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VOLUME 4: CHAPTERS 12 AND 13 CASE ADMINISTRATION

CHAPTER 4-1: REFERENCES

4-1.1 **REFERENCES**

Unless otherwise noted, reference to the "United States Trustee" shall mean "United States Trustee or a designee of the United States Trustee."

Unless otherwise noted, reference to the "Director" shall mean "Director or a designee of the Director."

Reference to the "Handbook" for chapter 12 or chapter 13 standing trustees refers to the most current issue of the Handbook for Chapter 12 Standing Trustees and the Handbook for Chapter 13 Standing Trustees, respectively.

CHAPTER 4-2: APPOINTMENT OF STANDING TRUSTEES

4-2.1 **28 U.S.C. § 586(b)**

The United States Trustee is authorized by law to appoint one or more individuals to serve as a standing trustee in chapter 12 or 13 cases. 28 U.S.C. § 586(b).

4-2.2 **QUALIFICATION FOR APPOINTMENT AS STANDING TRUSTEE**

To be eligible for appointment as a standing trustee, an individual must have the qualifications for membership as set forth at 11 U.S.C. § 321 and at 28 C.F.R. §§ 58.3 and 58.4. An individual need not be an attorney to be eligible for appointment as a standing trustee. A corporation may be appointed as a standing trustee only with the

approval of the Director. 28 C.F.R. § 58.4. A trustee applicant must qualify to be bonded.

4-2.3

RECRUITMENT AND SELECTION

During the selection process, the United States Trustee should screen applicants for potential conflicts of interest.

Whenever a standing trustee is to be appointed, the United States Trustee is to conduct an open solicitation of persons interested in serving as a standing trustee. The United States Trustee must comply with applicable diversity policies and initiatives in the recruitment process.

A notice and solicitation package should be forwarded to the Assistant Director for Review and Oversight. The solicitation package should include the standard vacancy notice; a listing of all recruitment sources in the community to be used, including free advertising; and a description of all steps the United States Trustee plans to take to ensure that the selection process is open. The Office of Review and Oversight maintains and distributes the standard vacancy notice. All advertisements must conform to this notice.

After review of the recruitment package to ensure that diversity initiatives have been satisfied and that the standard vacancy notice has been used, the Office of Review and Oversight will forward the notice to the Administrative Services Division of the Executive Office for placement of the advertisement in the publications identified and, as appropriate, will also send a copy of the vacancy announcement to various national organizations. Absent extraordinary circumstances, the notice shall remain open for a minimum of two weeks from the last date of publication. Gathering information about submission deadlines and the frequency of a publication will help ensure that this standard is met.

When the United States Trustee has narrowed the selection down to two or three candidates, the names should be forwarded to the Office of Review and Oversight, along with the United States Trustee's

recommendation, for approval by the Director. No candidate should be advised that he/she will be appointed prior to the Director's approval.

4-2.4

BACKGROUND INVESTIGATION

The appointment of a standing trustee is subject to completion of a satisfactory background investigation. A proposed appointee must submit to the United States Trustee an employment application, SF-86 (Questionnaire for Sensitive Positions), DOJ-488 (Tax Check Waiver), FD-258 (Fingerprint Cards), I-9 (Employment Eligibility Verification), and a Form 555(a) (Disclosure and Authorization Pertaining to Consumer Reports Pursuant to the Fair Credit Reporting Act, 15 U.S.C. § 1681). After the United States Trustee has reviewed the documents for completeness and accuracy, they are to be transmitted to the Office of Review and Oversight for final review and processing. Several of these forms are time sensitive and require immediate review. Upon acceptance of the completed forms, an applicant can be appointed, conditioned on the completion and closing of a satisfactory background investigation.

The Office of Review and Oversight will notify the United States Trustee of any background information that requires additional information or clarification by a trustee. The resolution of questionable information will require an affidavit and/or other documentation from the appointed trustee.

The Office of Review and Oversight will notify the United States Trustee when a trustee's background investigation has been completed. The United States Trustee should then notify the appointed standing trustee.

CHAPTER 4-3: TRUSTEE SUPERVISION

4-3.1

GENERALLY

The primary responsibilities of the United States Trustee in chapters 12 and 13 cases are the appointment of one or more individuals to serve as

standing trustees; the supervision of such individuals in the performance of their duties; and the supervision of the administration of cases under chapters 12 and 13.

Trustee supervision requires the monitoring of a standing trustee's budget, annual report, monthly reports, and such other reports as may be required by the United States Trustee. It entails monitoring a standing trustee's performance of statutory duties, including compliance with the policies and initiatives of the United States Trustee Program, and adherence to fiduciary standards. This information is used to evaluate a standing trustee's competence, commitment to administering cases properly, compliance with applicable laws, and integrity in the discharge of a standing trustee's duties.

4-3.2

STANDING TRUSTEE COORDINATORS

To focus responsibility and ensure the proper quality of supervision, the United States Trustee shall designate one employee in the region to coordinate all standing trustee matters. A standing trustee coordinator is expected to have the knowledge and ability to assess and expeditiously resolve most standing trustee issues. It is standard practice that the coordinator be a bankruptcy analyst. The designation as standing trustee coordinator is not intended to alter any reporting structure, nor does it preclude efforts by other employees in the standing trustee area. The United States Trustee and the coordinator will serve as the primary points of contact for the Office of Review and Oversight with regard to standing trustee matters. In addition, the United States Trustee may designate an attorney or attorneys to work with the standing trustee coordinator to conduct substantive reviews of the standing trustees. An element delineating these responsibilities is to be included in a standing trustee coordinator's performance work plan.

4-3.3

EVALUATION OF STANDING TRUSTEES

The United States Trustee shall prepare a formal annual written evaluation of each standing trustee's performance in the format set forth at Appendix 4-1. The annual evaluation must be completed by September 1 for a chapter 13 standing trustee and by December 1 for a chapter 12 standing trustee, so that it may be reviewed in coordination

with a standing trustee's proposed budget, compensation level, and percentage fee.

Upon completion of the evaluation, the United States Trustee shall confer with the standing trustee to discuss the evaluation. At the meeting, the United States Trustee shall identify any deficiencies and discuss the proposed resolution of any deficiencies. The standing trustee shall be afforded an opportunity to raise matters with the United States Trustee. A summary of the conference and the United States Trustee's determination of the standing trustee's performance as a fiduciary, in the administration of cases, and of the responsibilities of the office shall be reflected in the evaluation.

The evaluation shall be reviewed in conjunction with the standing trustee's budget and recommendation for percentage fee and compensation that are submitted to the Director. No percentage fee or compensation order may be issued prior to the completion of the evaluation. The evaluation shall reflect the efforts of the United States Trustee to meet regularly to discuss, analyze, and document the standing trustee's performance. Based upon the evaluation, as well as other documents and observations, the United States Trustee shall determine whether remedial or enforcement actions are required.

The United States Trustee is to provide a copy of the completed evaluation to the standing trustee. The evaluation, at a minimum, shall consist of the following criteria:

1. Timeliness and Quality of Monthly Reports Filed by the Chapter 12 or 13 Standing Trustee. A standing trustee is required to file a monthly report in the format set forth in the Handbook for chapter 12 or chapter 13 standing trustees. A standing trustee is to submit the monthly report within 30 days following the prior month. The monthly report, along with copies of reconciled bank statements submitted by a standing trustee, are to be reviewed within 30 days of receipt by the United States Trustee. The report allows the United States Trustee to determine that payments are being made by debtors and that the standing trustee is disbursing monies to creditors. The United States Trustee shall monitor the expense fund

to determine if funds in excess of the allowed operating reserve have been expended or if there is a decrease in receipts. Fluctuation in receipts may require an adjustment to a standing trustee's percentage fee and level of compensation.

The report should also be reviewed to determine the sufficiency of the standing trustee's bonding, whether estate funds are adequately collateralized, and whether the approved budget has been adhered to. Notations shall be made if the reports are inaccurate, incomplete, consistently late, or not filed.

2. Bank Account Information. Bank account information is to be reviewed monthly by the United States Trustee to verify that estate funds are held in proper accounts pursuant to the Handbook for chapter 12 or chapter 13 standing trustees; that the financial information contained in the monthly report is accurate; that bond coverage is adequate; that bank collateralization is sufficient; that estate funds have been timely deposited; that the standing trustee is making disbursements on a timely basis; and that no unauthorized fund transfers have occurred.

There are several methods of review of bank account information: monthly review of bank statements, monthly review of account summaries of estate funds from the standing trustee's bank(s), submission of bank statements with reports, and periodic on-site reviews. To the degree there are departures from standards, the standing trustee is to be notified and the matter documented. Deficiencies are to be noted in the evaluation and/or discussed during the evaluation, as appropriate. A standing trustee must authorize his/her bank(s) to release all estate account information to the United States Trustee.

3. Section 341 Meetings of Creditors. A standing trustee shall personally conduct the meeting of creditors pursuant to 11 U.S.C. § 341, unless another qualified individual is approved in writing by the United States Trustee. Pursuant to 11 U.S.C. §§ 341 and 343, attendance and oral examination by the trustee, creditors, or the United States Trustee of all debtors, including both spouses in a joint case, at the section 341 meeting is

mandatory, unless excused by court order. At least annually, the United States Trustee shall review the cases assigned to a particular standing trustee's docket or calendar by attending a meeting of creditors (and/or by reviewing audio tapes of the meeting) and evaluating whether appropriate questions were asked; that irregularities and deficiencies in the petitions, plans, or budgets were identified; and that deadlines were imposed upon debtors for the submission of additional information. The United States Trustee should verify that a standing trustee tapes all section 341 meetings, that the tapes are audible, and that the tapes are retained for two years. A standing trustee's conduct of section 341 meetings is an element in the trustee's annual evaluation. The United States Trustee shall provide a written report of the review for the trustee's file.

4. Substantive Case Administration. The United States Trustee shall determine whether a standing trustee files pleadings consistent with professional standards in the following areas: motions to dismiss; objections to confirmation; review of and, if appropriate, objections to claims; and objections to attorney fees. The United States Trustee shall also review a standing trustee's systems to assure that they adequately address issues such as serial filers, unauthorized filings, and compliance with the requirements in the Bankruptcy Code and Bankruptcy Rules applicable to chapter 13 debtors engaged in business. The level of knowledge and compliance with the law and United States Trustee policies is to be documented in a trustee's file. When appropriate, deficiencies should be discussed with the standing trustee and noted in the evaluation or other document conveyed to the standing trustee. Issues to be examined include: plan feasibility, claims review, plan modification, and misdisbursements. The Office of Review and Oversight maintains a Management Review Guide that can be used as a tool to assess a standing trustee's case administration.
5. Court Performance. At least annually, the United States Trustee shall observe a standing trustee's court appearances. A summary of performance is to be documented in the trustee's file.

6. Public Complaints. The United States Trustee should request that any complaint concerning a standing trustee be made in writing. If appropriate, the written complaint is to be sent to the standing trustee and the trustee shall send a written response to the United States Trustee by a date set by the United States Trustee. Each complaint is to be investigated independently and not evaluated solely on the standing trustee's response. Immediate and appropriate remedial action is to be taken on all valid complaints.

All complaints and full reports of investigations are to be maintained in the trustee's file. The United States Trustee should respond in writing to each complainant within 30 days of receipt of the complaint. A lawsuit against a trustee, or a pleading requesting that a standing trustee close a case, distribute funds under a confirmed plan, or which seeks the removal of the standing trustee, is to be investigated to determine whether it should be considered to be a public complaint to be investigated by the United States Trustee.

7. Lawsuits or Claims Filed Against a Standing Trustee. Any lawsuit or claim against a standing trustee, including litigation not related to the standing trustee's duties and performance, shall be investigated, consistent with the procedures applicable to investigating public complaints (see preceding paragraph).
8. Declination of Cases/Conflicts. A standing trustee must be knowledgeable of 11 U.S.C. § 101(14), which defines "disinterested person," and 11 U.S.C. § 101(31), which defines "insider," and must decline any appointment in which he/she has a conflict of interest, where there is a lack of disinterestedness, or where the trustee is an insider. Conflicts of interest include, without limitation, the representation by a standing trustee's firm of a debtor during the administration of the chapter 12 or 13 case. Further, a conflict exists if a standing trustee's representation of a client requires the standing trustee to take a position contrary to the fiduciary responsibilities of a standing trustee or the trustee's firm. If a trustee discovers a conflict of interest or a lack of disinterestedness after accepting an

appointment, the trustee should immediately file a notice of resignation in the case and notify the United States Trustee, who must reassign the case to another trustee. Conflicts may not be waived by either the debtor or a creditor.

If a conflict exists, or if the trustee is not disinterested or is an insider, the standing trustee shall resign from the particular case. The number of and reason for resignations for conflict shall be documented. To the degree that a trustee has a large number of resignations for conflicts, the United States Trustee, with the approval of the Director, may institute an enforcement action against the standing trustee.

If a standing trustee is engaged in another occupation or business, or is affiliated with an entity that conducts a business or practice that provides services to debtors or creditors, the standing trustee must advise the United States Trustee of those interests so that the United States Trustee may determine whether the standing trustee's other occupation or business conflicts with the fundamental duties of a standing trustee.

