

THE REASONS WHY PENNSYLVANIA BOROUGHES CHOOSE TO HIRE PLA

Over 30 Years of Experience

Portnoff Law Associates (PLA) is a Pennsylvania law firm with over 30 years of experience collecting delinquent real estate taxes and delinquent municipal claims, such as water, sewer and trash fees, stormwater fees, tapping fees, levee fees, and fire marshal, streetlight, capital improvement and abatement of nuisance charges. Our team of 75+ employees is ready to assist your borough in all aspects of delinquent account collection, including: review and preparation of enabling resolutions, assessment of billing practices, forensic auditing, data analysis, consumer protection law, bankruptcy filings, tax exemptions, and representing the borough in legal challenges to the underlying claims. In 2021, we represent over 160 municipal clients in 25 Pennsylvania counties.

Legal Expertise

Since its inception, PLA has been at the forefront of collecting delinquent municipal claims and real estate taxes in Pennsylvania. We successfully lobbied for passage of legislation in 1996 that allows municipalities to shift the fair and reasonable costs of collection to the delinquent property owner. This cost shifting allows our clients to use PLA and still receive 100% of their money. We represent boroughs that are large and small, urban, suburban and rural, wealthy and distressed, and everything in between. Our expertise allows us to work with our clients to create a customized collections program based upon the unique needs of the community. At no additional cost, we will administer a hardship program that is available to owner occupants experiencing financial difficulty, allowing them to pay according to their means.

Proven Results

Our clients collect more money, faster. The shifting of collection fees and costs provides a strong incentive for property owners to pay their delinquent accounts quickly and to pay future obligations on time, often resulting in an increase in our clients' current collection rates. All funds collected are remitted weekly, together with detailed payment information, giving our clients almost immediate use of their money. Our high level of professionalism results in positive relations with most delinquent property owners, and we regularly receive notes of appreciation from them. The majority of property owners who timely pay their bills will be pleased that all residents will now be required to pay their fair share.

Contact information: Susan Anderson
(866) 776-1308
sanderson@portnoffonline.com



OVERVIEW OF THE PORTNOFF PROCESS TM

Step I: Notice of Delinquent Claim and Fee Shifting: \$40 plus postage

Pennsylvania law requires that a municipality provide notice by certified mail, return receipt requested, to the property owner at least 30 days in advance of assessing legal fees in connection with the collection of a delinquent municipal claim or real estate tax. We prepare and mail out this notice on behalf of our clients. The notice charge and postage may be added to the delinquent claim. We answer all telephone calls, negotiate all payment plans, administer a hardship program, and handle all payments. Prior to assessing any charges or fees, the borough must enact an ordinance adopting a schedule of fees to be assessed.

Step II: Review of Claims and Issuance of Legal Demand Letter Legal Fee Assessed Against Delinquent Property Owner: \$175

We review the file to ensure that the property owner was properly served with the notice of delinquent claim and fee shifting. If properly served, we prepare and mail a legal demand letter, which advises the property owner that a lien will be filed against the property in the absence of a response.

Step III: Issuance of Lien Legal Fee Assessed Against Delinquent Property Owner: \$250

We prepare and file a lien against the property and issue a notice to the owner that a lien has been filed. Upon the filing of the lien, statutory interest will begin to accrue for the borough at a rate up to 10% per annum.

Step IV: Issuance of Writ of Scire Facias Legal Fee Assessed Against Delinquent Property Owner: \$250

We prepare and file a writ of scire facias and monitor the file for service by the sheriff. When an owner is absent, we conduct a detailed investigation of the file history and public records to determine the best and most cost-efficient method of obtaining service. To the extent that a legal defense is raised by the property owner in opposition to the writ of scire facias, we have the expertise and resources to litigate the case on behalf of the borough. Additional legal fees and costs may be assessed against the delinquent property owner to obtain service or to litigate a defense raised by the property owner.

**Step V: Notice of Intention to File Judgment for Want of an Answer
Legal Fee Assessed Against Delinquent Property Owner: \$50**

We verify that service of the writ of scire facias was accomplished by the sheriff. If no defense is entered, we issue a notice to the property owner of our intention to file a judgment for want of an answer.

**Step VI: Judgment
Legal Fee Assessed Against Delinquent Property Owner: \$175**

We prepare and file the paperwork necessary to secure a judgment against the property. We send a final demand letter advising the delinquent property owner of the risks and costs associated with a sheriff's sale, and afford an additional 30 days to contact our office to make payment arrangements.

