Collecting Delinquent Revenues

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The Government Finance Officer’s Association (GFOA) is pleased to present Collecting Delinquent Revenues. This publication fills a gap in public-sector cash management literature and focuses on the unique art of collecting public funds. Many publications have been written from a private-sector point-of-view, but this publication offers practical solutions and useful suggestions on dealing with problem accounts found in the public sector.

With budget shortfalls and other cash flow problems facing government officials, improving collection techniques can help ease shortfalls by bringing in additional revenue. Governments of all types and sizes can benefit from this publication which is a synthesis of proven tools and techniques to collect all monies owed to a government.

This publication provides a comprehensive look at the collection function from the pre-collection stage to the collection of court judgments. This publication also includes a chapter on evaluating and using special collections software to increase the effectiveness and efficiency of the collection effort. In addition, practical and straightforward suggestions for improving the success of the delinquent collection process are provided throughout the text. The text also offers sample interview questions and position descriptions to help officials select qualified, competent personnel to staff their collection positions.

Our appreciation goes to the members of GFOA’s Debt Collection Task Force who conducted a survey of delinquent revenue practices and recognized a need for more information in this area. We also thank those many governments that provided sample documents, policies, and procedure manuals to help make this guide a useful and practical tool for public-sector collection officials.

A special debt of gratitude is owed to M. Corinne Larson, Assistant Director, and Olga Spaic, former Research Analyst, in GFOA’s Government Finance Research Center who performed extensive background research in the delinquent collection field and drafted the publication.

Jeffrey L. Esser
Executive Director
Government Finance Officers Association
of the United States and Canada
The concept for developing this manual arose from the GFOA's Debt Collection Task Force, established in 1990 and comprised of representatives from the Standing Committees on Cash Management, Governmental Budgeting, and Accounting, Auditing, and Financial Reporting. Members of the Task Force included Conny M. Jamison, City Treasurer, City of San Diego, California, Chair; Jon A. Wise, Director of Professional Practice, Office of the Auditor General, State of Michigan, Vice-Chair; Winston C. Evans, Finance Director, City of Dallas, Texas; Paul R. Ferm, Senior Vice-President, Government Banking, NationsBank, Atlanta, Georgia; Debra B. Forte, Assistant City Manager, City of Lubbock, Texas; Tim Riordan, Deputy Director, Dayton International Airport; Kent Rock, City Treasurer, City of Boise, Idaho; M. Patricia Schwartzberg, Manager of Revenue, City and County of Denver, Colorado; Sam S. Steadman, Finance Director, City of Springboro, Ohio; Nathan R. Tubergen, Director of Finance and Administrative Services, Billings, Montana; Kim D. Umana, Finance Director, Manatee County, Florida; and John S. Woods, Deputy City Treasurer, City of Toronto, Ontario, Canada.

To understand the full scope of collection practices among state and local government entities, the Task Force designed and distributed a revenue collections survey to subscribers of GFOA's monthly cash and investment management newsletter, Public Investor. More than 200 survey responses were received, many from smaller governments. The survey was compiled and analyzed by Susan Work Martin, PhD., Chair of the Accounting and Taxation Department, Grand Valley State University, Grand Rapids, Michigan. Survey results clearly indicated that governments would be interested in improving and systematically evaluating their collection practices. The need for a practical, hands-on guide on delinquent revenue collections for government finance officers and their staffs was also apparent from the survey results. In response to the needs revealed by the survey, the Task Force began the process of developing this manual, at first working out a detailed outline and then providing sample policies and information on their individual government’s experiences as a basis for the manual.

This reference manual is intended to assist government finance professionals and other officials with all facets of collecting delinquent revenues. The manual explains major aspects of the collection process, describes practical tools and techniques, cites examples of policies, and provides sample documents which can be adapted for an individual government’s use.

We are very grateful to all of the governments who contributed their sample letters and documents for this publication, other explanatory information, and most importantly, their time. The text and the content of the manual benefited
greatly from the comments and suggestions made by several members of our technical review committee, the Fabulous Four as we called them: Conny Jamison, Kent Rock, Jon Wise, and Karen Moore, Accounting Services Manager, Cathedral City, California. We owe a particular debt of gratitude to Queeda Tally, Collections Manager, City of San Diego.

In addition to our reviewers, thanks are also due to the GFOA staff members who contributed their time in editing the manuscript and producing the book, Rebecca Russum and Catherine Finke.

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Olga Spaic
Introduction

In recent years, state and local governments have been under increasing pressure to streamline operations and maximize revenues without imposing additional taxes. Continuing demand for government services has forced public officials to search for new ways to maintain existing programs and to maximize the use of limited resources. As a result, state and local governments have begun to rely increasingly on more unusual revenue sources, such as rescue squad charges, false alarm fines, garbage fees, and other user fees which, in turn, has made the standard collection process even more complicated. To maximize revenues in light of these more complex circumstances, governments have begun improving their collection systems.

Computerization of delinquent account records, automation of collection systems, and implementation of skip tracing and other more aggressive collection policies and procedures can have a major impact on a government’s collection program. By focusing on the identification of delinquent taxes and fees and by developing more effective methodologies for collecting delinquent accounts, governments can significantly improve their revenue stream. This easy-to-use reference manual on debt collection procedures can assist state and local governments in implementing a successful delinquent revenue collection program.

Overview of the Collection Process

The collection process involves many different players—the jurisdiction’s legislative body that passes laws and ordinances governing the collection process, various departments within the government entity that administer the programs, and outside participants such as commercial banks, private collection agencies, credit reporting services, and courts. The role of these players in the collection process will depend on the type and size of the government and the services it provides. Smaller jurisdictions generally will handle collections differently from larger jurisdictions with more resources to draw upon. The revenue collection office must work with all of these units in its quest to formulate a cohesive and effective collection program.

Current vs Delinquent Accounts. The difference between current and delinquent accounts should be clarified. Delinquent accounts refer to those accounts that are past due by a predetermined number of days, usually specified by the government agency or by an ordinance governing the agency. The due date could vary by the type of the account or it could be a standard number of days, such as thirty days past the due date. Regardless of the definition chosen, an account that becomes delinquent ideally will trigger systematic collection proceedings automatically. Because delinquent accounts become more difficult to collect as they age, it is imperative that appropriate collection steps are taken.
as soon as possible after an account becomes delinquent or, if possible, before an account becomes delinquent.

Centralized Collection Programs. A key issue in the collection process, especially for larger governmental entities, is the need for centralization. A decentralized collection process often leads to a fragmented and less efficient collection operation, particularly in collecting delinquent revenues. Many jurisdictions have responded to this potential problem by centralizing the revenue collection function and designating overall responsibility for collecting delinquent accounts to one person in the organization, e.g., the treasurer, tax collector, finance director or, in some cases, the jurisdiction’s legal department. In many instances, smaller governments already function in a cohesive manner by virtue of their size. Regardless of a government’s size or other characteristics, implementation of an efficient, well-conceptualized delinquent revenue collection program will produce positive results.

