

Summary of Major Changes Handbook for Chapter 7 Trustees

Chapter 1 – Introduction	
<p style="text-align: center;"><u>March 1, 2001 Handbook</u></p> <p>A. Purpose B. The Bankruptcy Laws C. Jurisdiction and Venue D. Role of the United States Trustee</p>	<p style="text-align: center;"><u>July 1, 2002 Handbook Update</u></p> <p>No changes.</p>
Chapter 2 – Appointment to the Panel of Trustees	
<p style="text-align: center;"><u>March 1, 2001 Handbook</u></p> <p>A. Eligibility B. Qualifications C. Term D. Performance Review E. Training</p>	<p style="text-align: center;"><u>July 1, 2002 Handbook Update</u></p> <p>No changes.</p>
Chapter 3 – Appointment of Panel Trustees to Cases	
<p style="text-align: center;"><u>March 1, 2001 Handbook</u></p> <p>A. Appointment and Qualification of Interim Trustees B. Assignment of Cases C. Time and Duration of Interim Appointment D. Non-Panel Trustees in Converted Cases E. Involuntary Cases F. Successor Trustees</p>	<p style="text-align: center;"><u>July 1, 2002 Handbook Update</u></p> <p>No changes.</p>

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Chapter 4 – Election of a Trustee	
<p style="text-align: center;"><u>March 1, 2001 Handbook</u></p> <p>A. Eligibility to Request an Election and to Vote B. Trustee Election Procedure C. Disputed Elections D. Qualification of Elected Trustees E. Duties and Responsibilities of Elected Trustees</p>	<p style="text-align: center;"><u>July 1, 2002 Handbook Update</u></p> <p>No changes.</p>
Chapter 5 – Qualifications and Acceptance	
<p style="text-align: center;"><u>March 1, 2001 Handbook</u></p> <p>A. Qualifications B. Acceptance upon Appointment C. Conflicts of Interest D. Solicitation of Gratuities, Gifts, or Other Remuneration or Thing of Value E. Bonds</p>	<p style="text-align: center;"><u>July 1, 2002 Handbook Update</u></p> <p>No changes.</p>
Chapter 6 – Duties of a Trustee	
<p style="text-align: center;"><u>March 1, 2001 Handbook</u></p> <p>A. Introduction B. Statutory and General Duties C. Review of Petition, Schedules and Statements D. Review of Debtor’s Attorney Fees E. Review for Petition Preparers F. Review for Substantial Abuse Under § 707(b) G. Transmission of Documents</p>	<p style="text-align: center;"><u>July 1, 2002 Handbook Update</u></p> <p>No changes in A - F.</p> <p>G. Transmission of Documents</p> <ul style="list-style-type: none"> ▶ Updated to include electronic transmission of documents. ▶ Clarified that method of transmittal of various documents shall be determined locally by the United States Trustee.

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Handbook for Chapter 7 Trustees**

Chapter 7. Section 341(a) Meeting	
<u>March 1, 2001 Handbook</u>	<u>July 1, 2002 Handbook Update</u>
Introductory Paragraphs	Introductory Paragraphs <ul style="list-style-type: none">▶ Added new Debtor Id requirements: debtor must present original government-issued photo identification and confirmation of the social security number.▶ Listed acceptable forms of ID and proof of social security number.▶ Set forth procedures that apply when debtor cannot be present before the trustee, including the requirement for an independent third party authorized to administer oaths to be present at the alternate location to administer the oath and to verify the debtor's identity and state the social security number on the record.▶ Listed individuals who may serve as the independent third party or "declarant."▶ Added at Appendix H a sample of the document that the declarant must provide to the trustee. The document is entitled, "Declaration Regarding Administration of Oath and Confirmation of Identity and Social Security Number".
A. Conducting the Meeting	A. Conducting the Meeting <ul style="list-style-type: none">▶ Deleted the word "tape" from all references to the § 341(a) meeting recordings, in recognition that new technologies, such as CD Rom, enable recordings by alternative means.▶ Added instructions for verifying the debtor's ID and social security number against the petition.▶ Added new required Debtor ID questions to Appendix A.▶ Added instructions to follow when the debtor's proof does not match the petition. Debtor must file an amended petition, sending copies to all creditors and the trustee. Debtor also must send a "Notice of Correction of Social Security Number in Bankruptcy Filing" (see Appendix I) to the three credit reporting agencies with a copy to the UST.▶ Added instructions for when the debtor does not bring the required ID. Normal questioning is conducted and the meeting is continued. Debtor is given an opportunity to provide the ID later at the trustee's office or at the continued meeting.