A standing trustee may not act as an agent for insurance companies on any sale of insurance to chapter 12 or 13 debtors, nor make any claim for commissions on any premiums paid to an insurance company by chapter 12 or 13 debtors. This restriction extends to any relative as defined in 28 C.F.R. § 58.4.

A standing trustee should demonstrate compliance with the Handbook for chapter 12 or chapter 13 standing trustees concerning conflicts and/or outside business interests.

A standing 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 or 13 of the Bankruptcy Code. Subject to the approval and guidance of the United States Trustee, a standing trustee may disseminate information to interested persons about chapter 12 or 13 and may participate in meetings, educational seminars, or institutes concerning chapter 12 or 13.

9. Review of Budget and Annual Report.

- a. Review of Budget. A standing trustee must maintain an accounting system that will provide, at a minimum, the budget data required to fix his/her percentage fee and annual compensation. An annual budget must be submitted to the United States Trustee by July 1 of each year in the case of a chapter 13 standing trustee, and by October 1 of each year in the case of a chapter 12 standing trustee. Separate reports are required to cover a standing trustee's administrative expenses, personnel expenses, allocated expenses (including the basis for the allocations), and workload exhibit. (See Appendix 4-2.)

The standing trustee coordinator must conduct a detailed review of the budget. After the United States Trustee determines that the budget contains only actual and necessary expenses, the budget should be forwarded to the Office of Review and Oversight, with the United States Trustee's recommendation as to the appropriate annual compensation and percentage fee. The United States Trustee's recommendation must be submitted by August 15 of each year in the case of a chapter 13 standing trustee, and by November 15 of each year in the case of a chapter 12 standing trustee. No percentage fee or annual compensation will be authorized in the absence of sufficient supporting data.

During the budget review each year, the United States Trustee should note in the trustee's file the number and types of revisions that were made to the trustee's budget submissions. Any savings obtained by reason of the region's review also should be documented.

- b. Review of Annual Report. A standing trustee must submit an annual report in the format prescribed by the Executive Office for United States Trustees for the period covering January 1 to December 31 for a chapter 12 standing trustee, and for the period covering October 1

to September 30 for a chapter 13 standing trustee. If a standing trustee did not serve a full cycle, an annual report must still be submitted for the period of service. Annual reports are to be submitted to the United States Trustee by February 15 in the case of a chapter 12 standing trustee, and by November 15 in the case of a chapter 13 standing trustee. If a standing trustee does not serve through the end of a reporting year, then the annual report must be filed within 45 days of the date the standing trustee's service ends.

The report must indicate the gross amount received by the standing trustee, the amounts disbursed under plans, the amounts disbursed to the standing trustee for compensation and expenses, the amount of interest earned, the amounts returned to debtors, and, if appropriate, the amounts to be remitted to the United States Trustee for payment to the United States Trustee System Fund.

The timely submission of an accurate report is imperative because it serves as the basis for a standing trustee's audit. The United States Trustee is responsible for reviewing the annual report and for documenting any deficiencies in timeliness or accuracy.

A standing trustee's failure to submit a timely or accurate report may result in remedial action. If the annual report indicates expenditures that are not actual and necessary for fulfilling the standing trustee's duties, the standing trustee shall be instructed to reimburse the expense account. Continued violations shall be considered a breach of the standing trustee's fiduciary duty.

10. Final Reports. At the time of evaluation, the United States Trustee shall determine whether a standing trustee has filed timely final reports on cases administered.

11. Audit/Accelerated Limited Scope (ALS) Audit/Office Visit. Deficiencies noted in an audit, ALS, or office visit and the degree of responsiveness by a standing trustee shall be documented, with an emphasis on recurring deficiencies.
12. Misdisbursements. The United States Trustee shall evaluate the number and level of misdisbursements made by a standing trustee during the year and previous years.
13. Maintenance of Statistics. The Director shall keep statistics on all chapters 12 and 13 costs and expenses from standing trustees' budgets and annual reports, including statistics on the amounts of proposed expenditures the United States Trustee has denied or reduced. These statistics shall be provided to the United States Trustee to assist in monitoring the costs and expenses of the standing trustees.

4-3.4

UPDATED SF-86

At the time a standing trustee submits the proposed budget for the upcoming year, the standing trustee shall update the information set forth in the Questionnaire for Sensitive Positions, SF-86, or similar form. Any supplemental information shall be evaluated. The proposed budget shall contain the following statement:

The information contained in the Questionnaire for Sensitive Positions, SF-86, submitted in connection with my appointment, remains accurate. Any supplemental or updated information is attached.

CHAPTER 4-4: INDEPENDENT AUDITS, ACCELERATED LIMITED SCOPE (ALS) AUDITS, AND OFFICE VISITS

4-4.1

GENERALLY

Audits are the starting point for determining the adequacy of a standing trustee's financial management, internal control procedures, and

organizational support and are part of the annual evaluation process. A chapter 13 standing trustee shall receive a full scope audit annually. A chapter 12 standing trustee shall receive either a full scope audit, an Accelerated Limited Scope (ALS) audit, or an office visit annually.

4-4.2

CHAPTER 13 STANDING TRUSTEES

A chapter 13 standing trustee shall receive an audit annually by an independent accounting firm. The audit is designed to determine the adequacy of both internal controls over estate monies and performance in case administration.

4-4.2.1

Exit Conferences and Follow Up

At the completion of the audit, the United States Trustee shall participate in the exit conference to determine any appropriate remedial action. Within 45 days of the date of the written audit report, the standing trustee must submit a written statement confirming that corrective action has been taken on noted deficiencies and changes implemented. Whenever an audit report contains a consequential finding or a series of less consequential findings, the United States Trustee shall, within three months of the standing trustee's response, make an on-site visit to the standing trustee's office to verify compliance. For a compendium of consequential findings or a series of less consequential findings, see Appendix 4-3. Failure to implement necessary changes shall result in appropriate remedial action by the United States Trustee. A copy of the standing trustee's response to the audit shall be sent to the Assistant Director for Review and Oversight, accompanied by a written verification by the United States Trustee that deficiencies noted in the audit have been resolved and changes implemented. The resolution of audit findings shall be completed within six months of the audit, but no later than August 1.

4-4.2.2

Office Visits

Office visits for a chapter 13 standing trustee are to be used when deemed appropriate. The scope of the office visit is a limited review and shall be directed to any area that a trustee's file or performance indicates may be appropriate.

4-4.3

CHAPTER 12 STANDING TRUSTEES

A chapter 12 standing trustee shall receive a full scope audit, conducted by the Office of the Inspector General, every third year, unless there is a compelling justification to omit the audit or schedule an audit more frequently. In those years in which a chapter 12 standing trustee does not receive a full scope audit, the standing trustee shall receive either an Accelerated Limited Scope (ALS) audit or an office visit, as determined by the United States Trustee.

4-4.3.1

Independent (OIG) Audits

The independent audit is designed to determine the adequacy of both internal controls over estate monies and performance in case administration. In selecting chapter 12 trustees to be audited, consideration is to be given to the adequacy of reports, caseload, amount of estate funds under a standing trustee's control, previous unsatisfactory audit findings, and any recent deficiencies.

4-4.3.1.1

Exit Conference and Follow Up

The United States Trustee shall participate in the exit conference to determine the appropriate remedial action necessary. Within 45 days of the date of the written audit report, the standing trustee must submit a written statement confirming that corrective action has been taken on noted deficiencies and changes implemented. Whenever an audit report contains a consequential finding or a series of less consequential findings, the United States Trustee shall, within three months of the standing trustee's response, make an on-site visit to the standing trustee's office to verify compliance. Failure to implement necessary changes shall result in appropriate remedial action by the United States Trustee. A copy of the standing trustee's response to the audit shall be sent to the Assistant Director for Review and Oversight and to the Inspector General, accompanied by a written verification by the United States Trustee that deficiencies noted in the audit have been resolved and changes implemented. The resolution of an audit must be completed within six months of the audit, but no later than November 1.

4-4.3.2

Accelerated Limited Scope (ALS) Audits

An accelerated limited scope (ALS) audit is generally conducted by the standing trustee coordinator, with assistance from an attorney, consistent with Appendix 4-4. A written report of the audit is to be submitted to the United States Trustee. Written notice of deficiencies and required changes, with deadlines for implementation, is to be provided to the standing trustee. A chapter 12 standing trustee must submit a written response within 45 days. Whenever an ALS audit notes a consequential deficiency or a series of lesser deficiencies, the United States Trustee shall visit the standing trustee's office to verify compliance within three months of the standing trustee's response. The ALS audit report, along with the standing trustee's response, is to be maintained in the trustee's file. Failure to correct noted deficiencies or to meet deadlines set forth in the notice shall result in appropriate remedial action by the United States Trustee. Deficiencies or a determination of partial remedies must be conveyed to the standing trustee. A copy of the standing trustee's response to the ALS audit shall be sent to the Assistant Director for Review and Oversight, accompanied by a written verification by the United States Trustee that deficiencies noted in the audit have been resolved and changes implemented.

4-4.3.3

Office Visits

The United States Trustee must make an office visit to each chapter 12 standing trustee who is not receiving either a full scope or limited scope audit. The scope of the office visit is a limited review and shall be directed to any area that a trustee's file or performance indicates may be appropriate. Any deficiencies or inadequacies are to be documented and the standing trustee required to make a written response within a specific time confirming that corrective actions have been implemented. A copy of the standing trustee's response shall be sent to the Assistant Director for Review and Oversight, accompanied by a written verification by the United States Trustee that the deficiencies noted in the review have been resolved and changes implemented. Failure to make the necessary changes shall result in appropriate remedial action by the United States Trustee. The report of the office visit is to be maintained in the appropriate file.

CHAPTER 4-5: ENFORCEMENT ACTIONS AGAINST STANDING TRUSTEES

4-5.1

OVERVIEW

The United States Trustee's supervision of a standing trustee carries with it the responsibility to take appropriate action when problems arise.

In selecting an appropriate enforcement action to address trustee misconduct, the United States Trustee, in consultation with the Deputy Director, must consider factors including the nature of the problem, the resources to be committed, and the benefit the enforcement action will have on case administration. If the nature of a trustee's misconduct reflects dishonesty, deceit, fraud, or the serious mishandling of estate funds, a single substantiated incident justifies immediate action by the United States Trustee. Remedies include ceasing to assign cases to the trustee, moving to seek the removal of the trustee, temporary restraining orders, orders to turnover books and records, and referral to the United States Attorney. Any decision to take an enforcement action must consider the available evidence, including documentation of efforts and communications between the United States Trustee and the standing trustee.

Enforcement actions with regard to a standing trustee may involve circumstances unique to the standing trustee. The large number of cases typically assigned to a standing trustee heightens the need to pursue appropriate remedies as expeditiously as possible due to the substantial monies at stake, as well as the number of parties affected. Any enforcement action that precludes the assignment of future cases, even for a short period of time, however, presupposes that a capable individual to administer those cases must first be appointed.

Whenever the United States Trustee seeks to remove a standing trustee from existing cases under 11 U.S.C. § 324 or to terminate a trustee's receipt of future case assignments, the United States Trustee must be prepared to have a successor trustee appointed who can respond to the exigencies of the circumstances. The alternative of having an Assistant United States Trustee serve must be considered in the context of the resources available to adequately administer cases. The United States

Trustee may designate one or more Assistant United States Trustees to serve in cases under chapters 12 and 13.

This chapter describes the range of enforcement actions to be taken to ensure prompt, honest, and effective case administration by chapters 12 and 13 standing trustees. These enforcement actions include administrative, civil, and criminal proceedings. It is critical that enforcement actions be exercised in a manner that is justified by the facts and the law and that is in keeping with the standards of the Department of Justice.

4-5.2

GENERAL FACTORS AFFECTING CHOICE OF ENFORCEMENT ACTIONS

In selecting the appropriate enforcement action to address a standing trustee's deficiencies, the United States Trustee must consider the type of remedy, the timing of the remedy, the resources to be committed, and the impact the enforcement action will have on case administration. Enforcement actions must be related to the nature and extent of a standing trustee's misconduct. If the nature of a standing trustee's misconduct reflects dishonesty, deceitfulness, fraud, or serious mishandling of funds, a single substantiated incident justifies immediate action by the United States Trustee. Remedies include removal, temporary restraining orders, orders to turn over books and records, and referral to the United States Attorney.

Misconduct below dishonesty or fraud includes inadequacies in reporting, bonding, internal controls, and overall administration. Such conduct may call for the use of cumulative remedies or may be so serious as to warrant seeking removal of a standing trustee and/or injunctive relief. Identifying and documenting deficiencies is an important element in supervision. Information developed must envision further enforcement remedies. Well documented information emanating from credible witnesses, including employees of the United States Trustee, where appropriate, will provide the testimonial and documentary evidence to be used in court. Beyond establishing a record, this process provides for a continuing review of a standing trustee's administration.

4-5.3 **POSSIBLE CRIMINAL CONDUCT**

Any allegation about a standing trustee or an employee or professional retained by a trustee that involves the loss of estate funds or possible criminal conduct is to be addressed in accordance with the procedures set forth in Volume 5 of this Manual.

