maximum allowable compensation pursuant to 28 U.S.C. §586(e), as amended, is the lesser of:

Maximum compensation, inclusive of benefits, as fixed by the Attorney General, or

5% of payments to be received under plans [28 U.S.C. §586(E)(2)(a)], or

Funds available for compensation [excluding prior year's surplus].

28 U.S.C. §586(e), as amended, does not specify the type of actual benefits which may be allowed to standing trustees. Rather, the statute provides that the Attorney General shall fix a maximum annual compensation including the cash value of employment benefits. Therefore, the benefit allowance being part of the maximum annual compensation, may be paid to the trustee in the form of cash, and need not be related to, or in payment of, actual benefits specified by the standing trustee in his/her budget submission.

The maximum annual compensation of a standing trustee, including the benefit cash allowance, for a particular calendar year will continue to be arrived at by a pro-ration of the salary/benefit level fixed for each portion of the calendar year. A trustee must pay all approved actual and necessary expenses before a trustee can receive compensation/ benefits. While unpaid expenses may be carried over to the next year, unpaid compensation/benefits may not. Whereas 28 U.S.C. §586(e), as amended, defines the cash benefit allowance as part of the trustee's maximum annual compensation, the benefit allowance is separate and apart from the trustee's expenses. Therefore, no portion of the trustee's operating reserve/surplus expense funds carried forward from the prior year may be utilized

to pay the trustee's compensation/benefits. The annual compensation, including the cash value of benefits, can only be paid pro-rata on a monthly basis throughout the year and may not be paid in advance.

ERRORS AND OMISSIONS INSURANCE/MISDISBURSED FUNDS:

Trustees who are receiving the maximum compensation as authorized under 28 U.S.C. section 586(e) may pay for uncollectible misdisbursements from the trustee's expense account and retained surplus funds after receiving prior approval from the respective United States Trustee. This remedy is in lieu of the purchase of an errors and omissions insurance policy based on an analysis of standing trustee loss history versus proposed policy costs and coverage.

Trustees who are receiving compensation less than the maximum allowed under 28 U.S.C. section 586(e) may purchase an errors and omissions insurance policy. The premium and any deductibles for claims under the policy may be paid from the trustee's expense account funds. If the standing trustee chooses not to purchase a policy, he may pay a claim for uncollectible misdisbursements from the trustee's expense account to the extent funds are available and further provided that prior written approval of the United States Trustee was first obtained, but not otherwise.

United States Trustee approval for the payment of these claims requires a consideration as to the diligence and timeliness of the standing trustee's efforts and his ability to otherwise recover misdisbursed funds. The standing trustee shall provide his respective United States Trustee with a detailed request for approval to pay any such claim.

This guideline is limited to the payment of claims arising solely from errors and omissions relating to misdisbursed funds.

OPERATING RESERVE/SURPLUS EXPENSE FUNDS: Standing trustees may annually retain surplus funds for the current year without regard to any aggregate dollar amount limitation. This reserve may only be reduced by capital expenditures, the payment of claims resulting from misdisbursements previously approved in writing by the United States Trustee, and/or for such emergency use as more particularly defined below which must first be approved by the United States Trustee. The purpose of this reserve is to make the necessary funds available for the payment of expenses during the beginning months of the new year. Therefore, to the extent the reserve is not reduced by approved capital expenditures, claims for misdisbursements, and/or emergency use, the reserve must be replenished prior to December 31st, the end of the calendar year for chapter 12 standing trustees.

Surplus funds may be retained for payment of approved actual and necessary expenses in the subsequent year only upon prior written approval of the United States Trustee. The ability to utilize reserve or surplus funds to meet the necessary and reasonable expenses to operate the office of the trustee must be authorized on the trustee's annual budget by the United States Trustee. Otherwise, such surplus must be paid pursuant to 28 U.S.C. section 586(e)(2). Unpaid compensation for a prior year may not be recovered from surplus. In other words, a subsequent surplus may not be applied to reinstate any part of the compensation to which a standing trustee was entitled for the prior year under 28 U.S.C. section 586(e) but did not receive because his actual, necessary expenses incurred (and paid either from the percentage fee or out of pocket) effectively reduced his actual compensation from the percentage fee below the permissible level.

If a chapter 12 trustee's case load does not support previously approved expenses then the standing trustee shall be permitted, upon prior written approval of the United States Trustee, to utilize reserve or surplus funds to meet the necessary and reasonable expenses to operate the office of the trustee as authorized on the trustee's annual budget, previously approved by the United States Trustee. The changed conditions which resulted in the approved expenditure of surplus funds shall be reflected in the trustee's next calendar year budget.

PERMISSIBLE CHARGES BY STANDING TRUSTEES TO DEBTORS AND CREDITORS:

Noticing Fees: The Executive Office for United States Trustees has no objection to standing trustees being reimbursed for providing section 341(a) notices or other notices. Further, the Executive Office for United States Trustees would have no objection should the Court approve a charge for postage, since the standing trustee, unlike the Clerk, has no franking privilege. The \$.50 per notice charge by the Clerk is pursuant to the Judicial Conference Schedule of Fees promulgated under section 1930 of Title 28. Since there is no like statutory provision for standing trustees to charge the debtor for noticing creditors in an individual case, the trustee must obtain an order from the Court allowing the charge. In the absence of such an order, the cost of noticing can only be paid from the trustee's expense account as a necessary expense of administration. It is the position of the Executive Office for United States Trustees that standing trustees must apply to the Court for an order prior to assessing the debtor for any fee other than the percentage fee fixed under 28 U.S.C. section 586(e). The order will have to be entered in each case unless the Court is willing to enter a standing order for all cases in which the standing trustee is providing notices pursuant to Bankruptcy Rule 2002(a).

Charges for Creditor Inquiries: Whereas 11 U.S.C. sections 704 and 1202 require a standing trustee to furnish such information concerning the estate and the estate's administration as requested by a party in interest, separate charges by a trustee for creditor inquiries are not allowable. The assessment of such charges are not provided for by statute and the cost of performing this statutory duty cannot be paid for by assessment separate from the percentage fee fixed under 28 U.S.C. section 586(e). Should a standing trustee determine that the performance of this statutory function requires a additional staff, a written request with justification should be presented to their United States Trustee. It is the position of the Executive Office for United States Trustees that a request for additional personnel to assist the standing trustee in the performance of his statutory duties should be approved should the circumstances warrant and if there are expense funds available to fund such additional position(s).

BUDGETS: Trustees must maintain an accounting system that will provide, at a minimum, the budget data required for fixing their percentage fees and annual compensation. The data is to be provided to the United States Trustee by November 1 of each year for review by the United States Trustee prior to submission of the data and recommendation of the appropriate fee and compensation to the Director by November 30 of each year.

No percentage fees or annual compensation will be authorized in the absence of sufficient supporting data.

Separate reports are required to cover the trustee's administrative expenses, personnel expenses, allocated expenses (including the basis for the allocations, including any chapter 13 activities), and workload exhibit (see Appendix G). Percentage fees and compensation authorized on the basis of data provided by the trustee can be adjusted during the calendar year. The trustee must review the trustee's budget periodically and any substantial deviation from the original budgeted expenses must be approved by the United States Trustee (for example, hiring additional staff, etc). Requests during the calendar year for amended orders fixing compensation and percentage fees must be supported by an amended budget and be approved by the United States Trustee.

CALCULATION OF PERCENTAGE FEE: The trustees' percentage fees are fixed by the Director of the Executive Office by delegation from the Attorney General, after consultation with the United States Trustee for the district in which the trustee serves, pursuant to 28 U.S.C. Section 586(e). The trustee has no authority to negotiate a percentage fee other than that fixed by order of the Director. Percentage fees are calculated on all payments received by the trustee under plans. If the plan provides for payment of sums certain on any claims, payments under the plan will have to be computed so that the payment less the standing trustee's percentage fee is sufficient to pay the sums certain. The debtor

can be advised that this computation can be made by dividing the total amount that is needed under the plan for payment on claims, not including the trustee's fee, by the number derived from subtracting the trustee's percentage fee from 100%. For instance, assuming that all payments to be made total \$10,000 and the standing trustee's percentage fee is fixed at 5%, the number to be used is 100% minus the 5% or 95%. Dividing \$10,000 by .95 results in a total payment of \$10,526.32. The trustee's fee of 5% on the \$10,526.32 payment is \$526.32, leaving the \$10,000, 95% of the payment, available to make distributions required under the plan. The same computation can be made to account for any percentage fee fixed for the standing trustee. For example, still assuming that \$10,000 is required to make all plan payments on claims, excluding the trustee's fee:

| | | <u>Total Payment to Trustee</u> |
|-----|------------------------------|---------------------------------|
| (A) | \$10,000.00 divided by .90 = | \$11,111.11 |
| (B) | \$10,000.00 divided by .91 = | \$10,989.01 |
| (C) | \$10,000.00 divided by .92 = | \$10,869.57 |
| (D) | \$10,000.00 divided by .93 = | \$10,752.69 |

In (A) the trustee's 10% fee is \$1,111.11, and the remaining 90% needed to pay all other claims is \$10,000.00.

In (B) the trustee's 9% fee is \$989.01, and the remaining 91% needed to pay all other claims is \$10,000.00.

In (C) the trustee's 8% fee is \$869.57, and the remaining 92% needed to pay all other claims is \$10,000.00.

In (D) the trustee's 7% fee is \$752.69, and the remaining 93% needed to pay all other claims is \$10,000.00.

Note that these instructions for computing payments are included at section 10 of the sample letter to the debtor at Appendix C.

Percentage fees are to be paid to the trustee's expense account at the time of disbursements under the plan and not at the time of receipt of the payments by the trustee, except for payments of section 503(b) awards under section 1226(a)(1) which should be transferred to the trustee's expense account when return of funds to the debtor is made.

ADJUSTMENT TO PERCENTAGE FEE: Pursuant to 28 U.S.C. §586(e) the Attorney General, after consultation with the United States Trustee, is required to fix a percentage fee, not to exceed 10%, sufficient to pay the trustee's maximum annual compensation and the actual necessary expenses incurred by the standing trustee. §586(e) clearly contemplates that annual adjustments will be made to standing trustee's percentage fees and simple fairness dictates that such changes be applied across the board to all confirmed cases. In instances where a percentage fee is adjusted, disputes may develop in those jurisdictions where the practice has been to specify the trustee's percentage fee in the plan or in the order

confirming the plan. [For example, the plan or order provides for the debtor to pay the trustee's percentage fee of 5%, as opposed to simply requiring the debtor to pay the percentage fee as fixed by the Attorney General under 28 U.S.C. §586(e)]. Where an existing plan or order confirming plan delineates the percentage fee which is to be paid, and the standing trustee subsequently obtains an amended order adjusting the percentage fee, the trustee may:

- 1) Apply the new percentage fee in all cases pending his/her administration; or
- 2) If option (1) is not feasible, seek a formal order of the court modifying existing plans to allow for the payment of "such percentage fee as is fixed by the Attorney General from time to time, not exceeding 10%";
or
- 3) Charge the percentage fee delineated in the plan or the order confirming the plan.

In all instances, the trustee will be required to maintain accounting records, for budgeting and annual report purposes, clearly identifying various percentage fees applicable to specific cases during the fiscal year.

To prevent these circumstances from reoccurring in the future, all standing trustees should object to any proposed plan that seeks to specify the trustee's fee in the plan and/or order confirming the plan. Plans and orders confirming plans

should reflect language to the effect that the trustee shall charge such percentage fee as may periodically be fixed by the Attorney General pursuant to 28 U.S.C. §586(e). This will alleviate the necessity for the standing trustee to seek formal modification to a confirmed plan when conditions require the standing trustee fee to increase.

STANDING CHAPTER 12 TRUSTEE REPORTS: The trustee is required to make the following reports to the United States Trustee:

341 Meeting Report: If required by local rule, practice or procedures, an interim status report on each chapter 12 case within 15 days following the conclusion of the section 341 meeting at which the debtor is examined under oath. The report may be required to include the section 341 meeting minute report and such additional information as the United States Trustee or the Court requires.

FINAL REPORT: A final report on each chapter 12 case upon completion of all payments under the plan, entry of a hardship discharge, dismissal or conversion of the case, as required by section 704(9) pursuant to section 1202(b)(1). In an effort to comply with Rule 5009 it is necessary to incorporate the following certification language in your final reports:

_____, standing trustee for the above named case, certifies to the Court and the United States Trustee, that he has faithfully and properly fulfilled the duties of the standing trustee, and that the case has been fully administered.

MONTHLY STATUS AND FINANCIAL REPORT: A monthly status and financial report covering all assigned chapter 12 cases. This report will be used by the United States Trustee to monitor the status of cases and for financial information necessary to determine the proper amount of the trustee's bond, as well as to recommend any necessary adjustment to the trustee's percentage fee. (See Appendix J for sample reports).

ANNUAL REPORT: Each trustee must submit an Annual Report (see Appendix K) in the format prescribed by the Executive Office for the period covering January 1 to December 31, or for the portion of a calendar year during which the trustee served. Annual Reports are to be submitted to the United States Trustee no later than February 15 of the following calendar year or, if the trustee does not serve until the end of the calendar year, within 45 days of the date the trustee's service ended.

The report will indicate the gross amount received by the trustee, the amounts disbursed under plans, the amounts disbursed to the trustee for

compensation and expenses, the amount of interest earned, the amounts returned to the debtors, and the amounts to be paid to the United States Trustee for payment to the Treasury. The Director or the United States Trustee may require more frequent reports. (See Appendix J for samples).

TRUSTEE'S REPORTS TO THE DEBTORS: The trustee shall, no less than once per year, deliver to the family farmer debtor and debtor's attorney a report indicating all receipts from the debtor and disbursements made by the trustee's office within the prior year, or prior six months, if such reports are made bi-annually. Additionally, the reports must indicate the then existing undistributed funds on hand. (See Appendix L for samples).

AUDIT AND AUDIT CONTROLS: Each trustee is subject to audit annually, or more frequently at the discretion of the United States Trustee or the Director, by an auditor selected by the Director or by the United States Trustee with the concurrence of the Director. The expense of the audit is an expense of administration to be paid by the trustee from the expense account.

Each trustee must establish and maintain a system of internal controls. In connection with the annual audit, a management letter will be prepared by the auditors. The management letter will address, at a minimum, the following areas:

Bank Lock Box: Bank lock box systems remove substantially all debtor payments from the trustee's office and accordingly represent a strong internal control tool. Strengths and costs of a bank lock box system should be considered.

Restrictive Endorsement of Debtor Checks Received: Debtor checks should be endorsed immediately upon receipt. This will avoid availability of negotiable checks.

Computer Input/Output Controls: Check listings and other data center control and error documents should be reviewed on a timely basis to ensure the integrity of data processed.

Initial Control Over Receipts: Debtor checks should be identified, batched and brought under numerical control to ensure that all checks received are deposited.

Daily Deposit of Receipts: Debtor checks should be recorded on input sheets, deposit tickets prepared and funds deposited on a daily basis.

Hard Currency Remittances: Hard currency presents control problems regardless of internal procedures employed. In the event that cash is accepted, a pre-numbered receipt must be given to the debtor and funds immediately deposited. An office procedure should be established to encourage payment by check or money order.

Creditor Overpayments and NSF Checks: Creditor overpayments and NSF checks should be recorded and monitored until resolved.

Facsimile Check Signing Machine and Signature Stamp: When a facsimile check signing machine is used procedures designed to overcome the absence of direct signer involvement must be established. Procedures would include sole control of the signature plate by the trustee or a single authorized staff person monitoring of the machine's meter indicating number of signatures affixed. Use of a signature stamp would require restriction to a designated person, security of the stamp in a locked safe or compartment and restricted access to the secured compartment.

Stale Dated Outstanding Checks: Stale dated outstanding checks should be cancelled and reissued within 90 days.

Debtor Refunds: Debtor refund, conversion and dismissal payments should be made promptly by check.

Review and Verification of Expense Documentation: Supporting documentation concurrent with expense checks must be maintained. Documentation should be cancelled to indicate completion of the disbursement process.

Distribution of Signed Checks: Individuals involved in the preparation of trust and expense disbursement checks should not be involved in their stuffing and mailing. Segregation of these duties, when possible, avoids access to signed checks by persons capable of inserting improper checks into the disbursement cycle.

Undeliverable Disbursement Checks: Disbursement checks that are returned, because of inadequate address or other reasons, should be processed by an individual not involved with the initial check authorization and preparation.

Timeliness of Bank Reconciliations: Reconciliations of trust, expense and other bank accounts should be conducted on a monthly basis. Reconciliations should be initiated by the individual responsible for performance of this task.

Correction of Reconciling Items: Bank account reconciling items requiring correction should be resolved in a timely manner.

Approval of Bank Reconciliations: Reconciliations should be reviewed and approved by the trustee and approval indicated by signature of the trustee.

Reconciliation of Debtor Ledgers with Checking and Time Deposit

Balances: The best available verification that detail case records properly reflect overall receipt and disbursement activity is the reconciliation of debtor ledgers with checking and time deposit balances. This reconciliation should be conducted on a monthly basis.

Non-Interest Bearing Funds: Levels of non-interest bearing fund balances should be monitored to efficiently maximize interest on investments.

Limited Computer File Access: Dedicated computer passwords should be used to limit employee access to sensitive data fields.

Computer Password Security: Computer passwords used by authorized employees should be periodically changed.

Computer Program Security: Computer programmers should be limited to live debtor and creditor data files. The segregation of these duties is important to provide assurance that persons with access to and capability of changing programs cannot individually address and possibly change data.

Computer Lock and Key Security: A physical locking mechanism should be used to secure hardware when not in authorized use and the keys should be adequately secured.

Internal Software Edits: The computer program should include automatic edit checks to detect data entry, computer program and other errors.

Periodic Debtor Communication: Periodic statements should be mailed to debtors and debtors' attorneys in the ordinary course of business to provide a passive control over potential errors.

Delinquent Debtors: Delinquent debtor payments should be identified in a timely manner and action taken for maximum creditor protection.

Segregation of Other Chapter Cases: Chapter 12 funds may not be commingled with funds of Chapter 13 or any other chapter case funds.

Case File Maintenance: Case files should contain the typically expected documents and document copies and be maintained in an orderly manner.

Surety Bonding: Bond coverage must comply with United States Trustee Program requirements.

Bond or Deposit of Securities by Depositories: Pledges of Securities by Depositories must comply with United States Trustee Program requirements.

Operating Budgets: Operating budgets should be reviewed and updated as each year progresses. This will ensure that expenses are controlled and compensation limitations are monitored.

Fixed Asset Ledger: A detailed listing of trusteeship furniture and equipment must be maintained in such a way that each year's additions can be reconciled to dollar totals.

Segregation of Duties: The basic premise of sound internal control is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Documentation of Staff Procedures: Routine staff procedures should be documented. Written job descriptions ensure consistent staff performance and facilitate employee training.

Monitoring of Staff Attendance: Records of employees' time should be maintained and reviewed by the trustee. Records should also be maintained to document overtime worked for which staff are paid.

Safeguarding of Accounting Records: Accounting records should be stored in secure facilities. Accounting records must receive adequate protection to avoid a possibility of loss due to fire or other natural disaster.

Standing Trustee Involvement: The trustee must be actively involved with daily routines of the Trusteeship.

Joint Cost Allocation (i.e. between trustee operation and others such as private practice and other trustee operations):

Documentation of expenses allocated between Chapter 12 and other activity must be maintained.

RETENTION OF RECORDS: Individual Case Cash Receipts and Disbursement Ledgers must be retained for three years following the date on which the trustee was discharged in the case. The trustee's General Ledger supporting each year's Annual Report must be retained for a period of not less than seven years.

The trustee must maintain all bank records, including bank statements, monthly bank reconciliations, cancelled checks, and deposit slips, separate from individual case files and in chronological order, for a period of not less than seven years.

Accounting records are to be supported by pre-numbered receipts for cash payments (however, payments in cash should be strongly discouraged), bank pre-numbered checks, and bank receipted deposit slips which identify each source of funds being deposited.

Individual Case Cash Receipts and Disbursements Ledgers, General Ledgers, and the Cash Receipts and Disbursements Journal may be transferred to microfilm or other similar form of record two years after the annual report covering those transactions has been submitted. Bank records may be so transferred five years after the report is submitted.

Individual case files must be retained until an order closing the case and discharging the trustee is entered by the Court. The period of time a trustee retains the individual case files beyond the closing of the case and the discharge within the trustee's discretion. This discretion should be guided by the trustee's individual need for reference to the file for subsequent creditor/debtor inquiries or other reasons.

Should the trustee have possession of original court documents, such as proof of claims, the disposition of same should be in accordance with the directions of the Court and/or Clerk.

DISPOSABLE INCOME: Section 1225(b)(1) states:

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 3-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.

Pursuant to section 1202(b)(4), it is the trustee's duty to "(4) ensure that the debtor commences making timely payments required by a confirmed plan". Therefore, where a debtor's confirmed plan contains a commitment of disposable income pursuant to section 1225(b)(1), the trustee must first make the necessary review to determine to what extent disposable income exists and, secondly, ensure its timely payment under the confirmed plan.

A trustee must require debtors to calculate disposable income in those instances where its payment has been committed under the confirmed plan, and object to any item that appears inaccurate or unreasonable. (See Appendix M for sample forms for the debtor and the trustee's response.)

The lack of clear direction from the statute and the varying types of farm operations that are encountered by the trustee necessitate flexibility in the determination of the time when the calculation is to be made, and further does not lend itself to a precise formula for the determination of what constitutes disposable income.

Section 1225(b)(1)(B) states that the plan shall provide that "... all of the debtor's projected disposable income to be received in the 3-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". While the statute requires that the calculation is to be made at the time of plan confirmation, courts may determine otherwise on a case by case basis.

Since section 1225(b)(2)(B) states that " payment of expenditures necessary for the continuation, preservation, and operation of the debtor's business " is excluded from disposable income, then disposable income might be calculated as follows:

| | Example |
|---------------------------------------|-----------|
| Actual or Projected Annual Income | \$200,000 |
| Less: Production Costs | \$50,000 |
| Family Living Expenses | \$12,000 |
| Plan Payments | \$46,000 |
| Direct Payments | \$12,000 |
| Administrative and Priority Claims | \$ 5,600 |
| Operating Capital | \$70,000 |
| | \$195,600 |
| Disposable Income | \$ 4,400 |

Production Costs: These costs include necessary, direct outlays related to producing the debtor's crop or raising livestock.

Family Living Expenses: These costs include necessary, direct outlays related to the maintenance and support of the debtor and any dependents of the debtor.

Plan Payments: These payments include all outlays necessary to make payments under the confirmed plan and trustee's fees.

Direct Payments: These payments need to include all principal and interest necessary to make payments on unimpaired secured claims.

Administrative and Priority Claims: These costs include all court approved outlays required to amortize administrative expenses paid over the life of the plan, as well as all priority and special class unsecured claims.

Operating Capital: Funds to pay timely all expenses to produce and harvest any crops and maintain any livestock and to pay any living expenses. Operating

capital also includes funds for plan payments, if any, due between the time of calculating disposable income and the next harvest. When calculating operating capital, it is important to know whether a debtor reduced, maintained, or expanded the farming operation. The trustee's review should determine that the debtor is not evading the payment of disposable income by improper expenditures.

The ultimate determination of disposable income must be made on a case-by-case basis by the debtor and the trustee, and should result in agreement or an alternative recommendation by the trustee of a specific amount for distribution to the unsecured creditors. The trustee's analysis should include a review of the debtor's Statement of Income and Expenditures, monthly financial statements, Annual Report, and tax returns.

(See Appendix M for a sample of a chapter 12 debtor's Annual Report of Operations and the trustee's Motion for Determination of Disposable Income.)

REMOVAL OF DEBTOR IN POSSESSION: If the debtor in possession is removed under section 1204, the trustee has the duty to operate the farm or to seek dismissal of the case or its conversion to chapter 7, as the circumstances warrant. Whether the trustee or a farm manager/operator employed by the trustee operates the farm, the trustee must notify the United States Trustee and must provide to the United States Trustee the same reports required of the debtor in possession since the trustee will handle all cash receipts and disbursements. Note that the trustee's bond may need to be increased.

If the debtor in possession is removed and it is necessary for the trustee to employ a farm manager/operator, an application to the court must be made and a request for modification of the confirmed plan under section 1225(a) to provide for payment of the trustee's agent. A report of the employment must be made to the United States Trustee.

28 CFR - PART 58 - REGULATIONS RELATING TO THE BANKRUPTCY
REFORM ACT OF 1978

Sec.

- 58.1 Authorization to establish panels of private trustees.
- 58.2 Authorization to appoint standing trustees.
- 58.3 Qualification for membership on panels of private trustees [sic].
- 58.4 Qualification for appointment as standing trustees.
- 58.5 Non-discrimination in appointment.

AUTHORITY:28 U.S.C 509, 510, 588(d).

SOURCE: Order No. 921-80, 45 FR 82631, Dec. 16, 1980,
unless otherwise noted.

§58.1 Authorization to establish panels of private trustees.

(a) Each United States Trustee is authorized to establish a panel of private trustees (the "panel") pursuant to 28 U.S.C. 588(a)(1).

(b) Each United States Trustee is authorized, with the approval of the Director, Executive Office for United States Trustees (the "Director") to increase or decrease the total membership of the panel. In addition, each U.S. Trustee, with the approval of the Director, is authorized to institute a system of rotation of membership or the like to achieve diversity of experience, geographical distribution or other characteristics among the persons on the panel.

§58.2 Authorization to appoint standing trustees.

Each United States Trustee is authorized, subject to the approval of the Deputy Attorney General, or his delegate, to appoint and remove one or more standing trustees to serve in cases under Chapter 12 and 13 of Title 11, United States Code.

[Order No. 921-80, 45 FR 82631, Dec. 16, 1980, as amended by
Order No. 960-81, 46 FR 52360, Oct. 27,1981, and
Order No. 1160-86, Nov. 26, 1986]

§58.3 Qualification for membership on panels of private trustees.

