

## **INSTRUCTIONS FOR FORM 2 ESTATE CASH RECEIPTS AND DISBURSEMENTS RECORD**

### **When to Complete Form 2**

The estate Cash Receipts and Disbursements Record (Form 2) is a combination checkbook-journal. A separate Form 2 should be maintained for each checking account, savings account, or Certificate of Deposit. No Form 2 is necessary until the bank account is opened.

Rollovers of individual Certificate of Deposits should be reported on the same Form 2. Should the trustee choose to keep any other type of account or investment vehicle, such choice should be discussed in advance of implementation with the United States Trustee and arrangements should be made for record keeping and reporting.

All transactions must be entered on Form 2, in chronological order, as soon as they occur. The trustee should not wait and enter transactions from the monthly bank statements. As noted in Financial Reporting and Record Keeping section (paragraph 9.B.2), transactions may not be back dated, except for interest, which should be posted within thirty days of the period to which it applies.

Form 2 submissions should contain all transactions from the beginning of the case until the end of the reporting period. However, the trustee may seek approval from the United States Trustee to limit the transactions in a Form 2 submission involving a very large or older case to the annual reporting period. Such approval would only be granted on a report-by-report basis.

If the trustee is serving in a case converted from another chapter, Form 2 should begin with the balance turned over by the previous trustee or debtor in possession.

If the trustee is serving as a successor trustee in a chapter 7 case, the trustee must ensure that prior trustee's bank accounts are closed and new accounts are opened in the successor trustee's name. The Form 2 for the new account(s) should begin with the balance turned over by the previous trustee, thereby remaining consistent with the successor trustee's bank statements. The successor trustee should obtain a download of the prior trustee's Form 2 data, when available. This will help the successor trustee prepare an accurate and complete data-enabled TFR and TDR when the case is ready to be closed. Sample Case #2 has been added to illustrate how a successor chapter 7 trustee should prepare Form 2.

### **How to Complete Form 2**

#### Header Information

The trustee should enter the case number, case name, tax identification number, period ending date, trustee name, bank name, account number and bond amount (per case limit if blanket bond and amount of separate bond, if applicable). Individual debtor social security numbers should not be listed as the estate tax identification number.

### Column 1: Transaction Date

Column 1 is the date that the transaction occurred. For deposits, it is the date that the funds were sent or taken to the bank for deposit, rather than the date that the funds were received by the trustee or the date that the deposit cleared the bank. For disbursements, it is the date the trustee wrote (or printed) the check, rather than the date that the check cleared the bank.

### Column 2: Check or Reference Number

Column 2 is the check number if the entry is for a payment made from estate funds or the reference number entered on Form 1, if the entry is for a deposit or an item returned for insufficient funds (“NSF”).

### Column 3: Paid to/Received From

Column 3 is the name of the payer or payee.

### Column 4: Description of Transaction

Column 4 consists of two sub-columns—on the left, a narrative description of the transaction and, on the right, the applicable UTC. See page Forms-20 for information on assigning UTCs.

The narrative description should be a complete description of the transaction, for example: “payment to auctioneer per 3/2/02 order,” “sale of 1995 Dodge Intrepid subject to National Bank security interest per 4/15/02 notice,” or “transfer of funds to savings account #09-43-02.”

If the trustee receives a “net” check, that is, one which represents the gross sale price minus such deductions as lien pay-offs, exemptions or expenses, Column 4 should list the gross amount of the sale and all individual deductions. In that way, Column 4 will contain the information needed to reconcile the net amount received by the trustee with the gross sales price shown on Form 1. This situation most often arises when a broker or attorney receives the gross proceeds of sale and makes distributions for liens and expenses prior to presenting a net check to the trustee. In this type of situation, do not enter the gross amount in Column 5 Deposit because the amount shown as being deposited will not correspond to any bank statement. The net amount received by the trustee should be entered in Column 5.

For Certificates of Deposit, if the CD number changes when the CD is renewed or rolled over, the new CD number is recorded in Column 4.

### Column 5: Deposit

Column 5 records the deposits received in the case. There are 24 UTCs that apply to deposits. UTCs in the 1100 series are used for receipts from the liquidation of scheduled assets (e.g., assets listed by the debtor on the original schedules and statements). UTCs in the 1200 series are used for receipts from unscheduled assets (e.g., assets added on amended schedules and assets discovered by the trustee).

The correct UTC for post-petition rents, royalties, and dividends depends upon whether the underlying asset is scheduled or unscheduled. For example, for scheduled rental property, the correct UTC for rental payments is 1122 (see Forms - 20).

Certificate of Deposit interest should only be recorded on Form 2 when earned and deposited in the bank account. It should not be estimated and recorded on Form 2 when the CD maturity date does not coincide with the reporting cut-off date.

Transfers into the account from another estate account are recorded in Column 5. The UTC for estate account transfers is 9999-000.

If a deposited item is returned for insufficient funds (“NSF”) or an item was deposited in error to the estate, the reversal or correction should be recorded as a negative figure in Column 5 and the entry should be explained in Column 4, Description of Transaction. The UTC for both a deposit made in error and its correction is 1280-002; the UTC for posting the NSF check is the same as the UTC used for the original deposit.

#### Column 6: Disbursement

Column 6 records the disbursements made in the case. Transfers out of the account to another estate account are also recorded in Column 6. The UTCs for disbursements are contained in the list starting at page Forms - 20. The UTC for estate account transfers is 9999-000.

If it is necessary to void a disbursement check, the reversal/correction should be recorded as a negative amount in Column 6 and the entry should be explained in Column 4, Description of Transaction. The UTC for the void transaction is the same as the UTC used for the original disbursement.

#### Column 7: Checking, Savings, or Certificate of Deposit Balance

Column 7 is the running balance in the checking, savings or certificate of deposit account.

#### Other Information

At the end of the Form 2 for each account, the trustee should enter subtotals for Columns 5 and 6 and then show the deduction of bank transfers and payments to debtors to arrive at the net receipts and net disbursements for the account. On the last page of all Form 2s, the trustee should recap the net receipts, net disbursements, and account balances for all estate accounts in the case. These calculations will assist in determining trustee compensation and bonding requirements. The computations are illustrated in the sample Form 2s.

FORM 2  
CASH RECEIPTS AND DISBURSEMENTS RECORD

Case No.: \_\_\_\_\_  
 Case Name: \_\_\_\_\_  
 Taxpayer ID #: \_\_\_\_\_  
 For Period Ending: \_\_\_\_\_

Trustee Name: \_\_\_\_\_  
 Bank Name: \_\_\_\_\_  
 Account #: \_\_\_\_\_  
 Blanket Bond (per case limit): \_\_\_\_\_  
 Separate Bond (if applicable): \_\_\_\_\_

1	2	3	4		5	6	7
Transaction Date	Check or Ref. #	Paid to/ Received From	Description of Transaction	Uniform Tran. Code	Deposit \$	Disbursement \$	Account Balance

COLUMN TOTALS:  
 Less: Bank transfers/CDs \_\_\_\_\_  
 Subtotal \_\_\_\_\_  
 Less: Payments to debtors \_\_\_\_\_  
 Net \_\_\_\_\_

TOTAL – ALL ACCOUNTS  
 Checking  
 Money Market

	NET	ACCOUNT
	DISBURSEMENTS	BALANCES
	NET DEPOSITS	DISBURSEMENTS
		Total Funds on Hand
	(Excludes account transfers)	(Excludes payments to debtors)