

ORDER IMPLEMENTING BLANKET BOND

WHEREAS, this court may issue any order that is necessary or appropriate to carry out the provisions of Title 11 of the United States Code;

WHEREAS, this court has determined that it would be appropriate to implement a blanket bond for trustees engaged in the administration of bankruptcy cases under Chapter 7, Chapter 11 or Chapter 13 of Title 11 of the United States Code;

WHEREAS, there are many administrative details which must be considered by the trustees and the Clerk of this court if such a blanket bond is to be implemented; and

WHEREAS, there is no provision elsewhere which addresses these administrative details;

IT IS HEREBY ORDERED AND DIRECTED as follows:

EXECUTION OF BLANKET BOND/TRUSTEES COVERED BY BOND

1. The Clerk of the court (hereinafter "Clerk") shall make the necessary arrangements to have executed the "BOND OF INTERIM TRUSTEE AND/OR TRUSTEE IN CHAPTER 7, CHAPTER 11, OR CHAPTER 13 CASES UNDER TITLE 11 OF THE UNITED STATES CODE" (hereinafter "Blanket Bond") attached to this order;

2. Each and every trustee currently serving on the panel of trustees for this court shall within the next twenty days fill in, sign, and submit to the Clerk the "APPLICATION FOR PROBATE OR FIDUCIARY BOND IN EXCESS OF \$10,000.00" form (hereinafter "Application Form") attached to this order;

3. Any person not currently serving on the trustee panel of this court but who will be serving as a trustee in cases before this court shall, if notified by the Clerk, complete and submit to the Clerk the Application Form;

4. The Clerk shall notify any person not currently on the trustee panel to submit the Application Form if so directed by any member of the court or if said person has been added to the trustee panel subsequent to the date of this order;

5. The Clerk shall within twenty days of receipt of the Application Form, or sooner if circumstances warrant, take the necessary steps to amend the Blanket Bond Schedule to include the applicant in the schedules;

PAYMENT OF PREMIUMS

6. Each and every trustee currently serving on the trustee panel of this court shall remit with the application form a check payable to the Clerk in the sum of \$45.00;

7. The Clerk shall collect the payments referenced in the preceding paragraph and deposit them in one escrow account, separate from all other accounts maintained by the court;

8. The Clerk shall pay from said escrow account the first annual premium owing to the surety of the Blanket Bond;

9. The Clerk shall estimate the dollar amount of the assets listed in the schedules filed by the debtor in each and every Chapter 7 asset case filed with this court on or after AUGUST 1, 1982, and deduct the value of secured interests and debtor exemptions to determine the size of estate assets;

10. The Clerk shall notify the trustee of any Chapter 7 asset case with estate assets of \$5,000.00 or more filed with this court on or after AUGUST 1, 1982 that a bond fee to be paid as an administrative expense from the estate assets is due in the amount indicated by the following schedule:

<u>Size of estate asset</u>	<u>Bond fee</u>
\$ 5,000.00 - 10,000.00	\$ 50.00
\$ 10,000.00 - 30,000.00	\$ 100.00
\$ 30,000.00 - 50,000.00	\$ 150.00
\$ 50,000.00 - 100,000.00	\$ 200.00
\$100,000.00 - 500,000.00	\$ 500.00
\$500,000.00 - 1,500,000.00	\$1,000.00

PROVIDED, however, that such notice shall be given and bond fees collected pursuant to such notice only during the periods when the escrow account requires funding as provided below;

11. Any trustee who has received a notice from the Clerk pursuant to the preceding paragraph shall remit a check payable to the Clerk in the amount stated in the notice within sixty days of receipt of the notice.

PROVIDED, however, that no such payment shall be due until there are cash assets in the estate from which such payment can be made;

12. The Clerk shall deposit any payment received pursuant to the preceding paragraph in the escrow account referenced in paragraph 7, supra;

13. Any trustee who has made a payment pursuant to paragraph 11, supra, shall charge the payment to the appropriate estate as an administrative expense;

14. In the event that estate assets prove to be insufficient to cover the payment made pursuant to paragraph 11, supra, the Clerk shall reimburse the estate from the escrow account to the extent of the insufficiency;

15. As soon as the payments collected pursuant to paragraph 11, supra, equal or exceed the total amount paid in by the trustees pursuant to paragraph 6, supra, the Clerk shall repay those trustees the \$45.00 paid to cover the first annual premium;

16. The Clerk shall continue to notify trustees to pay bond fees and shall continue to collect and deposit bond fees after the repayment referenced in the preceding paragraph has been made, until the size of the escrow account equals or exceeds approximately one and one-half (1 1/2) times the anticipated cost of the second annual Blanket Bond premium;

17. The Clerk shall pay from the escrow account the second annual premium for the Blanket Bond when it comes due;

18. After the second annual premium has been paid, the Clerk shall resume the process of bond fee collection until the escrow account equals or exceeds approximately one and one-half (1 1/2) times the anticipated cost of the next annual premium;

19. In the same manner the Clerk shall continue to pay the annual premium as it becomes due and collect additional bond fees as necessary to pay future annual premiums, unless otherwise directed by the court;

MISCELLANEOUS PROVISIONS

20. Each trustee to the fullest extent possible shall cooperate with the Clerk in connection with any matter related to the implementation of the Blanket Bond;

21. The Clerk shall bring to the court's attention for the purpose of directing additional bond coverage, any Chapter 7 asset case in which the estate assets exceed \$500,000.00;

22. If the Clerk has not already done so, the trustee of any Chapter 7 or Chapter 11 case in which the estate assets exceed \$500,000.00 shall notify the court of the case and the size of the assets;

23. Notwithstanding any other provision or provisions of this order, the Clerk may in his discretion arrange for the payment of the bond fees by the trustees directly into the escrow account instead of through the Clerk; and

24. If such arrangement is made, the Clerk shall so notify the court and the trustees shall comply with the terms of the arrangement rather than the inconsistent provisions of this order.

DATED: July 13, 1982

BY THE COURT

Derald K. Gibson
Bankruptcy Judge

Joseph J. Cozeth
Bankruptcy Judge

Wm. Chastabang, Jr.
Bankruptcy Judge

NO LONGER EFFECTIVE