(a) To be eligible for appointment to the panel and to retain eligibility therefor, an individual must possess the qualifications described in paragraph (b) of this section in addition to any other statutory qualifications. A corporation or partnership may qualify as an entity for appointment to the private panel. However, each person who, in the opinion of the United States Trustee or of the Director, performs duties as trustee on behalf of a corporation or partnership must individually meet the standards described in paragraph (b) of this section, except that each United States Trustee, with the approval of the Director, shall have the discretion to waive the applicability of paragraph (b)(6) of this section as to any individual in a nonsupervisory position. No professional corporation, partnership, or similar entity organized for the practice of law or accounting shall be eligible to serve on the panel.

(b) The qualifications for membership on the panel are as follows:

- (1) Possess integrity and good moral character.
- (2) Be physically and mentally able to satisfactorily perform a trustee's duties.
- (3) Be courteous and accessible to all parties with reasonable inquiries or comments about a case for which such individual is serving as private trustee.
- (4) Be free of prejudices against any individual, entity, or group of individuals or entities which would interfere with unbiased performance of a trustee's duties.
- (5) Not be related by affinity or consanguinity within the degree of first cousin to any employee of the Executive Office for United States Trustees of the Department of Justice, or to any employee of the office of the United States Trustee for the district in which he or she is applying.
- (6)
 - (i) Be a member in good standing of the bar of highest court of a state or of the District of Columbia; OR
 - (ii) Be a certified public accountant; OR
 - (iii) Hold a bachelor's degree from a full four-year course of study (or the equivalent) of an accredited college or university (accredited as described in Part II, § III of Handbook X118 promulgated by

the United States Office of Personnel Management) with a major in a business-related field of study or at least 20 semester-hours of business-related courses; or hold a master's or doctoral degree in a business-related field of study from a college or university of the type described above; OR

- (iv) Be a senior law student or candidate for a master's degree in business administration recommended by the relevant law school or business school dean and working under the direct supervision of:
 - (A) A member of a law school faculty; or
 - (B) A member of the panel of private trustees; or
 - (C) A member of a program established by the local bar association to provide clinical experience to students; OR
 - (v) Have equivalent experience as deemed acceptable by the United States Trustee.
- (7) Be willing to provide reports as required by the United States Trustee.
- (8) Have submitted an application under oath, in the form prescribed by the Director, to the United States Trustee for the District in which appointment is sought: Provided, That this provision may be waived by the United States Trustee on approval of the Director.

§58.4 Qualification for appointment as standing trustee.

To be eligible for appointment as a standing trustee, an individual must have the qualifications for membership on a private panel of trustees set forth in §58.3. An individual need not be an attorney to be eligible for appointment as a standing trustee. A corporation or partnership may be appointed as standing trustee only with the approval of the Director.

§58.5 Non-discrimination in appointment.

The United States Trustees shall not discriminate on the basis of race, color, religion, sex, national origin or age in appointments to the private panel of trustees or of standing trustees and in this regard shall assure equal opportunity for all appointees and applicants for appointment to the private panel of trustees or as standing trustee. Each United States Trustee shall be guided by the policies and

requirements of Executive Order No. 11478 of August 8, 1969, relating to equal employment opportunity in the Federal Government, section 717 of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000e-16), section 15 of the Age Discrimination in Employment Act of 1967, as amended (29 U.S.C. 633a), and the regulations of the Office of Personnel Management relating to equal employment opportunity (5 CFR Part 713)

[Order No. 921-80, 45 FR 82631, Dec. 16, 1980, as amended by Order No. 960-81, 46 FR 52360, Oct. 27, 1981]

CERTIFICATION

I hereby certify, under penalty of perjury that I have not solicited or accepted, and that I will not solicit or accept any gratuity, gift, or other remuneration of thing of value from any person, if such is intended or offered to influence any of my actions as a trustee, or as an employee of the trustee, in any chapter 12 case.

Chapter 12 Trustee

Employee
Title or Position: _____

Employee
Title or Position: _____

This certification is to be signed by the chapter 12 trustee and all the employees in the office of the chapter 12 trustee and returned to the United States Trustee within ten days of its receipt.

SAMPLE

WRITTEN INSTRUCTIONS FOR DEBTOR-IN-POSSESSION

RE:

Dear

You have filed a Petition for Relief for a family farmer under Chapter 12 of the bankruptcy Code on behalf of the above-named debtor. There are certain Requirements and duties your client must fulfill in order to obtain a prompt, confirmation of your client's Plan and to assist in the resolution of all chapter 12 matters. I am hereby notifying the debtor and you, as attorney for said debtor, of the following:

1. Pursuant to Section 521 of the Bankruptcy Code (citations to sections means section of the Bankruptcy Code unless otherwise specified) and Bankruptcy Rule X-1007, the debtor is required to cooperate with the United States Trustee and the Chapter 12 Trustee appointed in this case. The debtor is also required to furnish information required by the United States Trustee and the Chapter 12 Trustee in supervising the administration of this debtor's estate, including regular reports of operations of the debtor's farming operation. Also, as required to give the Chapter 12 Trustee and the United States Trustee notice of all motions and other pleadings as specified in said rules.
2. The debtor must provide the Chapter 12 Trustee (NOT THE UNITED STATES TRUSTEE) with the following financial and informational reports:
 - a. SUMMARY OF OPERATIONS FOR CHAPTER 12 CASE: Enclosure No. 1 is an informational report reflecting the debtor's farm operation, including total acreage, tillable acreage, results from last year's operation and estimates or projections for the current or next crop year. this form must be completed and received in the Chapter 12 Trustee's office at least five (5) days prior to the first meeting of creditors. A duplicate copy of the Summary of Operations must also be filed with the Court. Failure to submit the completed Summary of Operations at least five (5) days prior to the first meeting of creditors may result in the first meeting of creditors being continued to another date.

- b. MONTHLY CASH RECEIPTS AND DISBURSEMENTS STATEMENT: This report is contained in Enclosure No. 2. The debtor must report no later than the tenth (10th) day following the end of the month all of the debtor's receipts or income, in cash, check or otherwise (including government program payments of any nature) received during the month. This report must be filed with the Chapter 12 Trustee and a duplicate copy of this monthly report must be filed with the court. the receipts should be itemized by kind, quantity and dollar amount, for example: "Sold 2,000 bu. corn to Co-op Elevator at \$1/bu. -- \$2,000", "Sold 10 beef cattle to Acme Sale Barn for \$59 per hundred-weight -- \$4,000", Sold 5 tons of hay to Joe Smith -- \$275". Likewise, all expenses paid in cash or by check must be itemized. Operating expenses must be itemized under appropriate headings such as fuel, feed, veterinarian expense, repairs, etc. Be certain that the part of the form that calls for monthly cash reconciliation is properly completed. The first is to include all receipts and disbursements since the date of filing the Petition. Debtors must attach to each monthly report a copy of the monthly statement for every bank account maintained by the debtor. (See paragraph 2(e) below).
- c. TAX DEPOSIT STATEMENT: If the debtor is a family farm corporation or if the debtor has employees who are subject to withholding or Social Security taxes, debtor must complete the Tax Deposit Statement contained in Enclosure No. 4 and provide evidence of payment.
- d. INSURANCE STATEMENT: Within ten (10) days after the date of this letter, the debtor must provide the Chapter 12 Trustee with documentation of fire and extended insurance coverage on debtor's buildings, equipment and motor vehicles. If no such insurance is currently in effect, the debtor must explain why it is not in force. The debtor shall immediately notify the Chapter 12 Trustee of any lapse, cancellation or proposed cancellation of any insurance coverage.
- e. DEBTOR-IN-POSSESSION BANK ACCOUNT: All bank accounts must be in the name of the debtor as "Chapter 12 Debtor-in-Possession" effective on the date the Chapter 12 Petition is filed. The debtor will not be required to close all bank accounts and reopen new ones on the date of filing, however, the debtor must sign new signature cards with the depository bank designating the accounts as "Debtor-in-Possession". All disbursements by debtor must be by check drawn on the Debtor-in-Possession accounts. The debtor must send to the Chapter 12 Trustee copies of the new signature cards for

each bank account within fifteen (15) days after the date of this letter. The debtor is required to file with the Chapter 12 Trustee a copy of the monthly statement for each bank account. The bank statements should be attached to the debtor's monthly cash receipts and disbursement statement.

3. DEBTOR'S DUTY TO FILE TAX RETURNS:

- a. The specific mandate found in Internal Revenue Code Sections 6012(b)(4) and 1398(a) fails to include estates under Chapter 12 and therefore frees the Chapter 12 Trustee from any obligations to file Federal returns on behalf of the estate. Further, since the separate entity rules and Internal Revenue Code § 1398 do not apply to estates under Chapter 12, it is clearly the responsibility and duty of the Chapter 12 Debtors to prepare and file their own Federal tax returns.
- b. In regard to state and local taxes, section 1231(a) currently provides that the tax year of an individual debtor ends at the date that the order for relief under Chapter 12 is entered (the date the Chapter 12 Petition was filed). This implies that a debtor will be required to personally file an individual state tax return for the short tax year ending on the date relief is entered under Chapter 12 (date the Chapter 12 Petition was filed). At the time of the filing of the Chapter 12, the state tax year for the Chapter 12 estate beings. For each taxable year of the estate thereafter, a state fiduciary return apparently will be required to be filed for the estate. It is suggested that you contact your state department of revenue to determine exactly the type of tax return form that is required. Reading section 1231(b) together with section 1203, which sets out the debtor's duty as debtor-in-possession, appears to require an individual debtor to file the return, unless the debtor is no longer in possession in accordance with section 1204(a).
- c. It is advisable in this complex area of bankruptcy and taxation that the debtor retain a qualified tax preparer to perform the obligations to file federal and state returns. Neither the United States Trustee nor the standing trustee is able or permitted to give any tax advice to individual debtors.

Copies of the federal, state, and local tax returns which are filed by the debtor for any period commencing with the filing of the Chapter 12 Petition through the completion of the confirmed plan must be provided to the Chapter 12 Trustee.

4. You will receive a separate notice of the date, time and place for the first meeting of creditors under section 341 of the Bankruptcy Code. Both the debtor and the debtor's attorney must attend the section 341 Meeting, at which time the debtor will be examined under oath by the Chapter 12 Trustee and by any creditors who may attend. The debtor must bring to that meeting a copy of the debtor's last year's Federal and State Tax Returns, Form 1040 and all Schedules filed with the return, including Schedule F. The copies of the Income Tax Returns must be sent to the office of the Chapter 12 Trustee at least five (5) days prior to the First Meeting of Creditors.

5. Chapters 1, 3 (except for section 361) and 5 of the Bankruptcy Code also apply to cases under Chapter 12 of the Bankruptcy Code. Therefore, the debtor may not:
 - a. Retain or employ attorneys, accountants, appraisers, auctioneers or other professional persons without Court approval. This includes employing the attorney who filed the Petition to provide services after the filing. See section 327.
 - b. Compensate any attorney, accountant, appraiser, auctioneer or other professional person except as allowed by the Court. See section 330.
 - c. Use cash collateral (or cash equivalents) without the consent of the secured creditor or Court authorization. See section 363(c)(2). Cash collateral includes proceeds, products, offspring, rents or profits of property subject to a security interest when reduced to cash.
 - d. Obtain credit or incur unsecured debt other than in the ordinary course of business without Court authorization. See section 364(b).
 - e. Incur secured debt without Court authorization. See section 364(c).
 - f. Pay any creditor for goods or services provided before the filing of the Petition except as provided in a confirmed Plan. See section 549.

6. A Chapter 12 Plan must be filed within 90 days of the date the Petition was filed, unless the debtor seeks an extension before the 90-day period has run out and only if the Court determines that an extension is substantially justified. See section 1221. Failure to comply is cause for dismissal under section 1208. The Statement of Current Income and Current Expenditures required to be filed under section 521(1) should be accurate and should be

- reviewed and modified if necessary prior to the section 341 Meeting. Failure to provide an accurate statement may result in denial of confirmation, dismissal, or conversion to Chapter 7 Liquidation.
7. A copy of the Chapter 12 Plan as well as all other motions and pleadings must be transmitted to the Chapter 12 Trustee and the United States Trustee.
 8. LIQUIDATION ANALYSIS: Under section 1225(a)(4) you must be able to prove at the Confirmation Hearing that the amount to be distributed under the Plan for each allowed unsecured claim is not less than the amount that would be paid on such claim if the debtor were liquidated under Chapter 7. A claim filed by an unsecured creditor is allowed unless the debtor or the Chapter 12 Trustee files an objection to it in Court and the Court sustains the objection. Therefore, I would suggest that you give consideration to the early preparation of an accurate analysis of the liquidation value of all of the property of the debtor's estate which you must be prepared to offer as an exhibit at the Confirmation Hearing, or the Court may not be able to confirm your Plan. The liquidation analysis must be attached as an exhibit to your plan.
 9. CASH FLOWS: Under section 1225(a)(6) you must be able to make all payments called for under the proposed Chapter 12 Plan. Therefore, the debtor must attach cash flow statements projecting income and expenses during the life of the plan. In the absence of such cash flow statements, feasibility under section 1225(a)(6) cannot be established and the trustee will file an objection to the plan until such cash flows are provided.
 10. CHAPTER 12 TRUSTEE'S PERCENTAGE FEE: Pursuant to 28 U.S.C. §586(e) the percentage fee for the Chapter 12 Trustee has been set at 10% of all payments made under the plan on the first \$450,000 and 3% on the overage. The Chapter 12 Plan must provide for payment of the required trustee's fee to be simultaneous with the trustee's payment to a creditor under the plan. The cash flows required to be attached to the plan should reflect the inclusion of the trustee's fee.

Further, debtors and their counsel will be notified should the Attorney General pursuant to 28 U.S.C. §586(e) lower the percentage fee, the lower percentage will then apply to all payments remaining to be made by the debtor under the confirmed plan.

The standing trustee's percentage fee is fixed by the Director of the Executive Office by delegation from the Attorney General, after consultation with the United States Trustee for the District in which the standing

trustee serves pursuant to 28 U.S.C. §586(e). The standing trustee has no authority to negotiate a percentage fee other than that fixed by order of the Director. Percentage fees are calculated on all payments received by the trustee under plans.

If the plan provides for payment of sums certain on any claims, payments under the plan will have to be computed so that the payment less the standing trustee's percentage fee is sufficient to pay the sums certain. The debtor can be advised that this computation can be made by dividing the total amount that is needed under the plan for payment on claims, not including the trustee's fee, by the number derived from subtracting the trustee's percentage fee from 100%.

For instance, assuming that all payments to be made total \$10,000 and the standing trustee's percentage fee is fixed at 5%, the number to be used is 100% minus the 5% or 95%. Dividing \$10,000 by .95 results in a total payment of \$10,526.32. The trustee's fee of 5% on the \$10,526.32 is \$526.32, leaving the \$10,000, 95% of the payment, available to make distributions required under the plan. The same computation can be made to account for any percentage fee fixed for the standing trustee. For example, still assuming that \$10,000 is required to make all plan payments on claims, excluding the trustee's fee:

| | <u>Total Payment to Trustee</u> |
|----------------------------------|---------------------------------|
| (A) \$10,000.00 divided by .90 = | \$11,111.11 |
| (B) \$10,000.00 divided by .91 = | \$10,989.01 |
| (C) \$10,000.00 divided by .92 = | \$10,869.57 |
| (D) \$10,000.00 divided by .93 = | \$10,752.69 |

In (A) the trustee's 10% fee is \$1,111.11 and the remaining 90% needed to pay all other claims is \$10,000.00.

In (B) the trustee's 9% fee is \$989.01 and the remaining 91% needed to pay all other claims is \$10,000.00.

In (C) the trustee's 8% fee is \$869.57 and the remaining 92% needed to pay all other claims is \$10,000.00.

In (D) the trustee's 8% fee is \$752.69 and the remaining 93% needed to pay all other claims is \$10,000.00.

11. PLAN PAYMENTS THROUGH TRUSTEE: Plan payments together with the trustee's percentage fee must be tendered in a timely fashion to the Chapter 12 Trustee. Payments should be made by check or money order made payable to the Chapter 12 Trustee. Payment to the Chapter 12 Trustee by debtor's personal check will delay the payment to a creditor. This is because the Chapter 12 Trustee will not disburse to creditors until the debtor's check clears the bank. Personal checks may take up to 10 days, excluding weekends and holidays, to clear. Therefore, it is suggested that debtors make their payment to the Chapter 12 Trustee by certified check, bank draft or money order to avoid the delay of the check clearance process.

12. DUTY TO FILE SCHEDULE OF PLAN PAYMENTS: Upon or immediately following confirmation of a Chapter 12 Plan, the debtor should prepare and file with the Court, with a copy transmitted to both the Chapter 12 Trustee and the United States Trustee, a schedule of payments required to be made by the debtor under the confirmed plan. This schedule should detail all payments, including the name or the creditor to be paid, the due date of payment, the amount of payment, a break down of each payment as to principal and interest, and the amount of the Trustee's fee included in each payment. This will assist the Chapter 12 Trustee in making a prompt and correct distribution to creditors and will serve as a helpful reminder to the debtor of the debtor's obligation to make payments under the confirmed plan.

13. FAILURE TO COMPLY: Failure of the debtors to comply with the instructions contained in this letter may be grounds for dismissal of this chapter 12 case under section 1208. I am providing your client with a copy of this letter. If you or the debtor have any questions about this letter or the enclosed instructions, please call or write, or discuss the situation with the appointed Chapter 12 Trustee in this case, whose name and number appear below:

(Name and Address of Trustee)

Sincerely,

cc: Chapter 12 Trustee
Debtors w/enclosures

CHAPTER 12 CASE

SUMMARY OF OPERATIONS - FAMILY FARMER

(This report must be filed with the Chapter 12 Trustee
5 days before the first meeting of creditors.)

NAME OF DEBTOR(S): _____

CASE NO.: _____

I. CURRENT NUMBER OF ACRES

Owned: _____

Leased: (List by Parcel)

Amount or % of rent
received by debtor(s)

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Total owned and leased by
debtor(s) from others: _____

Total leased to others: _____

Tillable acreage: _____

Set aside acreage: _____

II. CURRENT LIVESTOCK

| <u>Kind</u> | <u>No.</u> | <u>Weight</u> | <u>Market Value</u> |
|-------------|------------|---------------|---------------------|
| Hogs | ----- | ----- | ----- |
| Feeder Pigs | ----- | ----- | ----- |
| Sows | ----- | ----- | ----- |
| Boars | ----- | ----- | ----- |
| Calves | ----- | ----- | ----- |
| Stock Cows | ----- | ----- | ----- |
| Steers | ----- | ----- | ----- |
| Heifers | ----- | ----- | ----- |
| Bulls | ----- | ----- | ----- |
| Dairy Cows | ----- | ----- | ----- |
| Lambs | ----- | ----- | ----- |
| Ewes | ----- | ----- | ----- |
| Rams | ----- | ----- | ----- |
| Foals | ----- | ----- | ----- |
| Mares | ----- | ----- | ----- |
| Stallions | ----- | ----- | ----- |
| Chickens | ----- | ----- | ----- |
| Turkeys | ----- | ----- | ----- |

III. PRIOR YEAR'S OPERATION

A. Livestock (list by kind)

| <u>Kind</u> | <u>No.</u> | <u>Weight Per Animal</u> | <u>Amount Kept For Farm Use</u> | <u>Amount Sold</u> | <u>Sales Price</u> | <u>Total Dollar Sales</u> |
|-------------|------------|----------------------------------|---|------------------------|------------------------|-----------------------------------|
|-------------|------------|----------------------------------|---|------------------------|------------------------|-----------------------------------|

B. Crops (list by kind)

| <u>Kind</u> | <u>No. of Acres Planted</u> | <u>Yield Per Acre</u> | <u>Amount Kept For Farm Use</u> | <u>Amount Sold</u> | <u>Sales Price</u> | <u>Total Dollar Sales</u> |
|-------------|-------------------------------------|-------------------------------|---|------------------------|------------------------|-----------------------------------|
|-------------|-------------------------------------|-------------------------------|---|------------------------|------------------------|-----------------------------------|

C. Raw Products (e.g. wool, eggs, milk, fish)

| <u>Kind</u> | <u>Weight or Number</u> | <u>Amount Kept For Farm Use</u> | <u>Amount Sold</u> | <u>Sales Price</u> | <u>Total Dollar Sales</u> |
|-------------|-----------------------------|---|------------------------|------------------------|-----------------------------------|
|-------------|-----------------------------|---|------------------------|------------------------|-----------------------------------|

D. Other Farm Enterprises (e.g. custom farming, custom feeding) Total Amount Received _____

E. Government Payments Total Amount Received _____

F. Summary of Prior Year's Operation

1. Total corp/livestock income _____

2. Total raw products income _____

3. Total other farm income _____

4. Total government payments _____

5. Non-farm income _____

6. Total income _____

G. Have you made an assignment of proceeds? (Yes/No)

If yes, which proceeds have you assigned and to whom have you assigned them. _____

IV. THIS YEAR'S OPERATION (current year projections)

A. Livestock (list by kind)

| <u>Kind</u> | <u>No.</u> | <u>Weight Per Animal</u> | <u>Amount Kept For Farm Use</u> | <u>Amount Sold</u> | <u>Sales Price</u> | <u>Total Dollar Sales</u> |
|-------------|------------|--------------------------|---------------------------------|--------------------|--------------------|---------------------------|
|-------------|------------|--------------------------|---------------------------------|--------------------|--------------------|---------------------------|

B. Crops (list by kind)

| <u>Kind</u> | <u>No. of Acres Planted</u> | <u>Yield Per Acre*</u> | <u>Amount Kept For Farm Use</u> | <u>Amount Sold</u> | <u>Sales Price**</u> | <u>Total Dollar Sales</u> |
|-------------|-----------------------------|------------------------|---------------------------------|--------------------|----------------------|---------------------------|
|-------------|-----------------------------|------------------------|---------------------------------|--------------------|----------------------|---------------------------|

C. Raw Products (e.g. wool, eggs, milk, fish)

| <u>Kind</u> | <u>Weight or Number</u> | <u>Amount Kept For Farm Use</u> | <u>Amount Sold</u> | <u>Sales Price</u> | <u>Total Dollar Sales</u> |
|-------------|-------------------------|---------------------------------|--------------------|--------------------|---------------------------|
|-------------|-------------------------|---------------------------------|--------------------|--------------------|---------------------------|

D. Other Farm Enterprises (e.g. custom farming, custom feeding) Total Amount Received _____

E. Government Payments Total Amount Received _____

F. Summary of Prior Year's Operation

- 1. Total corp/livestock income _____
- 2. Total raw products income _____
- 3. Total other farm income _____
- 4. Total government payments _____
- 5. Non-farm income _____
- 6. Total income _____

* Assuming normal moisture and growing conditions.

** State your estimate of market price per unit or government support (loan) price if you are eligible for government support program.

G. Estimated Expenses For Current Year

| <u>Expenses</u> | <u>Amount</u> |
|---|---------------|
| Fuel | _____ |
| Seed | _____ |
| Fertilizer | _____ |
| Herbicides, Pesticides, or other Chemicals | _____ |
| Equipment Rental | _____ |
| Electric and Phone Bills | _____ |
| Repairs | _____ |
| Crop Insurance | _____ |
| Other Insurance | _____ |
| Real Estate Taxes | _____ |
| Cash Rent | _____ |
| Hired Labor | _____ |
| Machine Hire | _____ |
| Drying | _____ |
| Other | _____ |
| | _____ |
| | _____ |
| | _____ |
| Projected Total Operating Expenses | _____ |
| Projected Family Living Expenses | _____ |
| Projected Total Expenses | _____ |

H. Profit or Loss

Total Income (IV F 6) _____

Total Expenses (from Page 7) _____

Profit/Loss _____

(Subtract total expenses from total income.)

I. Estimated Crop Expenses Breakdown:

| Corn | Soybeans | Oats | Hay/Alfalfa |
|-------------|-------------|-------------|-------------|
| Cost per | Cost per | Cost per | Cost per |
| <u>Acre</u> | <u>Acre</u> | <u>Acre</u> | <u>Acre</u> |

- Seed
- Nitrogen
- Phosphate
- Potash
- Lime
- Herbicide
- Insecticide
- Crop Insurance
- Other Insurance
- Real Estate Taxes
- Cash Rent
- Combining
- Hauling
- Drying
- Handling
- Hired Labor
- Fuel
- Other Machine Rental
- Miscellaneous

TOTAL:

J. Estimated Livestock Expenses Breakdown:

| <u>COSTS</u> | Swine Cost per _____ | Beef Cost per _____ | Sheep Cost per _____ | Dairy Cost per _____ |
|-------------------------|----------------------------|---------------------------|----------------------------|----------------------------|
| Corn | | | | |
| Supplement | | | | |
| Feed Additives | | | | |
| Alfalfa-brome | | | | |
| Corn Silage | | | | |
| Haylage | | | | |
| Salt | | | | |
| Milk Replacer | | | | |
| Minerals | | | | |
| Veterinary | | | | |
| Machinery and Equipment | | | | |
| Electric | | | | |
| Water | | | | |
| Labor | | | | |
| Marketing | | | | |
| Miscellaneous | | | | |
| Purchase Livestock | | | | |
| Other | | | | |
| TOTAL: | | | | |

NOTE: If your particular livestock operation does not fit these categories make appropriate adjustments.

If you have an operating loan for the current or proposed crop season, state amount \$_____ and a name and address of lender _____

 and security given or pledged _____

CHAPTER 12 MONTHLY REPORT

NAME OF DEBTOR(S): _____

CASE NO.: _____

For Month Ending _____

MONTHLY CASH RECEIPTS AND DISBURSEMENTS

(Report on a cash basis, unless you keep financial records on an accrual basis.)