Advantages of a centralized delinquent revenue collection program include:

- A dedicated staff whose primary function is collecting, who is trained in professional collection techniques, and who is familiar with federal, state, and local laws governing collection practices;
- Uniform and consistent collection efforts, often as simple as computer-generated dunning letters, that indicate the jurisdiction is serious about collecting revenues owed;
- Consolidation of accounts that combines debts of one debtor from several departments, centralizes information on a debtor who may use various names, or identifies other responsible parties;
- Offsetting a debt by reducing or eliminating the amount of a payment due, where permitted by law or custom;
- Refusal of services to citizens or groups with poor payment histories, thereby preventing a collection problem. For example, collection staff can check references or credit histories on individuals or groups requesting police and fire services for parades, concerts, etc.; and
- Economies of scale and increased efficiency which make the use of credit reporting services feasible and profitable, and increasing the accountability of staff, which results in obtaining better information when an account is opened; preventing other departments from setting up payment schedules or other payment arrangements; and referring accounts to the collection staff on a more timely basis.

Whether or not a government chooses to centralize revenue collections, it is important that overall responsibility for the collection of delinquent accounts be assigned to a single individual in the organization. Other aspects of a successful collection program include support from the top of the organization and cooperation from other departments.

Purpose of the Manual

Written with the help of government finance professionals, this manual explains major aspects of the collection process, describes practical tools and techniques, cites examples of policies, and provides sample documents that can be adapted for an individual government’s use. Although the focus of this book is specifically on delinquent accounts, many of the methodologies discussed are applic-
able to current account collections as well. One such instance is the use of “address correction requested” envelopes to obtain current addresses of customers who may have moved and left unpaid bills.

This reference manual is intended to assist government finance professionals and other officials with all facets of collecting delinquent revenues—in drafting and enacting laws and ordinances, in developing internal policies and procedures to collect all types of delinquent taxes and fees, and in managing an effective and efficient collection function. The manual is presented as an easy-to-use practical guide and answers frequently asked questions, such as “Am I using all the skip tracing tools that I can?” and “Is our write-off policy for old accounts receivable as comprehensive as it could be?”

In some instances, the manual could assist governments with training new collection staff members. It is important to realize that debt collection is a separate process from invoicing and collecting bills and requires special skills and training beyond those found in the typical government finance office. This manual helps to bridge that gap.

The manual is divided into eight chapters covering a variety of revenue collection topics. Each chapter contains proven collection tools and techniques and presents sample policy and procedure language to give readers an idea of what other jurisdictions are doing. The first chapter describes the pre-collection process and outlines various ways to prevent collection items from becoming delinquent. The next chapter identifies effective enforcement techniques and discusses how to use each technique most effectively.

Narrowing down the focus, the next set of chapters describes specialized collection practices. Chapter 3 defines skip tracing and illustrates how collection staff can go about tracking down debtors who have moved. In the next chapter, various legal actions and extra-judicial remedies that jurisdictions can use as a last resort are outlined. When all collection efforts have failed, accounts must be written-off. Chapter 5 presents some useful ideas on writing-off delinquent accounts. In Chapter 6, the use of credit reporting services and information on available services are explained. The next chapter focuses on problem accounts and non-invoiced payments and discusses the unique collection problems associated with these accounts. Finally, Chapter 8 describes the selection and acquisition process of collection software and presents key considerations in choosing software. Additionally, the appendices at the end of the manual provide valuable information in the form of talk-off tips for telephone collections, position descriptions, and sample interview questions for hiring collection staff.

Before adopting any of the suggested policies, procedures, or practices, governments are advised to check their state and local laws for any potential conflicts.
In the pre-collection process, the idea is to encourage prompt payment and to prevent as many bills as possible from becoming collection items. There are a variety of tools and techniques that governments can use to accelerate accounts receivable collections. Many of these tools and techniques are inexpensive to implement, but are highly effective in encouraging prompt payment. These tools can also be used for collecting current revenues. The tools and techniques presented below represent a range of collection practices taking place in government offices around the country. The reader will note that some of the techniques described in this chapter are also included in Chapter 2, in the discussion of enforcement techniques.

Collection staff should obtain as much information as possible when initial debt is incurred and strive to keep debtor addresses current. Having complete and current information on file will help in collecting current debts as well as aid in preparing paperwork for legal action when debtors fail to pay their accounts. Pertinent debtor information to keep on file includes:

- Names of debtor and spouse
- Home address and telephone number
- Employer address and telephone number for both debtor and spouse
- Social security number (if debtor is willing to give)
- Date of birth
- Driver’s license number for both debtor and spouse
- Bank account information

Specialized Envelopes

The use of specialized envelopes serves a variety of functions, from encouraging debtors to pay promptly to skip tracing “dead beats.”

**Address Correction Requested.** The use of “address correction requested” envelopes helps keep records up-to-date. When “address correction requested” envelopes are used, the post office returns the mail with either the forwarding address of the debtor or an explanation of why the mail could not be delivered. The use of “address correction requested” envelopes is a highly effective tool for locating debtors who have moved and is included in the discussion of skip tracing tools in Chapter 3.

**Return Envelopes.** Another technique often used to encourage timely remittances includes pre-printed return envelopes. Often return envelopes are color-coded or bar-coded to expedite the routing of remittances to the appropriate departments. Also, pre-printed return envelopes may have an address correction
box printed on the front to remind taxpayers to notify the government of a change of address. In addition, this box serves as a flag to collection staff to update the debtor’s records.

Examples of envelopes with the above features are presented in Exhibit 1.

**Penalties, Late Fees, and Interest Charges**

Notices of penalties, late fees, and interest charges on original bills and invoices provide the debtor with an incentive to pay promptly. These notices also reduce challenges from the debtor if the bill does become delinquent. Debtors who know up front what will happen if they fail to pay their obligations in a timely manner are more likely to pay promptly. An example of an invoice with a polite “threat” of late fees appears in Exhibit 2.

Moreover, penalties and interest charges should be set at a level that effectively deters taxpayers from becoming delinquent. These charges should exceed prevailing rates on short-term loans to encourage prompt payment. For example, the Kenai Peninsula Borough, Alaska, imposes a 10 percent penalty for non-filing of personal property tax returns, 10 percent penalty on late installment payments, and 12 percent annual interest on unpaid balances. For sales tax returns, the Borough charges a missing filing fee of $25 for each return not filed and imposes a reinstatement fee of $100 on inactive accounts, along with a 15 percent annual interest on unpaid balances.

Many governments set specific rates for fees and interest charges. As an alternative, governments may wish to consider tying fees to a cost-of-living index, such as the consumer price index. An added advantage of a percentage-based penalty is that as the fine increases in dollar amount, so does the penalty. This incremental feature encourages debtors to pay large amounts on time. Governments also may wish to consider setting fees on a cost-recovery basis to help offset the cost of collection efforts. For example, some governments with centralized collection offices charge a referral fee (often $10) to cover the costs of collecting delinquent accounts. This fee is added to penalty and interest charges.

A similar procedure can be used for setting interest charges. Rather than setting a fixed percent for interest charges, governments can tie interest charges to a rate-setting mechanism, such as a commercial bank’s prime lending rate. This procedure allows the government to keep interest charges in line with market rates while, at the same time, avoids frequent market fluctuations in interest rates.

**Establishment of Fees.** Some state and local governments set mandatory penalties and interest charges through the legislative process. The advantage of setting penalties and interest legislatively is that arbitrary decisions to impose late fees are eliminated and collection staff are “off the hook” in enforcing these fees. Also, many governments allow debtors to appear before a council to dispute any charges that they feel may be unfair or unreasonable.