4-5.4 **ENFORCEMENT ACTIONS**

4-5.4.1 **Suspension from Case Assignments**

Where cause exists, a trustee may be suspended from the assignment of future cases. The suspension of a trustee must be effected pursuant to 28 C.F.R. § 58.6. See Appendix 4-5 for the form of the notice to the trustee.

4-5.4.2 **Removal**

A standing trustee's inability to administer cases may result in the United States Trustee filing a motion under 11 U.S.C. § 324 to remove the trustee from all existing cases. The decision to seek removal must be based on evidence that demonstrates that the standing trustee has failed to carry out the responsibilities of the office or has failed to comply with applicable law or policy. The clearest case for removal is the discovery of fraud or embezzlement; however, other kinds of financial mismanagement may form the basis for removal. The United States Trustee must consult with the General Counsel and the Assistant Director for Review and Oversight prior to taking any formal action, and the Director must approve the final decision.

The removal of a trustee is governed by 11 U.S.C. § 324 which states:

- (a) The court, after notice and a hearing, may remove a trustee, other than the United States trustee, or an examiner, for cause.
- (b) Whenever the court removes a trustee or examiner under subsection (a) in a case under this title, such trustee or examiner shall thereby be removed in all other cases under this title in

which such trustee or examiner is then serving unless the court orders otherwise.

Absent extraordinary circumstances, the United States Trustee shall also terminate the assignment of future cases to the standing trustee prior to, or simultaneous with, the filing of a motion to remove.

4-5.4.3

Recovery of Unauthorized Expenses or Excess Compensation

If a standing trustee takes excess compensation in violation of a compensation order, takes all compensation prior to the end of the year, improperly receives compensation by some other means, or makes unauthorized expenditures, the United States Trustee shall demand that the funds be returned. If the standing trustee fails to repay the sums demanded, the United States Trustee shall inform the Director and make a recommendation for further action, including the reduction of compensation, termination of future case assignments, or the bringing of a removal action or a suit against the trustee and the trustee's surety.

4-5.4.4

Zero or Reduced Compensation Order

With respect to budget disputes, zero or reduced compensation orders will be issued when a standing trustee expends trust funds without prior approval of the United States Trustee or prior to the final resolution of any disputed budget amount. In the event that there is an unresolved dispute between a standing trustee and the United States Trustee concerning a particular budget item, the parties will explore resolution of the dispute by informal means or utilize applicable formal dispute resolution procedures. Pending final resolution of the dispute, the standing trustee may not expend trust funds for any disputed portion of a line item. In the event trust funds are expended without final approval, the expense fund may be reimbursed by deduction from the standing trustee's future compensation.

The United States Trustee may request that the compensation level be set at zero if a standing trustee fails to undertake satisfactory efforts to correct deficiencies, other than budget disputes, that have been noted by the United States Trustee. The request must be forwarded to the Assistant Director for Review and Oversight for final decision by the

Director. A zero compensation order may be used until the deficiencies are corrected. Once corrected, a new order should be issued that permits the standing trustee to receive compensation retroactively.

CHAPTER 4-6: PROCEDURES FOLLOWING THE RESIGNATION, REMOVAL, OR DEATH OF A STANDING TRUSTEE

4-6.1 **FINAL AUDIT**

Upon the resignation, removal, or death of a standing trustee, all accounts are to be closed and an annual report prepared. An audit of the trustee's operation must then be performed by an independent auditor or by the United States Trustee, covering the period from the close of the last annual report to the date of resignation, removal, or death. The United States Trustee should contact the Assistant Director for Review and Oversight to coordinate the conduct and scope of the audit. If the trustee resigns, is removed, or dies amidst allegations that trust funds are missing or cannot be accounted for, the procedures set forth in Volume 5 of this Manual must also be followed.

4-6.2 **SUCCESSOR TRUSTEE**

Upon the resignation, removal, or death of a standing trustee, a successor trustee must be appointed who is willing and able to respond to the exigencies of the circumstances. The alternative of having an Assistant United States Trustee serve as the successor standing trustee should be considered in the context of available resources.

CHAPTER 4-7: CASE-BY-CASE TRUSTEES

4-7.1 **OVERVIEW**

If there is an insufficient number of cases to warrant the appointment of a standing trustee under 28 U.S.C. § 586(b), the United States Trustee should appoint a disinterested person to serve as a trustee in each

chapter 12 or chapter 13 case pursuant to 11 U.S.C. §§ 1202(a) and 1302(a). A case specific appointment may also be necessary in situations where a standing trustee has a conflict of interest. If the caseload increases, the United States Trustee should consider the appointment of another standing trustee. An individual appointed on a case-by-case basis needs court approval to receive compensation and reimbursement of actual and necessary expenses from each case pursuant to 11 U.S.C. §§ 326(b) and 330. Supervision of the trustee by the United States Trustee requires the same level of scrutiny as applies to all trustees generally.

4-7.2

RECRUITMENT AND SELECTION

4-7.2.1

Selection

The United States Trustee selects and appoints an individual as a case-by-case trustee under chapter 12 or 13.

4-7.2.2

Qualifications and Eligibility

The same qualifications, procedures, and eligibility requirements that apply to individuals appointed to administer chapter 7 cases apply to those appointed to administer individual chapter 12 or 13 cases. A background investigation is required unless the individual has a current clearance as a panel or standing trustee. The individual must be disinterested and must reside or have an office in the judicial district or an adjacent judicial district to where the case was filed. The individual must also post a bond.

4-7.2.3

Required Paperwork

A copy of the appointment and background investigation forms must be forwarded within five days of the appointment of a case-by-case trustee to the Assistant Director for Review and Oversight.

4-7.3

OVERSIGHT OF CASE-BY-CASE TRUSTEES

4-7.3.1

Bank Accounts, Bonding, and Collateralization

A case-by-case trustee is to maintain a separate bank account for each estate administered. The United States Trustee is to receive a statement of account activity on a monthly or quarterly basis from the financial institution where estate monies are maintained.

The United States Trustee shall ensure that the financial institution has posted adequate securities with the Federal Reserve Bank or has provided an appropriate bond so that the monies on deposit are collateralized in accordance with 11 U.S.C. § 345. The United States Trustee shall also ensure that the trustee is bonded. A case specific bond may be appropriate.

4-7.3.2

Annual Evaluation

A trustee administering individual cases under chapters 12 and 13 shall be evaluated on an annual basis following the same general criteria that apply to standing trustees:

1. The timeliness and quality of the trustee's reports.
2. The trustee's conduct of the meeting of creditors pursuant to 11 U.S.C. § 341.
3. The substantive administration of estates, including the quality of advocacy in court and legal pleadings.
4. A review of all complaints or lawsuits filed against the trustee.
5. The trustee's responsiveness to audits.
6. The adequacy of bonding.

The evaluation shall be documented and provided to the trustee.

4-7.3.3

Reporting

A case-by-case trustee shall provide the United States Trustee a monthly or quarterly report which details the receipts and disbursements of each case under his/her administration in the format prescribed by the United States Trustee.

On an annual basis, the United States Trustee shall submit to the Assistant Director for Review and Oversight a report containing the following information:

1. Name of trustee assigned to a case.
2. Case/debtor name.
3. Case number.
4. Date filed.
5. If confirmed, date of confirmation.
6. The year the case is scheduled for completion.
7. Receipts during the reporting year.
8. Disbursements during the reporting year.
9. The amount of funds on hand at the end of the reporting year.

The report is due for case-by-case trustees administering chapter 12 estates on February 15, and for case-by-case trustees administering chapter 13 estates on November 15.

4-7.3.4

Audits

A trustee administering individual chapter 12 or 13 cases shall receive a biannual audit. The audit may be conducted by an independent audit firm, the Inspector General, or the United States Trustee.

APPENDIX 4-1

UNITED STATES TRUSTEE SYSTEM
STANDING TRUSTEE EVALUATION RECORD

Name of Trustee: _____
 Region/Judicial Dist(s): _____
 Date of Original Appointment: _____
 Evaluation for Period Beginning _____
 and Ending _____

TOTAL CASELOAD

Total Cases at Beginning of Period	
Total Cases Received During Period	
Total Cases Disposed of During Period	
Total Cases at End of Period	
Total Cases 60 Months Old and Older	
Percentage of Cases Over 60 Months Old	%

EVALUATION FACTORS:

- | | |
|---|---|
| 1.Monthly Reports filed by the Standing Trustee | 5.Budgets, Annual Reports and Final Reports |
| 2.§341 Meetings | 6.Response to Audits/Inquiries |
| 3.Substantive Case Administration/Court Performance | 7.Bonding, Estate Deposits/Investments |
| 4.Public Complaints/Lawsuits | |

Comments: _____

Signature of Evaluating Officials

_____ Date	_____ Assistant United States Trustee/Attorney
_____ Date	_____ Standing Trustee Coordinator
_____ Date	_____ United States Trustee

A. TRUSTEE DUTY:

No. 1 Prepares and files appropriate Monthly Reports with bank account information.

B. EVALUATION CRITERIA:

Timeliness
Completeness/accuracy
Bank information attached
Trustee attentiveness to variances in receipts and budgetary items

C. COMMENTS (DETAILED NARRATIVE):

A. TRUSTEE DUTY:

No. 2 Investigates financial affairs of the debtor
Presides over and conducts the §341 meeting of
creditors.

B. EVALUATION CRITERIA:

Punctually
Thoroughness
Demeanor
Preparedness
Use of Substitutes
Efficiency of Meeting
Review of Plans and Budgets
Follow-up of Deadlines Imposed
Reports Instances of Criminal Conduct to the
U.S. Trustee when detected

C. COMMENTS (DETAILED NARRATIVE):

A. TRUSTEE DUTY:

No. 3 Substantively administers cases by filing appropriate pleadings and appears effectively before the United States Bankruptcy Court.

B. EVALUATION CRITERIA:

Pleadings

Motions to Dismiss

Confirmation Objections

Objections to Claims

Objections to Attorney Fees

Court Performance

Preparation

Demeanor

Knowledge of Case

Compliance with U. S. Trustee Policies

Familiarity with UST policies/guidelines, including Handbook and compliance with same.

Nature and number of declinations of cases

C. COMMENTS (DETAILED NARRATIVE):

A. TRUSTEE DUTY:

No. 4 Responds to inquiries from the public, parties in interest/responds to complaints.

B. EVALUATION CRITERIA:

Responses

Courtesy

Helpfulness/Cooperation with creditors, debtors' counsel

Accuracy/completeness

Number of public complaints/resolution

Lawsuits

Nature

Outcome

C. COMMENTS (DETAILED NARRATIVE):

A. TRUSTEE DUTY:

No. 5 Timely files budgets, annual reports and final reports; Judiciously uses expense funds.

B. EVALUATION CRITERIA:

Budgets

Timely Filed

Accurately Calculated/Corrections made promptly

Reasonable, actual and necessary expenses

Contains proper attachments (job descriptions, proof of insurance, list of property, affidavits from banks)

Annual Reports

Timely filed

Accurately Calculated/Corrections made promptly

Number of Cases over 60 Months Old

Level of Misdisbursements, corrections made promptly

Final Reports

Timely Filed

C.. COMMENTS (DETAILED NARRATIVE):

A. TRUSTEE DUTY:

No. 6 Responds to audits, site visits and reviews;
responds to requests of United States Trustee.

B. EVALUATION CRITERIA:

Audits Site Visits Reviews (ALS)

Accurate Record Keeping

Well Organized Files

Timeliness in Responses to Audits

Major Findings

Proper Corrective Action

Qualified Audits

Responses to United States Trustee

Expeditious, completeness

Attendance at UST training meetings

Enforcement actions necessarily taken by UST

C. COMMENTS (DETAILED NARRATIVE):

A. TRUSTEE DUTY:

No. 7 Maximizes and safeguards estate/investments.
Complies with UST policy on banking and bonding.

B. EVALUATION CRITERIA:

Use of Approved Depositories
Proper Collateralization
Reconciliation of Bank Statements
Sufficiency of Bond

C. COMMENTS (DETAILED NARRATIVE):

APPENDIX 4-2

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

I. Introduction

These instructions relate to the preparation of standing trustee upcoming budget estimates. 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 1 of each year.

B. United States Trustee The United States Trustee will review the standing trustee's budget estimates, provide comments, and indicate review by signing the budget requests along with any necessary modifications for their submission of the data to the Assistant Director for Review and Oversight by November 15 of each year. The standing trustee's yearly budget (including new or revised position descriptions and a statement describing any changes or corrections to the questionnaire for sensitive positions (SF-86)) must be accompanied by a memorandum from the United States Trustee recommending the upcoming annual percentage fee and compensation level. Evaluations should be sent to the Assistant Director by December 1.

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 Orders Fixing Compensation and Percentage Fee will not be processed until the budgets are reviewed by the United States Trustee.

III. Standards to be Used in Preparing Estimates

The standing trustee should use the most recent annual report for the actual-year data requested in the budget forms. Accounting classifications may need to be modified to capture data in the requested level of detail and in the categories of expense used throughout the submission.

