

INSTRUCTIONS FOR FORM 1 INDIVIDUAL ESTATE PROPERTY RECORD AND REPORT

When to Complete Form 1

This record must be maintained for every case that is either expected to be or declared to be an asset case by the trustee, for each case in which the trustee has received funds of the estate, and for each case in which a no-asset report (NDR) has not been filed and 120 days have passed since the initial examination of the debtor at the § 341(a) meeting.

How to Complete Form 1

Header Information

The trustee should enter the case number, case name, trustee name, date filed or converted, first date set for the § 341(a) meeting, claims bar date, and the reporting period ending date, as indicated. With respect to the date filed or converted, the trustee should enter the later of the date the case was filed under chapter 7 or the date the case converted to chapter 7. This date should be identified as filed (f) or converted (c), as appropriate.

Column 1: Asset Description (Scheduled and Unscheduled Property)

Form 1 accounts for all property listed on the debtor's petition, schedules, and statement of financial affairs, as well as any assets identified by the trustee which were not listed by the debtor.

First, all "scheduled assets" of the debtor from the original petition, schedules, and statement of financial affairs should be listed. Similar types of assets (e.g., household goods) will often be lumped together by the debtor and may be listed as a group on Form 1, particularly if the trustee intends to administer them as a group. However, for ease of administration, most assets should be separately identified where possible. For example, the trustee will find it helpful to separately list each automobile and each piece of real property, even though the individual assets may have been reported together as a group in the petition, schedules, and statement of financial affairs. When an asset is jointly owned with a non-filing spouse or other party, Form 1 should reflect the debtor's interest (e.g., one-half)¹. If, for example, the debtor lists the full value of a house and the debtor's interest is one-half, the asset description on Form 1, should state "½ share, 852 Jones Street." Likewise, the values shown in Columns 2, 3, 5, and 6 should reflect the debtor's share.

Second, any "unscheduled assets" added by the debtor on amended schedules and statements and any other assets identified by the trustee, but not included in the petition, schedules, and

¹ In a community property state, the full value of the community property should be listed without any deduction for the non-filing spouse's community property interest.

statement of financial affairs, should be listed. The term “unscheduled assets” refers to all estate assets that are not on the debtor’s original schedules and statements. Interest earned from investing estate funds is also an unscheduled asset. These unscheduled assets should be identified by a (u) following the asset description.

Third, in a case converted from another chapter, assets reported in the final report required by FRBP 1019(5), or in any schedules submitted post-conversion, should be listed. If no such report or schedules are filed, the assets remaining in the case are to be listed. Form 1 should list all property of the estate not administered by the prior trustee or debtor in possession, as well as the funds on hand at the time of conversion. The trustee should maintain a record in the estate file describing how the assets listed on Form 1 were determined. To create this record, the trustee could annotate the original schedules to indicate which assets remained at the time of conversion.

Fourth, if the trustee is serving as a successor trustee in a chapter 7 case, Form 1 should account for all property listed on the debtor’s original and amended schedules and statement(s) of financial affairs, as well as any assets identified by the prior and successor trustees that were not listed by the debtor. The partial or full administration of assets by the prior trustee should be explained in Notes to Form 1 or under Major Activities Affecting Case Closing. Sample Case #2 illustrates this Form 1 presentation.

Fifth, each type of income of an estate, such as post-petition interest, dividends, or rents, is to be shown separately from the underlying or related asset and from any pre-petition dividends or rents that were reported in the schedules and statement of financial affairs. Accounting for these items on Form 1 will facilitate both the calculation of trustee compensation and the reconciliation between the Form 1 and Form 2 account balances.

To the left of each asset description, a reference number is inserted (beginning with #1 and following consecutively). Assets and reference numbers may not be deleted from Form 1. The asset description may be changed, if necessary, to properly reflect the nature of the asset. To correct an asset listed in error, delete the description and numerical information and enter an appropriate explanation such as “asset deleted by debtor amendment” or “asset entered in error.” The reference numbers must be listed sequentially with no gaps.

Column 2: Petition/Unscheduled Values

Column 2 reflects the dollar value of each asset, whether assigned by the debtor in the original or amended schedules and statement of financial affairs or by the trustee in the case of assets not included in the schedules and statements. While scheduled values are often unreliable, they are the only valuation available until the trustee has the opportunity to obtain further information. Column 2 should be updated if the debtor modifies the dollar value of scheduled assets on amended schedules or statements.

If the value assigned by the debtor in the schedules is “0,” the trustee should enter “0” in Column 2. If the scheduled value is “unknown,” the trustee should enter “unknown.” Similarly, if the trustee cannot initially estimate a value for an unscheduled asset, the trustee should enter “unknown.”

These entries should never be changed, unless amended by debtor.²

Column 3: Estimated Net Value (Value Determined by Trustee Less Liens, Exemptions and Other Costs)

Column 3 records the value of each asset as determined by the trustee, minus any security interests, the debtor’s allowed exemptions in the asset, and any other appropriate adjustment, such as costs to sell (if the value determined by the trustee minus these deductions is less than zero, enter “0”). This value represents the trustee’s best estimate of the net sale or liquidation value of the asset. This column will be totaled to reflect the net dollar value determined by the trustee for all assets in the case.

