

NOTICE – FEE ON RECEIPTS

The U.S. Trustee Program has reviewed the issues surrounding 28 U.S.C. Section 586 (e) (2) and changed its position regarding when chapter 13 standing trustees can collect the statutorily authorized percentage fee. Currently, standing trustees are deemed to have earned the percentage fee upon receipt of payments, but are not authorized to collect it until the time of disbursement.

Effective October 1, 2014, the fee will be collected from all funds presently on hand, and thereafter, it will be collected on all plan payments upon receipt.

While this change will require substantial changes to standing trustee case administration software, we do not believe that it will materially impact on you or your client.

We note that this change may cause the percentage fee to initially fluctuate more than in the past. Notwithstanding, as we have always recommended, for plan confirmation purposes, you should calculate the fee at the ten percent statutory maximum, to avoid having plans which become underfunded due to future percentage fee changes.

If you have any questions, please feel free to contact us.

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August 1, 2014