**Step VII: Sheriff's Sale
Legal Fee Assessed Against Delinquent Property Owner: \$800**

The final step in the collection process involves the preparation and filing of the paperwork necessary to expose the property to sheriff's sale. The process is labor intensive because Federal law and Pennsylvania law both require that notice be afforded not only to the delinquent property owner, but also to all other parties who may have an interest in the property, including mortgage holders, judgment creditors, and other municipalities and taxing authorities. The writ of execution requires a large deposit with the sheriff that varies by county. We advance this cost on behalf of the borough. We will send a list of properties to the borough before this step, to secure the borough's permission to take each property to sale.

All of the above charges also include: responding to telephone and written inquiries by the property owner; preparing, mailing and monitoring applications for hardship consideration; confirming payment plans in writing; posting and remitting payments; and responding to inquiries into any issues raised by the property owner. We maintain detailed records of all communications involving the delinquent account, which are available to the borough at any time.



FREQUENTLY ASKED QUESTIONS

How will property owners react to the Borough hiring Portnoff Law Associates (PLA)?

Property owners who timely pay their municipal fees and taxes will be pleased that all residents are being compelled to pay their fair share. As for the delinquent property owners, PLA is known throughout Pennsylvania for its exemplary customer service, and we frequently receive thank you notes from residents who appreciate the professional manner in which they were treated by our firm. PLA is a law firm with verifiable local references and over 30 years of experience representing municipal clients. We have a friendly, highly-trained staff of 75+ employees that treats every property owner with the utmost courtesy and respect. We work hard to accommodate each individual's unique situation through the administration of payment plans and our hardship program.

How much will it cost the Borough to utilize PLA's services?

Under Pennsylvania law, the fair and reasonable costs of collection may be assessed against the delinquent property owner, so that the Borough and timely-paying residents do not bear the burden of this expense. The Borough will be invoiced a charge of \$40 plus postage per account to cover the costs of providing the required notice of delinquent claim and fee shifting to each delinquent property owner. This amount is added to the claim and reimbursed to the Borough upon payment. If legal proceedings are then required, PLA will advance all legal fees and costs on behalf of the Borough, and will seek reimbursement from the delinquent property owner. By shifting all collection costs and fees to the delinquent property owner, PLA is able to collect and remit 100% of the delinquent claim to the Borough. The Borough must pay a one-time fee of \$2,000 unless it places at least 50 delinquent accounts with PLA at the initial placement. If the Borough is interested in other services, such as data reconciliation or organization, bankruptcy representation or collection of other types of debts, a fee will be proposed after review of the specific parameters of the engagement.

What are the benefits of using PLA to collect the Borough's delinquent real estate taxes?

1. PLA actively collects on each account during the first year of delinquency, evaluating each account according to its individual set of circumstances. This attention to detail results in historical collections between 20% and 50% of the delinquent taxes within 45 days of the initial notice. PLA remits all funds collected weekly, giving the Borough almost immediate use of its money.
2. PLA allows the Borough to retain local control over the entire collection process, with the ability to increase collections through the implementation of payment plans and a hardship program. PLA can pursue delinquent taxpayers as aggressively or leniently as the Borough deems appropriate.
3. PLA's collection process creates incentives that frequently result in an increase not only in delinquent collections, but in the Borough's current tax collection rate, due to a reduction in future delinquencies.

How will the Borough's future collection efforts be affected by PLA's collection services?

Under The Portnoff Process, delinquent property owners are provided with an immediate incentive to promptly make payment, due to the addition of legal fees and costs if PLA's collection efforts are ignored. By providing strong incentives to make payment, our clients typically report a decrease in their overall delinquency rate during subsequent years of our representation. By hiring our firm, the Borough sends a strong message to its property owners that it is serious about collecting its delinquent accounts, and most property owners subsequently meet the expectation of a timely payment going forward.

When will the Borough receive the funds collected by PLA? How will the Borough be updated on the progress of delinquent accounts?

PLA will remit to the Borough on a weekly basis all face, penalty and interest collected through electronic ACH transfer. The remittance statement clearly identifies who has paid, the amount of the payment, and the account against which the payment has been applied. This weekly accounting affords the Borough almost immediate use of its money and enables it to track its receivables with transparency and accuracy.

How does the Borough ensure that those residents who cannot pay are treated fairly?

PLA administers a hardship program at no cost to the Borough or the property owner. The hardship program is designed to help low-income residents pay the delinquency owed on their homes. Once a property owner is deemed a hardship, it is their ability to pay that drives the payment arrangement. There is no minimum payment that we will accept (although the Borough has the option to establish one), and there is no surcharge for a long-term hardship payment plan.

How does PLA differ from companies that want to purchase liens outright?