You may find that the amount of detail required for an expense in the Supporting Estimates (Exhibit II), Detail of Personnel Expense (Exhibit III), and the Allocated Expenses (Exhibit IV) is greater than the space available on the form. For those expenses, expand the space.

Current-year data should be based on expenses reported in the monthly reports of expenditures. All amounts should be rounded to the nearest dollar.

Exhibit I. Summary of Necessary Expenses

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. If a classification is changed, please footnote.

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 Expenses: Charges for regular salaries and wages, employer's contributions (social security, unemployment, etc.), overtime, bonuses, and cost of benefits provided to employees.

Item 2. *Office Rent: Charges for rental of office space, conference rooms, garage space, and storage space. Off-site storage cost should be broken out separately. If operation moved or is moving in mid-year, use both rates and both square footage amounts. If utilities are included in rental cost and a break-out is available, please provide.

Item 3. *Utilities: Self-explanatory.

Item 4. *Bookkeeping and Accounting Services: Charges incurred for all outside bookkeeping and accounting 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, consulting, research and development, and use of proprietary programs, including initial processing

fees charged by a computer firm. Includes software maintenance charges. This item does not include training or supplies.

Item 6. Audit Services: Charges incurred for services of any independent audit firms.

Item 7. *Consulting Services: Charges incurred under contract with individuals for services as attorneys, accountants and other professionals. (This does not authorize payment of expenses incurred for the defense or settlement of claims made or actions brought against the trustee personally.)

Item 8. Telephone: Charges for local phone service and/or long distance service.

Item 9. Postage: All postal charges, including parcel post, express mail, and rental of post office boxes.

Item 10. Office Supplies: Charges incurred for pencils, paper, calendar pads, standard forms, printed forms, envelopes, photocopying paper and supplies, computer-related supplies, other office supplies, and property of little monetary value such as desk trays and pen sets. Includes 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: Effective January 1, 1997, dues or membership fees for professional organizations are not allowed expenses.

Item 14. *Publications and On-Line Services: Charges for subscriptions to and copies of bankruptcy-related journals and periodicals, books and directories in the standing trustee's library, and on-line services. 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 errors and omissions, fire, theft, and accidental injury to property or third persons). Includes cost of workers compensation insurance.

Item 16. Training Expenses: Charges for tuition, registration, textbooks, supplies, air fare, mileage, meals, and other costs incurred as related to training activities directly associated

with the duties of the standing trustee or employee.

Effective January 1, 1998, if training expenses are no more than one percent of the fiscal year operating expense fund or \$5,000, whichever is greater, supporting detail is not required until the trustee submits the annual report. Pre-approval of training expenses is no longer required, which affords the standing trustee more management flexibility.

Item 17. *Maintenance and Service Agreements: Charges incurred for the repair and maintenance, or service agreements covering such 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 and Transcripts: Self-explanatory.

Item 19. *Travel: All travel charges except for travel related to training, which should be included in Item 16.

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, mailing machines, postage meters, and file cabinets. Total rent payments may not exceed the cost of purchase.

Item 21. *Equipment/Furniture Purchases: Charges for purchase of movable furniture, fittings, and fixtures; including desks, tables, chairs, typewriters, calculators and adding/bookkeeping machines, computers, printers, telephone equipment, and file cabinets, and including charges for services in connection with shipping and installation when performed under contract. All equipment/furniture purchased from Chapter 12 funds remain the possession of the office of the standing trustee, and are to be used for the administration of all Chapter 12 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 breakdown of the miscellaneous expenses.

Exhibit II. Yearly 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:

The expenses itemized in the Yearly Supporting Estimates should agree with the total figures entered in the same categories of the Summary of Necessary Expenses Exhibit (Exhibit I).

All expense items should be listed within the categories requested in the Yearly 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.

Exhibit III. 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, provide individual data on salary, overtime pay, bonuses, benefits, average number of hours worked per week, and hourly wage (both the wage at the beginning of the calendar year and the one at the end of the calendar year). Bonus amounts for the upcoming year are probably not as yet apportioned to individuals. List total dollars on the summary page at the end of the Exhibit. Position descriptions itemizing all of the duties performed for any positions that have changed or been added must accompany Exhibit III. Four sample blocks are provided in the Exhibit. 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; therefore, no line item is provided for the trustee. Identify each employee who is related (by blood or marriage) to the trustee or to another trustee employee and describe the relationship.

Exhibit IV. Allocated Expense Exhibit

List all costs apportioned between the standing trustee and another business entity, e.g., law practice or Chapter 13

operation. Identify the expense item, total cost, cost to the trustee operation, other business entity, allocation percentage, and justification for allocation. The justification for allocation may be square footage, hours worked, number of employees, etc. However, for each separate allocation, approval must be obtained in advance from the United States Trustee. In the actual, full-year, and budget year columns, the total cost and the cost allocated to the standing trustee operation are entered. An example appears below if time spent is 50% on law practice and 50% on the standing trustee operation:

<u>Item and Justification for Allocation:</u>	<u>CY xx</u> <u>Actual</u>	<u>CY xx</u> <u>Full-Year</u>	<u>CY xx</u> <u>Budget</u>
1. Expense Item: Personnel Expenses.			
Total Cost	\$50,000	\$58,000	\$64,000
Cost Allocated to Ch. 12 Oper...	\$25,000	\$29,000	\$32,000
Allocation Percentage (identify other party):			
50% law practice; 50% Ch. 12 operation			
Justification for Allocation:			
Actual time spent on law practice and Chapter 12 operation			

In this example, the justification for allocation is actual time spent by staff on standing trustee's activities. The percentage of time is 50%. The total budgeted cost of personnel is \$64,000, and \$32,000 of the cost is allocated to the standing trustee's expenses. The full-year and budget year columns are prepared with estimates for those years in the same manner that actual previous expenses are shown.

If all allocations are made on the same basis, then only one justification for allocation should be shown. If more than one allocation basis is used, each should be described.

For other exhibits in the budget submission, only the amount allocated 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 i.e., after refunds to debtors. Disbursements reported in Item (1)(b) should be only those subject to percentage fee. Item 2(a) is the percentage fee needed to cover all expenses itemized in the Summary of Necessary Expenses (Exhibit I), and the trustee's compensation in the upcoming year. (For prior and current year, give average

percentage fee.) In Item 2(b), indicate the percentage fee revenues from 2(a) in each 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 Section 586(e) of Title 28 (as amended) becomes effective in the district.

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 is used to adjust the caseload for changes in the status of active cases:

- a. Cases transferred in (+) - Cases transferred from other trustee offices are added.
- b. Cases converted to Chapter 12 (+) - Cases converted from another chapter are added.
- c. Cases transferred out (-) - Cases transferred from your office to another office are subtracted.
- d. Conversions to another chapter (-) - Cases converted from Chapter 12 to any other chapter are subtracted.
- e. Dismissals (-) - Cases dismissed are 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 are subtracted.

7. Cases active, end of period - This represents the total of active cases at the end of the period, arrived at by adding the figures in line 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 October, 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 Compensation and Operating Reserve

Item 1. The amount to be inserted should be the operating reserve estimated to be on hand at the end of 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, 1998 - December 31, 1998

NAME: _____
 DATE: _____

I. SUMMARY OF NECESSARY EXPENSES

	<u>CY 96</u>	<u>CY 97</u>	<u>CY 98</u>	<u>CY 98-CY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>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.....	_____	_____	_____	_____
*11. Bond Premiums.....	_____	_____	_____	_____
12. Clerk Fees (not under plans).....	_____	_____	_____	_____
13. Dues to Professional Organizations.....	_____	N/A	N/A	N/A
*14. Publications and On-Line Services.....	_____	_____	_____	_____
*15. Insurance, other than Employment Related.....	_____	_____	_____	_____
16. Training (See Instructions).....	_____	_____	_____	_____
*17. Maintenance and Service Agreements.....	_____	_____	_____	_____
18. Photocopy Services or Transcripts.....	_____	_____	_____	_____
*19. Travel.....	_____	_____	_____	_____
*20. Equipment/Furniture Rental.....	_____	_____	_____	_____
*21. Equipment/Furniture Purchases.....	_____	_____	_____	_____
22. Leasehold Improvements.....	_____	_____	_____	_____

I. SUMMARY OF NECESSARY EXPENSES

	CY 96 <u>Actual</u>	CY 97 <u>Full-year</u>	CY 98 <u>Budget</u>	CY 98-CY 97 <u>Percentage Change</u>
*23. Other expenses (list):				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL Necessary Expenses.....	_____	_____	_____	_____

* These entries require additional detail on the "Yearly Supporting Estimates" and "Detail of Personnel Expense" exhibits. The line item totals from these exhibits should tie to the "Summary of Necessary Expenses".

II. YEARLY SUPPORTING ESTIMATES

	CY 96	CY 97	CY 98	CY 98-CY 97
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>Change</u>
1. Employee expenses ¹ :				
A. Salaries (including amounts withheld).....	_____	_____	_____	_____
B. Overtime.....	_____	_____	_____	_____
C. Bonuses.....	_____	_____	_____	_____
D. Employer's Contribution	_____	_____	_____	_____
E. Employee Benefits				
1. Total Health Insurance.....	_____	_____	_____	_____
2. Total Life Insurance.....	_____	_____	_____	_____
3. Total Other Insurance.....	_____	_____	_____	_____
4. Total Retirement.....	_____	_____	_____	_____
5. Total Parking.....	_____	_____	_____	_____
6. Total Other Benefits.....	_____	_____	_____	_____
TOTAL Benefits.....	_____	_____	_____	_____
TOTAL Employee Expenses.....	_____	_____	_____	_____
2. Rent:				
A. Total Square Footage Leased (Office Space).....	_____	_____	_____	_____
B. Sq Ft Apportioned to Ch. 12 Opr (Office Space)...	_____	_____	_____	_____
C. \$ Amount Paid Per Square Foot (Office Space).....	_____	_____	_____	_____
D. \$ Amount Office Space.....	_____	_____	_____	_____
E. \$ Amount Off-Site Storage.....	_____	_____	_____	_____
TOTAL Rent.....	_____	_____	_____	_____
Is Chapter 12 Operation renting from a related party? (YES\NO) _____				
If yes, identify party _____				
3. Utilities (if not included in rent):				
A. Electricity.....	_____	_____	_____	_____
B. Gas.....	_____	_____	_____	_____
C. Water.....	_____	_____	_____	_____
TOTAL Utilities.....	_____	_____	_____	_____

1 Payment of payroll taxes and benefits for trustees are not allowable expense items.

II. YEARLY SUPPORTING ESTIMATES

	<u>CY 96</u>	<u>CY 97</u>	<u>CY 98</u>	<u>CY 98-CY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<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. Vendor name.....				
B. Vendor name.....				
TOTAL Computer Services.....				

II. YEARLY SUPPORTING ESTIMATES

	CY 96	CY 97	CY 98	CY 98-CY 97
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage Change</u>
7. Consulting Services:				
(This does not authorize payment of expenses incurred for the defense or settlement of claims made or actions brought against the trustee personally.)				
A. From Third Parties:				
1) Consultant name and area of expertise.....				
2) _____	_____	_____	_____	_____
2) _____	_____	_____	_____	_____
B. From Related Party:				
1) Consultant name and area of expertise.....				
2) _____	_____	_____	_____	_____
2) _____	_____	_____	_____	_____
TOTAL Consulting Services.....	_____	_____	_____	_____
11. Bond Premiums:				
A. For Standing Trustee.....	_____	_____	_____	_____
B. For Staff.....	_____	_____	_____	_____
TOTAL Bond Premiums.....	_____	_____	_____	_____
14. Publications and On-Line Services:				
A. (name).....	_____	_____	_____	_____
B. (name).....	_____	_____	_____	_____
C. (etc.).....	_____	_____	_____	_____
TOTAL Publications and On-Line Services.....	_____	_____	_____	_____

II. YEARLY SUPPORTING ESTIMATES

	<u>CY 96</u>	<u>CY 97</u>	<u>CY 98</u>	<u>CY 98-CY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>Change</u>
15. Insurance, other than Employee Benefits:				
A. Errors and Omissions insurance (insurer name) ..	_____	_____	_____	_____
B. _____	_____	_____	_____	_____
C. _____	_____	_____	_____	_____
D. (etc.)	_____	_____	_____	_____
TOTAL Insurance	_____	_____	_____	_____
16. Training (See Instructions):				
A. (training attended)	_____	_____	_____	_____
B. (training attended)	_____	_____	_____	_____
C. (etc.)	_____	_____	_____	_____
TOTAL Training Expenses	_____	_____	_____	_____
17. Maintenance and Service Agreements:				
A. (item)	_____	_____	_____	_____
B. (item)	_____	_____	_____	_____
C. (etc.)	_____	_____	_____	_____
TOTAL Maintenance and Service Agreements	_____	_____	_____	_____
19. Travel:				
A. Transportation	_____	_____	_____	_____
B. Lodging	_____	_____	_____	_____
C. Meals	_____	_____	_____	_____
D. Other (list)	_____	_____	_____	_____
TOTAL Travel	_____	_____	_____	_____

II. YEARLY SUPPORTING ESTIMATES

	CY 96	CY 97	CY 98	CY 98-CY 97
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u> <u>Change</u>
20. Equipment/Furniture Rentals:				
A. From Third Parties:				
1) Business equipment.....	_____	_____	_____	_____
2) Computer equipment.....	_____	_____	_____	_____
3) Furniture.....	_____	_____	_____	_____
4) Other rental (list).....	_____	_____	_____	_____
B. From Standing Trustee or Related Party:				
1) Business equipment.....	_____	_____	_____	_____
2) Computer equipment.....	_____	_____	_____	_____
3) Furniture.....	_____	_____	_____	_____
4) Other rental (list).....	_____	_____	_____	_____
TOTAL Equipment/Furniture Rentals.....	_____	_____	_____	_____
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 EXPENSE²

	CY 96	CY 97	CY 98	CY 98-CY 97
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u> <u>Change</u>
#1 Employee Name & Position: _____				
If hired in CY 97 or CY 98,				
give month and year of hire _____				
Salary (including amounts withheld).....	_____	_____	_____	_____
Overtime, if applicable.....	_____	_____	_____	_____
Bonus.....	_____	_____	_____	_____
Employer's Contribution (payroll, social security).....	_____	_____	_____	_____
Employee Benefits (list):				
Health Insurance				
(circle: family or indiv.).....	_____	_____	_____	_____
Life Insurance.....	_____	_____	_____	_____
Other Insurance				
(e.g., vision) identify _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Retirement.....	_____	_____	_____	_____
Parking.....	_____	_____	_____	_____
Other Benefits (identify) _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL Employee Expense.....	_____	_____	_____	_____
Average number of hours/week.....	_____	_____	_____	_____
Hourly Salary - Beginning of Year ³	_____	_____	_____	_____
Hourly Salary - End of Year ³	_____	_____	_____	_____
Average hourly TOTAL Employee Expense.....	_____	_____	_____	_____

² Identify by marking with an "*" each employee who is related (by blood or marriage) to the trustee or to another trustee employee and describe the relationship. Also for any retirement plan(s) in effect, define contribution formula.