At the beginning of administering a new case, the trustee may not always be able to estimate the value for an asset. When the value for a scheduled or unscheduled asset is unknown, the trustee may enter “unknown” in Column 3. However, the estimated net value (as defined above) should be entered as soon as it becomes known or within one year (whichever occurs first). Thereafter, the amount should not change. The Column 3 value should never be changed to match the amount actually received from the sale or liquidation of the asset (e.g., the amount shown in Column 5).

Post-petition interest, dividends, and rent are exceptions to these requirements. Their Column 3 value may be designated “N/A”.

The Column 3 total should equal the sum of all dollar values entered in Column 3.

Column 4: Property Abandoned Pursuant to 11 U.S.C. § 554(a)

Column 4 is used to indicate property abandoned formally pursuant to §554 (a).

The trustee should enter “OA” in Column 4 to indicate property abandoned formally pursuant to § 554(a). A trustee will often formally abandon property that is burdensome to the estate, e.g., uninsured or contaminated property of no value that exposes the estate to potential liability or risk.

Column 5: Sales/Funds Received by the Estate

Column 5 indicates the gross amount of the proceeds from the sale or liquidation of each asset regardless of amounts that will be paid out to secured creditors or for expenses or as exemptions, whether paid out by the trustee directly or through a broker or auctioneer, etc. The amounts in

² If an asset is jointly owned with a non-filing spouse or other party, the Column 2 value should reflect the debtor’s interest (e.g., one-half). If the debtor lists 100% on Schedule A, the trustee should only record the debtor’s interest on Form 1, Column 2. This adjustment to the scheduled value should be explained in a note on Form 1. See Footnote #1, on the previous page, regarding the exception for community property.

Column 5 should be traceable to Form 2. This is accomplished by using the Form 1 reference number to identify the related transaction(s) on Form 2. For real property or auction sales, the gross proceeds are listed on Form 1, even though the trustee may have actually received the net proceeds, after deduction of costs and expenses.

If estate assets are sold together in a bulk sale, the trustee may receive a lump-sum remittance that does not provide a breakdown of the proceeds attributable to each asset. In this instance, the trustee should use his or her best judgment to allocate the remittance among the assets. See the sample Form for an example of this situation.

Column 6: Asset Fully Administered/Gross Value of Remaining Assets

When an asset has been fully administered (e.g., abandoned, sold, liquidated, or totally exempt), "FA" is entered in Column 6.

For assets still being administered by the trustee, Column 6 should reflect the trustee's current best estimate of the gross value remaining to be collected or administered. Guidelines for entries to this column follow:

1. The Column 6 value is rarely the Column 3 value. The Column 3 value equals the trustee's estimated net value at the beginning of the case or when the asset is discovered. The Column 6 value is the trustee's current estimate of the gross remaining value of the asset. "Gross Remaining Value" means current fair market value without any deduction for liens, exemptions, and other costs.
2. If "unknown" or "N/A" is entered in Column 3, "unknown" should appear in Column 6.
3. The difference between Columns 3 and 5 is not intended to necessarily equal the figure recorded in Column 6.

The sum of the dollar figures in Column 6 is the Gross Value of Remaining Assets. This total is to be carried forward and reported on Form 3, Column 6.

Other Information

Additional information is required at the bottom of Form 1. Under "Major Activities Affecting Case Closing," the trustee should provide information about matters pending in the case, such as:

- 1) Assets that will be abandoned and why;
- 2) Status of liquidation efforts: pending sales, hearing or auction dates, etc.;
- 3) Status of adversary actions and appeals;
- 4) Status of claims objections/claims review and tax returns; and
- 5) Any other actions necessary to complete administration of the case.

For the case's first reporting period, the trustee must disclose under "Initial Projected Date of Final Report (TFR)," a realistic estimate of when the TFR will be filed. For subsequent reporting periods, the trustee should enter both the initial and current projected dates for filing the TFR. The initial date should remain the same throughout the administration of the case.

FORM 1
INDIVIDUAL ESTATE PROPERTY RECORD AND REPORT
ASSET CASES

Case No.: _____
Case Name: _____
For Period Ending: _____

Trustee Name: _____
Date Filed (f) or Converted (c): _____
§ 341 (a) Meeting Date: _____
Claims Bar Date: _____

1		2	3	4	5	6
Asset Description (Scheduled and Unscheduled (u) Property)		Petition/ Unscheduled Values	Estimated Net Value (Value Determined by Trustee Less Liens, Exemptions, and Other Costs)	Property Formally <u>Abandoned</u> OA= § 554(a) abandon.	Sale/Funds Received by the Estate	Asset Fully Administered (FA)/ Gross Value of Remaining Assets
<u>Ref. #</u>						
Totals (excluding unknown values):						

Major Activities Affecting Case Closing:

Initial Projected Date of Final Report (TFR): _____

Current Projected Date of Final Report (TFR): _____