

# How to Implement Pending Costs in Collection-Master

Presented by Luis Gomez





## RESOURCES

### Mastermind Series

- Setting Up Cost Disbursements
  - [Presentation](#) - [Video](#)
- Auto post in Collection-Master
  - [Presentation](#) - [Video](#)
- Multi-State
  - [Presentation](#) – [Video](#)
- Help Center
  - [Video](#)

### Current vConnect Articles:

- <https://www.vertican.com/vconnect/#tips>

# Par·a·dox

## Definition



/'perə,däks/

- noun
- a seemingly absurd or self-contradictory statement or proposition that when investigated or explained may prove to be well-founded or true.
- "in a paradox, he has discovered that stepping back from his job has increased the rewards he gleans from it."

How do you recover non-recoverable costs?

- *But your Honor, you don't understand, my client requires me to recover them!*

# The Paradox

Entity	Costs Definition	Balance Definition
Court	<b>Only costs that have been awarded</b> <ul style="list-style-type: none"><li>• Other costs are not considered by the court.</li><li>• Some jurisdictions allow recovery of court costs before they are awarded at Judgment.</li><li>• Non-Recoverable costs are never awarded.</li></ul>	Balance includes Costs Awarded.
Firm	<b>Costs Broken down into Buckets</b> <ul style="list-style-type: none"><li>• Recoverable Expended.</li><li>• Non-Recoverable Expended.</li><li>• Pending Costs Expended.</li></ul>	<b>Balance Includes only Recoverable</b> <ul style="list-style-type: none"><li>• Optional: Recover Non-Recoverable<ul style="list-style-type: none"><li>• Pending Costs</li><li>• Balance will show a credit</li></ul></li></ul>
Forwarder (Your Client)	<ul style="list-style-type: none"><li>• Costs Are Costs.</li><li>• All Costs to be recovered.</li></ul>	Balance includes all costs

# Paradox Example

- Forwarder, Firm, and Court process transactions differently.
- Forwarder doesn't track multiple Cost Bucket.
- Court doesn't acknowledge Costs until they are awarded.

	Transaction	Forwarder Balance	Forwarder-Costs	Firm Balance	Firm - Costs	Court Balance	Court - Costs
Placement	\$1,000.00	\$1,000.00	\$0.00	\$1,000.00	\$0.00	\$1,000.00	\$0.00
Non-Recoverable Costs	\$50.00	\$1,050.00	\$50.00	\$1,000.00	\$0.00	\$1,000.00	\$0.00
Recoverable Costs (Pre-J)	\$100.00	\$1,150.00	\$150.00	\$1,100.00	\$100.00	\$1,000.00	\$0.00
Pending Costs (Pre-J)	\$125.00	\$1,275.00	\$275.00	\$1,100.00	\$100.00	\$1,000.00	\$0.00
Collection (Recoverable)	(\$100.00)	\$1,175.00	\$175.00	\$1,000.00	\$0.00	\$900.00	\$0.00
Collection (Partial Pending)	(\$50.00)	\$1,125.00	\$125.00	\$950.00	\$0.00	\$850.00	\$0.00
Additional Pending Costs (Pre-J)	\$75.00	\$1,200.00	\$200.00	\$950.00	\$0.00	\$850.00	\$0.00
Court Awards Judgment	\$300.00	\$1,200.00	\$200.00	\$950.00	\$0.00	\$1,150.00	\$300.00
Judgment Awarded Pending 2 Recoverable	\$200.00	\$1,200.00	\$200.00	\$1,150.00	\$200.00	\$1,150.00	\$300.00

# Pending Costs

- Special category of cost disbursements
  - Don't want to increase the consumer balance at the time.
  - Expect to charge the consumer for these costs at a future date.

## EXAMPLES

- Costs expended before Judgment that will become recoverable after Judgment is granted.
- Garnishment costs will become recoverable after the Garnishment succeeds.