³ For CY 96, enter either average hourly salary for the year or the beginning and ending hourly salaries.

III. DETAIL OF PERSONNEL EXPENSE

	<u>CY 96</u>	<u>CY 97</u>	<u>CY 98</u>	<u>CY 98-CY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u> <u>Change</u>
#2 Employee Name & Position: _____				
If hired in CY 97 or CY 98,				
give month and year of hire _____				
Salary (including amounts withheld).....	_____	_____	_____	_____
Overtime, if applicable.....	_____	_____	_____	_____
Bonus.....	_____	_____	_____	_____
Employer's Contribution (payroll, social security).....	_____	_____	_____	_____
Employee Benefits (list):				
Health Insurance				
(circle: family or indiv.).....	_____	_____	_____	_____
Life Insurance.....	_____	_____	_____	_____
Other Insurance				
(e.g., vision) identify _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Retirement.....	_____	_____	_____	_____
Parking.....	_____	_____	_____	_____
Other Benefits (identify) _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL Employee Expense.....	_____	_____	_____	_____
Average number of hours/week.....	_____	_____	_____	_____
Hourly Salary - Beginning of Year.....	_____	_____	_____	_____
Hourly Salary - End of Year.....	_____	_____	_____	_____
Average hourly TOTAL Employee Expense.....	_____	_____	_____	_____

III. DETAIL OF PERSONNEL EXPENSE

	CY 96	CY 97	CY 98	CY 98-CY 97
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage Change</u>
#3 Employee Name & Position: _____				
If hired in CY 97 or CY 98,				
give month and year of hire _____				
Salary (including amounts withheld).....	_____	_____	_____	_____
Overtime, if applicable.....	_____	_____	_____	_____
Bonus.....	_____	_____	_____	_____
Employer's Contribution (payroll, social security).....	_____	_____	_____	_____
Employee Benefits (list):				
Health Insurance				
(circle: family or indiv.).....	_____	_____	_____	_____
Life Insurance.....	_____	_____	_____	_____
Other Insurance				
(e.g., vision) identify _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Retirement.....	_____	_____	_____	_____
Parking.....	_____	_____	_____	_____
Other Benefits (identify) _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL Employee Expense.....	_____	_____	_____	_____
Average number of hours/week.....	_____	_____	_____	_____
Hourly Salary - Beginning of Year.....	_____	_____	_____	_____
Hourly Salary - End of Year.....	_____	_____	_____	_____
Average hourly TOTAL Employee Expense.....	_____	_____	_____	_____

III. DETAIL OF PERSONNEL EXPENSE

	CY 96	CY 97	CY 98	CY 98-CY 97
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage Change</u>
#4 Employee Name & Position: _____				
If hired in CY 97 or CY 98,				
give month and year of hire _____				
Salary (including amounts withheld).....	_____	_____	_____	_____
Overtime, if applicable.....	_____	_____	_____	_____
Bonus.....	_____	_____	_____	_____
Employer's Contribution (payroll, social security).....	_____	_____	_____	_____
Employee Benefits (list):				
Health Insurance				
(circle: family or indiv.).....	_____	_____	_____	_____
Life Insurance.....	_____	_____	_____	_____
Other Insurance				
(e.g., vision) identify _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Retirement.....	_____	_____	_____	_____
Parking.....	_____	_____	_____	_____
Other Benefits (identify) _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL Employee Expense.....	_____	_____	_____	_____
Average number of hours/week.....	_____	_____	_____	_____
Hourly Salary - Beginning of Year.....	_____	_____	_____	_____
Hourly Salary - End of Year.....	_____	_____	_____	_____
Average hourly TOTAL Employee Expense.....	_____	_____	_____	_____

III. DETAIL OF PERSONNEL EXPENSE

	<u>CY 96</u>	<u>CY 97</u>	<u>CY 98</u>	<u>CY 98-CY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>Change</u>
Total Employee Expense Per Employee:				
Employee #1 (Name&position).....	_____	_____	_____	_____
Employee #2 (Name&position).....	_____	_____	_____	_____
Employee #3 (Name&position).....	_____	_____	_____	_____
Employee #4 (Name&position).....	_____	_____	_____	_____
Employee #5 (Name&position).....	_____	_____	_____	_____
Employee #6 (Name&position).....	_____	_____	_____	_____
Employee #7 (Name&position).....	_____	_____	_____	_____
Employee #8 (Name&position).....	_____	_____	_____	_____
Employee #9 (Name&position).....	_____	_____	_____	_____
Employee #10 (Name&position).....	_____	_____	_____	_____
Employee #11 (Name&position).....	_____	_____	_____	_____
Employee #12 (Name&position).....	_____	_____	_____	_____
Employee #13 (Name&position).....	_____	_____	_____	_____
Employee #14 (Name&position).....	_____	_____	_____	_____
Employee #15 (Name&position).....	_____	_____	_____	_____
Bonus Funds.....	_____	_____	_____	_____
 TOTAL All Employees.....	_____	_____	_____	_____

NOTE: Attach written job description for each employee listed above, if position is new or responsibilities have changed.

IV. YEARLY ALLOCATED EXPENSE EXHIBIT⁴

	<u>CY 96</u>	<u>CY 97</u>	<u>CY 98</u>	<u>CY 98- CY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>Change</u>
Item and Justification for Allocation:				
1. Expense Item: _____				
Total Cost	_____	_____	_____	_____
Cost Allocated to Ch. 12 Operations	_____	_____	_____	_____
Allocation Percentage (identify other party):				
Justification for Allocation: _____				
2. Expense Item: _____				
Total Cost	_____	_____	_____	_____
Cost Allocated to Ch. 12 Operations	_____	_____	_____	_____
Allocation Percentage (identify other party):				
Justification for Allocation: _____				
3. Expense Item: _____				
Total Cost	_____	_____	_____	_____
Cost Allocated to Ch. 12 Operations	_____	_____	_____	_____
Allocation Percentage (identify other party):				
Justification for Allocation: _____				
4. Expense Item: _____				
Total Cost	_____	_____	_____	_____
Cost Allocated to Ch. 12 Operations	_____	_____	_____	_____
Allocation Percentage (identify other party):				
Justification for Allocation: _____				

⁴ Examples of "Justification for Allocation" are hours worked, square footage, number of employees.

V. WORKLOAD EXHIBIT

	CY 96 Actual	CY 97 Full-year	CY 98 Budget	CY 98-CY 97 Percentage Change
1. a) Receipts, actual or estimate, net of refunds (exclude constructive receipts).....	_____	_____	_____	_____
b) Disbursements subject to percentage fee, 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) Average percentage fee, actual or requested.....	_____ %	_____ %	_____ %	
b) Revenue from perct. 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 the number of "Cases active, start of period" in the next calendar year.

VI. BOND CALCULATION

	(1) CY 97 Monthly Receipts Full Year <u>Estimate</u>	(2) CY 97 Highest Daily Total Bank <u>Balance</u>	(3) CY 98 Monthly Receipts Full Year <u>Estimate</u>	(4) CY 98 Estimate Highest Daily Total <u>Bank 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 110% _____
Bond Required

NOTE: Upcoming Year Bond Calculation is Based on the Highest Daily Total Bank Balance Listed in Column (4) x 110%

VII. COMPUTATION OF AMOUNT AVAILABLE FOR COMPENSATION AND OPERATING RESERVE

- 1. End-of-year CY 97 Operating Reserve _____
[should equal estimated expense account balance at end of CY 97]
- 2. Interest earned on trust and expense 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 revenue [1+2+3+4+5] _____
- 7. Less Total Necessary Expenses [same as total of I. on Page 2] _____
- 8. Balance of funds available for compensation (inclusive of
20% in benefits) and operating reserve [6-7] _____

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

STANDING TRUSTEE'S CERTIFICATION TO BUDGET REQUEST

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

CHAPTER 12 STANDING TRUSTEE'S SIGNATURE

REVIEWED BY:

United States Trustee

INSTRUCTIONS FOR THE PREPARATION OF
CHAPTER 13
STANDING TRUSTEES ANNUAL SUMMARY BUDGET REQUEST

I. Introduction

These instructions relate to the preparation of standing trustee upcoming budget estimates. 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 June 1 of each year.

B. United States Trustee. The United States Trustee will review the standing trustee's budget estimates, provide comments, and indicate review of budget requests along with any necessary modifications for their submission of the data to the Assistant Director for Review and Oversight by August 1 of each year. The standing trustee's yearly budget (including job descriptions and a statement describing any changes or corrections to the questionnaire for sensitive positions (SF-86)) must be accompanied by a memorandum from the United States Trustee recommending the upcoming annual percentage fee and compensation level. Evaluations should be sent to the Assistant Director by September 1.

C. Executive Office for U.S. Trustees. The Executive Office will issue approved standing trustee compensation levels and percentage fees by September 30 of each year. Requests for Orders Fixing Compensation and Percentage Fee will not be processed until the budgets are reviewed by the United States Trustee.

III. Standards to be Used in Preparing Estimates

The standing trustee should use the most recent annual report for the actual-year data requested in the budget forms. Accounting classifications may need to be modified to capture data in the requested level of detail and in the categories of expense used throughout the submission.

You may find that the amount of detail required for an expense in the Supporting Estimates (Exhibit II), Detail of Personnel Expense (Exhibit III), and the Allocated Expenses (Exhibit IV) is greater than the space available on the form. For those expenses, expand the space.

Current-year data should be projected from the latest available monthly report of expenditures. All amounts should be rounded to the nearest dollar.

Exhibit I. Summary of Necessary Expenses

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 Expenses: Charges for regular salaries and wages, employer's contributions (social security, unemployment, etc.), overtime, bonuses, and cost of benefits provided to employees.

Item 2. Rent: Charges for rental of office space, conference rooms, garage space, and storage space. Off-site storage cost should be broken out separately. If operation moved or is moving in mid-year, use both rates and both square footage amounts.

Item 3. Utilities: Self-explanatory.

Item 4. Bookkeeping and Accounting Services: Charges incurred for all outside bookkeeping and accounting 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, consulting, research and development, and use of proprietary programs, including initial processing fees charged by a computer firm. Includes software maintenance charges. This item does not include training or supplies.

- Item 6. Audit Services: Charges incurred for services of any independent audit firms.
- Item 7. Consulting Services: Charges incurred under contract with individuals for services as attorneys, accountants, and other professionals. (This does not authorize payment of expenses incurred for the defense or settlement of claims made or actions brought against the trustee personally.)
- Item 8. Telephone: Charges for local phone service and/or long distance service.
- Item 9. Postage: All postal charges, including parcel post, express mail, and rental of post office boxes. If the standing trustee sends out notices, include the cost of that postage, and also break out separately in the footnote.
- Item 10. Office Supplies: Charges incurred for pencils, paper, calendar pads, standard forms, printed forms, envelopes, photocopying paper and supplies, computer-related supplies, other office supplies, and property of little monetary value such as desk trays and pen sets. Includes 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: Effective October 1, 1996, dues or membership fees for professional organizations are not allowed expenses.
- Item 14. Publications and On-Line Services: Charges for subscriptions to and copies of bankruptcy-related journals and periodicals, books and directories in the standing trustee's library, and on-line services. 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 errors and omissions, fire, theft, and accidental injury to property or third persons). Includes cost of workers compensation insurance.
- Item 16. Training Expenses: Charges for tuition, registration, textbooks, supplies, air fare, mileage, meals, and other costs incurred as related to training activities associated with the

duties of the standing trustee. Includes NACTT educational fees, which count toward the cap.