Third-party lien purchasers charge transaction fees that significantly cut into the value of the short-term financial benefit gained from the sale, and buy-back requirements at the end of the contract often transform the sale into a high-interest loan. Furthermore, the sale is invisible to the property owner, so there is no incentive to change the delinquency pattern. PLA has a track record showing a reduction in the delinquency rate for many of its clients.

Will the Borough own real estate?

The Borough will not own real estate as a result of PLA's sheriff's sale process, unless it specifically chooses to do so. PLA's collection process creates incentives early in the process to negate the need to list a property for sale. In 2019, PLA listed 734 properties for sheriff's sale (1.4% of the approximately 51,000 delinquent accounts turned over to PLA for collection). Of the properties listed for sale, 52 properties (approximately 0.001% of all properties) were subsequently sold, all of which were bought by third-party bidders. In 2020, with approximately 59,800 delinquent accounts turned over to PLA for collection, PLA listed 296 properties for sheriff's sale and only sold 22 properties, all to third-party bidders.

What is the relationship between PLA and the County Tax Claim Bureau?

Pennsylvania law requires all taxing districts to make a return of their delinquent real estate taxes to the county tax claim bureau. Depending on the county, this return may trigger an obligation on the part of the taxing district to pay the tax claim bureau a 5% commission upon collection of the tax, regardless of whether the tax is collected through the efforts of the bureau or a private collector. If PLA is retained, the Borough must instruct the tax claim bureau to refrain from collecting the delinquent taxes in order to avoid multiple demands from different collectors for the same debt. If instructed, PLA will remit 5% of the tax and penalty collected to the county tax claim bureau on behalf of the Borough.

What time commitment is required on the part of the Borough?

PLA requires a point person at the Borough to answer factual questions and provide instructions to PLA when needed. It is estimated that the time commitment is less than four hours per month.

What steps does the Borough need to take to hire PLA?

The Borough needs to sign a contract and enact an ordinance imposing PLA's fee schedule as the fair and reasonable costs of collection, which fees will be shifted to the delinquent property owner. PLA will meet with a Borough representative to review payment and collection parameters. Once we receive the data in satisfactory form, we will commence collection proceedings.

Whom can I contact for additional information?

Please contact Susan Anderson at sanderson@portnoffonline.com or (866) 776-1308 with any questions or for additional information.

PAYMENT PLANS AND HARDSHIP PROGRAM

Payment Plans

In PLA's initial notice of delinquent claim and fee shifting, property owners are advised of the availability of payment plans according to the parameters established by the client. Typical plan parameters permit three months for balances over \$500, and six months for balances over \$1,500.

Hardship Plans

All property owners are advised in the initial notice of delinquent claim and fee shifting of the availability of a hardship program for owner occupants experiencing financial difficulty. An eligible property owner must contact our office and complete an application that asks for information concerning the owner's income and expenses. The application may be obtained by calling our office or going to our website. We ask the property owner to propose a payment plan, and we evaluate the proposal in light of the balance due and financial circumstances. To avoid embarrassment and to ensure uniform treatment, we ask our clients to delegate to our office the responsibility of evaluating completed hardship applications. We seek guidance from our clients when the proposed payment plan does not seem appropriate. In the majority of situations, the proposal is appropriate and the debt is paid over an extended time period, without additional fees or costs. Information concerning the identity of those property owners on hardship plans and the amounts to be paid is available to our clients.

Customized Solutions

We work closely with our clients to develop solutions that best meet their individual needs, including amnesty programs and record organization and verification.



HARDSHIP APPLICATION

Record Owner(s):							
Property Address or Tax Parcel Number:							
Age of record owner(s):		< 20	20-30	31-40	41-50	51-60	61-70 70+
Name and relationship of person completing this form if different than record owner:							
Total Household Annual Gross Income (check one):		\$10K	\$10K-\$30K	\$30K-\$50K	\$50K-\$70K	\$70K+	
Number of people in household and ages of each individual (list):							

Contact Information	
Mailing Address of record owner:	
Email Address of record owner* (<i>optional – see below</i>):	
Telephone Number of record owner:	

* I hereby acknowledge that by providing my email address above, I am either:

1. Certifying that no person other than me has access to this email address; OR
2. Authorizing and granting permission to PLA to use this method of contact even though third parties may have access to the communication.