I. CASH RECEIPTS

A. FARM INCOME

| | <u>MONTH</u> | <u>YEAR TO DATE</u> |
|------------------------------------|--------------|-------------------------|
| Grain Sales | | |
| #bu. _____ corn at \$ _____ | _____ | _____ |
| #bu. _____ beans at \$ _____ | _____ | _____ |
| #bu. _____ oats at \$ _____ | _____ | _____ |
| #bu. _____ milo at \$ _____ | _____ | _____ |
| #bu. _____ wheat at \$ _____ | _____ | _____ |
| Livestock Sales | | |
| #hd. _____ feeder pigs at \$ _____ | _____ | _____ |
| #hd. _____ hogs at \$ _____ | _____ | _____ |
| per/lb. _____ | _____ | _____ |
| #hd. _____ calves at \$ _____ | _____ | _____ |
| per/lb. _____ | _____ | _____ |
| #hd. _____ cattle at \$ _____ | _____ | _____ |
| per/lb. _____ | _____ | _____ |
| #hd. _____ lambs at \$ _____ | _____ | _____ |
| Eggs _____ | _____ | _____ |
| Poultry _____ | _____ | _____ |
| Milk _____ | _____ | _____ |
| Other _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

| | <u>MONTH</u> | <u>YEAR TO DATE</u> |
|----------------------------|--------------|-------------------------|
| Miscellaneous Farm Income | | |
| Contract payments | _____ | _____ |
| Contract payments | _____ | _____ |
| Contract payments | _____ | _____ |
| Rent payments | _____ | _____ |
| Rent payments | _____ | _____ |
| Government payment | _____ | _____ |
| PIK and Roll proceeds | _____ | _____ |
| Custom farming income | _____ | _____ |
| Other farm income | _____ | _____ |
| (please specify source) | | |
| _____ | | |
| _____ | | |
| _____ | | |
| _____ | | |
| New loans (specify source) | _____ | _____ |
| _____ | | |
| _____ | | |

B. WAGES FROM OUTSIDE WORK

| | | |
|---------|-------|-------|
| Husband | _____ | _____ |
| Wife | _____ | _____ |

C. OTHER RECEIPTS

| | | |
|---------------------|-------|-------|
| Social Security | _____ | _____ |
| Other: _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| Total Cash Receipts | _____ | _____ |

II. EXPENSES PAID

A. HOUSEHOLD (Use more pages if necessary.)

| <u>Payee</u> | <u>Date</u> | <u>Amount</u> | <u>Purpose</u> |
|--------------|-------------|---------------|----------------|
|--------------|-------------|---------------|----------------|

TOTAL: _____

B. FARM EXPENSES (Use more pages if necessary.)

| <u>Payee</u> | <u>Date</u> | <u>Amount</u> | <u>Purpose</u> |
|--------------|-------------|---------------|----------------|
|--------------|-------------|---------------|----------------|

TOTAL: _____

C. TOTAL PAYMENTS MADE TO CHAPTER 12 TRUSTEE _____

TOTAL EXPENSES FOR MONTH _____

CASH PROFIT(LOSS) FOR MONTH [Total income minus Total Expenses) =====

OTHER NON-CASH LOSSES:

LOSS DUE TO CROP FAILURE OR DAMAGE \$ _____

LOSS DUE TO DEATH OR DISEASE LIVESTOCK OR POULTRY \$ _____

III. CASH RECONCILIATION:

Cash and Bank Accounts Balance at Beginning of Month \$ _____

Profit (or Loss) During Month \$ _____

Cash and Bank Account Balance at End of Month \$ _____

IV. EXPENSES CHARGED BUT NOT PAID DURING MONTH (itemize):

| <u>Expense</u> | <u>Amount</u> |
|----------------|---------------|
| | \$ _____ |

I CERTIFY UNDER PENALTY OF PERJURY THAT I HAVE READ THE FOREGOING STATEMENT, AND IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

DATE

DEBTOR(S) / OFFICER OF DEBTOR(S)

INSTRUCTIONS FOR
TAX DEPOSIT STATEMENT

The tax accounts for Federal Withholding Tax, FICA, and Sales tax are all computed in the same.

The statement for the first month following the filing of the petition should show the Beginning Tax Payable as zero. After the first month's statement, the beginning tax payable would be the prior month's ending tax payable.

Withheld or Accrued

The amount of taxes that were withheld or accrued during the month should be listed even if they were paid during the month.

Disbursements to Tax Account

Give the dollar amounts that were paid to the tax accounts. List the deposit receipts numbers (if possible send copies of the deposit slips) and/or the check numbers for each deposit.

Ending Tax Payable

This figure is derived by taking the beginning tax payable and adding to it the amounts withheld or accrued and subtracting the amounts paid.

If there are other tax accounts that your company is liable for, please include them on a separate exhibit in the same manner as described above.

The Tax Deposit Statement must be signed by the debtor, if an individual, or by an officer of the company.

Evidence of Payment

When the taxes are paid, a copy of the documentation is provided to the Chapter 12 trustee.

TAX DEPOSIT STATEMENT

NAME OF DEBTOR: _____

CASE NO.: _____

Month or Period Ending _____, 19 _____

SUMMARY

FEDERAL WITHHOLDING TAX

Beginning Withholding Tax Payable _____

Withheld or Accrued _____

Disbursements to Tax Account _____

Deposit Receipt _____
and/or check _____
numbers _____

End of Withholding Tax Payable

FICA WITHHOLDING TAX (include both employer and employee share)

Beginning FICA Tax Payable _____

Withheld or Accrued _____

Disbursements to Tax Account _____

Deposit Receipt _____
and/or check _____
numbers _____

End of FICA Tax Payable

SALES TAX

Beginning Sales Tax Payable _____

New Sales Tax Payable _____

Disbursements to Tax Account _____

Deposit Receipt _____
and/or check _____
numbers _____

Ending Sales Tax Payable

I CERTIFY UNDER PENALTY OF PERJURY THAT I HAVE READ THE FOREGOING STATEMENT AND IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

DATE

DEBTOR/OFFICER OF DEBTOR

IN THE UNITED STATES BANKRUPTCY COURT

| | | |
|-----------|----|------------|
| IN RE: | \$ | CASE NO. |
| | \$ | |
| | \$ | CHAPTER 12 |
| | \$ | |
| DEBTOR(S) | \$ | |

LIQUIDATION ANALYSIS

| <u>ASSET</u> | <u>MARKET VALUE</u> | <u>AMOUNT LIEN(S)</u> | <u>AMOUNT EXEMPT</u> | <u>NON-EXEMPT EQUITY</u> |
|---------------------|---------------------|------------------------------|----------------------|--------------------------|
| <u>REAL ESTATE</u> | | | | |
| TR 1 | \$ _____ | \$ _____ 1st \$ _____ 2nd | \$ _____ | \$ _____ |
| Secured Party(ies): | _____ | | | |
| Description: | _____ | | | |
| | _____ | | | |
| | _____ | | | |
| TR 2 | \$ _____ | \$ _____ 1st \$ _____ 2nd | \$ _____ | \$ _____ |
| Secured Party(ies): | _____ | | | |
| Description: | _____ | | | |
| | _____ | | | |
| | _____ | | | |
| TR 3 | \$ _____ | \$ _____ 1st \$ _____ 2nd | \$ _____ | \$ _____ |
| Secured Party(ies): | _____ | | | |
| Description: | _____ | | | |
| | _____ | | | |
| | _____ | | | |
| TR 4 | \$ _____ | \$ _____ 1st \$ _____ 2nd | \$ _____ | \$ _____ |
| Secured Party(ies): | _____ | | | |
| Description: | _____ | | | |
| | _____ | | | |
| | _____ | | | |

| <u>ASSET</u> | <u>MARKET VALUE</u> | <u>AMOUNT LIEN(S)</u> | <u>AMOUNT EXEMPT</u> | <u>NON-EXEMPT EQUITY</u> |
|--------------|---------------------|-----------------------|----------------------|--------------------------|
|--------------|---------------------|-----------------------|----------------------|--------------------------|

EQUIPMENT

Group 1 \$ _____ \$ _____ 1st \$ _____ \$ _____
 \$ _____ 2nd

Secured Party(ies): _____
 Description: _____

Group 2 \$ _____ \$ _____ 1st \$ _____ \$ _____
 \$ _____ 2nd

Secured Party(ies): _____
 Description: _____

Group 3 \$ _____ \$ _____ 1st \$ _____ \$ _____
 \$ _____ 2nd

Secured Party(ies): _____
 Description: _____

VEHICLE

Group 1 \$ _____ \$ _____ 1st \$ _____ \$ _____
 \$ _____ 2nd

Secured Party(ies): _____
 Description: _____

Group 2 \$ _____ \$ _____ 1st \$ _____ \$ _____
 \$ _____ 2nd

Secured Party(ies): _____
 Description: _____

Group 3 \$ _____ \$ _____ 1st \$ _____ \$ _____
 \$ _____ 2nd

Secured Party(ies): _____
 Description: _____

| <u>ASSET</u> | <u>MARKET VALUE</u> | <u>AMOUNT LIEN(S)</u> | <u>AMOUNT EXEMPT</u> | <u>NON-EXEMPT EQUITY</u> |
|--------------|---------------------|-----------------------|----------------------|--------------------------|
|--------------|---------------------|-----------------------|----------------------|--------------------------|

LIVESTOCK

Group 1 \$ _____ \$ _____ 1st \$ _____ \$ _____
 \$ _____ 2nd

Secured Party(ies): _____
 Description: _____

Group 2 \$ _____ \$ _____ 1st \$ _____ \$ _____
 \$ _____ 2nd

Secured Party(ies): _____
 Description: _____

Group 3 \$ _____ \$ _____ 1st \$ _____ \$ _____
 \$ _____ 2nd

Secured Party(ies): _____
 Description: _____

CASH
COLLATERAL

Group 1 \$ _____ \$ _____ 1st \$ _____ \$ _____
 \$ _____ 2nd

Secured Party(ies): _____
 Description: _____

Group 2 \$ _____ \$ _____ 1st \$ _____ \$ _____
 \$ _____ 2nd

Secured Party(ies): _____
 Description: _____

Group 3 \$ _____ \$ _____ 1st \$ _____ \$ _____
 \$ _____ 2nd

Secured Party(ies): _____
 Description: _____

| <u>ASSET</u> | <u>MARKET VALUE</u> | <u>AMOUNT LIEN(S)</u> | <u>AMOUNT EXEMPT</u> | <u>NON-EXEMPT EQUITY</u> |
|--------------|---------------------|-----------------------|----------------------|--------------------------|
|--------------|---------------------|-----------------------|----------------------|--------------------------|

CROPS

Group 1 \$ _____ \$ _____ 1st \$ _____ \$ _____
 Secured Party(ies): _____
 Description: _____

Group 2 \$ _____ \$ _____ 1st \$ _____ \$ _____
 Secured Party(ies): _____
 Description: _____

Group 3 \$ _____ \$ _____ 1st \$ _____ \$ _____
 Secured Party(ies): _____
 Description: _____

OTHER

Item 1 \$ _____ \$ _____ 1st \$ _____ \$ _____
 Secured Party(ies): _____
 Description: _____

Item 2 \$ _____ \$ _____ 1st \$ _____ \$ _____
 Secured Party(ies): _____
 Description: _____

Item 3 \$ _____ \$ _____ 1st \$ _____ \$ _____
 Secured Party(ies): _____
 Description: _____

Item 4 \$ _____ \$ _____ 1st \$ _____ \$ _____
 Secured Party(ies): _____
 Description: _____

TOTAL NON-EXEMPT EQUITY IN PROPERTY \$ _____

| | |
|---|-----------|
| EST. PRIORITY & EXP. OF ADM. (SCHEDULE 1 HERETO) | \$(_____) |
| \$ AVAILABLE FOR GENERAL UNSECURED | \$_____ |
| | |
| TOTAL SCHEDULED UNSECURED (SCHEDULE 2 HERETO) | \$_____ |
| TOTAL DEFICIENCY CLAIMS (SCHEDULE 3 HERETO) | \$_____ |
| TOTAL GENERAL UNSECURED | \$_____ |
| | |
| & AVAILABLE FOR GENERAL UNSECURED | \$_____ % |

SAMPLE

CASH RECEIPTS AND DISBURSEMENTS JOURNAL

BANK ACCOUNT NUMBER:
BANK NAME:

| DATE | SOURCE OR PAYEE | CHECK NO. | AMOUNT DISBURSED | AMOUNT CLASSIFICATION | AMOUNT RECEIVED | DEBTOR NUMBER | NAME | BALANCE |
|--------------|-------------------------|-----------|------------------|---------------------------|-----------------|---------------|---------|------------|
| JAN 01, 1985 | CASH BALANCE FORWARD | | | | | | | \$2,266.84 |
| JAN 06, 1985 | JAMES HARDY | | | | \$150.00 | B-84-0099 | HARDY | \$2,416.84 |
| JAN 06, 1985 | AMERICAN CHEMICAL | 1001 | \$325.00 | UNSECURED | | B-82-1298 | JENKINS | \$2,091.84 |
| JAN 07, 1985 | GMAC | 1002 | \$75.00 | SECURED | | B-83-2209 | JENSON | \$2,016.84 |
| JAN 07, 1985 | KELLEY BENSON | | | | \$990.00 | B-84-0098 | BENSON | \$3,006.84 |
| JAN 07, 1985 | KIM BENTLEY | | | | \$550.00 | B-81-8907 | BENTLEY | \$3,556.84 |
| JAN 09, 1985 | MARVIN MYLES | | | UNCONFIRMED PLAN | \$125.00 | B-85-9987 | MYLES | \$3,681.84 |
| JAN 10, 1985 | HOUSEHOLD FINANCE | 1003 | \$1,234.99 | SECURED | | B-84-0098 | BENSON | \$2,446.85 |
| JAN 10, 1985 | NAK CREDIT UNION | 1004 | \$500.00 | SECURED | | B-84-7184 | JOHNSON | \$1,946.85 |
| JAN 10, 1985 | FIRST CITY BANK | 1005 | \$43.78 | UNSECURED | | B-84-7184 | JOHNSON | \$1,903.07 |
| JAN 15, 1985 | VISA | 1006 | \$59.78 | UNSECURED | | B-83-2113 | BANTON | \$1,843.29 |
| JAN 15, 1985 | VOID | 1007 | \$0.00 | UNSECURED | | B-83-2113 | BANTON | \$1,843.29 |
| JAN 15, 1985 | HECHINGERS | 1008 | \$123.47 | UNSECURED | | B-83-2113 | BANTON | \$1,719.82 |
| JAN 23, 1985 | MARVIN MYLES | | | UNCONFIRMED PLAN | \$125.00 | B-85-9987 | MYLES | \$1,844.82 |
| JAN 26, 1985 | JAMES HARDY | | | | \$150.00 | B-82-1298 | HARDY | \$1,994.82 |
| JAN 26, 1985 | AMERICAN CHEMICAL | | | | \$325.00 | B-82-1298 | JENKINS | \$2,319.82 |
| JAN 26, 1985 | NATALIE BANTON | | | | \$432.00 | B-82-2113 | BANTON | \$2,751.82 |
| JAN 31, 1985 | HARRY PARKS | | | | \$21.25 | B-84-9987 | PARKS | \$2,773.07 |
| JAN 31, 1985 | SEARS, ROEBUCK & CO. | | | | \$525.00 | B-83-1199 | CHAMBE | \$3,298.07 |
| JAN 31, 1985 | GMAC | 1009 | \$310.00 | SECURED | | B-81-0289 | O'CONN | \$2,988.07 |
| JAN 31, 1995 | KELLEY BENSON | 1110 | \$25.00 | REFUND-DEBTOR | | B-84-0098 | BENSON | \$2,963.07 |
| JAN 31, 1985 | GENERAL MOTORS | | | | \$500.00 | B-82-0012 | BECK | \$3,463.07 |
| JAN 31, 1985 | SUSAN BECK | 1111 | \$350.00 | REFUND-DEBTOR | | B-82-0012 | BECK | \$3,113.07 |
| JAN 31, 1985 | SAM TRUSTEE | 1112 | \$267.20 | TRUSTEE FEE | | | | \$2,845.87 |
| JAN 31, 1985 | UNION TRUST BANK-CD4367 | | | | \$90.00 | | | \$2,935.87 |
| JAN 31, 1985 | JOHN JONES | | | UNCONFIRMED PLAN | \$300.00 | B-95-0100 | JONES | \$3,235.87 |
| JAN 31, 1985 | SEARS, ROEBUCK & CO. | | | REFUND-CREDITOR-UNSECURED | 51.68 | B-83-1169 | DAVIS | \$3,287.55 |
| | | | \$3,314.22 | | \$4,334.93 | | | |

SAMPLE

CASE # B-85-9987
 FILED: 01-09-85
 PERCENT PLAN - 50%

TYPE
 U - U S - SECURED
 P - P A - ADMINISTRATIVE
 DIV - DIVIDEND

DEBTOR: MARVIN MYLES
 1212 MONEY ST.
 MOBILE, VA 22380

DEBTORS ATTORNEY: CLYDE DURIGHT
 CONFIRMED: 05-05-85
 SEMI-MONTHLY PAYMENT: \$125.00

| DATE | RECEIPT SOURCE | RECEIPT RECEIVED | INTERNAL REVENUE CLAIM \$750.00/P CK# AMT.PD 110% DIV./ \$750.00 | HOUSEHOLD FINANCE CLAIM \$95.00/S CK# AMT.PD 100% DIV./ \$952.00 | FIRST NATL BANK CLAIM \$887.00/S CK# AMT.PD 100% DIV./ \$887.00 | J.C. PENNY CO. CLAIM \$543.98/U CK# AMT.PD 50% DIV./ \$271.99 | GECC CLAIM \$1,297.00/S CK# AMT.PD 100% DIV./ \$1,297.00 | TRUSTEES FEE CHECK AMT. NO. PAID | TRANS-FERRED TO EXPENSE ACCOUNT TO DATE | TOTAL ACCOUNT BALANCE | | | | | | |
|----------|----------------|------------------|--|--|---|---|--|----------------------------------|---|-----------------------|----------|----------|------|---------|----------|----------|
| 01/09/85 | MYLES | \$125.00 | | | | | | | | \$125.00 | | | | | | |
| 01/23/85 | MYLES | \$125.00 | | | | | | | | \$250.00 | | | | | | |
| 02/16/85 | MYLES | \$125.00 | | | | | | | | \$375.00 | | | | | | |
| 02/20/85 | MYLES | \$125.00 | | | | | | | | \$500.00 | | | | | | |
| 03/13/85 | MYLES | \$125.00 | | | | | | | | \$625.00 | | | | | | |
| 03/27/85 | MYLES | \$125.00 | | | | | | | | \$750.00 | | | | | | |
| 04/11/85 | MYLES | \$125.00 | | | | | | | | \$875.00 | | | | | | |
| 04/24/85 | MYLES | \$125.00 | | | | | | | | \$1,000.00 | | | | | | |
| 05/08/85 | MYLES | \$125.00 | | | | | | | | \$1,125.00 | | | | | | |
| 05/22/85 | MYLES | \$125.00 | | | | | | | | \$1,250.00 | | | | | | |
| 05/24/85 | | | 1235 | \$750.00 | | | | 1236 | \$82.50 | \$82.50 | \$417.50 | | | | | |
| 06/08/85 | MYLES | \$175.00 | | | | | | | | | \$592.50 | | | | | |
| 06/22/85 | MYLES | \$75.00 | | | | | | | | | \$667.50 | | | | | |
| 07/06/85 | MYLES | | | | 1237 | \$142.89 | 1238 | \$133.11 | 1239 | \$25.00 | 1240 | \$194.65 | 1241 | \$54.53 | \$137.03 | \$117.32 |

SAMPLE

GENERAL LEDGER

| DATE | CASH IN BANK DEPOSITS (CHECKS) | CONFIR. PLAN RECEIPTS | UNCON. PLAN RECEIPTS | INT. EARNED | CRED. REF. (S) | CRED. REP (U) | CRED. REF. (P) | SECURED | UN- SECURED | (P) | DEBTOR REFUNDS | TRUSTEE FEES | INVEST. MADE (LIQ.) | ADMIN EXP. |
|--------------------------|---|-----------------------------|----------------------------|----------------|----------------------|---------------------|----------------------|-------------|----------------|--------|-------------------|-----------------|---------------------------|---------------|
| SUBTOTAL | \$2,266.84 | \$71,335.45 | \$100.00 | \$180.00 | \$0.00 | \$0.00 | \$0.00 | \$49,170.20 | \$10,164.90 | \$0.00 | \$1,580.00 | \$5,933.51 | \$2,500.00 | \$0.00 |
| JAN 1985 | \$4,334.93 (\$3,314.22) | \$3,643.25 | \$550.00 | \$90.00 | | \$51.68 | | \$2,119.993 | \$552.03 | \$0.00 | \$375.00 | \$267.20 | | \$0.00 |
| SUBTOTAL | \$3,287.55 | \$74,978.70 | \$650.00 | \$270.00 | \$0.00 | \$51.68 | \$0.00 | \$51,290.19 | \$10,716.93 | \$0.00 | \$1,955.00 | \$6,200.71 | \$2,500.00 | \$0.00 |
| FEB 1985 | | | | | | | | | | | | | | |
| SUBTOTAL | | | | | | | | | | | | | | |
| MAR 1985 | | | | | | | | | | | | | | |
| SUBTOTAL | | | | | | | | | | | | | | |
| APR 1985 | | | | | | | | | | | | | | |
| SUBTOTAL | | | | | | | | | | | | | | |
| MAY 1985 | | | | | | | | | | | | | | |
| SUBTOTAL | | | | | | | | | | | | | | |
| JUN 1985 | | | | | | | | | | | | | | |
| SUBTOTAL | | | | | | | | | | | | | | |
| JUL 1985 | | | | | | | | | | | | | | |
| SUBTOTAL | | | | | | | | | | | | | | |
| AUG 1985 | | | | | | | | | | | | | | |
| SUBTOTAL | | | | | | | | | | | | | | |
| SEP 1985 | | | | | | | | | | | | | | |
| SUBTOTAL | | | | | | | | | | | | | | |
| ADJUSTMENTS FOR FY 85 | | | | | | | | | | | | | | |
| TOTAL FY | | | | | | | | | | | | | | |

INSTRUCTIONS FOR THE PREPARATION OF
CHAPTER 12
STANDING TRUSTEES ANNUAL SUMMARY BUDGET REQUEST

I. Introduction

These instructions relate to the preparation of standing trustee upcoming budget estimate. The various policies with budgetary impact are covered, as is guidance on the classification of expenditures from trustee office expense accounts.

II. Responsibilities and Timetables

A. Standing Trustees. The standing trustee will prepare all budget estimates in final form for submission to the United States Trustee by October 31 of each year.

B. United States Trustee. The United States Trustee will review the standing trustee's budget estimates, provide comments, and indicate approval of budget requests along with any necessary modifications for their submission of the data to the Director by November 30 of each year. Recommended upcoming yearly percentage fees and compensation levels must accompany United States Trustee letters which approve the standing trustee's yearly budget.

C. Executive Office for U.S. Trustees. The Executive Office will issue approved standing trustee compensation levels and any changes in percentage fees by December 31 of each year. Requests for compensation increases will not be processed until the budgets are approved by the United States Trustee.

The Executive Office will also conduct an analysis of the data provided by standing trustees in their budget requests. The analysis will report the ranges of expenses incurred during the previous year and ranges of projected costs for the current and upcoming year.

III. Standards to be Used in Preparing Estimates.

The current data requested in the budget forms provided should be available from the standing trustee's most recent annual report. Where necessary, accounting practices should be modified to capture data in the requested level of detail and in the categories of expense used throughout the submission.

Several exhibits in the presentation include flexible formatting. These include the Supporting Estimates (Exhibit II), the Detail of Personnel Expense (Exhibit III), and Apportioned Expenses (Exhibit IV). Flexible formatting means that the amount of detail to be provided may not fit the space available on the form. The sequences of items in Exhibit II should be followed to correspond with the Budget Summary. In those categories where insufficient space is provided, it is recommended that you

expand the space allocated to that category and begin the next category below the expanded one. The same recommendation applies to Exhibits III, IV, and V. If additional space is needed, the format of the sample exhibit should be followed as closely as possible on any additional pages.

Current-year data should be projected from the latest available report of expenditures to date. A projection can be made to the end of the year by proration or by some other estimate of year-end total costs. Current estimates serve as a basis for the upcoming request, so all current year projections should reflect a full-year cost.

B. Required Materials

Exhibits are required to document the standing trustee's office expense account, the personnel employed by the standing trustee operation, apportioned expenses, and workload. All figures in the exhibits should be rounded to the nearest dollar.

Exhibit I. Upcoming Fiscal Year Summary Budget Request.

This exhibit provides a breakdown of expense categories which are explained further below. Because most of the categories are used to prepare annual reports, the requested data should be available from standing trustee financial records. Where the classification of an expense could, reasonably fall in more than one category, consistency in classification from year to year is more important than the category selected.

Expense Classifications for Exhibits I and II. The following guidance is provided for preparing cost figures for the trustee's actual and necessary expenses.

Item 1. Employee Expense: Regular salaries and wages, including bonuses, paid directly to employees, amounts withheld from payments to employees, and employer's contributions.

Item 2. Rent: Charges for rental of office space, conference rooms, garage space, and storage space.

Item 3. Utilities: Self-explanatory.

Item 4. Bookkeeping and Accounting Services: Charges incurred for services obtained on outside contracts for all bookkeeping and accounting charges necessary for the operation of standing trustee office, including charges for the preparation of payroll, payroll taxes, annual reports, tax returns for trust accounts, and reconciliation of bank accounts.

Item 5. Computer Services: Charges for services for the development and modification of software systems, data preparation and conversion (keying, data coding, key-to-tape, key-to-disk, and card-to-tape), consulting, and research and development, including initial processing fees charged by a computer firm.

NOTE: The Executive Office makes no recommendation on the use of a computer firm. The requirements contained herein must, however, be met.

Item 6. Audit Services: Charges incurred for services of any independent auditing firm selected by the Executive Office.

Item 7. Consulting Service: Charges incurred under contract with individuals for services as attorneys, accountants, and ADP consulting.

Item 8. Telephone: Charges for local phone service, long distance services, switchboards, and installation of telephone equipment.

Item 9. Postage and Mailing: All postal charges, including parcel post, express mail, rental of post office boxes, mailing machines, and postage meters.