Item 17. Maintenance and Service Agreements: Charges incurred for the repair and maintenance, or service agreements covering such 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 or Transcripts: Self-explanatory.

Item 19. Travel: Charges for travel related to training should be included in Item 16.

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, mailing machines, postage meters, and file cabinets. Total rent payments may not exceed the cost of purchase.

Item 21. Equipment/Furniture Purchases: Charges for purchase of movable furniture, fittings, and fixtures; including desks, tables, chairs, typewriters, calculators and adding/bookkeeping machines, computers, printers, telephone equipment, and file cabinets, and including charges for services in connection with shipping and 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 breakdown of the miscellaneous expenses.

Exhibit II. Yearly 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:

The expenses itemized in the Yearly Supporting Estimates should agree with figures entered in the same categories of the Summary of Necessary Expenses Exhibit (Exhibit I).

All expense items should be listed within the categories requested in the Yearly 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.

Exhibit III. 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, provide individual data on salary, overtime pay, bonuses, benefits, average number of hours worked per week, and hourly wage (both the wage at the beginning of the fiscal year and the one at the end of the fiscal year). Bonus amounts for the upcoming year are probably not as yet apportioned to individuals. List total dollars on the summary page at the end of the Exhibit. Position descriptions itemizing all of the duties performed for any positions that have changed or have been added must accompany Exhibit III. Four sample blocks are provided in the Exhibit. 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; therefore, no line item is provided for the trustee. Identify each employee who is related (by blood or marriage) to the trustee or to another trustee employee and describe the relationship.

Exhibit IV. Allocated Expense Exhibit

List all costs allocated between the standing trustee and another business entity, e.g., law practice or Chapter 12 operation. Identify the expense item, total cost, cost to the trustee operation, other business entity, allocation percentage, and justification for allocation. The justification for allocation may be square footage, hours worked, number of employees, etc. However, for each separate allocation, approval

must be obtained in advance from the United States Trustee. In the actual, full-year, and budget year columns, the total cost and the cost allocated to the standing trustee operation are entered. An example appears below if time spent is 50% on law practice and 50% on the standing trustee operation:

	FY xx <u>Actual</u>	FY xx <u>Full-Year</u>	FY xx <u>Budget</u>
<u>Item and Justification for Allocation:</u>			
1. Expense Item:			
Personnel Expenses.....			
Total Cost	\$50,000	\$58,000	\$64,000
Cost Allocated to Ch. 13			
Operations.....	\$25,000	\$29,000	\$32,000

Allocation Percentage (identify other party):

50% law practice; 50% Ch. 13 operation

Justification for Allocation:

Actual time spent on law practice and Chapter 13 operation

In this example, the justification for allocation is actual time spent by staff on standing trustee's activities. The percentage of time is 50%. The total budgeted cost of personnel is \$64,000, and \$32,000 of the cost is allocated to the standing trustee's expenses. The full-year and budget year columns are prepared with estimates for those years in the same manner that actual previous expenses are shown.

If all allocations are made on the same basis, then only one justification for allocation should be shown. If more than one allocation basis is used, each should be described.

For other exhibits in the budget submission, only the amount allocated 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 i.e., after refunds to debtors. Disbursements reported in Item (1)(b) should be only those subject to percentage fee. Item 2(a) is the percentage fee needed to cover all expenses itemized in the Summary of Necessary Expenses (Exhibit I), and the trustee's compensation in the upcoming year. (For prior and current year, give average percentage fee.) In Item 2(b), indicate the percentage fee revenues from 2(a) in each 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 Section 586(e) of Title 28 (as amended) becomes effective in the district.

The second part of the Workload Exhibit examines the Chapter 13 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 is used to adjust the caseload for changes in the status of active cases:

a. Cases transferred in (+) - Cases transferred from other trustee offices are added.

b. Cases converted to Chapter 13 (+) - Cases converted from another chapter are added.

c. Cases transferred out (-) - Cases transferred from your office to another office are subtracted.

d. Conversions to another chapter (-) - Cases converted from Chapter 13 to any other chapter are subtracted.

e. Dismissals (-) - Cases dismissed are 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 are 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 line 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. Computation of Amount Available for Compensation and Operating Reserve.

Item 1. The amount to be inserted should be the operating reserve estimated to be on hand at the end of the current year, limited to no more than 17% of current year expenses. This figure should equal the estimated expense account balance at the end of the current year.

CHAPTER 13 ANNUAL BUDGET
October 1, 1997 - September 30, 1998

NAME: _____
DATE: _____

I. SUMMARY OF NECESSARY EXPENSES

Table with 5 columns: Expense Category, FY 96 Actual, FY 97 Full-year, FY 98 Budget, FY 98-FY 97 Percentage Change. Rows include Operating Expenses such as Employee Expenses, Office Rent, Utilities, etc.

5 If postage amount includes postage for notices, provide an estimate of that cost: \$_____.

II. YEARLY SUPPORTING ESTIMATES

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 98-FY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>Change</u>
1. Employee expenses: ⁶				
A. Salaries (including amounts withheld).....	_____	_____	_____	_____
B. Overtime.....	_____	_____	_____	_____
C. Bonuses.....	_____	_____	_____	_____
D. Employer's Contribution	_____	_____	_____	_____
E. Employee Benefits				
1. Total Health Insurance.....	_____	_____	_____	_____
2. Total Life Insurance.....	_____	_____	_____	_____
3. Total Other Insurance.....	_____	_____	_____	_____
4. Total Retirement.....	_____	_____	_____	_____
5. Total Parking.....	_____	_____	_____	_____
6. Total Other Benefits.....	_____	_____	_____	_____
TOTAL Benefits.....	_____	_____	_____	_____
TOTAL Employee Expenses.....	_____	_____	_____	_____
2. Rent:				
A. Total Square Footage Leased (Office Space).....	_____	_____	_____	_____
B. Sq Ft Apportioned to Ch. 13 Opr (Office Space).....	_____	_____	_____	_____
C. \$ Amount Paid Per Square Foot (Office Space)...	_____	_____	_____	_____
D. \$ Amount Office Space.....	_____	_____	_____	_____
E. \$ Amount Off-Site Storage.....	_____	_____	_____	_____
TOTAL Rent.....	_____	_____	_____	_____
Is Chapter 13 operation renting from a related party? (YES/NO) _____				
If yes, identify party _____				
3. Utilities (if not included in rent):				
A. Electricity.....	_____	_____	_____	_____
B. Gas.....	_____	_____	_____	_____
C. Water.....	_____	_____	_____	_____
TOTAL Utilities.....	_____	_____	_____	_____

⁶ Payment of payroll taxes and benefits for trustee are not allowable expense items.

II. YEARLY SUPPORTING ESTIMATES

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 98-FY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<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. Vendor Name:				
B. Vendor Name:	_____	_____	_____	_____
TOTAL Computer Services.....	_____	_____	_____	_____

II. YEARLY SUPPORTING ESTIMATES

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 98-FY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>Change</u>
7. Consulting Services:				
(This does not authorize payment of expenses incurred for the defense or settlement of claims made or actions brought against the trustee personally.)				
A. From Third Parties:				
1) Consultant name and area of expertise.....				
2) _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
B. From Related Party:				
1) Consultant name and area of expertise.....				
2) _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL Consulting Services.....	_____	_____	_____	_____

II. YEARLY SUPPORTING ESTIMATES

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 98-FY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>Change</u>
11. Bond Premiums:				
A. For Standing Trustee.....	_____	_____	_____	_____
B. For Staff.....	_____	_____	_____	_____
TOTAL Bond Premiums.....	_____	_____	_____	_____
14. Publications and On-Line Services:				
A. (name).....	_____	_____	_____	_____
B. _____	_____	_____	_____	_____
C. (etc.).....	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL Publications and On-Line Services.....	_____	_____	_____	_____
15. Insurance, other than Employee Benefits:				
A. Errors and Omissions insurance (insurer name)..	_____	_____	_____	_____
B. _____	_____	_____	_____	_____
C. _____	_____	_____	_____	_____
D. (etc.).....	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL Insurance.....	_____	_____	_____	_____

II. YEARLY SUPPORTING ESTIMATES

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 98-FY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>Change</u>
17. Maintenance and Service Agreements:				
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 (list).....	_____	_____	_____	_____
B. From Standing Trustee or Related Party				
1) Business equipment.....	_____	_____	_____	_____
2) Computer equipment.....	_____	_____	_____	_____
3) Furniture.....	_____	_____	_____	_____
4) Other rental (list).....	_____	_____	_____	_____
TOTAL Equipment/Furniture Rentals.....	_____	_____	_____	_____

II. YEARLY SUPPORTING ESTIMATES

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 98-FY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<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 EXPENSE⁷

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 98-FY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>Change</u>
#1 Employee Name & Position:_____				
If hired in FY 97 or FY 98,				
give month and year of hire _____				
Salary (including amounts withheld).....	_____	_____	_____	_____
Overtime, if applicable.....	_____	_____	_____	_____
Bonus.....	_____	_____	_____	_____
Employer's Contribution (payroll, social security)	_____	_____	_____	_____
Employee Benefits (list):				
Health Insurance				
(circle: family or indiv.).....	_____	_____	_____	_____
Life Insurance.....	_____	_____	_____	_____
Other Insurance				
(e.g., vision) identify_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Retirement.....	_____	_____	_____	_____
Parking.....	_____	_____	_____	_____
Other Benefits (identify)_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL Employee Expense.....	_____	_____	_____	_____
Average number of hours/week.....	_____	_____	_____	_____
Hourly Salary - Beginning of Year ⁸	_____	_____	_____	_____
Hourly Salary - End of Year ⁴	_____	_____	_____	_____

⁷ Identify by marking with an "*" each employee who is related (by blood or marriage) to the trustee or to another trustee employee and describe the relationship. Also, for any retirement plan(s) in effect, define contribution formula.

⁸ For FY 96, enter either average hourly salary for the year or the beginning and ending hourly salaries.

Average hourly TOTAL Employee Expense..... _____ Revised 4/97 _____

III. DETAIL OF PERSONNEL EXPENSE

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 98-FY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>Change</u>
#2 Employee Name & Position:_____				
If hired in FY 97 or FY 98,				
give month and year of hire _____				
Salary (including amounts withheld).....	_____	_____	_____	_____
Overtime, if applicable.....	_____	_____	_____	_____
Bonus.....	_____	_____	_____	_____
Employer's Contribution (payroll, social security)	_____	_____	_____	_____
Employee Benefits (list):				
Health Insurance				
(circle: family or indiv.).....	_____	_____	_____	_____
Life Insurance.....	_____	_____	_____	_____
Other Insurance				
(e.g., vision) identify_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Retirement.....	_____	_____	_____	_____
Parking.....	_____	_____	_____	_____
Other Benefits (identify)_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL Employee Expense.....	_____	_____	_____	_____
Average number of hours/week.....	_____	_____	_____	_____
Hourly Salary - Beginning of Year.....	_____	_____	_____	_____
Hourly Salary - End of Year.....	_____	_____	_____	_____
Average hourly TOTAL Employee Expense.....	_____	_____	_____	_____

III. DETAIL OF PERSONNEL EXPENSE

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 98-FY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>Change</u>
#3 Employee Name & Position: _____				
If hired in FY 97 or FY 98,				
give month and year of hire _____				
Salary (including amounts withheld).....	_____	_____	_____	_____
Overtime, if applicable.....	_____	_____	_____	_____
Bonus.....	_____	_____	_____	_____
Employer's Contribution (payroll, social security)	_____	_____	_____	_____
Employee Benefits (list):				
Health Insurance				
(circle: family or indiv.).....	_____	_____	_____	_____
Life Insurance.....	_____	_____	_____	_____
Other Insurance				
(e.g., vision) identify_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Retirement.....	_____	_____	_____	_____
Parking.....	_____	_____	_____	_____
Other Benefits (identify)_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL Employee Expense.....	_____	_____	_____	_____
Average number of hours/week.....	_____	_____	_____	_____
Hourly Salary - Beginning of Year.....	_____	_____	_____	_____
Hourly Salary - End of Year.....	_____	_____	_____	_____
Average hourly TOTAL Employee Expense.....	_____	_____	_____	_____

III. DETAIL OF PERSONNEL EXPENSE

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 98-FY 98</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>Change</u>
#4 Employee Name & Position:_____				
If hired in FY 97 or FY 98,				
give month and year of hire _____				
Salary (including amounts withheld).....	_____	_____	_____	_____
Overtime, if applicable.....	_____	_____	_____	_____
Bonus.....	_____	_____	_____	_____
Employer's Contribution (payroll, social security)	_____	_____	_____	_____
Employee Benefits (list):				
Health Insurance				
(circle: family or indiv.).....	_____	_____	_____	_____
Life Insurance.....	_____	_____	_____	_____
Other Insurance				
(e.g., vision) identify_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Retirement.....	_____	_____	_____	_____
Parking.....	_____	_____	_____	_____
Other Benefits (identify)_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL Employee Expense.....	_____	_____	_____	_____
Average number of hours/week.....	_____	_____	_____	_____
Hourly Salary - Beginning of Year.....	_____	_____	_____	_____
Hourly Salary - End of Year.....	_____	_____	_____	_____
Average hourly TOTAL Employee Expense.....	_____	_____	_____	_____