Name Each Person Contributing to Household	Gross Amount per Month	Type of Income (i.e. employment, rental income, SSI, SSD)
	\$	
	\$	
	\$	

Assets	Value
401K:	\$
CD or Savings Account:	\$
Real Estate:	\$

Your Monthly Payment Proposal	Your Monthly Due Date Proposal	Proposed First Payment Date
\$	_____ day of each month	Month /

(OPTIONAL) I believe these additional circumstances affect my ability to pay:

Expenses	Amount per Month	Additional comments (seasonal changes, upcoming
Mortgage Payment:	\$	
Rent Payment:	\$	
Car Payment(s):	\$	Please list year, make, and model of vehicle(s).
Car Insurance:	\$	
Other Loan Payment(s):	\$	Please list the type of loan.
Credit Card Payment(s):	\$	
Support Payments:	\$	
Heating Bill:	\$	
Electric Bill:	\$	
Water Bill:	\$	
Sewer Bill:	\$	
Trash Bill:	\$	
Home Phone Bill:	\$	
Internet Bill:	\$	
Cable Bill:	\$	
Cell Phone Bill:	\$	
Income Taxes:	\$	
Real Estate Taxes:	\$	
Medical Bills:	\$	
Prescriptions:	\$	
Medical Insurance:	\$	
Other Insurance:	\$	Please list type of insurance.
Groceries:	\$	
Other Bill(s):	\$	Please list type of bill.

I, _____, certify that I am the record owner of the property set forth herein, and that I have read the above and agree to these conditions. I understand that I am not obligated to agree to the above or to provide an email address in order to qualify for hardship consideration. I understand that I have a continuing obligation to inform Portnoff Law Associates, Ltd. of any improvement to financial circumstances which would permit payment of the delinquent balance herein.

Signature: _____ Date: _____

Kindly complete the application in its entirety and return it to **Portnoff Law Associates, Ltd.**

By E-mail: RequestHardship@portnoffonline.com

By Fax: (484) 690-9301

By Mail: Portnoff Law Associates, Ltd.
P.O. Box 351
Norristown, PA 19404



SAMPLE REMITTANCE REPORT

Summary Report

Delinquency Type	Face	Penalty	Reimbursement of Notice Expense	Interest	Remit to Borough	Court Costs	Attorney Fees
Trash Fees	5,559.74	555.98	406.17	119.79	6,641.68	87.00	640.00
Real Estate Taxes	19,540.75	1,954.06	315.91	381.59	22,192.31	58.00	1,300.00
Sewer Fees	5,930.64	593.07	315.91	111.97	6,951.59	58.00	890.00
Grand Total	31,031.13	3,103.11	1,037.99	613.35	35,785.58	203.00	2,830.00

Detailed Report

Creditor	Year of Delinquency	Type of Delinquency	Lot and Block No.	Property Address	Property Owner	File Number	Face	Penalty	Notice Expense	Interest	Remit	Court Costs	Attorney Fees
Borough	2020	Trash fees	123-A-456	Property 1	Owner 1	21-19021-0	166.00	16.60	-	4.25	186.85	29.00	
Borough	2020	Trash fees	123-A-456	Property 2	Owner 2	21-19067-0	353.58	35.36	45.13	5.27	439.34	-	160.00
Borough	2020	Trash fees	123-A-456	Property 3	Owner 3	21-20208-0	264.15	26.42	45.13	11.17	346.87	-	-
Borough	2020	Trash fees	123-A-456	Property 4	Owner 4	21-20231-0	214.14	21.41	45.13	3.77	284.45	-	160.00
Borough	2020	Trash fees	123-A-456	Property 5	Owner 5	21-20267-0	470.53	47.05	45.13	-	562.71	-	-
Borough	2020	Trash fees	123-A-456	Property 6	Owner 6	21-20322-0	1,711.46	171.15	45.13	40.22	1,967.96	29.00	160.00
Borough	2020	Trash fees	123-A-456	Property 7	Owner 7	21-20323-0	1,794.46	179.45	45.13	39.54	2,058.58	29.00	160.00
Borough	2020	Trash fees	123-A-456	Property 8	Owner 8	21-19176-0	180.38	18.04	45.13	6.81	250.36	-	-
Borough	2020	Trash fees	123-A-456	Property 9	Owner 9	21-19216-0	202.52	20.25	45.13	4.38	272.28	-	-
Borough	2020	Trash fees	123-A-456	Property 10	Owner 10	21-19217-0	202.52	20.25	45.13	4.38	272.28	-	-
Borough	2020	Real estate taxes	123-A-456	Property 11	Owner 11	21-19227-0	131.14	13.11	-	4.08	148.33	-	-
Borough	2020	Real estate taxes	123-A-456	Property 12	Owner 12	21-19237-0	2,397.04	239.70	45.13	51.32	2,733.19	29.00	410.00
Borough	2020	Real estate taxes	123-A-456	Property 13	Owner 13	21-19251-0	77.43	7.74	-	-	85.17	-	160.00
Borough	2020	Real estate taxes	123-A-456	Property 14	Owner 14	21-19270-0	15,120.94	1,512.09	45.13	306.04	16,984.20	29.00	410.00
Borough	2020	Real estate taxes	123-A-456	Property 15	Owner 15	21-19273-0	145.02	14.50	45.13	-	204.65	-	-
Borough	2020	Real estate taxes	123-A-456	Property 16	Owner 16	21-19278-0	206.71	20.67	45.13	10.03	282.54	-	-
Borough	2020	Real estate taxes	123-A-456	Property 17	Owner 17	21-19291-0	492.42	49.24	45.13	-	586.79	-	160.00
Borough	2020	Real estate taxes	123-A-456	Property 18	Owner 18	21-19299-0	70.67	7.07	-	-	77.74	-	-
Borough	2020	Real estate taxes	123-A-456	Property 19	Owner 19	21-19302-0	188.90	18.89	45.13	-	252.92	-	-
Borough	2020	Real estate taxes	123-A-456	Property 20	Owner 20	21-19325-0	710.48	71.05	45.13	10.12	836.78	-	160.00
Borough	2020	Sewer fees	123-A-456	Property 21	Owner 21	21-19353-0	1,522.22	152.22	45.13	24.89	1,744.46	29.00	410.00
Borough	2020	Sewer fees	123-A-456	Property 22	Owner 22	21-19356-0	292.75	29.28	45.13	-	367.16	-	-
Borough	2020	Sewer fees	123-A-456	Property 23	Owner 23	21-19397-0	268.92	26.89	45.13	7.07	348.01	-	-
Borough	2020	Sewer fees	123-A-456	Property 24	Owner 24	21-19403-0	609.22	60.92	45.13	14.58	729.85	-	160.00
Borough	2020	Sewer fees	123-A-456	Property 25	Owner 25	21-19407-0	409.89	40.99	45.13	-	496.01	-	-
Borough	2020	Sewer fees	123-A-456	Property 26	Owner 26	21-19502-0	184.92	18.49	-	-	203.41	-	-
Borough	2020	Sewer fees	123-A-456	Property 27	Owner 27	21-19510-0	2,259.26	225.93	45.13	55.33	2,585.65	29.00	160.00
Borough	2020	Sewer fees	123-A-456	Property 28	Owner 28	21-19511-0	383.46	38.35	45.13	10.10	477.04	-	160.00
							31,031.13	3,103.11	1,037.99	613.35	35,785.58	203.00	2,830.00