Item 10. Office Supplies: Charges incurred for pencils, paper, calendar pads, standard forms, printed forms, envelopes, photocopying paper and supplies, and other office supplies and property of little monetary value such as desk trays and pen sets, and including rentals of safety deposit boxes.

Item 11. Bond Premiums: Fees for premiums on surety bonds, including any premiums paid to bond an employee.

Item 12. Clerks Fees: Do not include any fees that are provided to be paid under the plan.

Item 13. Dues to Professional Organizations: Charges for membership to professional organizations in connection with the duties of the standing trustee.

Item 14. Publications: Charges for subscriptions to and copies of journals and periodicals, and for books and directories in the standing trustee's library. The cost of textbooks for training are excluded.

Item 15. Insurance (other than employee benefits): Charges for insurance to protect assets of the office of the standing trustee or employees (such as fire, theft, and accidental injury to property or third persons), and automobile insurance, if said automobile is owned or leased by the office of the standing trustee as authorized by the United States Trustee.

Item 16. Conference Expenses: Charges for training and tuition, including charges for conference registration, textbooks and supplies, air fare, mileage, meals, and other costs incurred as related to approved travel in connection with training activities associated with the duties of the standing trustee.

Item 17. Maintenance: Charges incurred for the repair and maintenance of the office suite and office equipment, including all office machines and furnishings, and including charges for custodial services when not included in the basic lease agreement.

Item 18. Photocopy Services for Transcripts: Self-explanatory.

Item 19. Travel: Self-explanatory.

Item 20. Equipment/Furniture Rental: Charges for the use of equipment owned by another, including copying machines, audio and visual aid equipment, rental of computer systems and software, printers, desks, tables, chairs, typewriters, calculators/bookkeeping machines, and file cabinets, if total rent payments are less than cost of purchase.

Item 21. Equipment/Furniture Purchase: Charges for purchase of movable furniture, fittings, and fixtures; including desks, tables, chairs, typewriters, calculators and adding/bookkeeping machines, and file cabinets, and including charges for services in connection with initial installation when performed under contract. All equipment/furniture purchased from Chapter 13 funds remain the possession of the office of the standing trustee, and are to be used for the administration of all Chapter 13 cases by the trustee and any successor trustee.

Item 22. Leasehold Improvements: Charges incurred for space adjustments (including partitioning), alterations, and improvements to building or office suite as approved by the United States Trustee.

Item 23. All Other Expenses: All expenses not otherwise classified. If several expenses are included, provide a break down of the miscellaneous expenses.

Exhibit II. Upcoming Year Supporting Estimates

Several categories of expense on Exhibit I are asterisked to indicate that supporting detail is needed to substantiate the total expense. The supporting details are to be provided in Exhibit II, according to the following guidelines:

Business transactions involving the standing trustee or a related party:

The United States Trustee system discourages the transaction of business between the trustee operation and the standing trustee or a related party where the existence or appearance of a conflict of interest may arise. However, where fair-market or even favorable rates are obtained by the trustee operation, each such

transaction may be judged on its merits not to involve a serious conflict. Documentation in support of dealings between the trustee operation and the trustee or a related party may be required by the United States Trustee.

The expenses itemized in the Supporting Estimates should agree with figures entered in the same categories of the Budget Summary Exhibit (Exhibit I). The United States Trustee staff will verify agreement between figures in the two exhibits.

All expense items should be listed within the categories requested in the Supporting Estimates Exhibit. If the number of entries exceeds the number of lines provided, then additional lines should be inserted before proceeding to the next category. Expense items of less than \$50 each may be grouped together in a single entry, "all other", just before the subtotal entry within each category.

Exhibit III. Upcoming Year Detail of Personnel Expense

The Detail of Personnel Expense (Exhibit III) is the supporting material needed for Item 1 of Exhibit I. To assist in the United States Trustee's review of this exhibit, the list of standing trustee employees should be prepared in descending order (with highest-paid employees listed first).

For each employee, Exhibit III requires individual data on salary benefits, average number of hours worked per week, and average hourly wage. The position description for each employee itemizing all of the duties performed must accompany Exhibit III. Only four sample blocks are provided on Page 8 and 9 of the sample forms. If more are needed, they should be repeated in the same format on supplemental pages. Note that the trustee is not an employee and, under the UST system, payroll taxes and benefits for the trustee are personal expenses of the trustee. As of this report, therefore, no line item is provided for the trustee.

Exhibit IV. Apportioned Expense Exhibit

On this exhibit, list all costs apportioned partly to the standing trustee and partly to another business entity, e.g., law practice, or Chapter 13 cases. The basis for apportionment may be a proration of total cost, an actual figure based on standing trustee records, or some other method. However, for each separate apportionment, approval must be obtained in advance from the United States Trustee. In the previous, current, and upcoming year columns, the total cost apportioned to the standing trustee operation is in parentheses. An example appears below if time spent is 50% on law practice and 50% on the standing trustee operation:

| <u>Previous Actual Expenses</u> | <u>Current Full-Year Estimate</u> | <u>Upcoming Budget Request</u> |
|---|---|--|
|---|---|--|

Item and Basis for Apportionment:

| | | | |
|---|----------|----------|----------|
| 1. Item: Personnel Expenses | \$50,000 | \$58,000 | \$64,000 |
| <u>Basis for Apportionment:</u> (Time spent on law practice: 50% and Chapter 12 operation: 50%) | (25,000) | (29,000) | (32,000) |

In this example, the basis for apportionment is 50% of staff time devoted to the standing trustee's activities. Using the previous year column to illustrate, the total cost of personnel is \$50,000, and \$25,000 of the cost is allocated to the standing trustee's expenses. The current and upcoming year columns are prepared with estimates for those years in the same manner that actual previous expenses are shown.

If all apportionments are made on the same basis, then only one basis for apportionment should be shown. If more than one allocation basis is used, a separate item should be used for each differing allocation basis.

For other exhibits in the budget submission, only the amount apportioned to the standing trustee office will be shown.

Exhibit V. Workload Exhibit.

The Workload Exhibit is divided into two parts. The first part covers receipts and percentage fees. Receipts reported in Item 1(a) should be net receipts ie., after refunds to debtors. Item 2(a) is the actual (previous year) or estimated (current/upcoming year) percentage fee needed to cover all expenses itemized in the Budget Summary and Supporting Estimates (Exhibits I and II and the trustee's compensation). In Item 2(b), indicate the dollar yield of the percentage fees from 2(a) in each year.

The second part of the Workload Exhibit examines the Chapter 12 cases assigned to the standing trustee. Instructions below will assist you in completing the caseload portion. (Items 3-7) of the exhibit.

3. Cases active, start of period - Enter the number of active cases as of the year indicated.
4. New cases assigned during the year - Enter the number of new cases received. Petitions should be recorded when received, as of the date they are received from the Bankruptcy Court.

5. Adjustments during the year - This section will be used to adjust the caseload for changes in the status of active cases:

- a. Cases transferred in (+) - Cases transferred from other offices to your office will be added.
- b. Cases converted to Chapter 12 (+) - Cases converted from another chapter will be added.
- c. Cases transferred out (-) - Cases transferred from your office to another office will be subtracted.
- d. Conversions to another chapter (-) - A change from Chapter 12 to any other chapter will count as a conversion. Conversions will be subtracted.
- e. Dismissals(-) - Cases dismissed will always be negative entries, to be subtracted.

6. Cases closed by the Court on completion of the plan or hardship discharge (-) - Enter the number of cases that the Bankruptcy Court has closed on completion of the repayment plan or upon entry of a hardship discharge. Cases closed will be subtracted

7. Cases active, end of period. - This figure represents the total of active cases at the end of the period arrived at by adding the figures in items 3 and 4 together, and then adjusting that total for the figures in items 5 and 6. The entry for "Cases active, end of period" should be carried forward as the number of "Cases active, start of period" for the next year.

Exhibit VI. Bond Calculation

The information for Columns (1) and (2) should be taken from the trustee's records and monthly bank statements for the current year to date with estimates utilized for the months of November and December. The amount of the Standing Trustee Bond for the upcoming year will be 110% of the Highest Daily Total Bank Balance listed in Column (4).

Exhibit VII. Computation of Amount Available for Upcoming Year

Item 1. The amount to be inserted should be the total projected surplus estimated to be on hand at the end of the current year, including the balance of the operating reserve carried forward from the prior year and any additional amounts of surplus accumulated during the current year. This figure should equal the estimated expense account balance at the end of the current year.

CHAPTER 12 ANNUAL BUDGET
 January 1, 199__ - December 31, 199__

NAME: _____
 DATE: _____

I. Summary Budget Request

| | <u>Previous Year Actual</u> | <u>Current Year Full-year</u> | <u>Upcoming Year Budget</u> | <u>Upcoming Percentage Change</u> |
|--|-------------------------------------|---------------------------------------|-------------------------------------|---|
| <u>NECESSARY EXPENSES:</u> | | | | |
| *1. Employee Expenses | _____ | _____ | _____ | _____ |
| *2. Office Rent | _____ | _____ | _____ | _____ |
| *3. Utilities (if not included in rent) | _____ | _____ | _____ | _____ |
| *4. Bookkeeping and Accounting Services | _____ | _____ | _____ | _____ |
| *5. Computer Services | _____ | _____ | _____ | _____ |
| 6. Audit Services | _____ | _____ | _____ | _____ |
| *7. Consulting Services | _____ | _____ | _____ | _____ |
| 8. Telephone | _____ | _____ | _____ | _____ |
| 9. Postage | _____ | _____ | _____ | _____ |
| 10. Office Supplies | _____ | _____ | _____ | _____ |
| 12. Clerk Fees (not under plans) | _____ | _____ | _____ | _____ |
| *13. Dues to Professional Organizations | _____ | _____ | _____ | _____ |
| *14. Publications | _____ | _____ | _____ | _____ |
| *15. Insurance, other than Employment Related | _____ | _____ | _____ | _____ |
| *16. Conferences and Seminars | _____ | _____ | _____ | _____ |
| 17. Maintenance and Service Agreements | _____ | _____ | _____ | _____ |
| 18. Photocopy Services or Transcripts | _____ | _____ | _____ | _____ |
| *19. Travel | _____ | _____ | _____ | _____ |
| *20. Equipment/Furniture Rental | _____ | _____ | _____ | _____ |
| *21. Equipment/Furniture Purchases (excluding purchases from surplus) | _____ | _____ | _____ | _____ |
| 22. Leasehold Improvements (excluding purchases from surplus) | _____ | _____ | _____ | _____ |

I. SUMMARY BUDGET REQUEST

| | Previous Year <u>Actual</u> | Current Year <u>Full-year</u> | Upcoming Year <u>Budget</u> | Upcoming Percentage <u>Change</u> |
|------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|---|
| *23. Other Expenses (list): | | | | |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| TOTAL Necessary Expenses | _____ | _____ | _____ | _____ |

*These entries require additional detail on the "Supporting Estimates", "Personnel Summary", and "Detail of Personnel Expense" exhibits. Transfer the totals by category from the "Supporting Estimates" and "Personnel Summary" to the "Summary Budget Request".

II. YEARLY SUPPORTING ESTIMATES

| | Previous Year <u>Actual</u> | Current Year <u>Full-year</u> | Upcoming Year <u>Budget</u> | Upcoming Percentage <u>Change</u> |
|---|-----------------------------------|-------------------------------------|-----------------------------------|---|
| *1. Employee expenses: | | | | |
| A. Salaries (including amounts withheld) | _____ | _____ | _____ | _____ |
| B. Employer's Contribution (payroll taxes) | _____ | _____ | _____ | _____ |
| C. Employee Benefits | _____ | _____ | _____ | _____ |
| TOTAL Employee Expenses | _____ | _____ | _____ | _____ |
| 2. Rent: | | | | |
| A. Space Rentals | _____ | _____ | _____ | _____ |
| B. Total Square Footage Leased | _____ | _____ | _____ | _____ |
| C. Square Footage Apportioned to Chapter 12 Operation | _____ | _____ | _____ | _____ |
| D. \$ Amount Paid Per Square Foot | _____ | _____ | _____ | _____ |
| TOTAL Rent | _____ | _____ | _____ | _____ |
| 3. Utilities (if not included in rent): | | | | |
| A. Electricity | _____ | _____ | _____ | _____ |
| B. Gas | _____ | _____ | _____ | _____ |
| C. Water | _____ | _____ | _____ | _____ |
| TOTAL Utilities | _____ | _____ | _____ | _____ |

* Payment of payroll taxes and benefits for trustee are not allowable expense items.

II. YEARLY SUPPORTING ESTIMATES

| | Previous Year <u>Actual</u> | Current Year <u>Full-year</u> | Upcoming Year <u>Budget</u> | Upcoming Percentage <u>Change</u> |
|--|-----------------------------------|-------------------------------------|-----------------------------------|---|
| 4. Bookkeeping and Accounting Services: | | | | |
| A. From Third Parties: | | | | |
| 1) vendor name and type of service | _____ | _____ | _____ | _____ |
| 2) vendor name and type of service | _____ | _____ | _____ | _____ |
| B. From Standing Trustee or Related Party: | | | | |
| 1) vendor name and type of service | _____ | _____ | _____ | _____ |
| 2) vendor name and type of service | _____ | _____ | _____ | _____ |
| TOTAL Bookkeeping and Accounting Services | _____ | _____ | _____ | _____ |
| 5. Computer Services: | | | | |
| A. Name of Organization that Provided these Services | _____ | _____ | _____ | _____ |
| 7. Consulting Services: | | | | |
| A. From Third Parties: | | | | |
| 1) Consultant name and area of expertise | _____ | _____ | _____ | _____ |
| 2) Consultant name and area of expertise | _____ | _____ | _____ | _____ |
| B. From Related Party: | | | | |
| 1) Consultant name and area of expertise | _____ | _____ | _____ | _____ |
| 2) Consultant name and area of expertise | _____ | _____ | _____ | _____ |
| TOTAL Consulting Services | _____ | _____ | _____ | _____ |

II. YEARLY SUPPORTING ESTIMATES

| | <u>Previous Year Actual</u> | <u>Current Year Full-year</u> | <u>Upcoming Year Budget</u> | <u>Upcoming Percentage Change</u> |
|---|-------------------------------------|---------------------------------------|-------------------------------------|---|
| 11. Bond Premiums: | | | | |
| A. For Standing Trustee | _____ | _____ | _____ | _____ |
| B. For Staff | _____ | _____ | _____ | _____ |
| TOTAL Bond Premiums | _____ | _____ | _____ | _____ |
| 13. Dues to Professional Organizations: | | | | |
| A. (name of organization) | _____ | _____ | _____ | _____ |
| B. (name of organization) | _____ | _____ | _____ | _____ |
| C. (etc.) | _____ | _____ | _____ | _____ |
| TOTAL Dues | _____ | _____ | _____ | _____ |
| 14. Publications: | | | | |
| A. (name of publication) | _____ | _____ | _____ | _____ |
| B. (name of publication) | _____ | _____ | _____ | _____ |
| C. etc.) | _____ | _____ | _____ | _____ |
| TOTAL Publications | _____ | _____ | _____ | _____ |
| 15. Insurance, other than Employee Benefits: | | | | |
| A. (insurer name and type of insurance) | _____ | _____ | _____ | _____ |
| B. (insurer name and type of insurance) | _____ | _____ | _____ | _____ |
| C. (etc.) | _____ | _____ | _____ | _____ |
| TOTAL Insurance | _____ | _____ | _____ | _____ |
| 16. Conference and Seminars - Related Expenses: | | | | |
| A. (conference and seminar attended) | _____ | _____ | _____ | _____ |
| B. (conference and seminar attended) | _____ | _____ | _____ | _____ |
| C. (etc.) | _____ | _____ | _____ | _____ |
| TOTAL Conference Expenses | _____ | _____ | _____ | _____ |

II. YEARLY SUPPORTING ESTIMATES

| | Previous Year <u>Actual</u> | Current Year <u>Full-year</u> | Upcoming Year <u>Budget</u> | Upcoming Percentage <u>Change</u> |
|---|-----------------------------------|-------------------------------------|-----------------------------------|---|
| 17. Maintenance: | | | | |
| A. (item) | _____ | _____ | _____ | _____ |
| B. (item) | _____ | _____ | _____ | _____ |
| C. (etc.) | _____ | _____ | _____ | _____ |
| TOTAL Maintenance | _____ | _____ | _____ | _____ |
| 19. Travel: | | | | |
| A. Transportation | _____ | _____ | _____ | _____ |
| B. Lodging | _____ | _____ | _____ | _____ |
| C. Meals | _____ | _____ | _____ | _____ |
| D. Other (list) | _____ | _____ | _____ | _____ |
| TOTAL Travel | _____ | _____ | _____ | _____ |
| 20. Equipment/Furniture Rental: | | | | |
| A. From Third Parties: | | | | |
| 1) Business equipment | _____ | _____ | _____ | _____ |
| 2) Computer equipment | _____ | _____ | _____ | _____ |
| 3) Furniture | _____ | _____ | _____ | _____ |
| 4) Other rental | _____ | _____ | _____ | _____ |
| B. From Standing Trustee or Related Party | | | | |
| 1) Business equipment | _____ | _____ | _____ | _____ |
| 2) Computer equipment | _____ | _____ | _____ | _____ |
| 3) Furniture | _____ | _____ | _____ | _____ |
| 4) Other rental | _____ | _____ | _____ | _____ |
| TOTAL Equipment/Furniture Rentals | _____ | _____ | _____ | _____ |

II. YEARLY SUPPORTING ESTIMATES

| | Previous Year <u>Actual</u> | Current Year <u>Full-year</u> | Upcoming Year <u>Budget</u> | Upcoming Percentage <u>Change</u> |
|---|-----------------------------------|-------------------------------------|-----------------------------------|---|
| 21. Equipment/Furniture Purchases: | | | | |
| A. Business equipment | _____ | _____ | _____ | _____ |
| B. Computer equipment | _____ | _____ | _____ | _____ |
| C. Furniture | _____ | _____ | _____ | _____ |
| D. Other (specify) | _____ | _____ | _____ | _____ |
| TOTAL Equipment/Furniture Purchases | _____ | _____ | _____ | _____ |
| 23. All other Expenses(specify third or related party): | | | | |
| A. (item) | _____ | _____ | _____ | _____ |
| B. (item) | _____ | _____ | _____ | _____ |
| C. (item) | _____ | _____ | _____ | _____ |
| D. (etc.) | _____ | _____ | _____ | _____ |
| TOTAL All other Expenses | _____ | _____ | _____ | _____ |

III. DETAIL OF PERSONNEL EXPENSE

| | Previous Year <u>Actual</u> | Current Year <u>Full-year</u> | Upcoming Year <u>Budget</u> | Upcoming Percentage <u>Change</u> |
|---|-----------------------------------|-------------------------------------|-----------------------------------|---|
| #1 Employee Name/Position: _____ | | | | |
| Salary (including amounts withheld) | _____ | _____ | _____ | _____ |
| Employer's Contribution (payroll taxes) | _____ | _____ | _____ | _____ |
| Employee Benefits (list): | | | | |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| TOTAL Employee Expense | _____ | _____ | _____ | _____ |
| Average number of hours/week | _____ | _____ | _____ | _____ |
| Average hourly salary | _____ | _____ | _____ | _____ |
| #2 Employee Name/Position: _____ | | | | |
| Salary (including amounts withheld) | _____ | _____ | _____ | _____ |
| Employer's Contribution (payroll taxes) | _____ | _____ | _____ | _____ |
| Employee Benefits (list): | | | | |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| TOTAL Employee Expense | _____ | _____ | _____ | _____ |
| Average number of hours/week | _____ | _____ | _____ | _____ |
| Average hourly salary | _____ | _____ | _____ | _____ |

III. DETAIL OF PERSONNEL EXPENSE

| | Previous Year <u>Actual</u> | Current Year <u>Full-year</u> | Upcoming Year <u>Budget</u> | Upcoming Percentage <u>Change</u> |
|---|-----------------------------------|-------------------------------------|-----------------------------------|---|
| #3 Employee Name/Position: _____ | | | | |
| Salary (including amounts withheld) | _____ | _____ | _____ | _____ |
| Employer's Contribution (payroll taxes) | _____ | _____ | _____ | _____ |
| Employee Benefits (list): | | | | |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| TOTAL Employee Expense | _____ | _____ | _____ | _____ |
| Average number of hours/week | _____ | _____ | _____ | _____ |
| Average hourly salary | _____ | _____ | _____ | _____ |
| #4 Employee Name/Position: _____ | | | | |
| Salary (including amounts withheld) | _____ | _____ | _____ | _____ |
| Employer's Contribution (payroll taxes) | _____ | _____ | _____ | _____ |
| Employee Benefits (list): | | | | |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| TOTAL Employee Expense | _____ | _____ | _____ | _____ |
| Average number of hours/week | _____ | _____ | _____ | _____ |
| Average hourly salary | _____ | _____ | _____ | _____ |

III. DETAIL OF PERSONNEL EXPENSE

| | Previous Year <u>Actual</u> | Current Year <u>Full-year</u> | Upcoming Year <u>Budget</u> | Upcoming Percentage <u>Change</u> |
|--------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|---|
| Total Employee Expense Per Employee: | | | | |
| Employee #1 | _____ | _____ | _____ | _____ |
| Employee #2 | _____ | _____ | _____ | _____ |
| Employee #3 | _____ | _____ | _____ | _____ |
| Employee #4 | _____ | _____ | _____ | _____ |
| Employee #5 | _____ | _____ | _____ | _____ |
| Employee #6 | _____ | _____ | _____ | _____ |
| Employee #7 | _____ | _____ | _____ | _____ |
| Employee #8 | _____ | _____ | _____ | _____ |
| Employee #9 | _____ | _____ | _____ | _____ |
| Employee #10 | _____ | _____ | _____ | _____ |
| Employee #11 | _____ | _____ | _____ | _____ |
| TOTAL All Employees | _____ | _____ | _____ | _____ |

NOTE: Attach written job description for each employee listed above.

IV. YEARLY APPORTIONED EXPENSE EXHIBIT

| <u>Previous</u> <u>Year</u> <u>Actual</u> | <u>Current</u> <u>Year</u> <u>Full-year</u> | <u>Upcoming</u> <u>Year</u> <u>Budget</u> | <u>Upcoming</u> <u>Percentage</u> <u>Change</u> |
|---|---|---|---|
|---|---|---|---|

Item and Basis for Apportionment:

1. Item:

Basis:

2. Item:

Basis:

3. Item:

Basis:

4. Item:

Basis:

5. Item:

Basis:

6. Item:

Basis:

V. WORKLOAD EXHIBIT

| | | Previous Year <u>Actual</u> | Current Year <u>Full-year</u> | Upcoming Year <u>Budget</u> | Upcoming Percentage <u>Change</u> |
|----|---|-----------------------------------|-------------------------------------|-----------------------------------|---|
| 1. | *a) Receipts, actual or estimate (excluded constructive receipts) | _____ | _____ | _____ | _____ |
| | *b) Disbursements, actual or estimate (exclude constructive disbursements) | _____ | _____ | _____ | _____ |
| | c) Interest earned on trust and expense funds, actual or estimate | _____ | _____ | _____ | _____ |
| | d) Revenue from awards under §503(b) | _____ | _____ | _____ | _____ |
| 2. | a) Percentage fee, actual or requested | _____ % | _____ % | _____ % | |
| | b) Revenue from percentage fees (Item 1(b) x Item 2(a)) \$_____ | \$_____ | \$_____ | \$_____ | |
| | *c) Revenue from fees on direct payments | \$_____ | \$_____ | \$_____ | |
| 3. | Cases active, start of period | _____ | _____ | _____ | |
| 4. | New cases filed during year (+) | _____ | _____ | _____ | |
| 5. | Adjustments during year: | | | | |
| | a) Cases transferred in (+) | _____ | _____ | _____ | |
| | b) Cases converted from another chapter (+) | _____ | _____ | _____ | |
| | c) Cases transferred out (-) | _____ | _____ | _____ | |
| | d) Conversions to another chapter (-) | _____ | _____ | _____ | |
| | e) Dismissals (-) | _____ | _____ | _____ | |
| | Total adjustment (+) or (-) | _____ | _____ | _____ | |
| 6. | Cases closed by the Court on completion of the plan or hardship discharge (-) | _____ | _____ | _____ | _____ |
| 7. | Cases active, end of period (3+4+5-6) | _____ | _____ | _____ | _____ |

NOTE: The entry for "Cases active, end of period" should be carried forward as a number of "Cases active, start of period" in the next calendar year.

*Fees may not be received on payments made directly by debtors to creditors under plans confirmed on or after November 26, 1986, in original United States Trustee districts. This restriction applies in other districts as to plans confirmed after §586(e) of Title 28 (as amended) becomes effective in the district.

VI. BOND CALCULATION

| | (1) Current Year Monthly Receipts Full Year <u>Estimate</u> | (2) Current Year Highest Daily Total Bank <u>Balance</u> | (3) Upcoming Year Monthly Receipts Full year <u>Estimate</u> | (4) Upcoming Year Estimate Highest Daily Total Bank <u>Balances</u> |
|----------------------------------|---|--|--|---|
| January | _____ | _____ | _____ | _____ |
| February | _____ | _____ | _____ | _____ |
| March | _____ | _____ | _____ | _____ |
| April | _____ | _____ | _____ | _____ |
| May | _____ | _____ | _____ | _____ |
| June | _____ | _____ | _____ | _____ |
| July | _____ | _____ | _____ | _____ |
| August | _____ | _____ | _____ | _____ |
| September | _____ | _____ | _____ | _____ |
| October | _____ | _____ | _____ | _____ |
| November | _____ | _____ | _____ | _____ |
| December | _____ | _____ | _____ | _____ |
| TOTAL | | | | |
| Same as Item V(1) (a) | _____ | | _____ | |
| Upcoming Year Estimate | | | | |
| Highest Daily Total Bank Balance | | _____ | x 100% | _____ |

NOTE: Upcoming Year Bond Calculation is Based on the Highest Daily Total Bank Balance Listed in Column (4) x 100%

VII. COMPUTATION OF AMOUNT AVAILABLE FOR UPCOMING YEAR

- | | |
|--|-------|
| 1. Total projected surplus for current year [should equal estimated expense account balance at end of current year] | _____ |
| 2. Interest earned on trust funds [same as V.1(c)] | _____ |
| 3. Revenue from awards under §503(b) [same as V.1(d)] | _____ |
| 4. Revenue from percentage fees [same as V.2(b)] | _____ |
| 5. Revenue from fees on direct payments [same as V.2(c)] | _____ |
| 6. Total funds available [1+2+3+4+5] | _____ |
| 7. Less total necessary expenses [same as total of I. on Page 2] | _____ |
| 8. Balance of funds available [compensation (inclusive of 20% in benefits) and surplus, 6-7] | _____ |

NOTE: Entries for lines 2-8 reflect numbers for upcoming year

STANDING TRUSTEES CERTIFICATION TO BUDGET REQUEST

I hereby certify that the information contained herein is correct, and request that this annual budget be examined and approved by the United States Trustee.