A disadvantage of setting these fees through the legislative process involves the difficulty of revising the amount when economic and inflationary factors warrant a change. One way to get around this problem is to establish penalties as a percentage of the amount owed, perhaps with an established minimum, rather than as a fixed amount.
THE PRE-COLLECTION PROCESS

An example of penalties established legislatively can be seen in the ordinance below from the Village of Carol Stream, Illinois, regarding real estate transfer tax stamps:

_In the event of failure of any person or entity to pay to the Director of Finance the tax required by this article when the tax shall be due, then in addition to the amount of the tax, interest shall accumulate and be due upon the tax at the rate of one (1) percent per month commencing as of the first day following the day when the deed or trust deed was recorded or the trust document was accepted by the Trustee. In addition, a penalty of 25 percent (25%) of the tax and interest due shall be assessed and collected against any person or entity who fails to pay the tax imposed by this article._

Some governments set penalties and interest charges through an _administrative_ process and may have leeway in imposing these fees. An advantage to using an administrative process over a legislative process is that rules are easier to amend than statutes or other legislative documents. Another advantage is that the administrative process takes the “politics” out of the decision process, particularly at the local government level. A disadvantage of the administrative process may be reluctance on the part of a particular department to establish late fees or the feeling that due process is better served through the legislative process.

The City of San Diego, California, experienced this type of hesitancy by the Water Utilities Department. The treasurer worked around this reluctance by receiving permission from the City Council to charge a referral fee ranging from $10 to $250 and a 1 percent per month interest charge for any accounts referred for collection. The council felt that this arrangement put the burden directly on those debtors who were causing collection costs to be incurred. The interest revenue is credited to the referring department and the referral fee is put in the city’s general fund. This practice not only helps cover the costs of collection, but also provides an incentive to other departments to refer past-due accounts to the treasurer’s office for collection.

Whichever way fees are set, if the decision is made to charge penalties and interest, governments should be prepared to charge these fees each time a delinquency occurs and should enforce the payment of these fees uniformly and consistently.

Discount for Prompt Payment

Some governments grant discounts for prompt payment, usually on a 2/10, _net 30 basis_. Customers receive a 2 percent discount if they pay their account within 10 days; otherwise, the amount is due in 30 days. This is a common business practice and would be suitable for sales and service accounts.

The use of discounts is much easier with automated accounts receivable systems, as these systems can calculate discount percentages and track the aging of accounts. Granting discounts can be viewed as the “flip” side of imposing penalties.
Prepayments and Deposits

A special strategy to encourage prompt payment and to reduce collection problems involves the use of prepayments and deposits.

**Prepayments.** Governments often require businesses to make prepayments on certain taxes, sales, or services. Many governments have specific policies for dealing with businesses that have discontinued operations during the tax year. For example, the City of Appleton, Wisconsin, has an advanced collection policy that states:

*In the case of personal property tax, the policy is to request payment in advance for any business who discontinues its operation during the year. This practice alerts the debtor of the obligation for inclusion of the closing process, accelerates cash flow, gathers information, encourages settlement between buyers and sellers, and documents our claims for subsequent collection activities.*

Similarly, the Kenai Peninsula Borough, Alaska, requires prepayment of estimated property taxes that will be due on a parcel that is subdivided between the tax lien date (January 1) and the tax billing date (July 1).

**Deposits.** Deposits often are required by utilities and special districts on new accounts. Generally, the amount of the deposit varies with the size of the account. Retail and residential accounts may require at least one month’s billing, while commercial accounts may require larger sums. Often deposits are waived or refunded if the customer has proven to be creditworthy.

The following policy on deposits from a special district in Ephrata, Washington, illustrates:

*The district requires a deposit on all new general service accounts and on existing general service accounts when the account is transferred to a different customer. The deposit may be waived and/or any existing deposit refunded if the customer is proven to be creditworthy from a report obtained from the credit bureau and can comply with one of the following conditions:*

1. *Has established at least 24 consecutive months of satisfactory commercial credit history with the district;*
2. *Can provide a letter of credit from another utility where 24 consecutive months of satisfactory commercial credit history has been established.*

*If the customer is a corporation, in addition to the above conditions, a letter of personal liability will be required in order to waive or refund the deposit. Acceptance of the letter of personal liability will be based on the individual’s creditworthiness and ability to comply with one of the above conditions.*

Governments often require personal credit history information on officers of corporations to help pierce “the corporate veil” in legal actions. This practice will be discussed in more detail in Chapter 4.

**Bonds.** Sometimes a deposit may be in the form of a bond. A government may require a bond for a variety of reasons. Bonds are often used for government property damage cases, frequently as a result of an automobile accident in which the driver had insufficient or no liability insurance. The bond will be
Special Payment Arrangements

Many times governments will allow debtors the opportunity to work out a reasonable payment plan or accept partial payments for delinquent accounts. Many debtors are willing to pay their accounts; however, they may not be able to pay their accounts in full. In these cases, governments will allow partial payments to be made or will set up special payment plans. A sample letter setting up an informal payment plan is shown in Exhibit 3.

Partial Payments. Often, governments will allow debtors to make partial payments on accounts because “something is better than nothing.” Arrangements for partial payments include allowing debtors to pay what they can, when they can, until the balance is paid in full. Other arrangements may include allowing a debtor to pay a set amount until the debtor’s situation changes. For example, in areas where there is a large percentage of unemployment or seasonal unemployment, governments may allow debtors flexibility in meeting their obligations. The decision to include penalties and interest charges is a policy decision that individual governments must make.

Installment Payment Plans. Payment plans usually involve installment payments made on a weekly, bi-weekly, or monthly basis depending on the amount involved. Some payment arrangements may be very short-term in nature and are formalized by a letter that states the amount of the payment, start date, and due date, and includes a statement that renders the arrangement null and void if payments are not made as agreed, or that the entire balance will be due if the debtor defaults on the agreement.

To ensure uniform and consistent practice, payment plan arrangements should be authorized by the collection office only and staff should be trained in setting up efficient plans. Staff should follow set procedures in “pre-qualifying” candidates to determine if money can be borrowed elsewhere first. For example, some taxpayers may have unused lines of credit with their banks or open credit on their credit cards. The collections office should establish procedures to determine the credit risk of the debtor. Many governments use their own internal records to check the debtor’s payment histories and use credit reporting services to check the taxpayer’s credit history. The City of Boise, Idaho, uses the proof of debt form shown in Exhibit 4 to qualify a debtor for payment arrangements. Governments also should take into consideration the age and size of the account and any other factors that affect the debtor’s ability to pay.

The City of Appleton, Wisconsin, established the following procedure for accepting payment plans:
Accepting payment plans is sometimes necessary to collect amounts due. Debtors who are unable to settle obligations may be willing to pay on a weekly or monthly basis. This sometimes entails follow-up reminder calls or letters and is labor-intensive. Our rule of thumb is to accept no less than $25 per month, or to extend over 18 months...[and] depends on debtor’s ability to make payments, integrity and track record, and existence of other options. No payment plan can extend beyond a license or permit renewal date.

This option maintains contact with the debtor, and often provides information regarding employers, bank account numbers, address changes, telephone numbers, spouses’ names, and sometimes creates a relationship of trust leading to cooperative settlement of the account.