CLIENT TESTIMONIALS

"Portnoff has done wonders for our collection process! Our township processes trash billings annually. At the end of the year, all outstanding accounts are sent to Portnoff. Instead of us sporadically throughout the year trying to chase down people for old monies due, we now just turn our list over to Portnoff and I know I can pretty much check it off of my to do list because they are always on top of things. They are easy to work with and timely. Their attorneys are quick, prompt and knowledgeable. Their collection letters are easy to follow and are clear. They treat our collections like it was their own money they were trying to collect. And this makes all the difference."

**Pani Martin, Township Treasurer
East Fallowfield Township**

"I do collections for a water and wastewater company. We have been with Portnoff since 2012. Everyone at Portnoff that I have been in contact with has treated our company with the utmost professional service, answering all questions that were asked, advising our office of the different options we can pursue and letting us decide what option we feel is best for each account. We plan on working with Portnoff for a long time."

**Tina Williams
Schuylkill County Municipal Authority**

"I am a fan of Portnoff. We simply could not collect on these seriously delinquent accounts if not for the legal firepower and persistence Portnoff brings."

**Charlotte Gehman, Administrator
Municipal Authority of the Borough of Elverson**

"[Hiring Portnoff Law Associates has] greatly improved our collection rate. We're at 84 percent, up from 79 percent last year."

**Anthony Mastrangelo,
(former) Mayor City of New Castle**

"For some time now you have provided a much needed and successful service through your efforts on behalf of Cheltenham Township in the collection of our delinquent real estate taxes. From my experience your staff has without fail always been very professional and attentive to their responsibilities. ... I would expect nothing less of them in the new service they will now be providing to the Township in the collection of our past due sewer and refuse payments."

**Bruce A. Rangnow, (former) Director of Fiscal Affairs
Cheltenham Township**

"In June 2016, the Authority Board approved the execution of an agreement with Portnoff Law Associates, Ltd. for the collection of these outstanding levee fees. Portnoff Law Associates immediately got to work on behalf of the Authority in notifying all known property owners who had delinquent levee fee accounts. In a short period of time, Portnoff has collected nearly a fifth of the outstanding levee fees and deposited the funds into an Authority account. We feel that this is an incredible effort and helps support our public safety mission. We are extremely pleased with the efforts of Portnoff Law Associates on behalf of our delinquency collections. As the Executive Director of the Authority, I would not hesitate in recommending the services of Portnoff Law Associates to any other authority in the Commonwealth for their municipal collection needs. Thank you!"