CHAPTER 12 STANDING TRUSTEE'S SIGNATURE

APPROVED BY:

United States Trustee

31 U.S.C. § 9303. Use of Government obligations instead of surety bonds

- (a) If a person is required under a law of the United States to give a surety bond, the person may give a Government obligation as security instead of a surety bond. The obligation shall --
 - (1) be given to the official having authority to approve the surety bond;
 - (2) be in an amount equal at par value to the amount of the required surety bond; and
 - (3) authorize the official receiving the obligation to collect or sell the obligation if the person defaults on a required condition.
- (b)
 - (1) An official receiving a Government obligation under subsection (a) of this section may deposit it with --
 - (A) the Secretary of the Treasury;
 - (B) a Federal reserve bank; or
 - (C) a depository designated by the Secretary
 - (2) The Secretary, bank, or depository shall issue a receipt that describes the obligation deposited.
- (c) Using a Government obligation instead of a surety bond for security is the same as using --
 - (1) a personal or corporate surety bond;
 - (2) a certified check;
 - (3) a bank draft;
 - (4) a post office money order; or
 - (5) cash.
- (d) When security is no longer required, a Government obligation given instead of a surety bond shall be returned to the person giving the obligation. If a person, supplying labor or material to a contractor defaulting under the Act

of August 24, 1935 (known as the Miller Act) (40 U.S.C. 270a-270d), files with the United States Government the application and affidavit provided under section 3 of Act (40 U.S.C. 270c), the Government --

- (1) may return to the contractor the Government obligation given as security (or proceeds of the Government obligation given) under the Act of August 24, 1935 (known as the Miller Act) (40 U.S.C. 270a-270d), only after the 90-day period for bringing a civil action under section 2 of the Act (40 U.S.C. 270b); and
 - (2) if a civil action is brought in the 90-day period, shall hold the Government obligation or the proceeds subject to the order of the court having jurisdiction of the action.
- (e) This section does not affect the --
- (1) priority of a claim of the Government against a Government obligation given under this section;
 - (2) right or remedy of the Government for default on an obligation provided under --
 - (A) the Act of August 24, 1935 (known as the Miller Act) (40 U.S.C. 270a-270d); or
 - (B) this section;
 - (3) authority of a court over a Government obligation given as security in a civil action; and
 - (4) authority of an official of the Government authorized by another law to receive a Government obligation as security.
- (f) To avoid frequent substitution of Government obligations, the Secretary may prescribe regulations limiting the effect of this section to a Government obligation maturing more than one year after the date the obligation is given as security.

28 U.S.C. § 586. Duties; supervision by Attorney General.

- (a) Each United States trustee, within the region for which such United States trustee is appointed, shall --
 - (1) establish, maintain, and supervise a panel of private trustees that are eligible and available to serve as trustees in cases under chapter 7 of title 11;
 - (2) serve as and perform the duties of a trustee in a case under title 11 when required under title 11 to serve as trustee in such a case;
 - (3) supervise the administration of cases and trustees in cases under chapter 7, 11, or 13 of title 11 by, whenever the United States trustee considers it to be appropriate --
 - (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 chapter 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;
- (4) deposit or invest under section 345 of title 11 money received as trustee in cases under title 11;
 - 5) perform the duties prescribed for the United States trustee under title 11 and this title, and such duties consistent with title 11 and this title as the Attorney General may prescribe; and
 - (6) make such reports as the Attorney General directs.
- (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) Each United States trustee shall be under the general supervision of the Attorney General, who shall provide general coordination and assistance to the United States trustees.
 - (d) The Attorney General shall prescribe by rule qualifications for membership on 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, consisting of
 - (i) an amount not to exceed the highest annual rate of basic pay in effect for level V of the Executive Schedule; and
 - (ii) the cash value of employment benefits comparable to the employment benefits provided by the United States to individuals who are employed by the United States at the same rate of basic pay to perform similar services during the same period of time; 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) [sic] (1)(B) of this section.

FROM:

United States Trustee

TO:

All Chapter 12 Standing Trustees

SUBJECT: Instructions for Chapter 12 Monthly Status and
Financial Report

This report has been designed so that the totals for each month can be used to complete the Monthly Recapitulation Report. This report, which covers all assigned Chapter 12 cases, must be filed with the United States Trustee's Office no later than 15 days following the end of each month.

The report is pretty much self-explanatory, however, the following instructions should be noted:

- (1) Column 1 Beginning Cash Balance -- This should equal the previous month's ending cash balance or De zero if no debtor payments have been received in any previous month.
- (2) Column 2 Debtor Payments Received During Month -- In this column you should total all payments received from the debtor during the month being reported on, including pre-confirmation payments and plan payments by the debtor. Also include any interest earned on pre-confirmation payments deposited into interest bearing accounts. The trustee will be required to issue a Form 1099 to the debtor for any interest earned on pre-confirmed deposits. Do not include percentage fees received on payments made directly to creditors. These fees on direct payments are to be recorded in column 13.
- (3) Column 3 Creditor Refunds and Returned Checks -- This is the monthly total of creditor refunds for funds previously paid by the trustee to the creditor. A refund will usually occur either in the case of overpayment by the trustee, or where a creditor's claim may have been totally or partially satisfied. The creditor refund should also be posted as a negative transaction to column 6, thereby reducing the amount of funds disbursed to creditors and creating an adjustment basis for the trustee's percentage fee entitlement. If a payment sent to a creditor is returned as undeliverable, the check must be voided and the amount posted as a negative transaction to column 6.

- (4) Column 4 Refunds to Debtors -- This is a total for the month of any monies refunded to the debtors on account of debtor overpayment and/or refunds to the debtor. This will include any refund of pre-confirmation deposits and interest earned thereon upon dismissal of the case prior to confirmation. In the case of a conversion prior to confirmation, the trustee is advised to obtain guidance from the Court on how to disburse pre-confirmed deposits since the case law varies from Court to Court.
- (5) Column 5 Administrative Expenses (Excluding Trustee Fees) and Section 503(b) Expense Allowances -- This column should be used to report the total of trust fund disbursements on cases with confirmed Plans for the payment of administrative expenses under the Plan, such as debtor's attorney's fees, Clerk's fees, payment of other professionals approved by Court Order, etc. Also include any administrative expense allowances awarded under Section 503(b). Please note that the payment of the Standing Trustee's percentage fee is not included as part of this column.
- (6) Column 6 Payment to Creditors During Month -- This is the total of all trust fund disbursements in cases with confirmed plan provisions for payments to secured, priority and unsecured creditors. This column would only include disbursements, or the creditors' refund of disbursements, for funds actually received by the Trustee. In other words, the total to be inserted will be the net of total disbursements to creditors for the month less any creditor refunds received during the month.
- (7) Column 7 Current Trustee Percentage Fee -- Here you simply list your current percentage fee as set by Order of the Attorney General. In most cases, this will be 10%, unless the percentage figure has been reduced by Order of the Attorney General, or has been previously established by Order of the Bankruptcy Court.
- (8) Column 8 Percentage Fee Paid to Expense Fund During Month -- For each case you should list the amount of the actual percentage fees paid from the confirmed trust account to the Standing Trustee's expense account during the month. All transfers of percentage fees, (net of any percentage fee refunds caused by creditor refunds) must be made by the end of the month. For example - a Trustee receives from the debtor \$33,333 as total payments under the Plan. Of this amount, \$30,000 is disbursed to creditors, upon which the Trustee earns a fee of \$3,333. The Trustee also receives a \$500 creditor refund for a previous month's disbursement, on which the Trustee had earned and transferred a fee of \$56. In light of this creditor refund, the maximum Trustee fee that can be transferred to the Expense Account for

the current month is \$3,277 (\$3,333 - \$56 = \$3,277). Further, assuming that the only transaction during the month was a creditor refund of \$100 (there were no disbursements during the month), the \$100 refund would be shown as a negative \$100 in column 6 and the reimbursement of the percentage fee thereon shown as a negative \$11 in column 8. The \$100 refund would be deposited in the confirmation account and the \$11 percentage fee previously taken on the refund would be repaid from the Trustee's expense account to the confirmation account. Both deposits will be reflected in the ending cash balance in column 9. The refund of percentage fees recorded in this manner will eliminate the possibility of taking excess percentage fees, assuming that percentage fees had previously been calculated on the refunded payment and transferred to the Expense Account. Do not allow these percentage fees properly payable to be accumulated in the confirmation trust account.

- (9) Column 9 Ending Cash Balance -- This column should equal the total of the ending cash balance on account of the debtor as of the end of the month for which you are reporting, including the total of all funds held in the pre-confirmation account, if any, and the confirmed trust account. The ending cash balance is arrived at by adding column 1 plus column 2 minus column 4 minus column 6 minus column 8.
- (10) Columns 10, 11 and 12 -- These columns are self-explanatory, and the proper use thereof will allow the Trustee and the United States Trustee's Office to monitor the timely filing and confirmation of Plans and timely filing of debtor-in-possession monthly reports.
- (13) Column 13 Percentage Fee Received on Direct Payments -- This column is used to record the Trustee fees paid to you as fees earned on payments made directly to creditors by debtors. Such "direct fees" must be deposited directly into your Trustee Expense Account. The debtor should be cautioned that all future Plan payments must be made directly through the Trustee pursuant to the provisions of 11 U.S.C. Section 586(e). NOTE: For purposes of the Standing Trustee's Annual Report and Account, you will be required to itemize those cases where Plan payments have been disbursed directly by the debtor to the creditor and a percentage fee paid to the Trustee thereon. These cases, together with the fees received and the payments made to the creditor by the debtor, with the date confirmation of payments was obtained from the creditor, must be listed and the total amount of fees on such direct payments shown at paragraph XII(c) of the Trustee's Annual Report.

Transfer of Column Totals to Monthly Recapitulation Report -- As previously mentioned, the column totals from each Monthly Status and Financial Report are to be used in completing portions of the Monthly Recapitulation Report. Following is a cross reference table between the relevant Monthly Status and Financial Report totals and the Monthly Recapitulation Report.

CROSS REFERENCE TABLE BETWEEN MONTHLY STATUS AND
FINANCIAL REPORT AND MONTHLY RECAPITULATION REPORT

| Monthly Status and Financial Report Column Totals for a Specific Month | = | Lines on Monthly Recapitulation Report for Corresponding Month |
|---|---|---|
| ----- | | |
| Column (1) | = | Combined Total of the Subtotals in Columns (11) and (12) for the previous month |
| Column (2) | = | Combined Total of Receipts in Columns (1) and (2) for the <u>current</u> month |
| Column (3) | = | Receipts in Column (3) |
| Column (4) | = | Disbursements in Column (4) |
| Column (5) | = | Disbursements in Column (5) |
| Column (6) | = | Combined Total of Disbursements in Columns (6), (7) and (8) |
| Column (8) | = | Disbursements in Column (9) |
| Column (9) | = | Combined Total of the Subtotals in Columns (11) and (12) for the current month |
| Column (13) | = | Receipts in Column (10) |

REMEMBER -- The Monthly Status and Financial Report together with the Monthly Recapitulation Report must be filed with the United States Trustee no later than 15 days following the end of the reporting month. Upon receipt, these completed Monthly Reports will be reviewed by the United States Trustee for the purpose of monitoring the Standing Trustee's caseload, bonding level and account balances to ensure compliance with Section 345 and Trustee's compensation levels.

MONTHLY STATUS AND FINANCIAL REPORT

TRUSTEE _____

CURRENT AMOUNT BLANKET BOND \$ _____

MONTH OF _____

PAGE _____ OF _____

| DEBTOR | 1 BEGINNING CASH BALANCE | 2 DEBTOR PAYMENTS RECEIVED | 3 CREDITOR REFUND | 4 REFUNDS TO DEBTORS | 5 ADMIN. EXPENSES EXCL. TRUSTEE FEE | 6 PAYMENT TO CREDITORS | 7 CURRENT % FEE | 8 % FEE TRANSF. TO EXPENSE FUND | 9 ENDING CASH BALANCE (1) + (2) - (4) - (5) - (6) - (8) - | 10 PLAN FILED (DATE) | 11 PLAN CONF. (DATE) | 12 DATE OF LAST D.I.P. MONTHLY REPORT | 13 % FEE RECEIVED ON DIRECT PAYMENTS |
|---------------------|-----------------------------------|-------------------------------------|-------------------------|-------------------------------|--|---------------------------------|-----------------------|--|---|-------------------------------|-------------------------------|--|---|
| | | | | | | | | | | | | | |
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| SUBTOTAL AMOUNTS | | | | | | | | | | | | | |

FROM:

United States Trustee

TO: All Chapter 12 Standing Trustees

SUBJECT: Instructions for Monthly Recapitulation Report

This report has been designed so that the year and totals correspond directly to entries on the Annual Report. The Recapitulation Report must be filed with the United States Trustee's Office no later than 15 days following the end of the reporting period.

There are two items that need to be mentioned concerning this report. The first one is regarding the transfers line. This line is used to reflect the transfers from unconfirmed deposits to confirmed deposits in columns (11) and (12). This is the only place that a transfer between unconfirmed and confirmed deposits will be recorded. The other major item is that column (10) is available to record the Trustee's percentage fees which were received from the debtor on payments made directly by the debtor.

Most of the information required to complete this report can be obtained directly from the Monthly Status and Financial Report. The directions for completing the Monthly Status and Financial Report include a cross reference section showing how to transfer totals to the Monthly Recapitulation Report. For ease of completion, any line which will not have an entry for a particular column has been marked with two hyphens.

The interest earned on the confirmed trust fund account must be transferred to the expense account at the end of each month and should not be reflected as a receipt or disbursement in this report. The monthly transfer of interest earned on the post-confirmation account to the Standing Trustee expense account will be reflected on your post-confirmation account Cash Receipts and Disbursements Journal as "Interest Transferred to Expense Fund" and on your expense account Receipts and Disbursements Journal as a "Receipt of Interest".

Interest earned, if any, on the unconfirmed trust account should be reflected as a receipt in the Unconfirmed Deposits column of this report. If a plan of confirmation is subsequently approved, the interest earned will be treated as a payment by the debtor and the trustee will be required to issue a Form 1099 to the debtor for the interest earned on pre-confirmed deposits. If the case is dismissed prior to confirmation, the trustee will also be required to issue a 1099 to the debtor for any interest earned on pre-confirmed deposits.

Following is a set of instructions for completing the Monthly Recapitulation Report. Please note that the last page of this report refers to a cross reference which shows how to transfer the year and totals of columns (1) through (12) to the Annual Report.

Columns (1) and (2) Unconfirmed and Confirmed Deposits -- These columns are used to record the debtor deposits as they are received each month and interest earned on pre-confirmation payments deposited in interest bearing accounts. Transfers from unconfirmed deposits to confirmed deposits are not recorded in these columns as they are recorded in columns (11) and (12) as a transfer.

Column (3) Creditor Refunds -- This column is used to record any refunds received from a creditor. Column (6), (7) or (8) must be reduced by the amount of the refund to show the proper adjustment in creditor disbursements. The information in this column is provided for summary purposes only and is not to be included in the reconciliation of the trust fund balances (i.e. columns (11) and (12)).

Column (4) Refunds to Debtor -- This column is used to record any refunds that the Trustee would make to the debtor. This will include any refund of pre-confirmation deposits and interest earned thereon upon dismissal of the case prior to confirmation.

Column(5) Administrative Expenses (Excluding Trustee Fees) and Section 503(b) Expense Allowances -- This column is used to record all administrative expenses (except trustee fees disbursed to the expense fund) and any administrative expense allowances awarded by the Bankruptcy Court under Section 503(b). NOTE: For purposes of the Annual Report you will need to provide breakdown between Debtor's Attorney Fees, Court costs, other administrative expenses, and administrative expense allowances.

Columns (6), (7) and (8) Priority Secured and Unsecured -- The totals to be inserted in these columns will be the net of total disbursements to creditors (by category) less any creditor refunds for that category received during the month.

Column (9) Percentage Fees -- Trustee Disburses to Expense Account -- This column is used to record Trustee fees transferred to the expense account for creditor payments actually disbursed by the trustee. This column must also show the reimbursement of trustee fees owed back to the estate for creditor refunds. Therefore, the amount in column (9) should be the net of percentage fees earned on disbursements shown in columns (5), (6), (7) and (8) for the month minus percentage fees previously taken on prior month's disbursements which have been refunded during the current month.

Column (10) Percentage Fees -- Received on Direct Payments -- This column is used to record Trustee fees received on payments made directly by the debtor. These fees must be deposited directly into the Trustee expense fund. The information in this column is for summary purposes only and is not to be included in the reconciliation of the trust fund balances (i.e. columns (11) and (12)).

Columns (11) and (12) Confirmed and Unconfirmed Account Balance -- These columns are used to record the total of all receipts, disbursements and transfers in these two accounts. The subtotal at the end of each month must agree with the reconciled bank balances for that month. The unconfirmed deposit receipts from column (1) must equal the receipts for unconfirmed deposits in column (12). The total of confirmed deposit receipts in column (2) must equal the total receipts for confirmed cases in column (11). The total of all disbursements in columns (4), (5), (6), (7), (8) and (9) must equal the total of disbursements in columns (11) and (12). The transfer lines in columns (11) and (12) are used to record any transfers from unconfirmed deposits to confirmed deposits. This is the only place at such transfers will be recorded.

As previously mentioned, the column totals for the year correspond directly to entries in the Annual Report. The cross reference worksheet at the end of this report shows exactly where the year end totals should be entered.

To help explain how the financial transactions for each month are to be recorded in the Monthly Recapitulation Report, I have enclosed an example which reflects the proper recording of various transactions the Trustee will encounter. The example also shows how the year end totals are to be transferred to the Annual Report.

REMEMBER -- This report must be filed with the United States Trustee's Office no later than 15 days following the end of the reporting period.

CROSS REFERENCE TABLE BETWEEN
MONTHLY RECAPITULATION YEAR END TOTALS AND
STANDING TRUSTEE'S ANNUAL REPORT

| Recapitulation Year End Column Totals | = | Lines on Trustee's Annual Reports |
|--|---|---|
| ----- | | |
| Column (1) and (2) | = | Line II(a) |
| Column (4) | = | Line III(d) |
| Column (5) | = | Administrative Expenses should be allocated by category to Lines IV(d), (e) and (f); Section 503(b) Expense allowances transfer to Lines IV(i) and XII(b) |
| Column (6) | = | Line IV(b) |
| Column (7) | = | Line IV(a) |
| Column (8) | = | Line IV(c) |
| Column (9) | = | Line IV(h)(i) and X(f)(iv) |
| Column (10) | = | Line XII(c)(i) |
| Column (11) | = | Line VI(b) |
| Column (12) | = | Line VI(a) |

MONTHLY RECAPITULATION REPORT EXAMPLE

The following transactions will be recorded for the year of 1988. The confirmed trust fund balance and unconfirmed account balance at December 31, 1987, were \$100,000 and \$5,00 respectively.

The following transactions occurred during the month of January 1988:

- 1) Unconfirmed deposits totaled \$6,000 for the month. Of this amount, \$4,000 (two debtors each made a \$2,000 deposit) was deposited into an interest bearing pre-confirmation account. All of the other unconfirmed deposits are in non-interest bearing accounts.
- 2) Confirmed deposits totaled \$35,000 for the month. Of this amount, \$200 has been refunded to a debtor.
- 3) A \$500 refund was received from a secured creditor in the same month that the original disbursement to that creditor was made.
- 4) Disbursements to priority, secured and unsecured creditors totaled \$3,000, \$20,000 and \$10,000 respectively. The \$20,000 disbursements to secured creditors is recorded in column (7) less the \$500 creditor refund received during the month.
- 5) Administrative expenses excluding Trustee fees in the amount of \$1,000 were paid, \$300 of which were Court costs and \$700 were payment of attorney fees for debtor's counsel.
- 6) The Trustee transferred \$3,722 to the expense account (column (9)) for fees earned on disbursements totalling \$34,000 made by the Trustee less the \$500 creditor refund received during the month.
- 7) One debtor made a payment of \$10,000 directly to a secured creditor and paid the \$1,111 Trustee fee to the Trustee. This \$1,111 is not included in the \$35,000 of confirmed deposits. The \$1,111 must be deposited directly into the Trustee Expense Account when it is received. The total of "direct fees" received by the Trustee is recorded in column (10), which allows the Trustee to transfer the year and total of column (10) directly to the Annual Report (Line XII(c)(i)).

- 8) Three unconfirmed cases with a total balance of \$750 on deposit were confirmed during the month. The \$750 was transferred to the confirmed trust fund balance (a minus in column (12) and a plus in column (11)). These deposits had all been placed in non-interest bearing bank accounts.
- 9) \$700 of interest was earned on the confirmed trust fund balance and is transferred to the Trustee's expense account, prior to the preparation of the Monthly Recapitulation Report. Since earned interest must be transferred monthly, it will never be reflected as part of the confirmed trust fund balance in column (11), and therefore is not recorded on this report.
- 10) \$20 of interest was earned on the \$4,000 deposited in the interest bearing pre-confirmation accounts. Both cases were still unconfirmed at the end of January. Therefore, the \$20 of interest will be added to the unconfirmed deposits in column (1) for a total of \$6,020.

The following transactions occurred during the month of February 1988:

- 1) Unconfirmed deposits totaled \$500 for the month. All deposits were placed in non-interest bearing accounts.
- 2) Confirmed deposits totaled \$42,000 for the month. Of this amount, \$150 has been refunded to a debtor.
- 3) A \$350 refund was received from an unsecured creditor in the same month that the original disbursement to that creditor was made.
- 4) Disbursements to priority, secured and unsecured creditors totaled \$5,000, \$30,000 and \$3,000 respectively. The \$3,000 disbursement to unsecured creditors is recorded in column (8) less the \$350 creditor refund received during the month.
- 5) One case in which the debtor had made a \$2,000 pre-confirmation deposit was dismissed prior to confirmation on February 1, 1988. This deposit had been placed in an interest bearing account on behalf of the debtor and now totaled \$2,010(\$2,000 original payment plus \$10 in interest earned). The Court costs due are \$126 and the Court awards the trustee \$200 in expenses under Section 503(b). Trustee returns the balance of \$1,684 to the debtor and is required to issue a Form 1099 to the debtor for the interest earned of \$10.

- 6) The other case in which the debtor's pre-confirmation deposit was placed in an interest bearing account was confirmed on February 28, 1988. An additional \$10 of interest was earned during the month of February. This \$10 of interest must be added to the \$500 of unconfirmed deposits for a total of \$510. The balance held on behalf of the debtor totaling \$2,020 (\$2,000 original deposit plus \$20 of interest earned) is transferred to the confirmed trust fund (recorded in columns (11) and (12)). The trustee is required to issue a Form 1099 to the debtor for the \$20 of interest earned.
- 7) Administrative expenses excluding Trustee fees in the amount of \$1,626 were paid, \$246 of which were Court costs (this includes the \$126 of Court costs mentioned in Number 5 above) and \$1,380 were payment of attorney fees for the debtor's counsel.
- 8) The Trustee transferred \$4,350 to the expense account (column (9)) for fees earned on disbursements totalling \$39,500 made by the Trustee less the \$350 unsecured creditor refund received during the month.
- 9) One debtor made a payment of \$8,000 directly to a secured creditor and paid the \$889 Trustee fee to the Trustee. This \$889 is not included in the \$42,000 of confirmed deposits.
- 10) Ten unconfirmed cases with a total balance of \$3,000 on deposit were confirmed during the month (including the \$2,020 mentioned in Number 6 above). The \$3,000 was transferred to the confirmed trust fund balance (a minus in column (12) and a plus in column (11)).

The only transactions that occurred during the month of March 1988 was the receipt of a \$500 refund from a secured creditor. Since the original disbursement to this creditor had been made in a prior month, the Trustee fee of \$55 had previously been transferred from the trust account to the expense account. Therefore, the Trustee must transfer into the trust account from the expense account the \$55 fee. (Please refer to the instructions for recording creditor refunds in the Monthly Status and Financial Report.)

For simplicity purposes, it will be assumed that there were no other transactions during the year. These transactions have all been reported on the attached example of the Monthly Recapitulation Report.

FROM: United States Trustee

TO: All Chapter 12 Standing Trustees

SUBJECT: Instructions for Monthly Reconciliation
Between Trustee Funds and Bank Statement

Attached hereto please find a form to be utilized in the monthly reconciliation between Chapter 12 Trustee funds and bank statements. This form is to be used in conjunction with the Monthly Status and Financial Report and Monthly Recapitulation Report.

Pursuant to Executive Office directive, you are required on a monthly basis to prepare a reconciliation between all funds held as Trustee and the bank statements. This form has been prepared to allow the reconciliation for both your confirmation account and your pre-confirmation account to be done on a single form.

Please note: If everything is truly reconciled, the reconciled balance appearing on line 5 of the Reconciliation Statement should correspond to the respective account balance appearing in columns (11) and (12) of your Monthly Recapitulation Report. Further, the combined total for the reconciled balances of both accounts appearing on line 5 should correspond to the total of column 9 "Ending Cash Balance" on your Monthly Status and Financial Report.

