

United States Trustee Program
362 Richard Russell Building
75 Ted Turner Drive, SW
Atlanta, GA 30303
Voice: 404-331-4437, ext. 129
Fax: 404-331-4464

Instructions for the Liquidation of Real Property – Uniform Transaction Code for Receipt of Pro-rated Income Taxes Through Escrow

Example for Primary UTC Guide Based on Sample Case 1 in Handbook for Chapter 7 Trustees – Forms and Instructions

Real Estate Sale Illustrated in Sample Case 1

On March 1, 2003, Ward obtains court authority to sell the rental property to Joe Fish for \$90,000 (UTC 1110-000, Schedule A Real Property), and to pay the following amounts through escrow upon closing of the sale: (a) \$30,000 lien encumbering the property (UTC 4110-000, Consensual Real Estate Liens); (b) \$5,400 realtor's fee (UTC 3510-000), (c) \$1,200 property taxes (which must be divided between pre- and post-petition on Form 2, UTC 4700-000, Pre-Petition Real Property Tax Liens, and UTC 2820-000, Other Post-Petition State and Local Taxes), and (d) \$600 costs of sale (UTC 2500-000, Costs re Sale of Property). No capital gains tax is incurred upon the sale. Form 2 illustrates the correct way to record the gross sale proceeds, deductions and \$52,800 in net proceeds from the sale. Ward records the gross sale price of \$90,000 on Form 1, Column 5 and notes "FA" in Column 6 to indicate that the asset has been fully administered.

1	2	3	4		5	6	7
Transaction Date	Check or Ref. #	Paid To/ Received From	Description of Transaction	Uniform Transaction Code	Deposit	Disbursement	Balance
3/10/03	2	Joe Fish	Sale of rental property per 3/1/03 court order		52800.00		52800.00
			Gross sales price	90000.00	1110-000		
			Amounts paid/received through escrow:				
			Lien	(30000.00)	4110-000		
			Realtor's fee	(5400.00)	3510-000		
			Property taxes (pre-petition)	(440.00)	4700-000		
			Property taxes (post-petition)	(760.00)	2820-000		
			Costs to sell	(600.00)	2500-000		

Assume instead that the estate receives pro-rated property taxes of \$1200.00 through escrow and never paid property taxes which would offset the amount credited through escrow. Trustees have been assigning 4700-000 or 2820-000 to these receipts. **The correct UTC is 1290-000.**

1	2	3	4		5	6	7
Transaction Date	Check or Ref. #	Paid To/ Received From	Description of Transaction	Uniform Transaction Code	Deposit	Disbursement	Balance
3/10/03	2	Joe Fish	Sale of rental property per 3/1/03 court order		55200.00		55200.00
			Gross sales price	90000.00	1110-000		
			Amounts paid/received through escrow:				
			Lien	(30000.00)	4110-000		
			Realtor's fee	(5400.00)	3510-000		
			Property taxes	1200.00	1290-000		
			Costs to sell	(600.00)	2500-000		

Form 1 would reflect \$1200.00 as a new unscheduled asset.