**Christopher J. Belleman, P.E., CFM, Executive Director
Luzerne County Flood Protection Authority**

"I give these folks my highest recommendation. They've helped two municipalities in which I've worked to address these difficult situations. You are in good hands."

**Tommy Ryan, Township Manager
Worcester Township**



NOTES OF APPRECIATION

"I would like to start by complimenting Portnoff on your customer service team. Venus and the other folks that I have interacted with are very knowledgeable and highly competent at their jobs. Kudos to the team on being nice and empathetic to us folks that have fallen behind or neglected their payments. Nice job!!!"

A property owner from Willow Grove, PA

"Thank you to everyone at Portnoff for always working with us. It's upsetting when you have things happen in life that are out of your control that you end up having to struggle to get done what needs to be. Your staff has always been understanding and it has been truly appreciated throughout the years. I hope you all have Happy Holidays."

A property owner from Easton, PA

"I so appreciate your patience and understanding of our sad circumstances. You made a difference!!!"

A property owner from Bethlehem, PA

"Thank you so very much for all you do – I really appreciate your patience and understanding. Thank you."

A property owner from Collegeville, PA

"I called your office today to access my information and make a payment on a late tax bill. Dachi was the person who handled my call, and I wanted you to know how much I appreciated the kind and professional way she talked to me and answered my questions. I am in customer service myself and know how important it is to make the client/customer feel respected, and I just wanted to pass along my opinion that Dachi is excellent at her job."

A property owner from Washington, PA

"Thank you. You have a pretty decent web site. It was fairly painless to pay my bill."

A property owner from Drexel Hill, PA

"I'm on a tax payment plan thanks to you, which I appreciate! ... Thank you so much for working with me."

A property owner from Bethlehem, PA

"Thank you, thank you, thank you! Thank you for not treating me like some low life who refused to pay their taxes. Thank you for getting me the necessary information so I can pay them online. Thank you so much for taking the time to answer my email. Hoping to complete this on payday coming up... Have a wonderful day!"

A property owner from Pine Grove, PA

"Today I had the double pleasure of confirming that [my delinquent] Real Estate Taxes were paid in full and speaking with Venus, your representative who answered my call. Venus was pleasant, competent and so very helpful. I particularly appreciated how she anticipated questions about the lien on the house and a paid-in-full statement."

It's embarrassing to get behind on one's taxes. Venus treated me [with] dignity and the situation sensitively. ... Because Venus was so pleasant, I wouldn't hesitate to call if I needed more information than your website provides. I congratulate you on having a great representative like Venus."

A property owner from Allentown, PA

"I just had a very helpful conversation with a very nice representative... I can't thank you enough for helping me out and allowing me to continue making payments."

A property owner from Bethlehem, PA

"Thank you very much for this information and for being so kind as to work with me on resolving my issues in the past."

A property owner from Coaldale, PA

"I just wanted to drop you a note to let you know that I paid the first installment today. I also wanted to thank you again for your help and assistance with working with my family. You are polite and very courteous."

A property owner from Lehigh, PA

"Again thank you for being there for us. Your professionalism was helpful to us. You weren't pushy, you listened to our problem... Thank you."

A property owner from Gouldsboro, PA

"Dachi, Thank you for being very kind to me, and a great worker!!! God Bless."

A property owner from Rochester, PA

"I know you probably have ... people yell on innocent customer reps on calls. I would like to express my appreciation of excellent customer service from Venus. It took time for her to look up the payment due on each property and I was impressed with her kindness."

A property owner from North Wales, PA

"Thank you, Portnoff Associates for having a website that is so customer friendly. Thank you, also, for not reporting us to the credit bureaus."