This monthly reconciliation between Trustee funds and bank statements must be performed for both the confirmation and pre-confirmation accounts and submitted to the United States Trustee simultaneously with the Monthly Status and Financial Report and the cumulative Recapitulation Report.

FURTHER, A COPY OF EACH BANK STATEMENT FOR EACH ACCOUNT BEING RECONCILED MUST BE ATTACHED TO THE RECONCILIATION STATEMENT WHEN IT IS SUBMITTED.

SAMPLE

RECONCILIATION BETWEEN TRUSTEE FUNDS AND BANK STATEMENT

TRUSTEE _____

MONTH OF _____, 19 ____

| | A Confirmation <u>Trust Account</u> | B Pre-Confirmation <u>Account</u> |
|---|---|---|
| 1. Balance per Bank Statement | _____ | _____ |
| 2. Deposits in Transit | _____ | _____ |
| 3. Outstanding Checks | _____ | _____ |
| 4. Other reconciling items: Itemize _____ _____ _____ | _____ | _____ |
| 5. Reconciled Balance [item 1 + 2 - 3 (+-) 4] | _____ | _____ |
| 6. Total Ending Cash Balances in columns 9(11) and (12) of Monthly Recapitulation Report [should equal reconciled balances on line 5A and B above] | _____ | _____ |
| 7. total ending cash balance in column 9 of Monthly Status Report [should equal combined total of line 5A and B above] | _____ | _____ |
| | _____ | _____ |
| | _____ | _____ |

MONTHLY RECAPITULATION REPORT

TOTAL NUMBER OF PENDING CASES _____

BOND AMOUNT \$ _____

| MONTH | (1) UNCON- FIRMED DEPOSITS | (2) CONFIRME DEPOSITS | (3)* CREDITOR REUNDS | (4) REFUNDS TO DEBTOR | (5) ADMIN. EXPENSES | (6) PRIORITY | (7) SECURED | (8) UNSECURED | (9) % FEES - TRUSTEE DISB. TO EXPENSE ACCOUNT | (10) % FEE RECEIVED ON DIRECT PAYMT. | (11) CONF. TRUST FUND BALANCE | (12) UNCON- FIRMED ACCOUNT BALANCE |
|---|-------------------------------------|-----------------------------|----------------------------|--------------------------------|---------------------------|-----------------|----------------|------------------|--|---|---|--|
| DECEMBER 31 CASH BALANCES CARRIED FORWARD | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| JANUARY, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | | | | | | | | | | | | |
| FEBRUARY, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | | | | | | | | | | | | |
| MARCH, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | | | | | | | | | | | | |
| APRIL, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL CARRIED FORWARD | | | | | | | | | | | | |

* The information in these columns is provided for summary purposes only and is not to be included in the reconciliation of the trust fund balances (Columns 11 and 12)

MONTHLY RECAPITULATION REPORT

TOTAL NUMBER OF PENDING CASES _____

BOND AMOUNT \$ _____

| MONTH | (1) UNCON- FIRMED DEPOSITS | (2) CONFIRME DEPOSITS | (3)* CREDITOR REUNDS | (4) REFUNDS TO DEBTOR | (5) ADMIN. EXPENSES | (6) PRIORITY | (7) SECURED | (8) UNSECURED | (9) % FEES - TRUSTEE DISB. TO EXPENSE ACCOUNT | (10) % FEE RECEIVED ON DIRECT PAYMT. | (11) CONF. TRUST FUND BALANCE | (12) UNCON- FIRMED ACCOUNT BALANCE |
|--------------------------------------|-------------------------------------|-----------------------------|----------------------------|--------------------------------|---------------------------|-----------------|----------------|------------------|--|---|---|--|
| APRIL 30 BALANCES CARRIED FORWARD | | | | | | | | | | | | |
| MAY, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | | | | | | | | | | | | |
| JUNE, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | | | | | | | | | | | | |
| JULY, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | | | | | | | | | | | | |
| AUGUST, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL CARRIED FORWARD | | | | | | | | | | | | |

MONTHLY RECAPITULATION REPORT

TOTAL NUMBER OF PENDING CASES _____

BOND AMOUNT \$ _____

| MONTH | (1) UNCON- FIRMED DEPOSITS | (2) CONFIRME DEPOSITS | (3)* CREDITOR REUNDS | (4) REFUNDS TO DEBTOR | (5) ADMIN. EXPENSES | (6) PRIORITY | (7) SECURED | (8) UNSECURED | (9) % FEES - TRUSTEE DISB. TO EXPENSE ACCOUNT | (10) % FEE RECEIVED ON DIRECT PAYMT. | (11) CONF. TRUST FUND BALANCE | (12) UNCON- FIRMED ACCOUNT BALANCE |
|---------------------------------------|-------------------------------------|-----------------------------|----------------------------|--------------------------------|---------------------------|-----------------|----------------|------------------|--|---|---|--|
| AUGUST 31 BALANCES CARRIED FORWARD | | | | | | | | | | | | |
| SEPTEMBER, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | | | | | | | | | | | | |
| OCTOBER, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | | | | | | | | | | | | |
| NOVEMBER, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | | | | | | | | | | | | |
| DECEMBER, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| TOTALS FOR THE YEAR | | | | | | | | | | | | |

NOTE: See attached Cross Reference for Transfer of year End Totals of Columns (1) - (12) to Trustee's Annual Report.

MONTHLY RECAPITULATION REPORT

TOTAL NUMBER OF PENDING CASES 85

BOND AMOUNT \$ 200,000

| MONTH | (1) UNCON- FIRMED DEPOSITS | (2) CONFIRME DEPOSITS | (3)* CREDITOR REUNDS | (4) REFUNDS TO DEBTOR | (5) ADMIN. EXPENSES | (6) PRIORITY | (7) SECURED | (8) UNSECURED | (9) % FEES - TRUSTEE DISB. TO EXPENSE ACCOUNT | (10) % FEE RECEIVED ON DIRECT PAYMT. | (11) CONF. TRUST FUND BALANCE | (12) UNCON- FIRMED ACCOUNT BALANCE |
|---|-------------------------------------|-----------------------------|----------------------------|--------------------------------|---------------------------|-----------------|----------------|------------------|--|---|---|--|
| DECEMBER 31 CASH BALANCES CARRIED FORWARD | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 100,000 | 5,000 |
| JANUARY, 19 ____ RECEIPTS | 6,020 | 35,000 | 500 | -- | -- | -- | -- | -- | -- | 1,111 | 35,000 | 6,020 |
| DISBURSEMENTS | -- | -- | -- | 200 | 1,000 | 3,000 | 19,500 | 10,000 | 3,722 | -- | (37,422) | (-0-) |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 750 | (750) |
| SUBTOTAL | 6,020 | 35,000 | 500 | 200 | 1,000 | 3,000 | 19,500 | 10,000 | 3,722 | | 98,328 | 10,270 |
| FEBRUARY, 19 ____ RECEIPTS | 510 | 42,000 | 350 | -- | -- | -- | -- | -- | -- | 889 | 42,000 | 510 |
| DISBURSEMENTS | -- | -- | -- | 1,834 | 1,826 | 5,000 | 30,000 | 2,650 | 4,350 | -- | (43,650) | (2,010) |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 3,000 | (3,000) |
| SUBTOTAL | 6,530 | 77,000 | 850 | 2,034 | 2,826 | 8,000 | 49,500 | 12,650 | 8,072 | 2,000 | 99,678 | 5,770 |
| MARCH, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | (500) | | (55) | -- | (555) | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | 6,530 | 77,000 | 850 | 2,034 | 2,826 | 8,000 | 49,000 | 12,650 | 8,017 | 2,000 | 100,233 | 5,770 |
| APRIL, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL CARRIED FORWARD | 6,530 | 77,000 | 850 | 2,034 | 2,826 | 8,000 | 49,000 | 12,650 | 8,017 | 2,000 | 100,233 | 5,770 |

* The information in these columns is provided for summary purposes only and is not to be included in the reconciliation of the trust fund balances (Columns 11 and 12)

MONTHLY RECAPITULATION REPORT

TOTAL NUMBER OF PENDING CASES 85

BOND AMOUNT \$ 200,000

| MONTH | (1) UNCON- FIRMED DEPOSITS | (2) CONFIRME DEPOSITS | (3)* CREDITOR REUNDS | (4) REFUNDS TO DEBTOR | (5) ADMIN. EXPENSES | (6) PRIORITY | (7) SECURED | (8) UNSECURED | (9) % FEES - TRUSTEE DISB. TO EXPENSE ACCOUNT | (10) % FEE RECEIVED ON DIRECT PAYMT. | (11) CONF. TRUST FUND BALANCE | (12) UNCON- FIRMED ACCOUNT BALANCE |
|--------------------------------------|-------------------------------------|-----------------------------|----------------------------|--------------------------------|---------------------------|-----------------|----------------|------------------|--|---|---|--|
| APRIL 30 BALANCES CARRIED FORWARD | 6,530 | 77,000 | 850 | 2,034 | 2,826 | 8,000 | 49,000 | 12,650 | 8,017 | 2,000 | 100,233 | 5,770 |
| MAY, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | 6,530 | 77,000 | 850 | 2,034 | 2,826 | 8,000 | 49,000 | 12,650 | 8,017 | 2,000 | 100,233 | 5,770 |
| JUNE, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | 6,530 | 77,000 | 850 | 2,034 | 2,826 | 8,000 | 49,000 | 12,650 | 8,017 | 2,000 | 100,233 | 5,770 |
| JULY, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | 6,530 | 77,000 | 850 | 2,034 | 2,826 | 8,000 | 49,000 | 12,650 | 8,017 | 2,000 | 100,233 | 5,770 |
| AUGUST, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL CARRIED FORWARD | 6,530 | 77,000 | 850 | 2,034 | 2,826 | 8,000 | 49,000 | 12,650 | 8,017 | 2,000 | 100,233 | 5,770 |

MONTHLY RECAPITULATION REPORT

TOTAL NUMBER OF PENDING CASES 85

BOND AMOUNT \$ 200,000

| MONTH | (1) UNCON- FIRMED DEPOSITS | (2) CONFIRME DEPOSITS | (3)* CREDITOR REUNDS | (4) REFUNDS TO DEBTOR | (5) ADMIN. EXPENSES | (6) PRIORITY | (7) SECURED | (8) UNSECURED | (9) % FEES - TRUSTEE DISB. TO EXPENSE ACCOUNT | (10) % FEE RECEIVED ON DIRECT PAYMT. | (11) CONF. TRUST FUND BALANCE | (12) UNCON- FIRMED ACCOUNT BALANCE |
|---------------------------------------|-------------------------------------|-----------------------------|----------------------------|--------------------------------|---------------------------|-----------------|----------------|------------------|--|---|---|--|
| AUGUST 31 BALANCES CARRIED FORWARD | 6,530 | 77,000 | 850 | 2,034 | 2,826 | 8,000 | 49,000 | 12,650 | 8,017 | 2,000 | 100,233 | 5,770 |
| SEPTEMBER, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | 6,530 | 77,000 | 850 | 2,034 | 2,826 | 8,000 | 49,000 | 12,650 | 8,017 | 2,000 | 100,233 | 5,770 |
| OCTOBER, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | 6,530 | 77,000 | 850 | 2,034 | 2,826 | 8,000 | 49,000 | 12,650 | 8,017 | 2,000 | 100,233 | 5,770 |
| NOVEMBER, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| SUBTOTAL | 6,530 | 77,000 | 850 | 2,034 | 2,826 | 8,000 | 49,000 | 12,650 | 8,017 | 2,000 | 100,233 | 5,770 |
| DECEMBER, 19 ____ RECEIPTS | | | | -- | -- | -- | -- | -- | -- | | | |
| DISBURSEMENTS | -- | -- | -- | | | | | | | -- | () | () |
| TRANSFERS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | () |
| TOTALS FOR THE YEAR | 6,530 | 77,000 | 850 | 2,034 | 2,826 | 8,000 | 49,000 | 12,650 | 8,017 | 2,000 | 100,233 | 5,770 |

NOTE: See attached Cross Reference for Transfer of year End Totals of Columns (1) - (12) to Trustee's Annual Report.

CHAPTER 12 STANDING TRUSTEE ANNUAL REPORT AND INSTRUCTIONS

Schedule I TRUST FUNDS PER BOOKS BEGINNING OF YEAR

The amount recorded at:

- I(a) is the combined total of the ending fund balances in the pre-confirmation trust accounts at the end of the prior fiscal year.
- I(b) is the ending fund balance in the interest bearing account for confirmed cases at the end of the prior fiscal year.
- I(c) is the interest reported in prior year but not yet transferred to expense funds. This total, or portions thereof, will also be shown and recorded in other Schedules within the Annual Report as follows:
V(e)(ii), VI(c) and XII(d)(ii).

Schedule II TRUST FUNDS RECEIVED DURING YEAR

The purpose of this Schedule is to determine (a) the total amount of gross payments received from or on behalf of debtors, (b) interest received on trust funds, (c) deposits into the trust account of fees received by the trustee on payments made directly to creditors by debtors (direct payments) and (d) other receipts received during the fiscal year.

NOTE: That the 1986 amendment to 28 U.S.C. Section 586(e)(2) provides that the percentage fee applies only to payments received by the standing trustee. The Amendment became effective November 26, 1986, as to plans confirmed on or after that date, in districts that were then United States Trustee districts. The Amendment became effective in other districts upon the expiration of the 30-day period beginning on the date the Attorney General certified the district under Section 303 of the Bankruptcy Judges, United States Trustees, and Family Farmer Bankruptcy Act of 1986. Therefore, fees may not be received on payments directly by debtors to creditors under plans confirmed on or after the date that 28 U.S.C. Section 586(e)(2) (as amended) became effective in the district in which the case was filed. If other receipts into the trust fund include fees on direct payments, you must attach a schedule itemizing those cases including the case number, case name, date of confirmation, amount of direct payment by debtor, date confirmation of payment was obtained from the creditor and the amount of the fee received.

Item II(a) includes all receipts from or on behalf of debtors, whether before confirmation or after. Pre-confirmation receipts, if applicable, are not to be shown as receipts a second time, upon confirmation.

Schedule III TRUST FUNDS REFUND DURING YEAR

Refunds in Item III(a) include refunds of monies after plan confirmation, and Item III(c) includes monies refunded on cases with no confirmed plan.

It is important to note that Item III(a)(i) through (iv) includes a breakdown of refund reporting which requires separate recording of these refunds in the trustee's financial records during the year.

Schedule IV TRUST FUND DISBURSEMENTS ON CASES WITH CONFIRMED PLANS

This Schedule requires the recording of data concerning trust disbursements.

Item IV(h)(ii) should include any fees received from debtors on payments made directly to creditors by debtors deposited into the trust account and shown at II(c). The amount recorded in IV(h)(i), percentage fees transferred to expense fund, is reconciled to plan disbursements at Schedule X(f). This reconciliation demonstrates actual disbursement amounts on which percentage fees were transferred. If a difference occurs between percentage fees actually transferred on actual disbursements during the year (IV(h)(i)), and the properly calculated amount at (X(f)(ii)(b)), the difference will be shown and fully explained at X(f)(iii). The sum total of IV(h)(i) and IV(h)(ii) will be carried forward to XII(a).

Schedule V TRUST FUND SUMMARY PER BOOKS FOR END OF YEAR

This Schedule represents a summary of amount previously reported on Schedules I, II, III and IV

The balance of V(g) is the actual total trust funds per books at the end of the calendar year. This amount must agree with the final year-end General Ledger total and with the aggregate of all year-end individual debtor ledger totals.

The amount recorded in V(g) will be the same amount shown in Schedule VI(e), VII(d) and VIII(e). If different, an error in posting has occurred and should be identified and reported separately on Schedule VI(d) and VIII(d).

Schedule VI NATURE OF TRUST FUNDS PER BOOKS END OF YEAR

This Schedule represents the total trust funds per books at the end of the calendar year, including the breakdown of trust funds in pre-confirmed and confirmed plan cases.

NOTE: The amounts recorded in Schedule VI as prior year ending pre-confirmed and confirmed plan balances will be the same as amounts recorded in Schedule I as current year beginning plan balances.

Schedule VII LOCATION OF TRUST FUNDS PER BOOKS END OF YEAR

This Schedule provides for the names of the banks in which trust funds are on deposit at the end of the calendar year. Further, a breakdown of funds deposited in interest bearing and non-interest bearing accounts has been provided. You must also indicate if the depository is U.S. Government insured, or if non-bank instruments, whether they are obligations of the United States.

Schedule VIII RECONCILIATION BETWEEN TRUST FUNDS PER BOOKS AND PER BANKS END OF THE YEAR

This Schedule represents a reconciliation of total trust funds per books and per bank at end of calendar year.

Schedule IX AGING OF TRUST FUND BALANCES PER BOOKS END OF YEAR

This Schedule reports debtor receipts by month as recorded in the financial records and calculates, on a first-in, first-out basis, how many months' receipts remain undistributed at year end. This information is an indication of processing efficiency and identifies disbursement delays which have occurred.

Schedule X RECONCILIATION BETWEEN ACTUAL TRUST DISBURSEMENTS UNDER PLANS AND PERCENTAGE FEES

This Schedule reconciles to actual plan disbursements rather than to receipts. United States Trustee policy requires that percentage fees be transferred at the time of disbursements.

Schedule XI EXPENSE FUNDS PER BOOKS BEGINNING OF YEAR

This Schedule shows the separation of non-interest and interest bearing expense accounts at the beginning of the calendar year.

Schedule XII EXPENSE FUNDS RECEIVED DURING YEAR

The purpose of this Schedule is to determine (a) the total amount of percentage fees transferred from trust funds, (b) administrative expense allowances transferred from trust funds, (c) fees received directly from debtors on payments under plans not made through the trustee, (d) interest earned on trust funds, (e) interest earned on expense funds and (f) other receipts.

NOTE: That the 1986 amendment to 28 U.S.C. Section 586(e)(2) provides that the percentage fee applies only to payments received by the standing trustee. The Amendment became effective November 26, 1986, as to plans confirmed on or after that date, in districts that were then United States Trustee districts. The Amendment became effective in other districts upon the expiration of the 30- day period beginning on the date the Attorney General certified the district under Section 303 of the Bankruptcy Judges, United States Trustees and Family Farmer Bankruptcy Act of 1986. Therefore, fees may not be received on payments directly by debtors to creditors under plans confirmed on or after the date that 28 U.S.C. Section 586(e)(2) (as amended) became effective in the district in which the case was filed. If other receipts into the expense account include fees on direct payments, you must attach a schedule itemizing those cases including the case number, case name, date of confirmation, amount of direct payment by debtor, date confirmation of payment was obtained from the creditor and the amount of the fee received.

Examples of the items which can be recorded and included in XII(f) are: (1) returned check charges and (2) receipts for outside services provided, such as automated data processing.

Schedule XIII ACTUAL AND NECESSARY EXPENSES PAID DURING YEAR

Expenses are shown in the "third party" column if paid to anyone other than the trustee, the trustee's outside business office, or a party related to the trustee. Expenses are shown in the second column if paid or shared in conjunction with the trustee's outside business interest, or paid to the trustee or a party related to the trustee.

Schedule XIV EXPENSE FUND SUMMARY PER BOOKS FOR YEAR

The amount shown on XIV(j) will also be recorded on XV(d) and XVI(e).

Schedule XV LOCATION OF EXPENSE FUNDS PER BOOKS END OF YEAR

This Schedule provides for the names of the banks in which expense funds are on deposit at the end of the fiscal year.

Further, a breakdown of funds deposited in interest bearing and non-interest bearing accounts has been provided. You must also indicate if the depository is U.S. Government insured, or if non-bank instruments, whether they are obligations of the United States.

Schedule XVI RECONCILIATION BETWEEN EXPENSE FUNDS PER BOOKS AND PER BANKS END OF YEAR

This Schedule represents a reconciliation of total expense funds per books and per bank at end of year.

Schedule XVII FUNDS AVAILABLE FOR COMPENSATION (OPERATING DEFICIT)

Information for this section is derived and developed from other sections of the report as shown on the form. The funds available for compensation or (operating deficit), XVII(f), will also be recorded in Schedule XVIII(c).

Schedule XVIII COMPENSATION LIMITATION

Self explanatory.

Schedule XIX SURPLUS EXPENSE FUNDS

Self explanatory.

Schedule XX SUMMARY OF FUNDS PAYABLE

This Schedule represents excess compensation and/or surplus funds payable.

Schedule XXI UNREIMBURSED OPERATING DEFICITS CARRY FORWARD

Self explanatory.

Schedule XXII BONDING REQUIREMENT

Self explanatory.

Schedule XXIII CASES HANDLED

Self explanatory.

STANDING TRUSTEE'S CERTIFICATION TO REPORT AND ACCOUNT

As a last reminder, prior to submitting the Annual Report to the United States Trustee, ensure that your signature and the current date have been affixed on page 19. If a subsequent amended report is filed, as often is done upon completion of audit, the amended report must be signed and dated.

EXECUTIVE OFFICE FOR UNITED STATES TRUSTEES

Submission Date: _____
 Indicate if:
 _____Original _____Revised

ANNUAL REPORT AND ACCOUNT OF CHAPTER 12 STANDING TRUSTEE

For the Period Beginning January 1, 19__, through
 December 31, 19__

Trustee Name _____ Address _____
 District _____
 Phone(____) _____

STATEMENT OF TRUST TRANSACTIONS AND BALANCES

| | (Current year first) | |
|---|----------------------|------------|
| | <u>199</u> | <u>199</u> |
| I. TRUST FUNDS PER BOOKS BEGINNING OF YEAR | | |
| (a) Pre-confirmation (if applicable) Note: although not required by chapter 12, payments may be received and held in escrow through Court Order or Rule, or paid in for distribution under the plan, prior to confirmation | _____ | _____ |
| (b) Confirmed cases | _____ | _____ |
| (c) Interest reported in prior year, but not yet transferred to expense funds | _____ | _____ |
| (d) Other (itemize - add schedule if more space is needed): _____ | _____ | _____ |
| (e) Total trust funds per books beginning of year (a + b + c + d) | ===== | ===== |

II. TRUST FUNDS RECEIVED DURING YEAR

- (a) Gross payment from or on behalf of debtors, including total amount of paychecks received by Trustee [exclude fees received from debtors on direct payments - show and identify separately at II(c) and/or XII(c)] _____

- (b) Interest received on trust funds (incl. CDs, U.S. securities, etc.) _____

- (c)** Deposits into trust account for fees received from debtors on direct payments (you must attach a schedule itemizing those cases detailing the case number, case name, confirmation date, amount of direct payment by debtor, date confirmation of payment was obtained from the creditor and amount of fee received) _____

- (d) Other receipts (itemize - attach schedule if more space is needed):
 EXPLAIN: _____
 _____ _____

- (e) Total trust fund receipts [a + b + c + d]

III. TRUST FUNDS RECEIVED DURING YEAR

- (a) Refunds after confirmation:
 - (i) On cases closed _____
 - (ii) On cases dismissed _____
 - (iii) On conversion of cases (including payments (to chapter 7 trustees) _____
 - (iv) Other (itemize - attach schedule if more space is needed):
 _____ _____

**Fees may not be received on payments made directly by debtors to creditor under plans confirmed on or after the date that 28 U.S.C. Section 586(e) (2) became effective in the district in which the case was filed. See instructions for details.