III. DETAIL OF PERSONNEL EXPENSE

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 98-FY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>Change</u>
Total Employee Expense Per Employee:				
Employee #1 (Name&position).....	_____	_____	_____	_____
Employee #2 (Name&position).....	_____	_____	_____	_____
Employee #3 (Name&position).....	_____	_____	_____	_____
Employee #4 (Name&position).....	_____	_____	_____	_____
Employee #5 (Name&position).....	_____	_____	_____	_____
Employee #6 (Name&position).....	_____	_____	_____	_____
Employee #7 (Name&position).....	_____	_____	_____	_____
Employee #8 (Name&position).....	_____	_____	_____	_____
Employee #9 (Name&position).....	_____	_____	_____	_____
Employee #10 (Name&position).....	_____	_____	_____	_____
Employee #11 (Name&position).....	_____	_____	_____	_____
Employee #12 (Name&position).....	_____	_____	_____	_____
Employee #13 (Name&position).....	_____	_____	_____	_____
Employee #14 (Name&position).....	_____	_____	_____	_____
Employee #15 (Name&position).....	_____	_____	_____	_____
Bonus Funds.....	_____	_____	_____	_____
TOTAL All Employees.....	_____	_____	_____	_____

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

IV. YEARLY ALLOCATED EXPENSE EXHIBIT⁹

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 98-FY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>Change</u>
Item and Justification for Allocation:				
1. Expense Item: _____				
Total Cost	_____	_____	_____	_____
Cost Allocated to Ch. 13 Operations	_____	_____	_____	_____
Allocation Percentage (identify other party):				
Justification for Allocation: _____				
2. Expense Item: _____				
Total Cost	_____	_____	_____	_____
Cost Allocated to Ch. 13 Operations	_____	_____	_____	_____
Allocation Percentage (identify other party):				
Justification for Allocation: _____				
3. Expense Item: _____				
Total Cost	_____	_____	_____	_____
Cost Allocated to Ch. 13 Operations	_____	_____	_____	_____
Allocation Percentage (identify other party):				
Justification for Allocation: _____				
4. Expense Item: _____				
Total Cost	_____	_____	_____	_____
Cost Allocated to Ch. 13 Operations	_____	_____	_____	_____
Allocation Percentage (identify other party):				
Justification for Allocation: _____				

⁹Examples of "Justification for Allocation" are hours worked, square footage, number of employees.

V. WORKLOAD EXHIBIT

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 98-FY 97</u>
	<u>Actual</u>	<u>Full-year</u>	<u>Budget</u>	<u>Percentage</u>
				<u>Change</u>
1. a) Receipts, actual or estimate, net of refunds (exclude constructive receipts).....	_____	_____	_____	_____
b) Disbursements subject to percentage fee, actual or estimate (exclude constructive disbursements)	_____	_____	_____	_____
c) Interest earned on trust and expense funds, actual or estimate.....	_____	_____	_____	_____
d) Revenue from awards under Section 503(b).....	_____	_____	_____	_____
e) Revenue from noticing.....	_____	_____	_____	_____
2. a) Average Percentage fee, actual or requested.....	_____ %	_____ %	_____ %	
b) Revenue from perct. fees (Item 1(b)xItem 2(a))	\$ _____	\$ _____	\$ _____	
c) Revenue from fees on direct payments.....	\$ _____	\$ _____	\$ _____	
3. Cases active, start of period.....	_____	_____	_____	
4. New cases filed during fiscal year (+).....	_____	_____	_____	
5. Adjustments during fiscal 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 the number of "Cases active, start of period" in the next fiscal year.

VI. COMPUTATION OF AMOUNT AVAILABLE FOR COMPENSATION AND OPERATING RESERVE

- 1. End-of-Year FY 97 Operating Reserve
(limited to no more than 17% of FY 97 Total Operating Expenses) _____
- 2. Interest earned on trust funds [same as V.1(c)] _____
- 3. Revenue from awards under Section 503(b) [same as V.1(d)] _____
- 4. Revenue from noticing [same as V.1(e)] _____
- 5. Revenue from percentage fees [same as V.2(b)] _____
- 6. Revenue from fees on direct payments [same as V.2(c)] _____
- 7. Total revenue [1+2+3+4+5+6] _____
- 8. Less Total Operating Expenses
[same as total of I. A on Page 2] _____
- 9. Balance of funds available for compensation (inclusive of
20% in benefits) and operating reserve. _____

NOTE: Entries for lines 2-9 reflect numbers for FY 98

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 reviewed by the United States Trustee.

CHAPTER 13 STANDING TRUSTEE'S SIGNATURE

REVIEWED BY:

United States Trustee

APPENDIX 4-3



U.S. Department of Justice

Executive Office for United States Trustees

Office of the Director

Washington, D.C. 20530

March 17, 1993

MEMORANDUM

TO: All United States Trustees

FROM: *WFB* William F. Baity
Deputy Director

SUBJECT: Procedures for the Resolution of Deficiencies and
Closure of Chapter 12 and 13 Audits

The following discussion sets out the standard operating procedure for closure of the auditors' reports on chapter 12 and chapter 13 trustees, whether case-by-case trustees or standing trustees. Currently, chapter 12 trustees receive an audit at least once every three years conducted by the Office of Inspector General. A chapter 13 trustee receives an audit every year conducted by an independent accounting firm. To be able to properly supervise the chapter 12 and 13 trustees, the United States Trustee must be involved in the audit process and resolution.

The regional standing trustee coordinator as the designee of the United States Trustee should participate in the exit interview between the auditors and the trustee. This interview provides the United States Trustee with an overview of the trustee's operations and identifies areas needing improvement and areas requiring corrective action. Appropriate remedial action also may be discussed during the exit interview.

Submission of an auditor's report to the United States Trustee does not constitute closure of the audit by the Program. Rather, as discussed below, closure occurs only after the United States Trustee recommends and the Assistant Director for the Office of Review and Oversight concurs that all findings have been satisfactorily addressed. For chapter 12 audits, the United States Trustee must submit a closure recommendation to the Office of Inspector General. A copy of the recommendation should be provided to the Assistant Director, Office of Review and Oversight.

Within 45 days of the receipt of the audit report, the chapter 12 or 13 trustee must submit to the United States Trustee a written explanation of corrective action and procedural changes which have been implemented to prevent each noted deficiency from reoccurring. The United States Trustee must confirm the trustee's actions.

As part of the standing trustee supervision functions, you should ensure that any actions reported as corrected by the trustee have in fact been implemented. Whenever an audit report contains a consequential finding as listed below, the United States Trustee must seek documentation and/or make an on-site visit to the trustee's office to verify resolution. This verification must take place within three months of the trustee's response. The designee will provide a memorandum to the files describing, for each noted deficiency, the resolution implemented and the verification process.

CHAPTERS 12 AND 13 AUDIT DISCREPANCIES
REQUIRING FOLLOW-UP VISIT(S)

1. Insufficient computer security, including lack of restriction on internal software edits
2. Non-existent, inaccurate, incomplete or slow bank reconciliations
3. No restrictive endorsement of debtor checks received
4. Lack of procedure to verify control over receipts
5. Lack of receipt policy for hard currency remittances
6. Inadequate control over facsimile check signing machine and signature stamp
7. Insufficient documentation of expenses
8. Inadequate oversight of cash related transactions and employee delegated responsibilities in maintaining financial records
9. Failure to make timely disbursements to creditors

The closure of the audit is more than a mere formality and should be accomplished no later than six months from the date of the audit report. The United States Trustee must determine that the trustee has indeed corrected all noted deficiencies and forward the audit closure report to the Assistant Director prior

All United States Trustees - 3

to this deadline in order to allow time for the Office of Oversight and Review to determine that the audit closure report is complete.

The above delineated audit closure procedures are effective with the receipt of 1992 audits for chapter 12 standing trustees and FY '92 audits of standing 13 trustee.

APPENDIX 4-4

U.S. DEPARTMENT OF JUSTICE
EXECUTIVE OFFICE FOR UNITED STATES TRUSTEES

MONITORING GUIDE FOR CONDUCTING REVIEWS OF CHAPTER 12 STANDING
TRUSTEES

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MONITORING GUIDE FOR REVIEWS OF CHAPTER 12 TRUSTEES

I. PURPOSE

This review guide is for the monitoring of Chapter 12 trustee case administration and analysis of financial transactions and records. The guide includes functions and tasks common to the administration of all Chapter 12 cases. The United States Trustee may implement the guide for those trustees who are not scheduled for an audit conducted by the Office of the Inspector General.

Each United States Trustee will determine the amount of time and staff resources to be used to complete a review. The general time frame, which the on-site review can be completed by one individual, is estimated to be one or two days.

II. OBJECTIVES

The objectives of the review are to determine:

- A. Whether the trustee established procedures and practices for sound internal controls to assure that all trust and expense funds are adequately safeguarded against loss; and,
- B. The accuracy of the trustee's reports.

III. SCOPE

The scope will encompass the recent period of the last Annual Report. Working papers must be prepared to support all conclusions.

IV. METHODOLOGY

For the review of a Chapter 12 standing trustee, the analyst should use the monitoring guide form as the working paper during the audit. This form provides the analyst an opportunity to incorporate the working papers into the final report. Please note that reference to your work papers should be noted in the "comments" section of the form, when appropriate. In addition, the analyst must designate whether the findings noted in the review have been verified. We can provide this form on a diskette for your convenience.

V. REFERENCES

- A. Bankruptcy Code (Title 11, U.S.C.), as Amended Pub. Law 95-598.
- B. Handbook for Chapter 12 Trustees, June 1992, EOUST

VI. PROCEDURES

A. Survey and Initial Preparation

1. Determine the scope, time frame, staff assignments, etc.
2. Telephone the trustee to set up a date within the time frame of the assignment for the field work to begin.
3. Obtain the following information:
 - a. The last audited Annual Report.
 - b. The most recent Annual Report.
 - c. The most recent budget submission
 - d. The last fixed asset ledger submitted by the trustee.
 - e. Latest bank statements if available.

B. Review of Internal Controls

This section is used to determine the adequacy of the system of internal controls used by the trustee. At a minimum the following areas must be evaluated:

1. BANK LOCKBOX. Does the trustee utilize a bank lockbox? **YES** _____ **NO** _____ Is it practical and cost effective for the trustee to maintain a bank lockbox to receive substantially all debtor checks? **YES** _____ **NO** _____ This internal control avoids availability of negotiable debtor checks to persons within the trustee's office and expedites bank clearings.

COMMENT _____

2. INITIAL CONTROL OVER RECEIPTS. Observe how debtor checks are received in the trustee's office and how the employees who physically handle the checks, post to journals or ledgers. Note how and when the checks are batched or how the checks are identified or brought under numerical control to ensure that all checks received are ultimately deposited.

COMMENT _____

3. TIMELY DEPOSIT AND DOCUMENTATION OF RECEIPTS. Are debtor checks recorded on input sheets, deposit tickets prepared, and funds deposited, on a timely basis? **YES** _____ **NO** _____ Are bank receipted deposit slips compared to debtor ledger posting? Are debtor ledger posting independent of receipts processing? **YES** _____ **NO** _____ This routine of deposit and independent comparison secures funds from loss or misplacement through recording errors.

COMMENT _____

4. HARD CURRENCY REMITTANCES. Does the standing trustee accept cash payments? **YES** _____ **NO** _____ When cash is received are pre-numbered receipts given to the debtor and immediate deposit made to the bank? **YES** _____ **NO** _____ Does the standing trustee have an office procedure in place to encourage the re-tendering of payments by check or money order? **YES** _____ **NO** _____

COMMENT _____

5. REVIEW AND CANCELLATION OF EXPENSE DOCUMENTATION. Are invoices canceled to prevent duplicate payments by writing or stamping "paid, date, check number" on the invoice? **YES** _____ **NO** _____

COMMENT _____

6. CREDITOR OVERPAYMENT AND NSF CHECKS. Are creditor overpayment and debtor NSF checks formally recorded and monitored until resolved? **YES** _____ **NO** _____ Is there an office procedure in place to accommodate these transactions? **YES** _____ **NO** _____ Close attention by the trustee to these matters is important as ultimate repayment could be forgotten or collection misappropriated without detection.

COMMENT _____

7. FACSIMILE CHECK SIGNING MACHINE AND SIGNATURE STAMP. When a facsimile check signing machine is used observe if there are procedures designed to overcome the absence of direct signer involvement. Procedures would typically 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, and reconciliation, by an individual not otherwise involved, of number of signatures affixed to number of checks approved and recorded. 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.

COMMENT _____

8. STALE DATED OUTSTANDING CHECKS. Are stale dated outstanding checks canceled and reissued or otherwise disposed of? **YES** _____ **NO** _____ This action is a means of protecting against unauthorized disbursements, possibly clearing under guise of old outstanding checks.