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Chapter 7. Section 341(a) Meeting	
<p style="text-align: center;"><u>March 1, 2001 Handbook</u></p> <p>B. Rescheduling and Continuances C. Non-attendance by Attorneys D. Non-attendance by Debtors</p> <p>E. Notification to United States Trustee of Debtor Identity Problems</p>	<p style="text-align: center;"><u>July 1, 2002 Handbook Update</u></p> <p>No changes B - D.</p> <p>E. Notification to United States Trustee of Debtor Identity Problems</p> <ul style="list-style-type: none"> ▶ Provides instructions for notifying UST when debtor refuses or fails to provide proof of ID and social security number at the continued meeting and when the proof does not match the petition. ▶ No notice is necessary when the debtor forgets to bring the proof to the first § 341(a) meeting and later provides acceptable proof. ▶ Appendix J is a sample of the “Notice to the United States Trustee of Debtor Identity Problem”.
Chapter 8. Administration of a Case	
<p style="text-align: center;"><u>March 1, 2001 Handbook</u></p> <p>A. Determination and Administration of No-Asset Cases B. Claims Bar Date C. Exemptions D. Abandonments E. Tax Considerations</p> <p>F. Turnover Demands G. Executory Contracts and Unexpired Leases H. Avoidance Powers I. Contested Matters and Adversary Proceedings</p>	<p style="text-align: center;"><u>July 1, 2002 Handbook Update</u></p> <p>No changes A - D.</p> <p>E. Tax Considerations</p> <ul style="list-style-type: none"> ▶ Updated citation to <u>Catalano v. Commissioner</u> under Sales and Abandonments. <p>No changes F - I.</p>

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Chapter 8. Administration of a Case, continued	
<u>March 1, 2001 Handbook</u>	<u>July 1, 2002 Handbook Update</u>
<p>J. Operating the Debtor's Business</p> <p>K. Sale of Assets</p> <p>L. Periodic Payments</p> <p>M. Employments and Supervision of Professionals</p> <p>N. Professional and Trustee Fee Applications</p> <p>O. Review of Claims</p> <p>P. Subordination of Claims</p> <p>Q. Redemption</p> <p>R. Reaffirmation</p> <p>S. Asset Case Closings</p> <p style="padding-left: 20px;">1. Trustee's Final Report (TFR or Pre-Distribution Report)</p> <p style="padding-left: 20px;">2. Distribution of Funds</p> <p style="padding-left: 20px;">3. Trustee's Final Account (TDR or Post-Distribution Report)</p> <p style="padding-left: 20px;">4. Distribution Report for Closed Asset Cases (Form 4)</p> <p>T. Case Progress</p> <p>U. Dismissals and Conversions</p> <p>V. Reopening Closed Cases</p> <p>W. Referral of Potential Bankruptcy Crimes</p>	<p>No changes J - S.3</p> <p>S.4. Distribution Report for Closed Asset Cases (Form 4)</p> <ul style="list-style-type: none"> ▶ Updated to reflect that Form 4 is required for all cases effective July 1, 2002. <p>T. Case Progress</p> <ul style="list-style-type: none"> ▶ Added new case progress review requirements. Effective July 1, 2002, trustees must review the status of their cases at least quarterly. The review must be documented and compliance is subject to audit. <p>No changes U - W.</p>

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Chapter 9. Financial Policies, Procedures and Reporting Requirements <i>Changed all 180-Day Report and Semi-Annual Report references to Trustee Interim Report (TIR) or interim report</i>	
<u>March 1, 2001 Handbook</u>	<u>July 1, 2002 Handbook Update</u>
<p>A. Deposit and Investment of Estate Funds</p> <p>B. Financial Reporting and Record Keeping</p> <p>C. Special Considerations for Computer Systems</p> <p>D. Other Record Keeping Procedures and Internal Controls</p> <ol style="list-style-type: none"> 1. Segregation of Duties 2. Monitoring Bank Accounts and Check Stock 3. Receipts 4. Handling Currency 5. Earnest Monies 6. Handling of Funds 7. Accounts Receivable 8. Disbursements 	<p>A. Deposit and Investment of Estate Funds</p> <ul style="list-style-type: none"> ▶ Modified requirements for bank statement, deposit slip, and check captions. ▶ Added a reference to the Treasury Department’s web site that lists acceptable collateral. ▶ Added that the UST may request an authorized depository to provide a copy of a trustee’s software for purposes of evaluation and oversight. <p>B. Financial Reporting and Record Keeping</p> <ul style="list-style-type: none"> ▶ Updated for the new Uniform Transaction Codes and change from semi-annual to annual interim reporting. ▶ Where necessary, clarified or corrected the language concerning which cases to report on Form 3. ▶ Clarified the meaning of contemporaneous posting of transactions to Form 2, specifying that transactions should not be back-dated, except for interest. <p>C. No change.</p> <p>D. Other Record Keeping Procedures and Internal Controls</p> <ol style="list-style-type: none"> 1. Segregation of Duties <ul style="list-style-type: none"> ▶ Clarified that trustees must also actively supervise independent contractors. <p>No changes to D.2 to D.7.</p> <p>8. Disbursements</p> <ul style="list-style-type: none"> ▶ Modified requirements for bank statement, deposit slip, and check captions.