# Before Pending Costs



- The Original Process

- Spend costs and bill the consumer
- Recover and return costs
- Costs awarded at Judgment
  - Billed upon spending

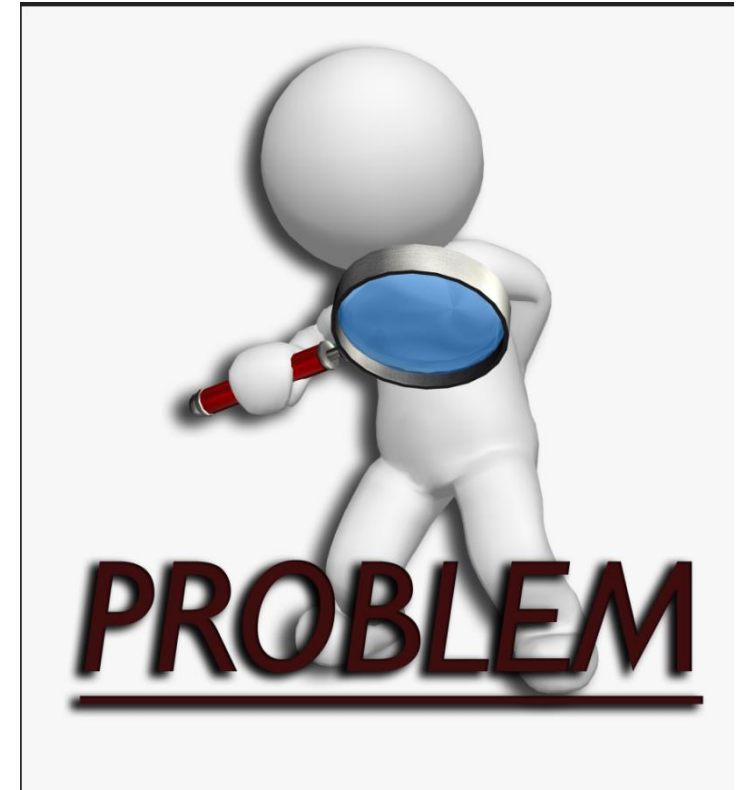


- Works well enough

- Matches the process your clients expect
- Incorrectly shows that the costs are recoverable when posted
- Conflicts with the court rules

# The Problem with the Original Process

- Spend Costs - Non-Recoverable Expended
- Recover NR Costs - Optional "N" Collection Order
  - (Very confusing)
  - Conflicts with legitimate NR Costs.
- Move Each NR Cost to Recoverable Costs at Judgment
  - (Click to Buy - It's Free)
  - 2-1-2-X - Creates itemized transactions
  - Costs are Transformed into Recoverable
  - Balance Increases
  - Enter Judgment



This solution works but relies on people remembering to do the right thing.

It's also very confusing. How can you recover "Non-Recoverable" costs?



# The New Costs Paradigm

- Spend Costs - Pending Costs Expended
- Recover Pending Costs - Optional "J" Collection Order
  - This separate bucket does not conflict with other types of Costs Recovered.
- Move Pending Costs to:
  - Either Recoverable or Non-Recoverable - **[2-1-2-W]**
  - Case by Case and itemized.
  - Single Button to Select All makes the typical case much easier to post.
  - Balance Increases as appropriate.
- Enter Judgment
  - Solution provides an itemized trail of the activity, showing the original expenditures as “Non-Recoverable” and then details the amount that was transferred from Pending Non-Recoverable to either Non-Recoverable or Recoverable.



