

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

_____)	
IN RE:)	Bankruptcy No. _____-CMB
_____)	Chapter 11
Debtor(s).)	
_____)	
_____)	
Movant(s),)	Related to Doc. No. _____
v.)	
_____)	
Respondent(s).)	
_____)	

**INTERIM COMPENSATION/EXPENSE
REIMBURSEMENT PROCEDURES ORDER**

AND NOW, this _____ day of _____, _____, upon consideration of the *Debtor's Motion for an Order Establishing Procedures for Interim Compensation and Reimbursement of Professionals* ("Motion", Doc. No. _____), the Court finds good cause for the implementation of an interim compensation procedure due to the size and complexity of the case. Therefore, it is hereby **ORDERED, ADJUDGED** and **DECREED** that the *Motion* is **GRANTED** as follows:

(1) **Monthly Interim Payments.** Except as may otherwise be provided in other Orders authorizing the retention of a specific professional, any professional retained in this case pursuant to 11 U.S.C. §§ 327 and 1103 ("Professional") may seek monthly interim compensation in accordance with the following procedures:

- (a) On a monthly basis, on or before the 20th day of each calendar month each Professional seeking interim compensation shall file with the Court and submit to the Debtor a "Monthly Fee Application" detailing the services provided and expenses incurred by the Professional during the preceding month.
- (b) The first Monthly Fee Application shall cover the period from the time the Petition was filed through _____.
- (c) Each Monthly Fee Application shall comply with the United States Bankruptcy Code ("Bankruptcy Code"), the Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules"), other applicable law and the Local Rules of this Court.
- (d) Each Monthly Fee Application shall be served on: (i) the United States Trustee, (ii) Counsel to any Committees established pursuant to 11 U.S.C. § 1102, (iii) Counsel to the Debtor, (iv) Counsel to the DIP Lender, and (v) all secured creditors or their attorneys (collectively, "Notice Parties").
- (e) Each Notice Party shall have seventeen (17) days following service of a Monthly Fee Application to object to the same ("Objection Deadline"). Upon the expiration of the Objection Deadline, each Professional may file a "Certificate of No Objection" or a "Certificate of Partial Objection" with the Court, whichever is applicable, after which time the Debtor is authorized to immediately transfer to the Professional an amount ("Actual Monthly Interim Payment") equal to the lesser of: (i) eighty percent (80%) of the fees and one hundred percent (100%) of expenses requested in the Monthly Fee Application ("Maximum Monthly Payment"), or, (ii) eighty percent (80%) of the fees and one hundred percent (100%) of the expenses not subject to an objection, whichever is applicable.
- (f) If any Notice Party objects to a Professional's Monthly Fee Application, it must file a written Objection with the Court specifying the particular fees subject to objection and the specific basis for the objection and thereafter serve the Objection on the Professional and each of the Notice Parties

so that the Objection is received on or before the Objection Deadline. Thereafter, the Objecting Party and the Professional may attempt to resolve the Objection on a consensual basis. If an agreement is reached regarding an Objection to a Monthly Fee Application, the objecting party shall file a notice regarding the resolution. Following receipt of the notice, the Debtor shall promptly pay 80% of the fees and 100% of the expenses subject to the resolution. If the Parties are unable to resolve the Objection within twenty-one (21) days after service of the Objection, the Professional may thereafter either: (i) file a response to the Objection with the Court, together with a motion for payment of the difference, if any, between the Maximum Monthly Payment and the Actual Monthly Interim Payment made to the affected Professional (the "Incremental Amount"); or, (ii) forgo payment of the Incremental Amount until the next quarterly or final fee application hearing, at which time the Court will consider and dispose of the Objection, by hearing or otherwise, if requested by the Parties.