A property owner from Coatesville, PA



REAL ESTATE TAX SALE LAW vs. MUNICIPAL CLAIMS AND TAX LIENS ACT

	Real Estate Tax Sale Law (utilized by county tax claim bureaus)	Municipal Claims and Tax Liens Act (utilized by Portnoff Law Associates)
Timeline of Collection Process	<p><u>Year 1</u> July 1: Taxes are assessed December 31: Taxes become delinquent</p> <p><u>Year 2</u> April 30 or earlier (depending on county): Returns must be made to the Tax Claim Bureau July 31: Notices of claims must be sent</p> <p><u>Year 3</u> January 1: Claim becomes absolute September: Upset sale scheduled December: Continued upset sale scheduled</p> <p><u>Year 4</u> Judicial sale generally scheduled</p>	<p>No set collection timeline is mandated under the MCTLA. Active collection activity on the delinquent real estate taxes can be initiated in Year 2, including the filing of a lien, filing and serving of a writ of scire facias, and scheduling the sale of the property.</p> <p>Prior to the assessment of any attorney fees, a notice must be mailed to the property owner by certified mail, informing them of the balance due. If the notice is undelivered, a follow-up must be mailed by first-class mail at least ten days prior to the assessment of any attorney's fees (53 P.S. § 7106(a.3)).</p>
Control by the Taxing District	Virtually none – once a return is made to the Tax Claim Bureau, the taxing district has no control over the collection process. A taxing district may agree to postpone a sale or accept less than the total amount of the tax due (72 P.S. § 5860.501(a)(2)).	Complete control over the entire collection process is retained by the taxing district.
Time Payments Made	Distributions to the taxing district must be made at least every three months (72 P.S. § 5860.205(c.1)).	PLA makes weekly distributions to the taxing district.
Interest	9% from the date of return (72 P.S. § 5860.306(a)).	Up to 10% after filing the lien (53 P.S. § 7143).

	<p align="center">Real Estate Tax Sale Law (utilized by county tax claim bureaus)</p>	<p align="center">Municipal Claims and Tax Liens Act (utilized by Portnoff Law Associates)</p>
<p align="center">Payment Plans</p>	<p>Generally, claims not paid by July 1 of year three will be advertised for upset sale (72 P.S. § 5860.501(a)).</p> <p>A county may enact legislation allowing up to twelve additional months to pay the tax claims (72 P.S. § 5860.502a).</p> <p>Once a property has been advertised for sale, a tax claim bureau may remove a property from the sale list upon payment of 25% of the amount due and an agreement to pay the remaining balance in no more than three installments within the next year (72 P.S. § 5860.603).</p> <p>If a property owner defaults on such an agreement, the property may be listed for sale at the next scheduled upset sale, and the property owner will not be eligible for another installment agreement for three years (72 P.S. § 5860.603).</p> <p>A taxing district may be able to enter into other payment arrangements not directly provided for by the statute with a property owner, but only through its direct involvement in setting up the payment arrangements.</p>	<p>The taxing district has full discretion to establish and set the length and terms of payment plans.</p> <p>The taxing district’s delinquent collector can handle all aspects of the payment plan process on behalf of the taxing district.</p>
<p align="center">Property Sales</p>	<p>(1) Upset Sale – minimum bid includes all taxes and municipal claims due.</p> <p>(2) Private Sale – property sold free of tax claims; sold subject to mortgages and judgments.</p> <p>(3) Judicial Sale – property is sold free and clear of all claims to the highest bidder.</p> <p>(4) Repository Sale – Properties not sold at Judicial Sale are placed in repository. These properties may be sold at any time, free and clear of all claims for any amount approved by the taxing districts holding claims against the property.</p>	<p>(1) Upset Sale – property may be sold under the rules relating to mortgage foreclosures. Minimum bid includes all taxes and municipal claims due.</p> <p>(2) Free and Clear Sale – property may be sold at Sheriff’s sale, free and clear of all claims to the highest bidder.</p> <p>(3) At either sale, if there are no bidders, the taxing district may take title to the property subject to the liens not otherwise discharged by the sale.</p>

	<p align="center">Real Estate Tax Sale Law (utilized by county tax claim bureaus)</p>	<p align="center">Municipal Claims and Tax Liens Act (utilized by Portnoff Law Associates)</p>
<p align="center">Hardship Program</p>	<p>In the event of a severe financial hardship and extenuating circumstances, the Tax Claim Bureau has the option of: (1) extending the time to pay the taxes up to one year; and (2) continuing or staying a scheduled sale of owner-occupied residential property (72 P.S. § 5860.503a(a)). Extenuating circumstances include serious physical injury and unemployment (72 P.S. § 5860.503a(d)).</p> <p>The taxes may be paid in four or more installments (at least thirty days apart) (72 P.S. § 5860.503a(b)).</p> <p>In the event that an owner-occupied residential property is owned solely by individuals at least 65 years old with limited income, the Tax Claim Bureau may: (1) extend the period for payment by up to three months; (2) if the owner cannot afford to pay the taxes, defer payment for as long as the individual owns the property; or (3) if the owner does not desire to live in the property, but a tax sale would cause the owner to lose equity that has accrued in the property, the property will be listed for private sale for eleven months prior to being listed for upset sale (72 P.S. § 5860.504).</p> <p>A taxing district may be able to enter into other hardship arrangements not directly provided for by the statute with a property owner, but only through its direct involvement.</p>	<p>The taxing district has full discretion to establish a hardship program with extended payment terms for property owners experiencing financial or medical hardship.</p> <p>The taxing district’s delinquent collector can handle all aspects of the hardship evaluation process, and can review individual hardship requests with a taxing district to the extent desired by the taxing district.</p>
<p align="center">Redemption</p>	<p>No statutory right for delinquent taxpayers to redeem their property after a tax sale.</p>	<p>Delinquent taxpayers have the right to redeem their property within nine months from the date of the acknowledgment of the sheriff’s deed.</p>

COLLECTING DELINQUENT REAL ESTATE TAXES

You Have Options

By Kevin H. Buraks, Esq., Portnoff Law Associates, Ltd.