- (b) Total trust funds refunds on cases after confirmation [i + ii + iii + iv] _____

| | | (Current year first) | |
|------|---|----------------------|------------|
| | | <u>199</u> | <u>199</u> |
| (c) | Refunds on cases with no confirmed plan | _____ | _____ |
| (d) | Total trust funds [b + c] | ===== | ===== |
| IV | TRUST FUND DISBURSEMENTS ON CASES WITH CONFIRMED PLANS | | |
| (a) | Secured creditors | _____ | _____ |
| (b) | Priority creditors | _____ | _____ |
| (c) | Unsecured creditors | _____ | _____ |
| (d) | Debtor attorneys | _____ | _____ |
| (e) | Clerk's fees | _____ | _____ |
| (f) | Other Administrative expenses (excluding §503(b) awards to trustee) | _____ | _____ |
| (g) | Subtotal of above payments (total - other than to Trustee) [a + b + c + d + e + f] | _____ | _____ |
| (h) | Percentage fees transferred to expense fund | | |
| (i) | Percentage fees on actual disbursements (same as X(f) (iv) | _____ | _____ |
| (ii) | Percentage fees received from debtors on direct payments | _____ | _____ |
| (i) | Administrative expense allowances transferred to expense fund | _____ | _____ |
| (j) | Total disbursements [g + h(i) (ii) + i] | ===== | ===== |

V. TRUST FUND SUMMARY PER BOOKS FOR END OF YEAR

| | | | |
|------|--|-----------|-----------|
| (a) | Trust funds per books beginning of year [same as I(e)] | _____ | _____ |
| (b) | Trust fund receipts [same as II(e)] | _____ | _____ |
| (c) | Trust fund refunds [same as III(d)] | (_____) | (_____) |
| (d) | Disbursements in cases with confirmed plans [same as IV(j)] | (_____) | (_____) |
| (e) | Interest and other receipts transferred to expense funds: | | |
| (i) | Received by trust fund in current year [cannot exceed II(b)] | (_____) | (_____) |
| (ii) | Received by trust fund in prior year(s) [cannot exceed I(c)] | (_____) | (_____) |
| (f) | Other (itemize - add schedule if more space is needed): | | |
| | EXPLAIN: _____ | | |
| | _____ | _____ | _____ |
| (g) | Total trust funds per books end of year (a + b - c - d - e ± f) [same as VI(e), VII(d), and VIII(e)] | ===== | ===== |

VI. NATURE OF TRUST FUNDS PER BOOKS END OF YEAR

| | | | |
|-----|---|-------|-------|
| (a) | Pre-confirmation, if applicable [See Note I(a)] | _____ | _____ |
| (b) | Confirmed Cases | _____ | _____ |
| (c) | Interest not yet transferred to expense fund [equals I(c) + II(b) - V(e) (i) (ii)] | _____ | _____ |
| (d) | Other (itemize - add schedule if more space is needed): | | |
| | _____ | _____ | _____ |
| (e) | Total trust funds per books end of year [a + b + c + d] [same as V(g), VII(d), and VIII(e)] | ===== | ===== |

VII. LOCATION OF TRUST FUNDS PER BOOKS END OF YEAR

| | |
|-----|---|
| (a) | In trust non-interest bearing checking accounts(s): [itemize and indicate if U.S. Government insured] |
|-----|---|

| | | (Current year first) | |
|-------|---|----------------------|-------------------|
| | | <u>199</u> | <u>199</u> |
| | _____ | _____ | _____ |
| | _____ | _____ | _____ |
| (b) | In trust interest bearing accounts(s): [itemize and indicate if U.S. Government insured] | | |
| | _____ | _____ | _____ |
| | _____ | _____ | _____ |
| (c) | Other instruments (itemize - attach schedule if more space is needed): [indicate if U.S. Government guaranteed] | | |
| | _____ | _____ | _____ |
| | _____ | _____ | _____ |
| (d) | Total trust funds per books end of year [a + b + c] [same as V(g), VI(e), and VIII(e)] | <u> </u> | <u> </u> |
| VIII. | RECONCILIATION BETWEEN TRUST FUNDS PER BOOKS AND PER BANKS END OF YEAR | | |
| (a) | Balance per banks | _____ | _____ |
| (b) | Deposits in transit | _____ | _____ |
| (c) | Outstanding checks | (_____) | (_____) |
| (d) | Other reconciling items (itemize - add schedule if more space is needed): | | |
| | _____ | _____ | _____ |
| (e) | Balance per books [a - b + c ± d] [same as V(g), VI(e) and VII(d)] | <u> </u> | <u> </u> |

IX. AGING OF TRUST FUNDS BALANCES PER BOOK - END OF YEAR

| | | | |
|-----|--|-------|-------|
| (a) | Debtor receipts by month [same as II(a) - gross payments from or on behalf of debtors] | | |
| | January | _____ | _____ |
| | February | _____ | _____ |
| | March | _____ | _____ |
| | April | _____ | _____ |
| | May | _____ | _____ |
| | June | _____ | _____ |
| | July | _____ | _____ |
| | August | _____ | _____ |
| | September | _____ | _____ |
| | October | _____ | _____ |
| | November | _____ | _____ |
| | December | _____ | _____ |
| (b) | Total debtor receipts [total of (a)] [same as II(a)] | ===== | ===== |
| (c) | Trust funds per books, end of year [same as V(g)] | ===== | ===== |
| (d) | Indicated number of months receipts held per books, end of year [add amounts in (a) from latest month (December) to earliest month (January), until same as (c)] | ===== | ===== |

X. RECONCILIATION BETWEEN TRUST DISBURSEMENTS UNDER PLANS AND PERCENTAGE FEES

Percentage fees are to be transferred only at the time of plan disbursements. [Lines (a) through (e) calculate the disbursements under plans to which each year's percentage fees apply. Lines (f)(1) through (f)(iv) reflect application of allowed percentage fee rates to the amount on line (e) to calculate actual percentage fees transferred on disbursement by the trustee. Constructive disbursements upon which a direct fee was received will not be reflected in Schedule X.]

| | (Current year first) | |
|--|----------------------|--------------|
| | <u>199</u> | <u>199</u> |
| (a) Trust disbursements [same as IV(j)] | _____ | _____ |
| (b) <u>Less</u> item IV(h) (ii) and IV(i) [Percentage fees do <u>not</u> apply to § 503(b) awards to trustee nor to fees received from debtors on direct payments] | _____ | _____ |
| (c) Applicable trust disbursements [(a) - (b)] | _____ | _____ |
| (d) Other reconciling items (itemize - add schedule if more space is needed): | | |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| (e) Trust disbursements as to which percentage fees were transferred [c ± d] | <u>=====</u> | <u>=====</u> |

(f) Percentage fee calculation:

(i) Percentage(s) applied during year (percentages are those actually used provide footnote explanation if different than those authorized by Attorney General) and trust disbursement to which percentage fees applied.

| <u>PERCENTAGE</u> | x | <u>TRUST DISBURSEMENTS UNDER \$450,000</u> | = | <u>CALCULATED PERCENTAGE FEE</u> |
|-------------------|---|--|---|--------------------------------------|
| _____ % | x | \$ _____ | = | \$ _____ |
| _____ % | x | \$ _____ | = | \$ _____ |

| <u>PERCENTAGE</u> | x | <u>TRUST DISBURSEMENTS OVER \$450,000</u> | = | <u>CALCULATED PERCENTAGE FEE</u> |
|-------------------|---|---|---|--------------------------------------|
| _____ % | x | \$ _____ | = | \$ _____ |
| _____ % | x | \$ _____ | = | \$ _____ |

(ii) Totals from (f)(i) - [Insert at (a) trust disbursements to which percentages applied, and insert at (b) calculated percentage fees]

| | | | |
|----------------|----------|-----|----------|
| (a) | \$ _____ | (b) | \$ _____ |
| [same as X(e)] | | | |

(iii) Other reconciling items [itemize - add schedule if more space is needed]:

| | |
|--|--|
| | |
| | |
| | |

(iv) Actual percentage fees on actual disbursements by trustee transferred [(f)(ii)(b) ± (f)(iii)] [same as IV(h) (i)]

=====

STATEMENT OF "EXPENSE" TRANSACTIONS AND BALANCES

| | | (Current year first) | |
|-------|--|----------------------|------------|
| | | <u>199</u> | <u>199</u> |
| XI. | EXPENSE FUNDS PER BOOKS BEGINNING OF YEAR | | |
| | (a) In expense non-interest bearing account(s) if applicable | _____ | _____ |
| | (b) In expense interest-bearing account(s) | _____ | _____ |
| | (c) Other instruments (itemize - add schedule if more space is needed): | | |
| +++++ | _____ | _____ | _____ |
| | (d) Total expense funds per books beginning of year [a + b + c] | ===== | ===== |
| XII. | EXPENSE FUNDS RECEIVED DURING YEAR | | |
| | (a) Percentage fees transferred from trust funds [same as IV(h)(i) and (ii)] | _____ | _____ |
| | (b) Administrative expense allowances transferred from trust funds [same as IV(i)] | _____ | _____ |
| | (c)** (i) Fees received directly from debtors on payments under plans not made through the trustee and deposited directly into trustee expense account. (NOTE: Where receipts into the <u>expense account</u> include fees received from debtors on direct payments, you must attach a schedule itemizing those cases detailing the case number, case name, confirmation date, amount of direct payment by debtor, date confirmation of payment was obtained from the creditor and amount of fee received. | _____ | _____ |

**Fees may not be received on payments made directly by debtors to creditors under plans confirmed on or after the date that 28 U.S.C. Section 586 (e) (2) became effective in the district in which the case was filed. See instructions for details.

(ii) Total amount of direct payments by debtor to creditors for which direct fees reported at II(c) and/or XII(c) (i) were received:

 [The entry for the total amount of direct payments from debtors to creditors should be carried forward for the calculation of the 5% compensation limitation at XVIII(b)]

| | | | |
|--|-------|-------|--|
| (d) Interest transferred from trust funds: | | | |
| (i) Received by trust fund in current year [same as V(e)(ii)]: | _____ | _____ | |
| (ii) Received by trust fund in prior year(s) [same as V(e)(ii)]: | _____ | _____ | |
| (e) Interest earned on expense funds | _____ | _____ | |
| (f) Other receipts (itemize - add schedule if more space is needed): | _____ | _____ | |
| (g) Total expense fund receipts [a + b + c + d + e ± f] | | | |
| | _____ | _____ | |

XIII. ACTUAL AND NECESSARY EXPENSES PAID DURING YEAR
 (All as defined and approved by U.S. Trustee)

| | <u>Third Party</u> | <u>Allocated or Related Party</u> | <u>Current Total</u> | <u>Prior Total</u> |
|--|--------------------|-----------------------------------|----------------------|--------------------|
| (a) Salaries, excluding Trustee compensation shown at XIV(d) | _____ | _____ | _____ | _____ |
| (b) Employee Payroll taxes: | _____ | _____ | _____ | _____ |
| (c) Employee Employment benefits: | _____ | _____ | _____ | _____ |
| (d) Office rent | _____ | _____ | _____ | _____ |
| (e) Utilities | _____ | _____ | _____ | _____ |
| (f) Outside accounting services | _____ | _____ | _____ | _____ |
| (g) Computer services | _____ | _____ | _____ | _____ |
| (h) Audit services | _____ | _____ | _____ | _____ |
| (i) Legal/consulting services | _____ | _____ | _____ | _____ |
| (j) Telephone | _____ | _____ | _____ | _____ |
| (k) Postage | _____ | _____ | _____ | _____ |
| (l) Office supplies | _____ | _____ | _____ | _____ |
| (m) Bond premiums: | _____ | _____ | _____ | _____ |
| (i) Trustee | _____ | _____ | _____ | _____ |
| (ii) Employees | _____ | _____ | _____ | _____ |

(Schedule XIII continued on following page)

| | <u>Third Party</u> | <u>Allocated or Related Party</u> | <u>Current Total</u> | <u>Prior Total</u> |
|---|------------------------|---|--------------------------|------------------------|
| (n) Clerk fees (not under plans) | _____ | _____ | _____ | _____ |
| (o) Dues to professional organizations | _____ | _____ | _____ | _____ |
| (p) Publications | _____ | _____ | _____ | _____ |
| (q) Insurance, other than employment related | _____ | _____ | _____ | _____ |
| (r) Conferences and seminars | _____ | _____ | _____ | _____ |
| (s) Maintenance and service agreements | _____ | _____ | _____ | _____ |
| (t) Photocopy services or transcripts | _____ | _____ | _____ | _____ |
| (u) Travel: | | | | |
| (i) Transportation | _____ | _____ | _____ | _____ |
| (ii) Lodging | _____ | _____ | _____ | _____ |
| (iii) Meals | _____ | _____ | _____ | _____ |
| (iv) Other (add schedule) | _____ | _____ | _____ | _____ |
| (v) Equipment/furniture rental | _____ | _____ | _____ | _____ |
| (w) Equipment/furniture purchases [excluding purchases from surplus, shown at XIV(f)] | _____ | _____ | _____ | _____ |
| (x) Leasehold improvements [excluding those paid from surplus, shown at XIV(f)] | _____ | _____ | _____ | _____ |
| (y) Other expenses paid (specify third party or related party; add schedule if more space is needed): | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| (z) Total actual and necessary expenses paid [add (a) through (y)] | ===== | ===== | ===== | ===== |

(Current year first)
199 199

XIV. EXPENSE FUND SUMMARY PER BOOKS FOR YEAR

| | | | |
|-----|---|-----------|-----------|
| (a) | Expense fund per books beginning of year [same as XI(d)] | _____ | _____ |
| (b) | Expense fund receipts [same as XII(g)] | _____ | _____ |
| (c) | Expenses paid [same as XIII(z)] | (_____) | (_____) |
| (d) | Compensation paid to Trustee (inclusive of 20% in benefits) | (_____) | (_____) |
| (e) | Prior year(s) expense surplus paid to U.S. Trustee for payment to U.S. Treasury | (_____) | (_____) |
| (f) | Purchases and payments from expense fund surplus [requires approval by U.S. Trustee] (itemize - add schedule if more space is needed): _____ | (_____) | (_____) |
| | _____ | (_____) | (_____) |
| (g) | Receipt from Standing Trustee personal funds reimbursing current or prior year(s) operating deficit(s), excess compensation, etc. (itemize - add schedule if more space is needed): _____ | _____ | _____ |
| (h) | Paid to Standing Trustee to reimburse operating deficit(s) for year(s) in which no compensation was paid | (_____) | (_____) |
| (i) | Other (itemize - add schedule if more space is needed): _____ | _____ | _____ |
| | _____ | _____ | _____ |
| (j) | Expense funds per books end of year [a + b - c - d - e - f + g - h ± i] [same as XV(d) and XVI(e)] | ===== | ===== |

(Current year first)
199 199

XV. LOCATION OF EXPENSE FUNDS PER BOOKS END OF YEAR

| | | |
|---|----------------|----------------|
| (a) In expense non-interest bearing account(s): [itemize and indicate if U.S. Government insured] _____ _____ | _____ _____ | _____ _____ |
| (b) In expense interest bearing account(s): [itemize and indicate if U.S. Government insured] _____ _____ | _____ _____ | _____ _____ |
| (c) In other instruments (itemize - add schedule if more space is needed) [specify the rate of interest, and indicate if U.S. Government insured] _____ _____ | _____ _____ | _____ _____ |
| (d) Total expense funds per books end of year [a + b + c] [same as XIV(j) and XVI(e)] | _____ _____ | _____ _____ |

XVI. RECONCILIATION BETWEEN EXPENSE FUNDS PER BOOKS AND PER BANKS END OF YEAR

| | | |
|--|----------------|----------------|
| (a) Balance per banks | _____ | _____ |
| (b) Deposits in transit | _____ | _____ |
| (c) Outstanding checks | _____ | _____ |
| (d) Other reconciling items (itemize - add schedule if more space is needed): _____ _____ | _____ _____ | _____ _____ |
| (e) Balance per books [a + b - c ± d] [same as XIV(j) and XV(d)] | _____ _____ | _____ _____ |

| | (Current year first) | |
|---|----------------------|------------|
| | <u>199</u> | <u>199</u> |
| XVII. FUNDS AVAILABLE FOR COMPENSATION (OPERATING DEFICIT) | | |
| (a) Expense fund receipts [same as XII(g)] | _____ | _____ |
| (b) Add <u>current year</u> interest remaining in trust funds at end of year; and <u>not</u> included in XVII(a) above [II(b) - V(e) (i)] | _____ | _____ |
| (c) Less <u>prior year(s)</u> interest transferred from trust to expense funds during year, and included in XVII(a) above [same as V(e) (ii) and XII(d) (ii)] | (_____) | (_____) |
| (d) Less expenses paid [same as XIII(z)] | (_____) | (_____) |
| (e) Other (itemize - add schedule if more space is needed): | | |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| (g) Funds available for compensation (inclusive of 20% in benefits) or (operating deficit) [a + b - c ± e] | ===== | ===== |

(Current year first)
199 199

XVIII. COMPENSATION LIMITATION

Maximum compensation pursuant to 28 U.S.C.
 §586 (e)(1)(a), as shown below:

| | | | |
|-----|--|-----------|-----------|
| (a) | 5% of net receipts under confirmed plans [II(a)] - [III(d)] x 5% | ===== | ===== |
| (b) | 5% of constructive receipts under plans [XII(c) (ii)] x 5% | ===== | ===== |
| (c) | Funds available for compensation (inclusive of 20% in benefits) [same as XVII(f), but not less than zero] | ===== | ===== |
| (d) | Maximum compensation fixed by Attorney General | ===== | ===== |
| (e) | Compensation paid trustee [same as XIV(d)] | ===== | ===== |
| (f) | Allowable compensation [lesser of (a) + (b), (c) or (d)] | (_____) | (_____) |
| (g) | Excess compensation; payable from trustee personal funds to trusteeship expense fund [(e) - (f), but not less than zero] | ===== | ===== |

| | | (Current year first) | |
|--|--|----------------------|------------|
| | | <u>199</u> | <u>199</u> |
| XIX. SURPLUS EXPENSE FUNDS | | | |
| (a) | Express funds per books end of year [same as XIV(j)] | _____ | _____ |
| (b) | Excess compensation to be paid from standing trustee to reimburse trusteeship expense fund | _____ | _____ |
| (c) | Less 25% of actual and necessary expenses, authorized to be retained [25% of XIII(z)] | (_____) | (_____) |
| (d) | Other (add schedule if more space is needed): _____ | _____ | _____ |
| (e) | Surplus expense funds [a + b - c ± d], but not less than zero] | ===== | ===== |
| XX. PAYABLE TO U.S. TRUSTEE AND/OR REIMBURSEMENT TO EXPENSE FUNDS | | | |
| (a) | Excess compensation to be paid from standing trustee to reimburse trusteeship expense fund [same as XVIII(g) and XIX(b)] | ===== | ===== |
| (b) | Surplus expense funds [same as XIX(e)] | _____ | _____ |
| (c) | Portion of surplus expense funds [item XX(b)] allowed to be retained by trustee (by direction of EOUST) | (_____) | (_____) |
| (d) | Surplus payable to U.S. Trustee [(b)- (c)] | ===== | ===== |

(Current year first)
199 199

XXI. UNREIMBURSED OPERATING DEFICITS CARRYFORWARD

| | | |
|--|-----------|-----------|
| (a) Accumulated unreimbursed operating deficit carryforward at beginning of year, approved by U.S. Trustee (by year generated) [equal to any year's "operating deficit" calculated as shown in Schedule XVII]: | | |
| 199__ | _____ | _____ |
| 199__ | _____ | _____ |
| 199__ | _____ | _____ |
| (b) Total beginning of year carryforward [sum of (a)] | _____ | _____ |
| (c) Reimbursed to Trustee during year [same as XIV(h)] | _____ | _____ |
| (d) Operating deficit generated during year [same as XVII(f), if any] | _____ | _____ |
| (e) Carryforward disallowed by U.S. Trustee during year (explain on footnote page) | (_____) | (_____) |
| (f) Accumulated unreimbursed operating deficits, end of year [b - c + d - e] | ===== | ===== |

Note: If no compensation was received, and there is a deficit, that deficit may be carried forward. To the extent any compensation was improperly paid and a deficit generated in the same calendar year, the allowable deficit must be reduced by the compensation paid and the compensation returned to the expense funds.

(Current year first)
199 199

XXII. BONDING REQUIREMENT

- (a) Highest daily total bank balance for year (balance per banks, not per books for all trust and expense accounts) =====
- (b) Bond amount as of year end _____
- (c) Required trustee bond: Enter 110% of (a) _____
- (d) Bond over (under) required amount [b - c] =====
- (e) Are employees who have access to receipts or disbursements of cash or negotiable instruments, or to the financial records of the office, bonded?
_____YES _____NO

Are they covered under the standing trustee bond or by a separate employees fidelity or honesty bond? (Indicate which type of bond and the amount)

TYPE _____ AMOUNT \$ _____

XXIII. CASES HANDLED

- (a) Cases active, start of period _____
- (b) New cases filed during fiscal year(+) _____
- (c) Adjustments during fiscal year:
 - i) Cases transferred in (+) _____
 - ii) Cases converted from another chapter (+) _____
 - iii) Cases transferred out (-) _____
 - iv) Conversions to another chapter (-) _____
 - v) Dismissals (-) _____Total adjustment (+) or (-) _____
- (d) Cases closed by the Court on completion of the plan or hardship discharge (-) =====
- (e) Cases active, end of period (a+b±c-d) =====

Note: The entry for "Cases active, end of period" should be carried forward as the number of "Cases active, start of period" in the next fiscal year.

STANDING TRUSTEE'S CERTIFICATION TO REPORT AND ACCOUNT

I hereby certify under penalty of perjury that the information contained herein is true and correct, and request that this report and account be examined and approved by the United States Trustee and the Attorney General of the United States or his delegate.

DATED: _____

CHAPTER 12 STANDING TRUSTEE'S SIGNATURE

REVIEWED BY:

UNITED STATES TRUSTEE OFFICE

REVIEWED BY:

UNITED STATES TRUSTEE

BKNO:

TO:

Standing Chapter 12 Trustee, makes the following Semi-Annual Report of the administration of the above estate, as of the above date:

Debtor has paid the Trustee a total of \$144,696.32 since the filing of the case.

Over the past six months, the Trustee has received the following specified payments:

[07/25/89 -> 456.51] [07/25/89 -> 1,598.26] [07/25/89 -> 12.49]
[07/25/89 -> 3,663.86]

Creditor balances are as follows:

| CREDITOR NAME | CLAIM AMT | PRIN PAID | INT PAID |
|--------------------------------|------------|-----------|----------|
| Filing Fee | .00 | .00 | .00 |
| Attorney's Fee | .00 | .00 | .00 |
| Robert L. Jones | Not Filed | .00 | .00 |
| Louis M. Ratliff, Jr. | Pay Direct | .00 | .00 |
| Hale County Tax Assessor | 1,021.74 | 309.24 | 101.02 |
| Hale Center ISD | 10.22 | 10.22 | 1.02 |
| Cotton Center ISD | 3,577.17 | 1,082.67 | 355.76 |
| Internal Revenue Service | Not Filed | .00 | .00 |
| Farmers Home Administration | Not Filed | .00 | .00 |
| Farmers Home Administration | 5,200.00 | 5,200.00 | .00 |
| Small Business Administration | Not Filed | .00 | .00 |
| Republic Bank of Delaware | Not Filed | .00 | .00 |
| South East Bank | Not Filed | .00 | .00 |
| Maryland Bank | Not Filed | .00 | .00 |
| First Republic Bank-Lubbock | Not Filed | .00 | .00 |
| First Republic Bank-Lubbock | Surr Coll | .00 | .00 |
| First Republic Bank-Lubbock | 9,631.73 | 9,631.00 | .00 |
| First Republic Bank-Lubbock | 166,615.16 | .00 | .00 |
| First Republic Bank-Lubbock | 80,625.89 | 26,875.30 | 4,616.66 |
| Floyddata Implement Co. | Not Filed | .00 | .00 |
| J.I. Case Credit Corp. | 14,099.24 | .00 | .00 |
| Lindsey Credit Corp. | 12,500.00 | 2,054.32 | 1,243.15 |
| Lindsey Credit Corp. | 71,574.02 | .00 | .00 |
| Conti Commodity Services, Inc. | Not Filed | .00 | .00 |

| CREDITOR NAME | CLAIM AMT | PRIN PAID | INT PAID |
|------------------------------|------------|-----------|-----------|
| FGL Commodity Services | Not Filed | .00 | .00 |
| Cotton Center Grain Co. | Not Filed | .00 | .00 |
| Mayfield Coop Gin | Not Filed | .00 | .00 |
| First Card | Not Filed | .00 | .00 |
| First Card | 1,520.92 | .00 | .00 |
| Sears | Not Filed | .00 | .00 |
| Republic Bank Card | Not Filed | .00 | .00 |
| Citibank Visa | Not Filed | .00 | .00 |
| Chase Advantage Credit | Not Filed | .00 | .00 |
| Bancard Center | Not Filed | .00 | .00 |
| Allen & Beach | Not Filed | .00 | .00 |
| Discover Card | Not Filed | .00 | .00 |
| United Farm Industries, Inc. | Not Filed | .00 | .00 |
| Prudential Bache Securities | Not Filed | .00 | .00 |
| Scan | Not Filed | .00 | .00 |
| Morton Irrigation, Inc. | Not Filed | .00 | .00 |
| Tifco Industries | Not Filed | .00 | .00 |
| Scott Tractor Co. | Not Filed | .00 | .00 |
| Travelers Company | 310,000.00 | 8,215.22 | 28,197.26 |
| Farr Better Feeds | Not Filed | .00 | .00 |
| Gebo's | Not Filed | .00 | .00 |
| Ford Motor Credit | Pay Direct | .00 | .00 |
| Lacks | Pay Direct | .00 | .00 |
| Browning Seed, Inc. | Not Filed | .00 | .00 |
| Rodney Carlisle | Not Filed | .00 | .00 |
| Boyd's Spraying Service | Not Filed | .00 | .00 |
| Bivins | Pay Direct | .00 | .00 |
| Bivins | Pay Direct | .00 | .00 |
| Bivins | Pay Direct | .00 | .00 |

If you have questions, discuss the matter with your attorney:

Please retain this report and add future payments made to the Trustee in order to know how much you have paid under your plan. Please report any discrepancies, in writing, to the Trustee's office.

Sincerely,

Chapter 12 Trustee's Office

(date)

Danny Debtor
Address

RE: Year End Report of Operations

Dear Mr. Debtor:

Now that you have completed the 19__ calendar year under your confirmed chapter 12 plan, the chapter 12 trustee needs some additional information from you to evaluate your progress. We are therefore asking you to complete the enclosed Annual Report of Operations and send it directly to _____ (name and address). The report should be completed and mailed on or before February 15, 19__. Much of the information we are requesting in this report should correspond with the information you will need and use for preparing your 19__ income tax returns.

This report will provide us with an accounting of your operation last year, as well as with an estimate of your financial needs for the coming year.

If you have any records or information which you have prepared for other purposes which provide the requested information, please feel free to attach it to the form. For instance, if you have prepared an FmHA Farm and Home Plan, or a financial statement for another creditor, you can submit that in place of filling out parts of this report. However, we need all of the information requested in this report, so please be sure that all questions are answered. Also, be sure to answer the questions on page 7.

If you have any questions regarding this form, you should contact your attorney, or the chapter 12 trustee. We appreciate your cooperation and attention to this matter.