Summary of Major Changes Handbook for Chapter 7 Trustees

Chapter 9. Financial Policies, Procedures and Reporting Requirements, continued <i>Changed all 180-Day Report and Semi-Annual Report references to Trustee Interim Report (TIR) or interim report</i>	
<p style="text-align: center;"><u>March 1, 2001 Handbook</u></p> <p>9. Maintaining Estate Records</p> <p>E. Audits, Examinations and Reviews</p>	<p style="text-align: center;"><u>July 1, 2002 Handbook Update</u></p> <p>9. Maintaining Estate Records</p> <ul style="list-style-type: none"> ▶ Updated for ECF and paperless environments. ▶ Specified which items must be kept in paper form and which items may be kept in electronic or paper form. ▶ Noted that trustee must assure continued access to archived electronic records. ▶ Noted that trustee need not keep records that are duplicated in the court files, unless the records contain the trustee’s notes regarding case administration or no-asset case determination. <p>E. Audits, Examinations and Reviews</p> <ul style="list-style-type: none"> ▶ Changed the time period for notifying the trustee of the audit or examination from two weeks to <i>at least</i> two weeks.
Chapter 10. Compliance Measures <i>Changed all 180-Day Report and Semi-Annual Report references to Trustee Interim Report (TIR) or interim report</i>	
<p style="text-align: center;"><u>March 1, 2001 Handbook</u></p> <p>A. Remedial and Enforcement Actions B. Procedures for Suspension and Termination</p>	<p style="text-align: center;"><u>July 1, 2002 Handbook Update</u></p> <p>No other changes.</p>

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Forms and Instructions

- 1) Changed all 180-Day Report and Semi-Annual Report references to Trustee Interim Report (TIR) or interim report
 2) Updated for Uniform Transaction Codes
 3) Made other changes or additions, as noted below:

March 1, 2001 Handbook

General Instructions
 Instructions for Form 1
 Sample Form 1
 Instructions for Form 2
 Sample Form 2
 Instructions for Form 3
 Sample Form 3

July 1, 2002 Handbook Update

Instructions for Form 1
 ▶ Added cross-reference to the computer security section which states that assets may not be deleted from Form 1 and that there should be no gaps in the reference numbers.

Instructions for Form 2
 ▶ Added cross-reference to the Financial Reporting and Record Keeping section regarding contemporaneous posting and back-dating of transactions.

No other changes.

Sample Form 4

Instruction and Q's and A's for Form 4

Sample Case and Illustrative Forms 1, 2, and 3

Sample Form 4

- ▶ Updated for changes effective 12/1/01: date filed or converted, new subtotals, etc.
- Instructions for Form 4 (Q's and A's to be moved to internet)
- ▶ Updated for new requirements effective 12/1/01 and 7/1/02
 - ▶ Revised the definition of "Funds Paid to Third Parties" (formerly titled "Non-Estate Funds Paid to Third Parties")
- Uniform Transaction Codes (new section—general overview and list of UTCs)
 Instructions for Uniform Transaction Codes (new to Handbook, 7/1/02 version)
 Sample Case and Illustrative Forms 1, 2, and 3
- ▶ Brought transaction dates current and updated to illustrate usage of UTCs.

Sample Chapter 7 Case and Illustrative Forms 1, 2, and 3

- 1) Changed all 180-Day Report and Semi-Annual Report references to Trustee Interim Report (TIR) or interim report
 2) Updated for Uniform Transaction Codes

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Appendices	
<u>March 1, 2001 Handbook</u>	<u>July 1, 2002 Handbook Update</u>
A – Section 341(a) Meeting of Creditors	A – Section 341(a) Meeting of Creditors ▶ Added required questions regarding debtor identification and proof of social security number.
B – Sample Trustee’s Report of No Distribution (NDR)	No changes in Appendices B and C
C – United States Trustee Fee Guidelines	
D – Segregating Duties in a Small Trustee Operation	D – Segregating Duties in a Small Trustee Operation ▶ Changed “180-Day Report” to “interim report”.
E – Procedures for Suspension and Removal of Panel Trustees and Standing Trustees	No changes in Appendices E - G
F – Notice of Voluntary Suspension	
G – Policy Statements for Earnest Monies and Handing Case	H – Declaration Regarding Administration of Oath and Confirmation of Identity and Social Security Number
	I – Notice of Correction of Social Security Number in Bankruptcy Filing
	J – Notice to United States Trustee of Debtor Identity Problem

Note: The Table of Contents, Index, and Table of Authorities were updated as applicable.