Similarly, Manatee County, Florida, follows the procedure below:

1. The collections staff are the only persons authorized to make special payment variances. However, the Customer Service Manager may authorize variances for short-term payment arrangements.
2. Short-term payment arrangements shall constitute payment arrangements that can be made in two payment installations and/or time period not exceeding 14 working days are allowed.
3. Any arrangement that cannot be made in two payment installments and/or exceeds 14 working days must be approved by the Collections Office Coordinator or Fiscal Management Analyst in the Collections Section. A copy of this arrangement will be given to customers, when they sign arrangement in the office. Confirmations are mailed to the customer.
4. Information that will be helpful in making the decision is to be presented when requesting the variance. This information may include, dependent on the type of request, the following:
   - Customer name
   - Service address
   - Copy of payment arrangement
   - Amount past due
   - Payment history
   - Amount to receive special consideration
   - Reason for requesting special terms

**Promissory Notes.** A promissory note is a payment plan that has been formalized by the signing of a promissory note for the amount due plus accrued interest. Many governments take promissory notes to the recorder’s office for official “docketing.” The note becomes an official court record and allows the government to pursue legal action if the payments are not made on schedule. The procedure for promissory notes is the same as installment payment plans.
Hospitals often use promissory notes for patients who do not have medical insurance and who may not qualify for other benefits.

Any administrative costs associated with setting up and monitoring special payment arrangements should be passed on to the debtor. Many governments record the agreements as liens against the debtors. The liens are removed once the debt is paid. If the debtor defaults on the payment agreement, the government will then pursue legal action. A sample payment agreement appears in Exhibit 5.

Automated accounts receivable systems can simplify the process of notifying past-due accounts of their delinquent status. Some automated systems have the ability to refer accounts electronically from the accounts receivable system to a delinquent collections system, which will then produce a series of notices and letters.

The Municipality of Anchorage, Alaska, developed the following policy for collection letters:

*The computer system generates delinquent notices continuing monthly until the account has been paid or resolved. After three computer notices of delinquency have been generated and mailed, the account falls into a default delinquent status and the system produces a list. The accounts are then assigned to a specific revenue officer for specialized collection efforts.*

Signed collection letters are more effective than form letters. Exhibit 6 presents some sample collection letters. Collection letters will be discussed in more detail in Chapter 2.

While notices of interest charges, late fees, and penalties often are included on the original invoice, “threats” of discontinuance of service, referral to credit reporting services, and legal actions often appear on the second or third notice. Debtors should be given adequate warning of these actions. If bills remain unpaid, the collections office should proceed with stronger collection techniques. Chapter 2 presents various enforcement techniques, some of which are briefly discussed below.

The following procedure developed by the Metropolitan Water Reclamation District of Greater Chicago illustrates the use of “polite threatening:”

*In the event that there is not a response to the second letter, the third letter shall be sent (registered mail). This letter shall be signed by the Director of Finance/Clerk of the District, and it shall also be signed by the head of the Law Department. This letter shall notify the user that the delinquent bill will be referred to the legal department for further collection efforts if there is no response within five days of receipt. If the user still does not respond, then the collection representative will forward the delinquent bill to the Law Department.*
Some governments use innovative methods to collect accounts by withholding services on other accounts. A common practice is the refusal to renew licenses or permits if the account holder has delinquent balances with the government. The Municipality of Anchorage, Alaska, implemented the following procedure:

*Liquor license renewals and transfers shall be listed on official credit checks to the Clerk’s office until outstanding balances for business personal property taxes are paid in full.*

The Village of Carol Stream, Illinois, withholds real estate transfer tax stamps until all outstanding balances with the Village are paid in full. This procedure, described below, encourages residents to pay final billings and assessments.

*The Director of Finance shall issue no real estate transfer tax stamps to any person or entity unless the most current billing including the final billing for water and sewer assessments for the real estate or beneficial interest in real estate which is the subject of the proposed transfer is paid in full. In addition, the Director of Finance shall issue no real estate transfer tax stamps to any person or entity unless all outstanding amounts due the Village by the grantor or relating to the property to be transferred and arising from any unpaid or due account, charge or liquidated claim of any kind are paid in full.*

In the City of Boise, Idaho, commercial trash service can be interrupted for other non-trash services when trash service and other accounts are not up-to-date.

*City ordinance calls for suspension of service at 90 days. The trash hauler will be notified to suspend service on those accounts receiving the third letter. All commercial trash accounts with multiple services will be required to pay account in full before restart of trash service, not just the trash portion. Trash hauler will be told to resume service when account balance is current.*

Governments with centralized collection systems often are more successful at withholding or refusing service than governments with decentralized systems. For example, the department that issues liquor license renewals must be aware that the debtor owes real and personal property tax. Also, it may be more difficult for certain departments to refuse service in smaller jurisdictions where the debtor may be personally known by government employees.

Modern technology has made innovations in collections possible. One example of an innovative use of electronic transfers is the use of automatic debits for recurring bills or in some governments, for property taxes. Many utilities and other special districts take advantage of this technology to provide a service to customers for monthly billings.

The City of Virginia Beach, Virginia, recently set up an electronic program for collecting recurring bills. Obligors volunteer and supply personal data about themselves and their bank accounts to the City. The City then advises in a reg-
Acceptance of Credit Cards

Governments often allow the use of credit cards to encourage payment from those debtors who may not have the money to pay debts currently, but who do not want to incur a delinquent penalty. Common credit card payments include taxes, fines, and fees for such items as recreation services and programs, motor vehicle registrations, parking permits, and a variety of other uses. Some governments do not accept credit card payments because of the high processing fees for credit card transactions. At this time, some of the major credit card companies prohibit governments from passing on usage fees to cardholders. Until an agreement can be reached on the usage fee issue, jurisdictions must conduct a cost/benefit analysis to determine if accepting credit card payments makes sense for their situation. Credit cards have proven to be an effective collection tool for many jurisdictions.

For example, the City of San Diego accepts credit cards at the City’s golf courses, where many of the golfers come from out-of-town. Since the City’s golf courses compete with the private-sector courses that do accept credit cards, the City must accept credit cards to attract potential customers and make full use of the City’s resources.

Another example of an innovative use of credit cards involves cemetery fees. Oftentimes, funeral expenses are not anticipated and can be quite costly. The City of San Diego accepts credit card payments for the cemetery and avoids payment plans which can be costly to administer. The City also accepts credit cards for many other types of payments made both in person or over the telephone.

Contracting Outside Services

Another technique that can be used to prevent current items from becoming delinquent is to contract with outside services. The City of Omaha, Nebraska, solved its problem in collecting ambulance fees by contracting with a billing service that had insurance and Medicare/Medicaid filing expertise. The City obtains the pertinent information from the customer. The billing company then files the necessary paperwork and is compensated by the City based on a percentage of the dollars collected. This practice has proven to be cost effective for the City.