# Buckets



Category	Description
1100	Principal
• 1111	• Merchandise - Prin
• 1112	• DP No Fee - Prin
• 1120	• Pending Costs Recovered
• 1121	• Non-Recvr Costs Recovered
1201	Collect & Hold
• 1202	• Remit from Coll & Hold
2100	Interest
• 2111	• Merchandise - Int
• 2112	• DP No Fee - Int
3100	3100 Contract Interest
4100	4100 Costs Recovered
• 4111	• 4111 Costs Recovered - DP
• 4190	• 4190 Other Costs Recovered
5100	Firm Costs/Charges
6100	Statutory Attorney Fees
• 6120	• Legal Fees
9100	Other

# Cost Subtypes

- Cost Disbursement Codes are 33-80 and 501-599.
- In addition to the Cost Code, the following subtypes indicate that costs are moving to a new category.

Category	Description
.001	•Move Costs to Recoverable
.002	•Move Costs to Non-Recoverable
.003	•Pending Costs Disbursed
.004	•Pending Costs to Recoverable
.005	•Pending Costs to Non-Recoverable

# Disbursement Account Card

CM 9.1 V1 - Mostermind Series - Luis.Gomez - Session 743 4.31hd for Client Server  
 Action Claim Information Search Navigate

Review Open Post Judgment File: PENDING0101 Time: 01:17:53 Disbursements-2

		Charges		Credits	
Original Claim \$:	2000.00	Non-Recoverable Cost:	15.00		40.00
Suit Amount:	2000.00	Firm Charges:			
Contract Fee:		Other Cost:	-40.00		
Stat Fee:	500.00	Pending Cost:	25.00		
Debtor Costs Due:	8.00	Recoverable:	108.00		60.00
Other Amount:	40.00	W/O Recoverable Costs:			
Claim Adjust:		Total Cost:	108.00		100.00
Pre-J Interest:		Total Cost Due:	33.00		
Judgment Amount:	2000.00				
Debtor Balance:		Write-off Recoverable Costs:		2.00	
Interest Due:		Write-off Non-recover Costs:			
Pend Cost Coll:		Write-off Fees:			
Total Due:		Funded by Misc Chrg:			
2508.00		Funded by Deposit:			
Total Paid:		Costs Expended to Co-Counsel:			
100.00		Costs Recovered Via DP:			
Client Costs		Costs Expended Post Judgment:			
Costs Received:					
Costs Returned:					
125.00					
Client Cost Bal:					

Comm: 10 Sfee: 5 BR: Y  
 Trst: TRST Cst: COST PC: Y

Use buttons or pull-down menu, or Escape to Exit

Select Screen (1-7) ?

Collector Disbursement Legal Legacy Interest Client Judgment Comp Judgment Escape  
 Recent Financial Billing Retail CostBill Commercial

PENDING0101 | Vaugh Visual Serviv V. Liles/Hope | \$2,508.00/ \$2,508.00

# Financial Trail

CM-9.1 VT - Mastermind Series - Luis Gomez - Session 743 4.31hd for Client Server  
 Edit Search Navigate

TA #	Date	Transaction	Received	Disbursed	Balance	Inter
000000	08/07/2015	91-New Claim Entry	.00	.00	2,000.00	
124327	08/07/2015	538-I#10334 (P) Pending Cost The Most Awesome!	.00	15.00	2,000.00	
017041	08/07/2015	538-C#124327/I#10334 (P) Pending Cost The Most Awes	.00	-15.00	2,015.00	
017040	08/07/2015	538-C#124327/I#10334 (P2R) Pending Cost The Most Aw	.00	15.00	2,015.00	
124328	08/07/2015	80-I#10334 (P) TEST 'COST'	.00	35.00	2,015.00	
124329	08/07/2015	80-I#10334 (P) TEST 'COST'	.00	40.00	2,015.00	
017043	08/07/2015	80-C#124329/I#10334 (P) TEST 'COST'	.00	-40.00	2,015.00	
017042	08/07/2015	80-C#124329/I#10334 (P2N) TEST 'COST'	.00	40.00	2,015.00	
017045	08/07/2015	80-C#124328/I#10334 (P) TEST 'COST'	.00	-35.00	2,015.00	
017044	08/07/2015	80-C#124328/I#10334 (P2N) TEST 'COST'	.00	35.00	2,015.00	