Sincerely,

Chapter 12 Trustee

cc: Debtor's Attorney

ANNUAL REPORT OF OPERATIONS

To Chapter 12 Trustee for 19__

Name: _____ Case No. _____ Date Completed _____

FARM AND RANCH INCOME SUMMARY
For 19__

LIVESTOCK

| | | |
|---|----------|----------|
| Sales of Livestock Purchased for Resale | \$ _____ | |
| Less Cost of Purchased Livestock | (_____) | |
| Gain or (Loss) | | \$ _____ |
| Sales of Raised Livestock | _____ | |
| Sales of Livestock held for Breeding, Dairy, Draft, etc. | _____ | |
| Subtotal receipts Livestock Sales | | _____ |
| Sales of milk, eggs, wool, etc. | | _____ |

CROPS

| | | |
|---|-------|-------|
| Sale of all current year grain or crops | _____ | |
| Sale of prior year's grain or crops | _____ | |
| Subtotal grain or crop sales | | _____ |

GOVERNMENT PROGRAM PAYMENTS

| | | |
|---|-------|-------|
| Cash Payments (Include deficiency, diversion, CRP, etc.) | _____ | |
| Commodity Certificates | _____ | |
| Subtotal receipts from government payments | | _____ |

CASH RENTAL INCOME

| | | |
|--------------------------------------|-------|-------|
| Land rent | _____ | |
| Machinery rental | _____ | |
| Other | _____ | |
| Subtotal receipts from rental income | | _____ |

MISCELLANEOUS FARM INCOME

| | | |
|---|-------|-------|
| Crop Insurance Proceeds | _____ | |
| Custom Machine Work | _____ | |
| Other Income-itemize (use back if necessary) | _____ | |
| _____ | _____ | |
| _____ | _____ | |
| Subtotal receipts from misc. income | | _____ |

TOTAL FARM INCOME _____

NON-FARM INCOME

(Must include all income of each debtor and all dependents)

| | | |
|--|-------|-------|
| Wages (Specify Source and who earns them) | _____ | |
| _____ | _____ | |
| _____ | _____ | |
| Other sources (Specify) | _____ | |
| _____ | _____ | |
| _____ | _____ | |
| Total Non-Farm Income | | _____ |

FARM AND RANCH EXPENSES SUMMARY
For 19__

| | CROPS | LIVESTOCK | OTHER |
|--|--------------|------------------|--------------|
| Chemicals | | | |
| Fertilizer/Lime | | | |
| Gas, Oil, Fuel | | | |
| Seed | | | |
| Supplies | | | |
| Machine Hire | | | |
| Veterinary | | | |
| Feed | | | |
| Minerals, Supplements | | | |
| Labor Hired | | | |
| Employee Benefits | | | |
| Utilities | | | |
| Storage, Warehousing | | | |
| Rent | | | |
| Repairs, Maintenance | | | |
| Taxes | | | |
| Insurance | | | |
| Legal | | | |
| Accounting or Management | | | |
| Trustee Fees | | | |
| Plan Payments | | | |
| Pre-Paid Expenses for Next Year (Please Specify - use back if necessary) | | | |
| Other | | | |
| TOTALS | | | |

LIVING EXPENSES
for 19__

| | | |
|--|-------|-------|
| Food | _____ | |
| Clothing | _____ | |
| Household Expenses | _____ | |
| Medical | _____ | |
| School | _____ | |
| Recreation | _____ | |
| Charities | _____ | |
| Personal Insurance (Auto, Health, etc.) | _____ | |
| Transportation | _____ | |
| Other (please itemize) | _____ | |
| _____ | _____ | |
| _____ | _____ | |
| _____ | _____ | |
| TOTAL Living Expenses | | _____ |

SUMMARY OF YEAR'S BUSINESS
For 19__

| | | |
|------------------------------------|---------|-------|
| Cash on Hand Beginning of Year | _____ | |
| Gross Farm & Ranch Income | _____ | |
| Total Non-Farm or Ranch Income | _____ | |
| Less Farm & Ranch Expenses | (_____) | |
| Less Living Expenses for Past Year | (_____) | |
| TOTAL Profit or (Loss) | | _____ |

INVENTORY
(Attach separate sheets if necessary)

LIVESTOCK AND POULTRY

| | | | | | | | | | | | | | |
|---|------------------------------|------------------------------|--------------|--|--|--|---|------------|------------------------------|--------------|--|--|--|
| BEGINNING INVENTORIES AS OF DATE OF FILING OR FIRST OF YEAR (whichever is <u>later</u>) | END OF YEAR INVENTORIES | | | | | | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"><u>No.</u></td> <td style="width: 44%;"><u>Description & Sex</u></td> <td style="width: 23%;"><u>Value</u></td> </tr> <tr> <td style="height: 150px;"></td> <td></td> <td></td> </tr> </table> | <u>No.</u> | <u>Description & Sex</u> | <u>Value</u> | | | | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"><u>No.</u></td> <td style="width: 44%;"><u>Description & Sex</u></td> <td style="width: 23%;"><u>Value</u></td> </tr> <tr> <td style="height: 150px;"></td> <td></td> <td></td> </tr> </table> | <u>No.</u> | <u>Description & Sex</u> | <u>Value</u> | | | |
| <u>No.</u> | <u>Description & Sex</u> | <u>Value</u> | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| <u>No.</u> | <u>Description & Sex</u> | <u>Value</u> | | | | | | | | | | | |
| | | | | | | | | | | | | | |

MACHINERY AND EQUIPMENT

| | | | | | | | | | | | | | |
|--|-------------------------|----------------------|----------------------|--|--|--|--|-------------|--------------|----------------------|--|--|--|
| BEGINNING INVENTORIES AS OF DATE OF FILING OR FIRST OF YEAR (whichever is <u>later</u>) | END OF YEAR INVENTORIES | | | | | | | | | | | | |
| *You may attach any lists of machinery & equipment used or submitted with your income tax records | | | | | | | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"><u>Item</u></td> <td style="width: 23%;"><u>Value</u></td> <td style="width: 44%;"><u>Year Acquired</u></td> </tr> <tr> <td style="height: 150px;"></td> <td></td> <td></td> </tr> </table> | <u>Item</u> | <u>Value</u> | <u>Year Acquired</u> | | | | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"><u>Item</u></td> <td style="width: 23%;"><u>Value</u></td> <td style="width: 44%;"><u>Year Acquired</u></td> </tr> <tr> <td style="height: 150px;"></td> <td></td> <td></td> </tr> </table> | <u>Item</u> | <u>Value</u> | <u>Year Acquired</u> | | | |
| <u>Item</u> | <u>Value</u> | <u>Year Acquired</u> | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| <u>Item</u> | <u>Value</u> | <u>Year Acquired</u> | | | | | | | | | | | |
| | | | | | | | | | | | | | |

GRAIN OR CASH CROPS

| BEGINNING INVENTORIES AS OF DATE OF FILING OR BEGINNING OF YEAR (whichever is later) | | | | END OF YEAR INVENTORIES | | |
|---|------------------------------|-------------------------------------|--------------|------------------------------|-------------------------------------|--------------|
| | <u>Specify Crop Year</u> | <u>Bushels or Tons or Bales</u> | <u>Value</u> | <u>Specify Crop Year</u> | <u>Bushels or Tons or Bales</u> | <u>Value</u> |
| Corn | | | | | | |
| Oats | | | | | | |
| Soybeans | | | | | | |
| Spring Wheat | | | | | | |
| Winter Wheat | | | | | | |
| Silage or Haylage | | | | | | |
| Barley | | | | | | |
| Sunflowers | | | | | | |
| Safflowers | | | | | | |
| Vegetable Crops | | | | | | |
| Hay | | | | | | |
| Straw | | | | | | |
| Others (Please List) | | | | | | |

ITEMIZATION OF EXPENSES
FOR NEXT YEAR'S OPERATION
(Must be described in detail)

CROP EXPENSESLIVESTOCK EXPENSESDescriptionAmountDescriptionAmount

QUESTIONS REGARDING YOUR OPERATION

1. Please list all entities which you have contacted to obtain financing for next year.

| Name and Address of Entities | Date and Person Contacted | Amount or Nature of Request | Response |
|---------------------------------|------------------------------|--------------------------------|----------|
|---------------------------------|------------------------------|--------------------------------|----------|

2. Please include an explanation of any unusual changes in your inventory over the past year, other than ordinary sales including any death loss, theft, spoilage, etc.

3. Is any of your grain on hand sealed under Commodity Credit Corporation programs? If so, please list amounts under CCC loan and indicate what election you have made for taxation of income from those loans (i.e. whether you take the income at the time of the loan, or at the time of forfeiture).

I hereby certify that all of the information contained in this report is true and correct to the best of my knowledge. (Must be signed by both debtors if a joint petition is filed.)

_____ Date _____

_____ Date _____

DATE:

TO:

FROM:

RE: Disposable Income for January 1, 1988 - December 31, 1988

I have examined the monthly and annual Disposable Income Reports on the above mentioned debtors. I have also performed an analysis on deposits, receipts, farm expenses, family living expenses, and accrued expenses for the last month of the plan year. I have compared the monthly reports to the yearly report. Those have been compared to the Federal Tax Return for 1988.

The following adjustments have been made to Disposable Income previously determined by debtors.

| | | |
|----|-------------------------------------|-----------------|
| A. | Payments to Trustee | \$ 5,765.23 |
| B. | Household or Family Living Expenses | 14,028.93 |
| C. | Interest Income | 211.18 |
| D. | Bookkeeping Income | 250.00 |
| E. | Annuity Income | 145.64 |
| F. | House Payment Accruals | <u>1,214.64</u> |
| | | \$21,615.62 |

- A. The debtor made a payment to the Trustee in August of 1988 in the amount of \$5,765.63 for payment of Income Taxes. In preparing his yearly report on Disposable Income, he recorded this amount for July and August of 1988. This decreased Disposable Income for 1988 by \$5,765.63 in error. Disposable Income has to be increased by \$5,765.63 in order to report the correct amount for 1988.
- B. In the Pre-Confirmation Hearing, the debtor had submitted a schedule of Current Income and Expenditures. This schedule included a listing of the estimated average current monthly expenses of the debtor. This average monthly listing showed a total of \$1,849.96. This would amount to a yearly amount of \$22,199.52. In October, the debtor paid \$1,161.00 for house insurance. This item was classified as farm expense. The correct classification of this amount should be to Household or Living Expenses. The monthly and yearly reports of the debtor for 1988 show the total Household or Family Living Expense to be \$35,067.45. The above reclassification of home insurance of \$1,161.00 added to the \$35,067.45 shown by the debtor amounts to a corrected total of \$36,248.45. This is an increase of \$14,028.93 over those originally estimated. The allowance for Household and Family Living Expenses should be decreased by \$14,028.93 in order to conform to the originally estimated expenses. Accordingly, Disposable Income would be increased \$14,028.93.

- C. In comparing the debtor's tax return for 1988 to the monthly and yearly reports on Disposable Income it was noted that the tax return reported interest income of \$211.18. The monthly and yearly reports of the debtor do not reflect any interest income. Disposable Income is proposed to be increased \$211.18 in order to reflect the interest income.
- D. The comparison of the tax return and the monthly and yearly Disposable Income Reports revealed the following discrepancy. The tax return showed \$600.00 in bookkeeping income. The bank deposits, the monthly reports and the yearly report on Disposable Income reflected an amount of \$350.00. The difference of \$250.00 should be added to Disposable Income for 1988.
- E. Debtor's tax return shows an annuity income of \$124.64. The monthly and yearly Disposable Income Reports do not reflect any amount for annuity income. Accordingly, Disposable Income should be increased \$145.64.
- F. The debtor has included in the yearly Disposable Income Report an amount under Expenses Charged But Not Paid During The Last Month of the Plan year an amount titled Kyle's savings - used for house payments \$1,214.64. An inspection of the monthly and yearly Disposable Income Reports do not reflect any savings of Kyle's that was deposited in debtors bank accounts. Accordingly, Disposable Income for 1988 should be increased \$1,214.64.

Based on the above analysis and comparisons, it is determined that Disposable Income should be adjusted \$21,615.62. The debtor has shown a negative Disposable Income of \$13,660.03. The corrected Disposable Income after adjustments is \$7,955.59.

| | |
|--|--------------------------|
| Disposable Income determined by debtor | (13,660.03) |
| Adjustments | <u>21,615.62</u> |
| Corrected Disposable Income | <u>7,955.59</u> ===== |

NAME OF DEBTOR:
CASE NO:
DISPOSABLE INCOME
PLAN YEAR JAN 1988 - DEC 1988

RECEIPTS FROM DEBTORS MONTHLY REPORTS

| | | WAGES | FARM | OTHER RECEIPTS | CATTLE SOLD | LOANS | MONTHLY TOTALS | TOTAL |
|---|----|-----------|------------|----------------|-------------|-----------|----------------|------------|
| # | 1 | 738.26 | 75,092.50 | 385.00 | 0.00 | 0.00 | 76,215.76 | |
| # | 2 | 650.00 | 28,487.75 | 0.00 | 0.00 | 0.00 | 29,138.65 | |
| # | 3 | 997.29 | 15,912.88 | 0.00 | 0.00 | 0.00 | 16,910.17 | |
| # | 4 | 664.52 | 10,321.30 | 0.00 | 0.00 | 0.00 | 10,985.82 | |
| # | 5 | 748.49 | 0.00 | 0.00 | 0.00 | 0.00 | 748.49 | |
| # | 6 | 972.94 | 0.00 | 0.00 | 0.00 | 0.00 | 972.94 | |
| # | 7 | 697.82 | 1,502.25 | 2,223.00 | 0.00 | 0.00 | 4,423.07 | |
| # | 8 | 721.96 | 0.00 | 117.91 | 0.00 | 10,000.00 | 10,839.87 | |
| # | 9 | 877.59 | 0.00 | 0.00 | 0.00 | 15,000.00 | 15,877.59 | |
| # | 10 | 694.42 | 0.00 | 0.00 | 0.00 | 0.00 | 694.42 | |
| # | 11 | 956.19 | 0.00 | 0.00 | 0.00 | 3,000.00 | 3,956.19 | |
| # | 12 | 2,694.79 | 0.00 | 1,897.97 | 0.00 | 14,000.00 | 18,592.76 | |
| | | 11,414.27 | 131,316.68 | 4,623.88 | 0.00 | 42,000.00 | 189,355.73 | 189,355.73 |

CASH EXPENDITURES FROM DEBTORS MONTHLY REPORTS

| MONTH | FARM COSTS | FAMILY LIVING EXPENSES | PRIN. INT SEC CLAIMS UND PL | PRIN. INT SEC CLAIMS OUT PL | EXP FOR ADM. PRI CLAIMS | CASH COL RES 1/3, 1/4 1/5 | CATTLE FUR | LOANS REPAID | MONTHLY TOTALS | |
|--|------------|------------------------|-----------------------------|-----------------------------|-------------------------|---------------------------|------------|--------------|----------------|------------|
| # | 1 | 0.00 | 3,137.23 | 0.00 | 0.00 | | 0.00 | 0.00 | 3,317.23 | |
| # | 2 | 10,731.42 | 2,949.03 | 0.00 | 0.00 | | 0.00 | 45,591.78 | 59,272.23 | |
| # | 3 | 6,596.39 | 1,872.47 | 19,541.57 | 0.00 | | 0.00 | 10,300.00 | 38,310.43 | |
| # | 4 | 5,834.02 | 2,608.91 | 0.00 | 0.00 | | 0.00 | 0.00 | 8,442.93 | |
| # | 5 | 3,560.94 | 3,809.07 | 0.00 | 0.00 | | 0.00 | 0.00 | 7,370.01 | |
| # | 6 | 4,713.08 | 2,984.41 | 0.00 | 0.00 | | 0.00 | 0.00 | 7,697.49 | |
| # | 7 | 7,683.33 | 3,405.27 | 0.00 | 0.00 | | 0.00 | 0.00 | 11,088.60 | |
| # | 8 | 3,190.69 | 2,850.90 | 5,765.23 | 0.00 | | 0.00 | 0.00 | 11,806.82 | |
| # | 9 | 5,552.17 | 2,541.77 | 0.00 | 0.00 | | 0.00 | 0.00 | 8,093.94 | |
| # | 10 | 6,618.95 | 3,790.81 | 0.00 | 0.00 | | 0.00 | 0.00 | 10,409.86 | |
| # | 11 | 995.00 | 2,383.92 | 0.00 | 0.00 | | 0.00 | 0.00 | 3,378.92 | |
| # | 12 | 15,833.17 | 3,994.66 | 0.00 | 0.00 | | 0.00 | 0.00 | 19,827.83 | |
| | | 71,309.16 | 36,328.45 | 25,306.80 | 0.00 | 0.00 | 0.00 | 55,891.78 | 188,836.19 | 188,836.19 |
| TOTAL EXPENSES CHARGED BUT NOT PAID DURING LAST MONTH OF PLAN YEAR | | | | | | | | | | 8,514.64 |

TENTATIVE DISPOSABLE INCOME FROM ANALYSIS OR DEBTORS MONTHLY REPORTS

(7,895.10)

NAME OF DEBTOR:
CASE NO:
DISPOSABLE INCOME
PLAN YEAR JAN 1988 - DEC 1988

| | RECEIPTS PER DEBTORS MONTHLY REPORT | RECEIPTS PER DEBTORS ANNUAL REPORT | DIFFERENCE |
|----------------|---|--|------------|
| #1 | 76,215.76 | 76,215.76 | 0.00 |
| #2 | 29,138.65 | 29,138.65 | 0.00 |
| #3 | 16,910.17 | 16,910.17 | 0.00 |
| #4 | 10,985.82 | 10,985.82 | 0.00 |
| #5 | 748.49 | 748.49 | 0.00 |
| #6 | 972.94 | 972.94 | 0.00 |
| #7 | 4,423.07 | 4,423.07 | 0.00 |
| #8 | 10,839.87 | 10,839.87 | 0.00 |
| #9 | 15,877.59 | 15,877.59 | 0.00 |
| #10 | 694.42 | 694.42 | 0.00 |
| #11 | 3,956.19 | 3,956.19 | 0.00 |
| #12 | 18,592.76 | 18,592.76 | 0.00 |
| GROSS RECEIPTS | 189,355.73 | 189,355.73 | 0.00 |

| | EXPENSES PER DEBTORS MONTHLY REPORT | EXPENSES PER DEBTORS ANNUAL REPORT | DIFFERENCE |
|--------------------|---|--|------------|
| #1 | 3,137.23 | 3,137.23 | 0.00 |
| #2 | 59,172.23 | 59,172.23 | 0.00 |
| #3 | 38,310.43 | 38,310.43 | 0.00 |
| #4 | 8,442.93 | 8,442.93 | 0.00 |
| #5 | 7,370.01 | 7,370.01 | 0.00 |
| #6 | 7,697.49 | 7,697.49 | 0.00 |
| #7 | 11,088.60 | 16,853.83 | (5,765.23) |
| #8 | 11,806.82 | 11,806.82 | 0.00 |
| #9 | 8,093.94 | 8,093.94 | 0.00 |
| #10 | 10,409.76 | 10,409.76 | 0.00 |
| #11 | 3,378.92 | 3,378.92 | 0.00 |
| #12 | 19,827.83 | 18,592.76 | 0.00 |
| EXPENSE CHARGED | 8,514.64 | 8,514.64 | 0.00 |
| TOTAL EXPENSE | 197,250.83 | 203,016.06 | (5,765.23) |
| TENTATIVE DISP INC | (7,895.10) | (13,660.33) | 5,765.23 |

NAME OF DEBTOR:
CASE NO:
PLAN YEAR JAN 1988 - DEC 1988
COMPUTATION OF DISPOSABLE INCOME

| | |
|--|-------------|
| A. PAYMENTS TO TRUSTEE DUPLICATED - COMPARISON OF EXPENSES | 5,765.23 |
| B. HOUSEHOLD OR FAMILY LIVING EXPENSES - ESTIMATED VERSUS ACTUAL | 14,028.93 |
| C. INTEREST INCOME - COMPARISON OF INCOME | 211.18 |
| D. BOOKKEEPING INCOME - COMPARISON OF INCOME | 250.00 |
| E. ANNUITY INCOME - COMPARISON OF INCOME | 145.64 |
| F. HOUSE PAYMENT ACCRUALS - COMPARISON OF ACCRUALS AND INCOME | 1,214.64 |
| | ----- |
| TOTAL ADJUSTMENTS PER ANALYSIS | 21,615.62 |
| DISPOSABLE INCOME DETERMINED BY DEBTOR | (13,660.03) |
| | ----- |
| CORRECTED DISPOSABLE INCOME | 7,955.59 |
| | ===== |

DISPOSABLE INCOME WORKSHEET FOR UNSECURED CREDITORS PER MONTHLY REPORTS

A. TOTAL CASH RECEIPTS FOR THE PLAN YEAR

| | MONTH | | MONTH | | |
|----------------------------------|-------|-----------|-------|-----------|------------|
| INCLUDE ALL FARM | 1 | 76,215.76 | 7 | 4,423.07 | |
| AND NON-FARM | 2 | 29,138.65 | 8 | 10,839.87 | |
| RECEIPTS | 3 | 16,910.17 | 9 | 15,877.59 | |
| | 4 | 10,985.82 | 10 | 694.42 | |
| | 5 | 748.49 | 11 | 3,956.19 | |
| | 6 | 972.94 | 12 | 18,592.76 | |
| TOTAL RECEIPTS FOR THE PLAN YEAR | | | | | 189,355.73 |

=====

B. EXPENSES PAID DURING THE PLAN YEAR

B1. HOUSEHOLD OR LIVING EXPENSES

| | MONTH | | MONTH | | |
|------------------------------------|-------|----------|-------|----------|-----------|
| | 1 | 3,137.23 | 7 | 3,405.27 | |
| | 2 | 2,849.03 | 8 | 2,850.90 | |
| | 3 | 1,872.47 | 9 | 2,541.77 | |
| | 4 | 2,608.91 | 10 | 3,790.81 | |
| | 5 | 3,809.07 | 11 | 2,383.92 | |
| | 6 | 2,984.41 | 12 | 3,994.66 | |
| TOTAL HOUSEHOLD OR LIVING EXPENSES | | | | | 36,228.45 |

=====

B2. FARM OPERATING EXPENSES

| | MONTH | | MONTH | | |
|-------------------------------|-------|-----------|-------|-----------|-----------|
| | 1 | 0.00 | 7 | 7,683.33 | |
| | 2 | 19,731.42 | 8 | 3,190.69 | |
| | 3 | 6,596.39 | 9 | 5,552.17 | |
| | 4 | 5,834.02 | 10 | 6,618.95 | |
| | 5 | 3,560.94 | 11 | 995.00 | |
| | 6 | 4,713.08 | 12 | 15,833.17 | |
| TOTAL FARM OPERATING EXPENSES | | | | | 71,309.16 |

=====

B3. PLAN PAYMENTS MADE TO TRUSTEE AND PAID DIRECT

| | MONTH | | MONTH | | |
|---------------------|-------|-----------|-------|----------|-----------|
| | 1 | 0.00 | 7 | 0.00 | |
| | 2 | 0.00 | 8 | 5,765.23 | |
| | 3 | 19,541.57 | 9 | 0.00 | |
| | 4 | 0.00 | 10 | 0.00 | |
| | 5 | 0.00 | 11 | 0.00 | |
| | 6 | 0.00 | 12 | 0.00 | |
| TOTAL PLAN PAYMENTS | | | | | 25,306.80 |

=====

B4. LOAN PAYMENTS

| | MONTH | | MONTH | | |
|---------------------|-------|-----------|-------|------|-----------|
| | 1 | 0.00 | 7 | 0.00 | |
| | 2 | 45,591.78 | 8 | 0.00 | |
| | 3 | 10,300.00 | 9 | 0.00 | |
| | 4 | 0.00 | 10 | 0.00 | |
| | 5 | 0.00 | 11 | 0.00 | |
| | 6 | 0.00 | 12 | 0.00 | |
| TOTAL LOAN PAYMENTS | | | | | 55,891.78 |

=====

NAME OF DEBTOR:

CASE NO:

DISPOSABLE INCOME WORKSHEET FOR UNSECURED CREDITORS PER MONTHLY REPORTS

B5. EXPENSES CHARGED BUT NOT PAID DURING THE LAST MONTH OF THE PLAN YEAR. (ITEMIZE BELOW)

| | DESCRIPTION | AMOUNT |
|----|---|------------|
| 1 | LAMESA DELINTING | 2,300.00 |
| 2 | TRAYLOR TRACTOR SERVICE | 8,520.00 |
| 3 | WAYLAND TAYLOR INC. | 243.22 |
| 4 | O'DONNELL OIL AND BUTANE | 2,510.50 |
| 5 | RICKS TRANSMISSION | 375.00 |
| 6 | WOOLAN GIN COTTENSEED | 2,500.00 |
| 7 | TEXICO | 29.15 |
| 8 | O'DONNELL LUMBER & HARDWARE | 24.17 |
| 9 | JIM ANDERSON ELECTRIC | 35.28 |
| 10 | P& D PRODUCTS | 37.58 |
| 11 | O'DONNELL AUTO SUPPLY | 7.12 |
| | LESS AMOUNT NOT SHOWN AS CHARGED EXPENSES ON YEAR END REPORT | (8,067.38) |
| | | ----- |
| | TOTAL ITEMS CHARGED | 8,514.64 |
| | | ===== |

C. CROPS HARVESTED IN PLAN YEAR, BUT NOT SOLD

| | BALES, BUSHELS, LBS | FAIR MARKET VALUE AT END OF PLAN YEAR |
|--------------|---------------------|--|
| COTTON | _____ | _____ |
| MILO | _____ | _____ |
| WHEAT | _____ | _____ |
| CORN | _____ | _____ |
| OTHER GRAINS | _____ | _____ |
| SUGAR BEETS | _____ | _____ |
| OTHER | ===== | ===== |

TOTAL CROPS HARVESTED, BUT NOT SOLD

=====

D. TOTAL PLAN YEAR EXPENSE AND PAYMENTS

| | | |
|---|---|------------|
| 1 | TOTAL FROM B1 PAGE 1 (HOUSEHOLD, LIVING EXPENSES) | 36,228.45 |
| 2 | TOTAL FROM B2 PAGE 1 (FARM EXPENSES) | 71,309.16 |
| 3 | TOTAL FROM B3 PAGE 1 (PLAN PAYMENTS) | 25,306.80 |
| 4 | TOTAL FROM B4 PAGE 1 (LOAN PAYMENTS) | 55,891.78 |
| 5 | TOTAL FROM B5 PAGE 2 (CHARGED EXPENSES) | 8,514.64 |
| | TOTAL PLAN PAYMENTS AND EXPENSES | 197,250.83 |
| | | ===== |

NAME OF DEBTOR:
CASE NO:

Page 3

DISPOSABLE INCOME WORKSHEET FOR UNSECURED CREDITORS PER MONTHLY REPORTS

E. TOTAL INCOME

| | |
|--|--------------|
| TOTAL FROM A - PAGE 1 | 189,355.73 |
| TOTAL FROM C - PAGE 2 | 0.00 |
| | ----- |
| TOTAL | 189,355.73 |
| | |
| TOTAL INCOME FROM E | 189,355.73 |
| LESS TOTAL PLAN PAYMENTS AND EXPENSES FROM D | (197,250.83) |
| | ----- |
| | |
| DISPOSABLE INCOME FOR PLAN YEAR | (7,895.10) |
| | ===== |