There are a variety of tools and techniques that governments can employ to help prevent current debts from becoming delinquent debts. For those governments committed to dealing with delinquent collections, the next step is to decide which techniques will work best for their situation. The next chapter will discuss practical, effective enforcement techniques.
Exhibit 1

Sample Return Envelopes:
Address Correction Requested, Bar Coded

ATTN: DELINQUENT ACCOUNTS
KENAI PENINSULA BOROUGH
144 N. BINKLEY
SOLDOTNA AK 99669-7599

KENAI PENINSULA BOROUGH
144 N BINKLEY - SOLDOTNA, AK 99669-7599
ADDRESS CORRECTION REQUESTED

OFFICE OF THE CITY TREASURER
Collection Division
525 "B" Street – Suite 1101
San Diego, CA 92101

ADDRESS CORRECTION REQUESTED

IMPORTANT NOTICE ENCLOSED
January 5, 1995

John Q. Debtor
123 Main St.
Anytown, U.S.A

RE: ACCOUNT #00000000000

Dear Taxpayer:

We have a very large volume of questions regarding the supplemental billing for late or force filed personal property tax.

Penalty and interest charges were added to your personal property tax bill because your itemized personal property statement was filed after the due date or not filed at all. Personal property statements are due February 15th of each year, you must contact the Borough assessing department to obtain a form.

Penalty and interest charges are authorized by Kenai Peninsula Borough Code Section 5.12.190:

(A) If no return is filed as required by Section 5.12.180 or if the return is filed late, the taxpayer shall pay a penalty of 10% of personal property tax thereafter levied plus interest at 12% from the date the taxes would ordinarily come due........

If your question is not answered, please feel free to contact the finance or assessing department in person or by telephone.

Sincerely,

Accounting Supervisor
Cash Management/Delinquent Accounts
January 5, 1995

John Q. Debtor
123 Main St.
Anytown, U.S.A

RE: ACCOUNT #000000000000 AMOUNT $1,000.00

Dear Taxpayer:

The Borough has been reviewing accounts which have prior year balances. If it is not possible to pay the entire balance noted above at this time, we are asking that an informal payment plan be agreed upon, setting a definite amount to be paid each month by the 15th as follows:

- $500 or less $100 per month
- $500 to $800 $150 per month
- $800 to $1,200 $200 per month

Please complete the payment agreement portion of this letter and return it to me within 10 days of the date of this letter with your first payment if possible.

If you pay your scheduled payments according to your agreement, we will not report you to the credit bureau or take further collection action.

Sincerely,

Sr. Delinquent Accounts Specialist
(907) 262-4441 Ext. 229

We agree to remit $___________per month until the balance is paid in full.

Signed__________________________________ Date_________________
Proof of Debt Form

Exhibit 4

PROOF OF DEBT STATEMENT

If you are unable to pay your debt in full or meet the minimum payment that we require, please provide this office with a detailed listing of your financial situation. This information will be used to determine if you qualify for a lower payment amount. THIS INFORMATION IS CONFIDENTIAL AND FOR OFFICE USE ONLY.

Please complete the following form as thoroughly as possible. If you do not have access to a photocopier, you can bring the information to our office and we will copy it for you.

Date:_________________ Account#:_________________
Name:_________________ Spouse:_________________
Address:_________________ Phone#:_________________
Dependents:_________________ Age:_________________

EMPLOYMENT INFORMATION

Employer:_________________ Spouse Emp:_________________
Address:_________________ Address:_________________
Phone#:_________________ Phone#:_________________
SS#:_________________ SS#:_________________
Position:_________________ Position:_________________
Gross Income:_________________ Gross Income:_________________

Please attach a copy of your most recent paycheck stub in order to verify income.

MONTHLY EXPENSES

Rent or House payment $______________ Child care $______________
Power $__________ Phone $__________
Gas or Oil $__________ Gasoline $__________
Water, Sewer, Trash $__________ Groceries $__________
Child support $__________ Insurance $__________
Exhibit 1-4 (cont’d)

**Proof of Debt Form**

<table>
<thead>
<tr>
<th>LOANS</th>
<th>Creditor</th>
<th>Payment</th>
<th>Balance</th>
<th>Reason for Loan</th>
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<tbody>
<tr>
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<th>MEDICAL BILLS</th>
<th>Creditor</th>
<th>Payment</th>
<th>Balance</th>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER DEBTS</th>
<th>Creditor</th>
<th>Payment</th>
<th>Balance</th>
<th>Purchase</th>
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<tbody>
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</tbody>
</table>

Please list all other debts you owe and are currently paying. Also attach copies of the statements showing balances due and charges.

<table>
<thead>
<tr>
<th>Creditor</th>
<th>Payment</th>
<th>Balance</th>
<th>Purchase</th>
</tr>
</thead>
<tbody>
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</table>

**NOTICE:** You are providing this information on a voluntary basis. Federal Law does not require you to provide this information, however, according to the policies of this office, failure to provide this information could result in further collection efforts and possible legal action.
### PAYMENT AGREEMENT & PROMISSORY NOTE

**4th District Court**
7180 Barrister Dr.
Boise, ID 83704-9296
Phone: 377-1900

---

**Name**

**Street Address**

<table>
<thead>
<tr>
<th>City</th>
<th>State</th>
<th>Zip</th>
</tr>
</thead>
</table>

**Home Phone**

**Social Security No.**

**Date of Birth**

**Race**

**Sex**

**Marital Status**

**Spouse Name**

---

**Nearest Relative**

<table>
<thead>
<tr>
<th>Relationship</th>
<th>City/State</th>
<th>Phone</th>
</tr>
</thead>
</table>

**Name**

**City/State**

**Phone**

---

**Name of friend or relative with a different phone number who would get a message to you**

**City/State**

**Phone**

---

**Your Employer**

<table>
<thead>
<tr>
<th>Name</th>
<th>City/State</th>
<th>Gross Salary</th>
<th>Employed</th>
<th>Phone</th>
</tr>
</thead>
</table>

**Student?**

**School**

**Grade**

---

**Any other source of income? (Be Specific)**

**Amount**

---

**RESTITUTION:**

- Yes____ (see attached restitution agreement)
- No____

**COURT COSTS:**

- TOTAL $________

**VICTIM'S COMP.:**

- TOTAL $________

**PUBLIC DEF.:**

- TOTAL $________

**PROS. FEE:**

- TOTAL $________

**DEVICE FEE:**

- TOTAL $________

**FINE:**

- TOTAL $________

**HANDLING FEE:**

- TOTAL $________

**GRAND TOTAL:**

- $________

---

**ADDITIONAL REMARKS:**

---

**PURSUANT TO IDAHO LAW, EFFECTIVE JULY 1, 1990, THERE WILL BE AN ADDITIONAL $2.00 HANDLING FEE IMPOSED ON EACH INSTALLMENT**

**MISDEMEANOR NOTICE:** I understand that failure to pay fines, costs, and fees as agreed will result in a warrant for my arrest for Contempt of Court being issued. ______ (Initials)

**THIS CHARGE IS A TRAFFIC INFRACTION:** You are hereby notified that if you do not pay said penalty within the time agreed, in person or by mail to the court, your driver's license will be suspended by the Department of Transportation. If you do not make the payment when agreed, you have the right to request, within seven days of the date your payment was due, a hearing, to show cause as to why your license should not be suspended for failure to pay. ______ (Initials)

**THIS CHARGE IS A FISH AND GAME INFRACTION:** You are hereby notified that if you do not pay said penalty within the time agreed, in person or by mail to the court, your fishing, hunting or trapping license and privileges will be suspended by the Department of Fish and Game. If you do not make the payment when agreed, you have the right to request, within seven days of the date your payment was due, a hearing, to show cause as to why your license should not be suspended for failure to pay. ______ (Initials)

**WAIVER:** I HEREBY ACKNOWLEDGE THAT IF I FAIL TO PAY ANY FINES OR COSTS SET FORTH HEREIN YOU MAY INITIATE GARNISHMENT OF MY WAGES, EXECUTE UPON MY ASSETS, AND/OR ANY COMMUNITY PROPERTY OWNED, OR BOTH, BY VIRTUE OF THE JUDGMENT HANDED DOWN AGAINST ME. ______ (Initials)

---

**COURT OFFICER**

**SIGNATURE**

**DATE**
January 5, 1995

John Q. Debtor  
123 Main St.  
Anytown, U.S.A

RE: ACCOUNT #000000000000 AMOUNT $1,000.00

Dear Taxpayer:

The above personal property account balance due has been referred to the Delinquent Accounts Division for collection as it has not been paid.