LT	10:31:05		08/07/2015	COST	NJ	B	15.00
<b>Amount Received</b>	<b>Costs Received</b>	<b>Net Client</b>	<b>Stat Fees</b>	<b>Interest Accrued</b>	<b>Debtor Balance</b>	<b>Costs Balance</b>	
0.00	0.00	0.00	0.00	0.00	2015.00	-749.00	

Amt Paid:	0.00	538 - (P2R) Pending Cost The Most Awesome!	15.00
(-) Comm:	0.00		
(-) Sfee:	0.00		
Net Amt:	0.00		
Cost Ret:	0.00		
Check \$:	<b>15.00</b>	Costs are Recoverable	
Cumm Col:	0.00		

[F5] Hide Stamps      [F10] Search      ^ Search  
 OK      [Esc] Close

# Pending Costs on Interest



Not part of the consumer balance



Interest will not accrue on Pending Costs



When you move Pending Costs  
to Recoverable:

Interest will accrue as defined in [1-S-4-W] -  
Multi-State Interest Setup



# Pending Costs Account Card Fields

- **Master.Cost\_EXP / Master.Cost\_Recovered**
  - **FILEREC(16) / FILEREC(17)**
- **SHOULD** increase Master.Cost\_EXP / Master.Cost\_Recovered
  - When a payment is applied to Pending Costs, Recovered.
- Must contain BOTH Regular Costs and Pending Costs Recovered
  - All our reports that report "COSTS" will show Both Combined.
- Separate fields that track the various types of costs included.

# Pending Costs Account Card Fields

Field	Description
MASTER.PEND_COLL	Pending Costs Recovered
MASTER.NR_COST_COLL	Non-recoverable Costs Recovered
MASTER.REC_COSTS_COLL	Recoverable Costs Recovered
MASTER.FIRM_COSTS_COLL	Firm Costs Recovered
MASTER.OTHER_COST_COLL	Other Costs Recovered
MASTER.WO_COST_PAID	Write-off Costs Paid by Debtor



# Direct Payments [2-1-2-2]

- Posting a direct payment
  - Allows you to recover and return “Normal Costs”
  - Pending Costs are different
    - You will not be able to apply these to a direct payment
- Convert Pending Costs to Recoverable
  - Perform before direct payments
  - Costs will be added to the balance and become recoverable
  - After moving Costs to Recoverable, you may apply to a direct payment

# Move Non-Recoverable to Pending Cost in Batch

- Use **[2-1-8-6]** to Move Non-Recoverable to Pending Costs in Batch
- Convert a previous “Non-Recoverable Cost Expended” transaction into a “Pending Transaction”
  - 90.0908 Stamp created (Special rules apply)
- Pending Cost can be moved to Recoverable or Non-Recoverable
  - Required headings
    - FILENO
    - CODE
    - TRANS\_DATE
    - REFNO
    - NR2P\_AMT

# AutoCost –Firm Cost Expended to Pending

- Moving Costs to Pending is similar to Moving Non-Recoverable to Pending
- Use **[2-1-8-7]** to post the "AutoTrans" Transactions
- Convert a previous "Firm Cost Expended" transaction into a "Pending Transaction"
- Later, the Pending Cost can be moved to Recoverable or Non-Recoverable
  - (As if the cost was originally NR). This is being programming for AutoCost only and will not have an applicable 2-1-2 menu path. Required headings
    - FILENO
    - TRANS\_TYPE
    - REFNO
    - PENDING

# Special Tags for Collections

- Court takes a very long time to award judgment
  - Between the time you requested the judgment and the time it was awarded
  - Payments may be received
  - Technically you are supposed to amend the judgment
    - No one does that
- Add a new tag +PstJPay & +PstJPay
  - When you request the judgment
  - Future payments will be posted as (J) or Post Judgment Payments
  - Use FNADD\_Tag to automate with Scripts
- Simplify reconciling the balance with the court
  - Claims now reflects payment as Post-Judgment
  - Rather than post them as (P) or Post Suit Payments

