

ORDER IMPLEMENTING CHANGES IN THE PAYMENT OF BOND FEES

WHEREAS, on July 13, 1982 this court issued an ORDER IMPLEMENTING BLANKET BOND (hereinafter "BLANKET BOND ORDER") for trustees engaged in the administration of bankruptcy cases under Chapter 7, 11, or 13 of Title 11 of the United States Bankruptcy Code;

WHEREAS, the aforesaid order provides for the assessment and payment of bond fees to cover the cost of the blanket bond premiums;

WHEREAS, the size of the assessment referenced above is based on bankruptcy petition schedules which often prove to be inaccurate;

WHEREAS, the lag between the date of the assessment and the date of the payment often necessitates substantial administrative supervision of the cases; and

WHEREAS, the court has determined that a more accurate and easily administered method for bond fee assessment and payment is needed;

It is hereby ORDERED AND DIRECTED as follows:

1. Paragraphs 9, 10, 11, 15, 16, 17, 18, and 19 of the BLANKET BOND ORDER are rescinded;
2. All paragraphs of the BLANKET BOND ORDER not expressly rescinded in paragraph 1, supra, shall remain effective;
3. Any trustee who, after March 31, 1983, submits a proposed final distribution order in a Chapter 7 Bankruptcy Code case shall provide in such order for the payment of a bond fee, to be made payable to "Clerk, U.S. Bankruptcy Court," in the amount of .2% (.002) of the total receipts listed in the trustee's final account, except:
 - (a) no trustee shall provide for the payment of a bond fee in the proposed final distribution order in any case where a bond fee payment has already been made pursuant to the BLANKET BOND ORDER;
 - (b) no trustee shall provide for the payment of a bond fee in the proposed final distribution order in any case where the trustee has obtained individual bond coverage, other than the additional bond coverage referenced in paragraph 21 of the BLANKET BOND ORDER. PROVIDED, however, that no trustee shall obtain or renew individual bond coverage without the prior approval of the court;
 - (c) the bond fee shall be reduced to the extent that its payment would otherwise impair the debtor(s) exemption;
 - (d) the bond fee shall be reduced to the extent that other costs or claims within the same distribution priority class require a pro rata reduction of the payment;
 - (e) the bond fee in any case where the total receipts listed in the final account exceed five hundred thousand dollars (\$500,000.00) shall be one thousand dollars (\$1,000.00). PROVIDED, however, that in such case the trustee shall obtain additional bond coverage if so required by the court;
 - (f) no bond fee shall be required if the total receipts listed in the final account are less than five thousand dollars (\$5,000.00);

- (g) if a secured creditor has been paid in full prior to April 1, 1983 or the trustee has contractually agreed prior to April 1, 1983 to pay a secured creditor in full, the amount of the secured creditor payment or agreed upon payment shall not be included in the total receipts listed in the final account for purposes of calculating the bond fee; or
- (h) no bond fee shall be required if, prior to the filing of the proposed final distribution order, the Clerk notifies the trustee pursuant to paragraph 6, infra, that the collection of bond fees is suspended until the need for additional bond fee payments arises;
4. The Clerk shall collect the bond fee payments referenced in paragraph 3, supra, and deposit them in the escrow account established pursuant to paragraph 7 of the BLANKET BOND ORDER until, in the Clerk's sole judgment and discretion, there is enough money in the account to ensure the payment of the second annual blanket bond premium and the repayment to the trustees of their cost for the first annual premium. PROVIDED, however, that the Clerk shall pay the second annual blanket bond premium when it comes due if there is enough money in the account to do so;
5. When, in the Clerk's sole judgment and discretion, there is enough money in the account to ensure the payment of the annual premium next due and the repayment to the trustees, the Clerk shall repay the trustees from the escrow account;
6. The Clerk shall notify the trustees to provide or not to provide, as the case may be, for the payment of bond fees in proposed final distribution orders whenever in the Clerk's sole judgment and discretion he deems such notice necessary to maintain the escrow account at an appropriate level to ensure the payment of each subsequent blanket bond premium; and
7. The Clerk shall continue to pay the annual blanket bond premiums as they become due and collect additional bond fees as necessary to pay future premiums, unless otherwise directed by the court.

DATED: March 21, 1983

BY THE COURT

Ronald K. Gibson
Bankruptcy Judge

Joseph P. Corbett
Bankruptcy Judge

Lawrence B. Bushabang, Jr.
Bankruptcy Judge