This account must be brought current within 10 days from the date of this letter, or further collection action will take place.

If you have any questions, call me at the number listed below.

Please use the enclosed self-addressed envelope to ensure prompt credit to your account.

Sincerely,

Sr. Delinquent Accounts Specialist  
(907) 262-4441 Ext. 229
JANUARY 26, 1995

JOHN Q. DEBTOR
123 MAIN ST.
ANYTOWN, U.S.A.

RE: DELINQUENT BALANCE $1000.00

DO NOT IGNORE THIS NOTICE!

3-1-95 IS THE DEADLINE FOR US TO RECEIVE PAYMENT IN FULL.

YOUR FAILURE TO COMPLY MAY RESULT IN THIS ACCOUNT BEING REFERRED TO OUR LEGAL DEPARTMENT WITH A REQUEST TO FILE AN IMMEDIATE LAWSUIT AGAINST YOU.

THIS OFFICE REPORTS UNPAID DEBTS TO CREDIT REPORTING AGENCIES.

(619) 570-1001
COLLECTION INVESTIGATOR

Mastercard and Visa accepted
January 6, 1995

John Q. Debtor
123 Main Street
Anytown, U.S.A.

RE: Account number: #
Service address: 
Amount past due: $

Dear Mr. Debtor:

According to our records, we have not received payment for the past due account. The enclosed billing statement has been due for some time. We are sure this is just an oversight on your part and feel our customers appreciate it when we bring these matters to their attention. We feel certain that you understand how important and necessary it is for us to receive payment.

Please be advised, full payment of $1,000 must be received in this office by __________. We trust you will give this matter your prompt attention and send your check in the enclosed return envelope, today.

If your payment and this letter crossed in the mail, please accept our apology and "thank you" for your payment. If not, please consider this to be a friendly reminder that your account is now past due and your "IMMEDIATE" attention is required.

Should you wish to discuss your account, or if we can be of any assistance, please contact the Collection Department at (813) 792-8811 extension 5223 or 1-800-852-1541.

Sincerely,

Collections Representative

Enclosure
Clearly defined enforcement techniques are a key element in the delinquent revenue collection process. A government’s written collection policy should describe enforcement techniques and include, whenever possible, sample letters, forms, and language to be used in pursuing debtors. Because development of such a detailed policy is difficult, this chapter is intended to facilitate the process by describing some of the most common enforcement techniques used by governments, highlighting advantages and disadvantages of each technique, and providing illustrative examples of forms, policies, and procedures, where appropriate.

Collection Letters

The collection process begins with basic enforcement techniques. Collection letters should be the first step in the collection process. Such notices require minimal staff time and serve to remind debtors of their overdue accounts. Ideally, the letter process will be fully automated. Some governments may choose to send all of their delinquent letters on a specific day of the month, for example the fifth of the month, while others may prefer to send letters a specific number of days after the due date of an account. A government generally sends several letters over a predetermined time period (i.e., one month, three months, six months) before moving on to other enforcement techniques. The number of letters sent and the amount of time lapsed will depend on the nature and type of account. However, it is important to initiate the collection process on a timely basis to send the proper message to debtors.

Second Letters. Second letters generally remind debtors that their accounts have become delinquent. Although follow-up letters should be firm in tone, the initial letter and second letter will often be more considerate and give the debtor the benefit of the doubt. Second letters often request the debtor to contact the collection office to notify staff of any special circumstances that might have prevented the debtor from paying in a timely fashion.

Follow-up Letters. Subsequent letters become less understanding and the final letter usually warns the debtor that further collection steps, such as referral to a private collection agency or possible disconnection of service, may be taken if the account is not paid in full.

Sometimes governments will send certified or registered letters to notify debtors of impending actions as a result of their delinquent status. Normally, these letters are reserved for larger accounts because of the costs involved. In cases where a tenant may have a delinquent account for occupancy tax, the government will send a letter to the owner of the property. This procedure allows the owner a chance to pay the account and avoid further collection action on the
By automating collection letters, the collection department can save staff time used to generate collections letters and insure that letters are consistent in tone and content. Signed letters are more effective than form letters. Sample follow-up letters are shown in Exhibit 7.

If a debtor does not respond to letters, a government may choose to combine the follow-up letter process with telephone calls. Personal contact can often achieve what an impersonal letter cannot. Personal contact by telephone may facilitate the collection process by making the government more “real” in the eyes of the delinquent account holder, and hence, making it more difficult for the debtor to ignore the government’s request for payment.

Also, by initiating telephone contact, the collection department provides the debtor with the opportunity to explain any special circumstances or to make special payment arrangements, if necessary. Telephone contact also is a valuable tool when trying to contact a debtor facing a possible service cut-off. Finally, telephone contact is useful in maintaining current debtor information, such as address, employer, and marital status.

The City of San Diego, California, developed a series of internal tips to help collection staff respond to debtors’ comments over the telephone. These helpful telephone tips are presented in Appendix B.

Delinquent accounts are sometimes referred to a private collection agency (or a law firm specializing in collections) when routine in-house collection efforts fail. Benefits of using a private collection agency include:

- experience in collecting delinquent accounts,
- access to state-of-the-art computer equipment, and
- reduced staffing requirements.

Collection agencies offer a variety of services, ranging from a letter service which involves sending a series of automatically generated collection letters to collection efforts that might culminate in legal actions or referrals to national credit reporting services. (Credit reporting services will be discussed in detail in Chapter 6.) Collection agencies as well as collection law firms also provide services, such as discovery of assets, filing of liens, and pursuit of wage garnishments, which will be discussed in Chapter 4. Collection agencies can be especially useful for pursuing out-of-town debtors.

The use of collection agencies is becoming more widespread among governments. Use of a collection agency makes sense for many governments that lack the necessary resources to pursue more aggressive collection efforts. Debtors are initially notified by the government that if they fail to pay within a certain time period, their delinquent account will be turned over to a third party for further collection efforts. A sample letter is shown in Exhibit 8. Many governments find that the mere threat of involving a collection agency or a letter from an attorney spurs debtors into paying their delinquent accounts.

Some governments use more than one collection agency. However, a look at this process may reveal that using one collection agency would be more cost-
Payment Plans/Promissory Notes

As mentioned in Chapter 1, some governments may be willing to work with debtors to help them meet their obligations. In these circumstances, the government will allow debtors with satisfactory credit records to pay based on a special payment plan. Generally, governments offering payment plans will require the debtor to sign either a letter of agreement or a promissory note that outlines the terms of the agreement, including any interest or finance charges to be added to the outstanding balance. If the debtor fails to make the agreed-upon payments, the payment agreement becomes void and the government often will pursue legal action to collect the monies owed.