COMMENT _____

9. DEBTOR REFUNDS. Observe if debtor refunds are made by check and if they are made when the case is closed, converted or dismissed.

COMMENT _____

10. REVIEW AND CANCELLATION OF EXPENSE DOCUMENTATION. Observe if the check signer reviews supporting documentation concurrent with signing expense checks. Are all copies of supporting documentation physically canceled to indicate completion of the disbursement process? **YES** _____ **NO** _____

COMMENT _____

11. DISTRIBUTION OF SIGNED CHECKS. Are individuals involved in the preparing of trust and expense disbursement checks involved in their stuffing and mailing? **YES** _____ **NO** _____ Segregation of these duties avoids access to signed checks by persons capable of inserting improper checks into the disbursement cycle.

COMMENT _____

12. UNDELIVERABLE DISBURSEMENT CHECKS. Are disbursement checks that are returned, because of inadequate address or other reasons, processed by an individual uninvolved with initial check authorization and preparation? **YES** _____ **NO** _____ Independent processing of post office and other returns provides a cross-check over possible misdirection of returned checks.

COMMENT _____

13. TIMELINESS AND APPROVAL OF BANK RECONCILIATIONS. Are the reconciliations of trust, expense, and other bank accounts up-to-date? **YES** _____ **NO** _____ Are the reconciliations reviewed and approved by the trustee? **YES** _____ **NO** _____ Is approval indicated on the face of each reconciliation to fix responsibility for the performance of this task? **YES** _____ **NO** _____

COMMENT _____

14. CORRECTION OF RECONCILING ITEMS. Are bank account reconciling items requiring correction resolved in a timely manner? **YES** _____ **NO** _____ Prompt correction of indicated errors will avoid what could become a massive clerical backlog if the errors are allowed to go without correction.

COMMENT _____

15. BANK CUTOFF DATES. Are bank cutoff dates the same as those for the financial records? **YES** _____ **NO** _____ Conforming these cutoffs adds efficiency to the periodic balancing process. End of month cutoffs may be highly desirable for the two functions.

COMMENT _____

16. RECONCILING OF DEBTOR LEDGERS WITH CHECKING AND TIME DEPOSIT BALANCES. Are debtor ledgers periodically reconciled to reconciled checking and time deposit balances to verify that detailed case records properly reflect overall receipt and disbursement activity? **YES** _____ **NO** _____

COMMENT _____

17. NON-INTEREST BEARING FUNDS. Observe that levels of non-interest bearing fund balances appear sufficiently low to conclude that the trustee is efficiently investing idle funds.

COMMENT _____

18. COMPUTER PASSWORD SECURITY AND CONTROLS. Observe trustee procedures for preparing data processing transmittals and receiving (processed) data back into the office routine. Are batch totals used to help ensure dollar and document integrity of data processed? **YES** _____ **NO** _____ Does staff review all manual check listings and other data controls and error documents on a timely basis to verify or correct data? **YES** _____ **NO** _____ The exercise of timely user controls is essential to monitoring of data processing activities. Make sure passwords are changed periodically.

COMMENT _____

19. LIMITED COMPUTER FILE ACCESS. Are dedicated computer passwords used to limit employee access to sensitive data fields as creditor name, creditor address, settlement amount, etc.? **YES** _____ **NO** _____ The use of passwords should not restrict the performance of individual employee-assigned jobs.

COMMENT _____

20. COMPUTER PROGRAMMING SECURITY. Are computer programmers allowed access to live debtor/creditor data files? **YES** _____ **NO** _____ The segregation of these duties is important to provide assurance that persons with access to and capability of changing applications programs cannot individually address and possibly change live debtor/creditor data for self-serving purposes.

COMMENT _____

21. COMPUTER LOCK AND KEY SECURITY. Observe that a physical locking mechanism is used to secure hardware when not in authorized use and that keys are adequately secured.

COMMENT _____

22. INTERNAL COMPUTER SOFTWARE EDITS. Does the trustee's computer programs include automatic edit checks for such matters as:

- a. Agreement of daily debtor/creditor account posting with daily receipts, **YES** _____ **NO** _____
- b. Agreement of parallel debtor and creditor account posting, **YES** _____ **NO** _____
- c. Agreement of aggregate ledger balances with cumulative transaction totals, **YES** _____ **NO** _____
- d. Agreement of compensation and expense with authorized percentages, **YES** _____ **NO** _____
- e. Reconciliation of posted activity with beginning and ending ledger balances, **YES** _____ **NO** _____
- f. "Illegal" transactions, debtor/creditor, or other codes, **YES** _____ **NO** _____
- g. Overdisbursed debtor balances, **YES** _____ **NO** _____
- h. Unreasonably held undisbursed debtor funds? **YES** _____ **NO** _____

These types of internal edit checks are critical to detection of data entry, computer program, and other kinds of errors.

COMMENT _____

23. PERIODIC DEBTOR COMMUNICATION. Are periodic statements mailed to debtors or debtors' attorneys in the ordinary course of business to provide a passive control over potential errors? **YES** _____ **NO** _____

COMMENT _____

24. DELINQUENT DEBTORS. Observe if delinquent debtors are automatically flagged. Immediate recognition of delinquent status is essential for maximum creditor protection.

COMMENT _____

25. CASE FILE MAINTENANCE. Do case files that have been observed throughout the engagement generally contain the typically expected documents and document copies (e.g., petitions, notices, proofs of claim and confirmation orders) and appear otherwise to be properly maintained? **YES** _____
NO _____ Are periodic file reviews conducted to help ensure follow up of missing items? **YES** _____
NO _____

COMMENT _____

26. SURETY BONDING. Does the surety bonding as listed on the Annual Report indicate a level of bond coverage that complies with U.S. Trustee requirements? **YES** _____ **NO** _____

COMMENT _____

27. OPERATING BUDGETS. Are operating budgets monitored and updated as each year progresses to ensure that expenses are controlled and compensation limitations are not inadvertently exceeded? **YES** _____ **NO** _____

COMMENT _____

28. FIXED ASSET LEDGER. Determine if the trustee maintains a detailed listing of all trusteeship furniture and equipment in such a way that each year's additions can be compared in dollar total to expenditures reported on the Annual report. This procedure is an effective way of avoiding loss of typewriters, adding machines, and other transportable assets.

COMMENT _____

29. DOCUMENTATION OF STAFF PROCEDURES. Are routine staff procedures documented? **YES** _____ **NO** _____
 Written job descriptions help ensure consistent staff performance, facilitate employee training and cross-training.
- COMMENT _____
30. MONITORING OF STAFF ATTENDANCE. Observe if staff attendance is monitored, especially in larger standing trustee offices.
- COMMENT _____
31. SAFEGUARD OF ACCOUNTING RECORDS. Observe that paper accounting records are stored in secure facilities to protect them from loss due to fire or theft.
- COMMENT _____
32. SEGREGATION OF DUTIES. Observe if employee duties are segregated to insure that tasks and functions are not totally assigned to any one employee.
- COMMENT _____
33. JOINT COST ALLOCATION. Are other business operations in addition to the chapter 12 trusteeship (private law practice) operated within the same office? **YES** _____ **NO** _____
 Review the allocation methods used to divide expenses to determine if they are reasonable. Document the basis used for the allocation.
- COMMENT _____
34. STANDING TRUSTEE INVOLVEMENT. As chief executive of the trusteeship, note the extent of the trustee's personal involvement in the following significant control procedures.
- a Test of receipted bank deposit slips against posted receipt totals.
 - b. Test of bank statements and cleared checks against monthly bank reconciliations.

VERIFICATION

YES NO

- c. Test of aggregate monthly debtor ledger balances against reconciled bank balances.
- d. Test of trust disbursement checks against debtor ledgers and plans.
- e. Test of periodically mailed debtor statements against debtor ledgers and plans.
- f. Examination and cancellation of documentation supporting expense account disbursement checks.
- g. Monitoring of sundry income sources.
- h. Monitoring of payroll amounts and test of payroll checks against permanent earnings records.
- i. Preparation and monitoring of operating budgets.
- j. Preparation and monitoring of interim and annual financial reports.

COMMENTS _____

C. Fieldwork and Examination

- 1. Determine the accuracy of cash balances for each of the trust fund accounts, i.e. unconfirmed trust account and confirmed trust account. Prepare a lead schedule of all trust fund bank accounts and:
 - a. Reconcile the detail of undisbursed funds by case number to the trust account balances.
 - b. Review two successive months of bank statements and investigate unexplained transactions.
 - c. Review the last prepared outstanding checks list and compare with missing checks on the bank statements.

- d. Test a schedule of interest income earned by confirmed trust bank account and tie to total interest income per trustee's general ledger.

COMMENTS _____

- 2. Determine the accuracy of the individual debtor ledger balances for five cases.
 - a. Select five cases at random and trace receipts from individual debtor ledger entry to bank deposit statement.
 - b. Review disbursement checks for these same five cases. Inspect checks for payee, endorsement, and validity of payment (per confirmed plan).

COMMENTS _____

- 3. Determine the accuracy of the expense account balance.
 - a. Reconcile the expense account balance per the ledger to the bank account.
 - b. Review the last prepared outstanding checks list and compare with missing checks on the bank statements.
 - c. Determine the propriety of trusteeship operating expenses. Review random canceled checks and trace their entry into the expense account ledger.
 - d. Reconcile the transfer of trustee percentage fees from the Debtors Trust Funds to receipts in the Trustee Expense Fund for each month since the last audited Annual Report. **NOTE:** The "last audited Annual Report" may be prior to the last calendar year. Examine the calculation of the trustee percentage fee and ensure the percentage is applied to the amount of disbursements made under confirmed plans.

COMMENTS _____

VERIFICATION
YES NO

4. Obtain copy of the fixed asset ledger by comparing the list of property submitted with the last audited Annual Report and any additions and deletions during the period.

COMMENT _____

5. Obtain a schedule of all lease commitments and ensure lease arrangements can be reassigned properly.

COMMENT _____

VI. CONCLUSION

- A. List all deficiencies disclosed in the monitoring review.

1. _____

2. _____

3. _____

4. _____

- B. Based on this review is an audit recommended?

APPENDIX 4-5

*Via Overnight Courier
Next Business Day Delivery*

NOTICE OF [SUSPENSION OR TERMINATION]

TO: _____

ADDRESS: _____

SPECIFY: whether you are issuing a suspension, non-renewal of appointment, or a termination. Any deviation from normal case rotation, e.g., a skipping of a rotation, constitutes a suspension. If you are issuing a suspension, describe the condition or the duration (i.e., for six months).

DESCRIBE: in detail, the specific reason or reasons for the decision. Explain – fully – the basis or bases for each reason you rely upon. Whenever possible, you should support specific statements or findings in the notice with detailed citations to relevant documents. Describe any history of relevant past problems, instances of inadequate performance, or other factors that you considered or that weighed in your decision.

CITE: all relevant materials that document those problems or factors and that document prior communications in which you have advised the trustee of those problems or factors. If you considered and rejected less drastic measures, or if you have been using progressive measures, it is appropriate to explain why you decided not to use lesser measures or to describe the progressive steps you have taken in the past and why they have not resolved the matter.

Insert the Following Language in Every Notice:

1. "This decision is final and unreviewable unless you request in writing a review by the Director, Executive Office for United States Trustees, no later than 20 calendar days from the date of this notice. 28 C.F.R. 58.6(b). To be timely, the request for review must be received by the office of the Director no later than 20 calendar days from the date of this notice. 28 C.F.R. 58.6(b). Your request for review shall fully describe why you disagree with the United States Trustee's decision, and shall be accompanied by all documents and materials that you want the Director to consider in reviewing the decision. 28 C.F.R. 58.6(f). You may request that specific documents in the possession of the United States Trustee be transmitted to the Director for inclusion in the record. 28 C.F.R.

58.6(f). The request for review should be sent to:
Director,
Executive Office for U.S. Trustees
Department of Justice
901 E Street, N.W.
Suite 700
Washington, D.C. 20530

You must send a copy of your request for review, and any accompanying documents and materials, to the United States Trustee by overnight courier, for delivery the next business day. 28 C.F.R. 58.6(f)."

2. (a) **Unless you are issuing an interim directive insert:**

"The United States Trustee's decision shall take effect twenty (20) days from the date of this notice unless within that time you seek review from the Director; if you timely seek such review from the Director, the United States Trustee's decision will take effect upon the issuance of a final written decision by the Director." 28 C.F.R. 58.6(c).

(b) **If you are issuing an interim directive** (see 28 C.F.R. 58.6(d) and (e)) your notice must inform the trustee that you have issued the directive. The interim directive shall be set forth in a separate document, and a copy of the directive shall be attached to the notice.

DATE: _____

United States Trustee

Additional Instructions for Notice:

1. **SEND:** the notice to the office of the trustee by overnight courier, for delivery the next business day, with copy to the Executive Office for United States Trustees, attention: DIRECTOR.

2. **ATTACH:** to the notice copies of all pertinent materials upon which the United States Trustee has relied and any prior communications in which the United States Trustee has advised the trustee of the potential action. 28 C.F.R. 58.6.

3. **ATTACH:** to the notice copy of 28 C.F.R. 58.6.