# Setup Pending Costs in Collection-Master [2-S-2]

561. Pending Costs - Pending Costs [2-S-2]

State:

Message for Check:

Amount of Check:

Conditions to Proceed:

Dup. Check Verification:

Values that Change:

Charge for Transaction:

Issue Check to:

---

Additional Charges

Add Amt to Charge Client:	<input type="text" value="0.00"/>	Amount per Defendant:	<input type="text" value="0.00"/>
Mileage Multiplier:	<input type="text" value="0.00"/>	Amount per Page:	<input type="text" value="0.00"/>
Surcharge Percentage:	<input type="text" value="0.0000"/>		

---

Automatic Diary and Status Update

Diary Code:	<input type="text" value="0"/>
Status Code:	<input type="text" value=""/>
Chain to Cost:	<input type="text" value="0"/>

# Spend Pending Costs in Collection-Master [2-1-3]

Performed the same as any other costs disbursement

Navigate to [2-1-3]

Pick the cost that has been set up as pending

Collection-Master will do the rest

# Move Pending Costs [2-1-2-W]

CM-9.1 VT - Mastermind Series - Luis Gomez - Session 742 4.31hd for Client Server  
Direct Payment and Cost/Fee Received Menu [2-1-2]

General Trust Account

Direct Payment and Cost/Fee Received Menu [2-1-2]

- 1. Suit Requirements Received
- 2. Direct Payment Made
- 3. Costs Returned to Us
- 4. Misc. Cost Charge
- 5. Final Adjustment
- 6. Reverse Prior Entry
- 7. Internal Transfer-Collect & Hold to Costs
- 8. Bill for Fees / Time
- 9. Fees Received
- Z. Pre-Paid Disbursement
- Y. Adjust Claim Balance
- X. Transfer Recoverable/Non-Recoverable Costs
- W. Move Pending Cost to R/NR**
- V. Write Off Costbill
- U. Write Off Feebill
- T. Enter Judgment
- 0. Return to MAIN MENU

[F1] Collections      [F2] Costs/Fees      [F3] Disbursements      [F4] Review Claim

# Move Pending Costs [2-1-2-W]

CM-9.1 VT - Mastermind Series - Luis.Gomez - Session 742 4.31hd for Client Server

Review Action Search By Parties Search

Select Pending Costs | Moved Pending Costs

Select All

Judgment #: SFU-970112  
Judgment Date: 01/22/2016

	Date	Refno	Code	Desc	Pending	Collected	Recov	Non-Recov
<input type="checkbox"/>	07/24/2018	124979	34.003	Return Commissions to C	25.00	0.00	0.00	0.00

[F1] Process    [F2] Select All    [F3] Move to Recv    [F4] Move to Non-Recv    [Esc] Cancel



# How to Enter Judgement [2-1-2-T]

Review Action Search By Parties Search

General Cost Account 2-1-2-T

Our File #: PEND0101      PLACED: \$2,000.00

Creditor: Vaugh Visual Services      Collection Order: CILOPVWE

Debtor: Liles/Hope      Atty: 7      Secy: 4      Coll: 18

Comm: 10      SF: 5      BANK: 0

---

**Enter Judgment**

Judgment Information

Judgment Number: SFU-970112

Judgment Date: 01/22/2016

[F1] Enter Judgment      [Esc] Cancel

# The Mastermind Series



- ✓ To learn about upcoming trainings:  
<https://vertican.tech/mastermind/>
- ✓ To view past trainings:  
<https://vimeo.com/vertican/>
- ✓ Visit the VERTICAN HELP CENTER on vPortal  
<https://vportal.vertican.com/help-center>

