

# TRUSTEE TIP SHEET

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New Tips (added 10/23/19):

- **Reports of Sale (FRBP 6004(f)(1))** – Sales of estate property must conform to the requirements of FRBP 6004. Upon “completion” of the sale, an itemized statement of the property sold, the names of the purchasers, and the price received for each item must be transmitted to the UST and filed with the Clerk of the Bankruptcy Court. If the property is sold by an auctioneer, the auctioneer must file the statement. If the property is not sold by an auctioneer, the trustee must file the statement. (Handbook, 4.C.9.g, p. 4-17) This is a common audit finding.
- **TFR submissions & PDF file naming conventions** – The subject line of the e-mail submitting the TFR and all subsequent documents to the UST must contain the following information in the stated order and separated by an underscore: *Office\_TR Name\_Case No.\_Case Name\_Trustee Last Name*. (Example: “NE\_Jones\_12-34567\_Smith” (NE=Newark)) Submit e-files to the following mailbox: [USTP.Region03.TFR@usdoj.gov](mailto:USTP.Region03.TFR@usdoj.gov). (See OUST letter dated 10/23/19 regarding updated report submission procedures.)
- **TDR submissions & PDF file naming conventions** – The subject line of the e-mail submitting the TDR and all subsequent documents to the UST must contain the following information: *Case No. with Judge’s Initials\_Case Name\_Trustee Last Name*. (Example: 10-12345RG\_XYZ Corp\_Smith) Submit e-files to the following mailbox: [USTP.Region03.TDR@usdoj.gov](mailto:USTP.Region03.TDR@usdoj.gov). (See OUST letter dated 10/23/19 regarding updated report submission procedures.)

Previous Tips (alphabetical order):

- **Amended Distribution** – Only pertains to a change in the distribution (no “new” money received by the Trustee). Generally, it is not necessary to file with the Court, although in certain situations, it may be filed by the Trustee with a certification or revised proposed order

which includes the new proposed distribution as an attachment. In instances when a revised proposed distribution has not been filed with the Court, please provide the UST with a PDF courtesy copy of the revised distribution and the circumstances that warranted the revision. The UST will review the changed distribution when the TDR is reviewed.

- **Amended Schedules** – If the amended schedules include a new asset, record the new asset as an unscheduled asset on Form 1. If the asset was on the original schedules and only the amount was amended, then revise the Column 2 amount to the new amount and keep as a scheduled asset.
- **Amended TFR** – Only required if there is “new” money. Include a cover letter explaining the circumstances for the new money. The amended TFR must be approved by the UST and filed with the Court.
- **Bank Account Reconciliations** – Deficiencies relating to bank reconciliations rank among the highest in UST audits and field reviews. See UST Newsletter (May 2017 – No. 3) for instructions and tips.
- **Chapter 7 Operating Cases** – If there is a business to operate, the Trustee must obtain an Order under § 721 to operate, and file timely Monthly Operating Reports pursuant to § 704(a)(8). (Please refer to “Chapter 7 Monthly Operating Reports” 2016 Trustee Assistant training handout materials.)
- **Claims Allowed & Claims Paid** – The TFR Proposed Distribution and TDR Exhibits should never list the Claims Paid as an amount greater than the Claims Allowed amount. Payments must be linked to claims.
- **DSO Notice Requirements** – Trustees are required to provide written notices to domestic support obligation claim holders and State child support enforcement agencies for DSO obligations, such as child support, spousal support, alimony, maintenance, etc. (Please refer to

UST Newsletter (June 2016 – No. 2) and “DSO” 2016 training handout materials.)