Local ordinances may limit the terms of a special payment plan by identifying a maximum/minimum amount eligible for such an arrangement, specifying a time frame for repayment of the debt, and requiring a finance charge to be collected. Exhibits 4 and 5 in Chapter 1 present a sample credit history form along with a sample payment agreement and promissory note.

Disconnection of Services

This enforcement technique is effective for governments providing a specific service to the debtor. Utilities such as water, sewer, waste, and electricity fall into this category. Follow-up letters will often indicate that a customer may face the possibility of service disconnection if payment is not received promptly. Often, field representatives will visit customers warning them of impending disconnection of service. If no one is home, the representative will leave a notice at the customer’s residence. If the customer fails to respond, the utility will disconnect the service and charge a fee for re-connection. These fees typically are set to cover the cost of labor involved in the collection process. A sample disconnection notice, known as a “door knob” notice, appears in Exhibit 9.

The government may allow exceptions to its rules regarding disconnection of services. Water and electricity for residential heating usually are not disconnected during the critical winter months if special circumstances, such as extreme poverty, senior citizen status, or life endangering situations, exist. Often, debtors will dispute bills and delay the disconnection process. However, once the dispute is settled, the debtor must settle the account immediately along with any interest charges, late fees, or other penalties.

Due process for disconnecting services varies from jurisdiction to jurisdiction.

ENFORCEMENT TECHNIQUES

Effective for the government, as collection efforts would be centralized and referral procedures would be uniform. In some cases, because of the wide range of delinquencies in a larger government, using more than one collection agency might be cost-beneficial if an agency has specific expertise in a certain type of collection.

Collection agencies charge governments a pre-determined percentage of the amount owed on the delinquent account. This percentage depends on account characteristics such as the amount, age, and type of account. Governments that use law firms may wish to negotiate the contract through an open bid process. Cost-effectiveness will depend on the characteristics of each account; therefore, governments should analyze each account accordingly before turning it over to a third party.
For this reason, jurisdictions are advised to check with legal counsel before implementing disconnection procedures.

**Legal Action** When all collection efforts have failed, governments may turn to legal action. Pursuing legal action is a costly alternative and should be used only as a last resort collection effort and only when deemed to be cost-effective. State and local ordinances and regulations differ; therefore, governments should consult with an attorney before proceeding with legal action. Various legal actions and extra-judicial remedies are discussed in detail in Chapter 4. Common forms of legal actions used by governments to collect monies owed are discussed below.

**Wage Garnishment/Income Execution.** When a government is granted a judgment by the court, the most common form of collection is to attach wages through a garnishment or income execution. A government then can garnish a percentage of a debtor’s wages until the debt is paid off. Garnishments are an effective enforcement technique.

**Unlawful Detainer.** An unlawful detainer is an eviction notice approved by the court. An unlawful detainer is used when tenants have failed to pay transient occupancy taxes or other required taxes. State and local laws differ on these types of taxes, but the unlawful detainer is used frequently in California.

**Tax Warrant.** Legal action may permit a government to levy a tax warrant against real or personal property to satisfy outstanding debt. A tax warrant, registered in the court clerk’s office, serves as a public record of the debt and is equivalent to obtaining a court order for a money judgment against the delinquent taxpayer.

**Levy.** A levy is a legal order to confiscate a debtor’s property to satisfy an unpaid debt. In some instances, a bank may be required to levy a debtor’s bank account to satisfy an unpaid liability to the government. A levy also may be used to confiscate cash from a business’s cash register. This type of levy is known as a till tap. Governments also may levy rent monies owed to a debtor.

**Tax Lien.** A government can impose a tax lien on a property in an attempt to secure payment of taxes that have been assessed either on the property on which the lien is placed or on some other property owned by the debtor. Tax liens prevent the owner from selling the property. Once the balance is paid, the lien is removed from the property. Through reciprocal agreements, governments may be able to file tax liens against properties outside of their jurisdictions.

Governments can sell tax liens at auctions, as soon as legally feasible. The liens are redeemed within a year or two following the auction, at which time, foreclosure on the tax lien gives uncontestable title to the property buyer. Such a foreclosure occurs by means of a tax suit and a court judgment, after which the property can be sold. The money recovered from the sale satisfies the taxes due on the property, any amount due the lienholder, who is entitled to earn interest on the lien, and collection costs owed to the local government.

In the case of blighted properties, the amount of the lien may be greater than the actual value of the property. In this event, the government should act quickly to recover as much as possible from the sale of the property.

**Property Seizure.** Governments also can seize real or personal property of businesses and individuals. Once seized, the property is generally sold at a tax
ENFORCEMENT TECHNIQUES

Credit Reporting Bureaus

Governments trying to collect delinquent accounts can list delinquencies with a credit reporting bureau. The government must notify debtors that their names will be listed with a national credit reporting bureau. Debtors often will try to settle the account and maintain a good credit record after receiving such a notice. Credit reporting bureaus also can assist with skip tracing, which will be discussed in Chapter 3.

The use of credit reporting bureaus can be controversial. Before the decision is made to use a credit reporting bureau, governments should make sure that they have the support of the governing body. Many citizens feel that they should not be denied credit because they have a series of unpaid parking tickets or other unpaid obligations. Governments, on the other hand, feel that allowing these citizens to continually ignore fines, fees, and taxes is unfair to those conscientious citizens who pay their obligations. The use of credit reporting bureaus is a very effective collection technique and is becoming more widely used by governments as they try to increase collection of monies owed.

Suspension of Licenses or Registrations

Another effective collection technique involves limiting the debtor’s access to state licenses or permits through cooperative arrangements between state agencies and local governments. In many states, cooperative arrangements require legislative action to implement. Many states have this type of arrangement and will suspend, revoke, or deny licenses or permits to individuals or businesses until their delinquent accounts are paid. Common cooperative arrangements include sales and use taxes, liquor licenses, state lotteries, automobile dealerships, professional and business licenses, and corporate charters. Also, persons with

auction. As this is probably the most aggressive and expensive collection action that can be taken by a government, caution is vital. Generally, governments will seize the property of persons who have failed to pay real or personal property taxes, but sometimes property can be seized to satisfy other claims.

A property seizure may have one or more of the following objectives:

• to secure any tax delinquencies by obtaining possession;
• to give notice to the delinquent property owner that the property is in immediate danger of being sold by depriving him/her of possession;
• to fix the priority status of the government over other creditors;
• to compel the payment of delinquent taxes without further administrative action;
• to prevent continuing delinquencies; and
• to project the compliance image of the government.

There are two lines of reasoning on property seizures. The first view is that seizures should be used only as a last resort enforcement technique because they are the most expensive and most aggressive action a government can undertake. The second view is that governments should exercise their right to seize properties on a regular basis as a way of encouraging prompt payment by other taxpayers. Both viewpoints have some validity, and as such, a government might consider implementing a policy on property seizures that addresses both of these lines of reasoning.
numerous parking citations may have their driver’s licenses or motor vehicle registrations suspended until their delinquent status is resolved.

Local government departments and agencies also can work together to deny debtor’s access to licenses and permits. For example, many local governments will withhold inspection permits until a business pays its delinquent accounts. Any license and registration requiring renewal on a regular basis can be handled by suspension or revocation measures.