There are many instances where Pennsylvania boroughs are faced with one-size-fits-all mandates that dictate how they operate. Fortunately, the collection of delinquent real estate taxes is not one of them.

Pennsylvania boroughs have the ability to choose not only who will collect their delinquent taxes, but also the laws under which collections will be made.

There are only so many entities that can collect a borough's delinquent real estate taxes, including the county tax claim bureau, a private third-party collector, or the borough itself. In determining which entity will most effectively collect, it is important to understand which statute each will collect the monies.

The most frequently used statutes to collect delinquent real estate taxes in PA are the Real Estate Tax Sale Law (RETSL) and the Municipal Claims and Tax Liens Act (MCTLA).

RETSL, used exclusively by county tax claim bureaus, has specific procedures for collecting delinquent taxes and selling properties through tax sales. These procedures under RETSL are rigid and protracted.

Initially, a boilerplate notice is sent to taxpayers explaining that the property will be sold unless the delinquent taxes are paid. This notice must be sent by July 31 of the year after the taxes first became due. No subsequent collection activity occurs until July of the following year.

Payment extensions are limited under RETSL and solely at the discretion of the county commissioners. The tax claim bureau is required to conduct one upset tax sale annually (typically during year two of the delinquency), with the ability to conduct a judicial sale in the event that properties do not sell (typically during year three of the delinquency). Under RETSL, the tax claim bureau is permitted to retain 5 percent of all taxes collected as a commission.

MCTLA has a different statutory framework that boroughs may use to collect delinquent real estate taxes.

One major benefit of collecting under MCTLA is that the borough retains full control over all aspects of the collection process. Unlike the long periods of inactivity under RETSL, the borough is permitted under MCTLA to make numerous contacts with the delinquent taxpayer during the first year of delinquency in order to incentivize payment.

The borough also can allow its residents to set up payment plans. This combination of multiple contacts with the ability to accept payment plans, often leads to the quick payment of delinquent accounts under MCTLA.

Private collectors hired under MCTLA will typically remit payments electronically, allowing for the immediate use of the money collected. Under RETSL, the tax claim bureau is only required to make quarterly payments to the borough.

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Many municipalities find that the biggest benefit of collecting under MCTLA is that the borough can charge all of its collection costs, including attorney's fees, to the delinquent taxpayer. This fee shifting not only creates strong incentive for taxpayers to pay off their delinquent accounts quickly, but it allows boroughs to hire a private collector at minimal cost to the borough.

By charging delinquent taxpayers the costs of collection, those residents who pay their bills on time will no longer be forced to shoulder the burden of the additional expenses created by taxpayers who choose not to pay.

In order to shift the collection charges to the delinquent taxpayer under MCTLA, the borough will need to adopt an ordinance that lays out the fees and costs that it intends to charge. Enacting this ordinance will put the public on notice that the borough is serious about collecting its delinquent accounts.

Shifting collection costs under MCTLA creates a strong incentive for taxpayers to pay both delinquent and current tax bills on time. Taxpayers who knowingly game the system will quickly learn that delaying payment is no longer a money-saving option.

The ability to fee shift under MCTLA frequently leads to higher current collection rates, as the lesson will be learned the



By charging delinquent taxpayers the costs of collection, those residents who pay their bills on time will no longer be forced to shoulder the burden of the additional expenses created by taxpayers who choose not to pay.

first time the taxpayer is required to pay additional fees to satisfy a delinquent bill.

Whether through a private collector or municipal solicitor, boroughs are likely to see an increase in revenue by utilizing the procedures of MCTLA.

With local control over the collection process and the shifting of costs to the delinquent taxpayer, the borough can create incentives to spark quick payment of delinquent accounts and lower delinquency rates going forward. This will draw the praise

of constituents who pay their tax bills in a timely manner and catch the attention of those who do not.

About the author: Kevin H. Buraks, Esq., is a managing attorney of Portnoff Law Associates, Ltd., a law firm that represents over 140 boroughs and municipal clients throughout Pennsylvania in the collection of delinquent real estate taxes and municipal fees, such as sewer, water, trash, stormwater, and abatement of nuisance. He can be reached at kburaks@portnoffonline.com. 