- **Earnest Monies** -- When recording non-estate funds on the Form 2, see Handbook pp. 5-5 – 5-6, which provides guidance on depositing such funds in a segregated [escrow] bank account without linking the deposit(s) to the Form 1. When returning funds to unsuccessful bidders, record as a negative deposit using the same UTC as used in the initial deposit transaction.
- **Form 1 Assets in Converted Cases** – In cases converted from a prior chapter, the Form 1 assets should reflect the assets at the time of conversion. (Please refer to the “Instructions for Form 1, Individual Estate Property Record and Report,” p. 2 of 5, and 2016 Trustee Training “Form 1” handout materials.)
- **Form 2 real estate transactions** – Ensure that the “Received From” includes the buyer’s name in Column 3. (If the buyer’s name was initially omitted from Column 3, please include the buyer’s name in Column 4, as Column 3 may not be revised).
- **NDRs** – If minimal funds were received that were not administered by the Trustee, the “Chapter 7 Trustee’s Report of No Distribution – minimal funds collected” report should be filed. In addition, the Trustee must submit the original bank statements and Form 2 to the UST for review. Please also ensure that you include any minimal funds cases on the TIR Form 3.
- **Referrals** – Trustees are reminded to submit timely civil and criminal referrals to the UST. Check with your UST office if you have questions regarding submissions. (Please refer to “Trustee Referrals” 2016 Trustee Assistant training handout materials.)
- **Refunds** – If a refund check is received that relates to a previous estate disbursement, then record the transaction as a negative disbursement and use the same UTC.

- **Refunds and Reversals** – When recording refunds or reversals on Form 2, be sure to use the same UTC as the original transaction.
- **Registry Funds** – For unclaimed funds that are turned over to the USBC, the check issued to the USBC should be linked to the original claim(s), and the UTC for the USBC check should include the wildcard “001.” (Please refer to Primary Uniform Transaction Code List at [https://www.justice.gov/sites/default/files/ust/legacy/2012/11/29/Primary\\_Uniform\\_Transaction\\_Code\\_List.pdf](https://www.justice.gov/sites/default/files/ust/legacy/2012/11/29/Primary_Uniform_Transaction_Code_List.pdf).) (Discussed at 2017 Trustee Training)
- **Software Audit Reports** – Run software audit reports routinely for all cases, or select cases, and especially when performing quarterly case reviews or prior to submitting reports, e.g., TIR, TFR or TDR.
- **Sub-codes v. Wildcards** – Sub-codes are the 5<sup>th</sup> and 6<sup>th</sup> digits of a UTC, e.g., 2820-xx0. Region 3 does not use sub-codes. Wildcards are the 7<sup>th</sup> digit, e.g., 2820-00x. “0” is the default wildcard. “1” is used for funds turned over to the court. “2” is used for non-compensable transactions. Additionally, software providers may also use wildcards such as “4” for voided checks and “5” for stop payments.
- **Surplus funds TFR’s** -- Be sure to include interest on claims. Interest is calculated from date of the filing of the petition. The legal rate of interest may be found on the web.
- **TDR’s** – Before submitting TDR’s, perform a cursory review. Ensure that: **1)** the Total Gross Receipts in paragraph 3 match the Total Gross Receipts in Exhibit 1; **2)** the Form 2 and the final bank statement reflect a zero balance; **3)** the TDR Exhibits 3-7 “Claims Allowed” and “Claims Paid” should agree to the extent of the distribution priority level, and **4)** if a surplus case, all claims must be paid in full, with interest, before surplus funds are returned to the debtor.
- **TFR** – Do not submit the TFR until all case administration is complete, e.g., all final fee applications are submitted (or filed if required), all orders are entered for any pending motions or complaints, all

adversary procedures are closed on the docket, and CNO or notice of abandonment periods have been met.

- **TFR attachments** -- Include the following with the TFR, if applicable: Preference log, Accounts Receivable (“A/R”) log, and HUD-1 (if applicable and if HUD-1 has not already been docketed).
- **TIR attachments** – Include Preference logs, Accounts Receivable logs, copies of bank statements for month of the period ending date, and HUD-1 (if not already filed with the Court).
- **Unknown asset value** – Form 1, Column 2 should reflect “unknown” if the schedules reflect “unknown.” Form 1, Column 3 should contain the Trustee’s estimated net value.
- **UTC’s** – ensure that the Form 2 does not include sub-codes.