(2) ***Quarterly Interim Payments.*** Except as may otherwise be provided in Court Orders authorizing the retention of a specific Professional, Professionals may seek quarterly interim compensation in accordance with the following procedures:

- (a) Beginning with the period ending _____, and for each three (3) month interval period thereafter ("Quarterly Period"), each Professional will file with the Court and serve upon the Notice Parties a "Quarterly Fee Application" for allowance of compensation and reimbursement of expenses, pursuant to 11 U.S.C. § 331, of the amounts sought in the respective Monthly Fee Applications filed during such period.
- (b) The Quarterly Fee Application must include a summary of the Monthly Fee Applications that are the subject of the request, the amount of any payments that have already been made on them pursuant to Paragraph 1(e) of this Order, and any other information requested by the Court or required by the Bankruptcy Code, Bankruptcy Rules and the Local Rules. Professionals filing Quarterly Fee Applications must also make a reasonable effort to comply with the U.S.

Trustee's requests for information and additional disclosures.

- (c) A Quarterly Fee Application must be filed and served within thirty (30) days after the conclusion of the prior Quarterly Period. Any Professional who fails to file a Quarterly Fee Application within such thirty (30) days will be ineligible to receive any further interim payment of fees or expenses under these compensation procedures until such time as the Quarterly Fee Application is submitted.
- (d) Any objection shall be filed and served on all parties in interest within seventeen (17) days following service of a Quarterly Fee Application ("Objection Deadline").
- (e) The Professional shall self-schedule a hearing on the Quarterly Fee Application for the next omnibus hearing date in the case, if applicable, in conformance with the Court's self-scheduling procedures. A notice of the hearing on each Quarterly Fee Application must be filed and served on all Notice Parties and all parties that have filed a Notice of Appearance with the Clerk of this Court and requested such notice including the mailing matrix. The Court may, in its discretion, cancel the hearing and approve an uncontested Quarterly Fee Application upon a filing of a Certificate of No Objection by the Professional.
- (f) Upon allowance by the Court of a Quarterly Fee Application, the Debtor is authorized to pay such Professional all requested fees (including the 20% holdback) and expenses not previously paid.
- (g) The pendency of an Objection to payment of compensation or reimbursement of expenses will not disqualify a Professional from future payment of compensation or reimbursement of expenses, unless the Court orders otherwise.
- (h) Neither the payment of or the failure to pay, in whole or in part, any Monthly Fee Application, nor the filing of or failure to file an Objection, will bind any Party in Interest or the Court with respect to the allowance of a Quarterly Fee Application or the Final Fee Application for compensation and reimbursement of expenses of Professionals.

(3) ***Final Fee Applications.*** Professionals must file “Final Fee Applications” for compensation and reimbursement on or before the deadline set in a confirmed Chapter 11 plan or an order of the Court. Final Fee Applications must comply with the Bankruptcy Code, Bankruptcy Rules and the Local Rules.

(4) ***Committee Member Expenses.*** Each member of a Committee is permitted to submit statements of expenses (excluding third-party counsel expenses of individual Committee members) and supporting vouchers to the Committee’s counsel, which counsel shall collect and submit the Committee members’ requests for reimbursement in accordance with these compensation procedures. Payment of such expenses may only be made as authorized by the Bankruptcy Code, Bankruptcy Rules, the Local Rules, other applicable law or as permitted by the Court.

(5) ***Notice of Hearings.*** The Notice Parties shall be served by the Professional with both the Monthly Fee Applications and Quarterly Fee Applications and the notice of hearing thereon (the "Hearing Notice"). Notice given in accordance with the Paragraph 1(d), 2(a) and 2(e) above, is deemed sufficient and adequate and in full compliance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules of this Court. All other Parties that have filed a Notice of Appearance with the Court, specifically requesting such notice pursuant to Fed.R.Bankr.P. 2002, including the mailing matrix, shall be entitled to receive only hearing notices on Quarterly Fee Applications and Final Fee Applications.

(6) ***Monthly Operating Reports.*** The Debtor shall include all payments to Professionals on its monthly operating reports, detailed so as to state the amount paid to the Professionals.

(7) ***Disgorgement.*** All fees and expenses paid to Professionals pursuant to this or any other Order of Court are subject to disgorgement until final allowance by the Court at the conclusion of the case.

Carlota M. Böhm
United States Bankruptcy Judge