The City of Appleton, Wisconsin, employs the following procedure for various licenses:

**Liquor License Restrictions:** City Ordinance 11.04 (g) requires that all debts to the City be settled prior to the issuance or reissuance of a liquor license. This excludes real estate taxes and deferred special assessments, but does include unbilled personal property taxes for the current year.

**Health License Restrictions:** City Ordinance 11.04 (g) also prohibits issuance of health licenses each July 1. Each April and June, the Finance Division must notify the Health Department of licenses to be held and releases as settlements are made. This tool is effective against all restaurants, grocery stores, and businesses with swimming pools.

**Inspection Permit Restrictions:** City Ordinance 11.04 (g) prohibits the issuance of any building, plumbing, electrical, etc. permits to businesses with overdue accounts. The Finance Division must notify the Inspection Department in writing to refuse permits to specific contractors, and the subsequent lifting of the sanction. This tool insures collection from builders, contractors, handymen, cabinet installers, and others.

Some governments publicize a list of delinquent accounts in the local newspaper. Governments often will announce that they plan to publish a list of delinquent taxpayers. Debtors wishing to keep their names off the list will pay outstanding debts before the deadline. Debtors who fail to pay before the list is published will generally pay after the list is published. Advertising of names is an effective collection technique, especially in smaller communities where names of individuals and owners of businesses are easily recognized by the public.

The sales tax department of the Kenai Peninsula Borough, Alaska, publishes quarterly a listing of business names that either have missing tax filings or delinquent balances. The sales tax department does not publish the amount of the delinquency, just that the business is delinquent. Similarly, the property tax department publishes annually a listing of real, personal, and leasehold parcels that have delinquent taxes. These listings are published in the local newspaper with a general circulation and generate quite a bit of interest.

Use of electronic media is also an option. Fairfax County, Virginia, airs the names, addresses, and amounts due for individuals and businesses who have tax accounts in arrears for at least two consecutive years on a cable television program. As a result of this two-year-old program, the County has collected more than $500,000 in delinquent taxes.
As previously discussed, a centralized collection process allows governments to monitor all accounts and to note possibilities for offsetting delinquencies against any money owed, such as tax refunds or state lottery winnings, to the debtor. The remaining funds, if any, are forwarded to the debtor after obligations have been met. Exhibit 10 shows a sample letter notifying a debtor that his state tax refund will be withheld if unpaid parking tickets remain outstanding.

Where allowed by statute, governments may offset delinquent account balances with accounts payable checks that normally would be sent to businesses. Prior to issuing accounts payable checks, the government will review delinquent balances for property, sales taxes, or other accounts and apply the amount of the accounts payable check to the delinquent balance. Debtors are then sent a notice explaining the transaction.

Governments that are not allowed to offset payments can hold accounts payable checks to vendors until the vendor’s delinquent status is settled. Governments also can refuse to do business with debtors until they pay their delinquent accounts.

The Kenai Peninsula Borough, Alaska, in a cooperative effort with the school district, applies checks issued by the school district to offset delinquent balances. In addition, the Kenai Peninsula requires businesses to submit a form in their bid packets that lists their accounts with the Borough. The list is then reviewed for tax compliance. If the business fails to include the form, the bid is considered non-responsive and rejected. The Borough also reviews names of individual owners and of the corporation for tax compliance. Cities throughout the Borough have reciprocal agreements to review tax compliance even for such items as building permits. This type of review process is a highly effective collection technique.

Although still not widely used by governments, credit cards are becoming an attractive option for settling delinquent accounts. By allowing debtors to pay outstanding debts by credit card, governments can receive prompt payments and avoid further costly collection efforts. Governments that allow payments by credit card should exercise caution, as credit card companies generally charge processing fees which can range from 1.5–4.0 percent of the amount being charged. As mentioned previously, some major credit card companies prohibit passing on processing fees to credit card holders who choose to pay taxes, fees, fines and other charges by credit card.

In addition, debtors paying by credit cards have the right to dispute any charges on their credit card bills and not pay the amount until the dispute is resolved. This process could be problematic for governments, as the credit card processor might “charge-back” the amount and then no payment will be received until the problem is resolved. Governments should negotiate how charge-backs will be handled when they initially enter into a credit card agreement.

To ensure the smooth functioning of delinquent collection efforts, it is vital to have the support of top management and/or the political body. For aggressive collection efforts, such support is especially important. Working together with
COLLECTING DELINQUENT REVENUES

an internal/external auditor or the controller also is essential for strengthening collection efforts. In any event, governments must have written delinquent revenue collection policies and procedures which are fair and are perceived as being fair, especially in those instances where debtors may complain to the council, the media, the mayor, etc.

Some collection techniques may be controversial. These techniques include the use of credit reporting services, advertising of names, small claims court actions which allow garnishment of wages and bank accounts, as well as the use of till taps and Marshall’s keeper (to seize cash and property in the case of a commercial establishment). Discontinuance of service until payment is received also may be controversial. The ability to conduct an effective collection program will depend, to a great extent, on how much support top management and the governing body lend to the collection effort.

While governments are not covered under the Fair Debt Collection Practices Act (Subchapter V, Section 1692 of the U.S. Code), they should operate within the guidelines set forth by the act. The act places restrictions on collection practices and strives to protect the debtor’s privacy. Guidelines that governments generally follow are presented below:

• **Limit communication with debtors.** Collectors must limit the number of daily telephone calls to debtors and must call the debtor between 8:00 a.m. to 9:00 p.m. based on the debtor’s time zone. Additionally, collectors cannot contact debtors at a place known to be inconvenient for the debtor. For example, the collector should not contact the debtor at his place of employment if the debtor’s employer prohibits the debtor from receiving such communication.

• **Limit communications with persons other than the debtor.** Collectors may not communicate with others in connection with the debtor except for spouses, parents or legal guardians if the debtor is a minor, attorneys, and administrators of the debtor’s estate.

• **Avoid harassment and abuse.** Collectors must be courteous at all times and avoid the use of threats to the debtor’s person, property, or reputation.

• **Avoid false or misleading representations.** Collectors must not falsely imply that the debtor has committed a crime. In addition, collectors must not threaten the debtor with actions that they have no intention of carrying out.

• **Provide written validation of the debt.** Collectors must be able to prove that a debt is owed.

Some states can assist local governments with delinquent revenue collection. State governments charge only for the actual cost of collection, which is significantly less than the fees charged by private collection agencies.

Other states are trying to institute various offset programs in which a delinquent customer’s tax refund or lottery winnings would be offset against any debts owed to local governments or state agencies. Other types of income also
Parking Violations

Enforcement of parking violations depends on individual state laws. Commonly, a government is allowed to place a hold on vehicle registration and/or driver’s license renewal when a vehicle owner fails to pay a number of parking tickets.

Some states consider parking citations to be a civil, not criminal, violation. This allows a government to use additional enforcement tools, such as pursuing a small claims court suit and placing a parking citation debt on the offender’s credit record. Pursuing legal action is usually limited to accounts of offenders owing a certain minimum amount or having a specific number of tickets in a given time period.

Some states also allow governments to boot and tow vehicles of drivers with numerous parking citations. Debtors are responsible for all booting and towing charges. In some instances, a debtor may appeal a decision, and if an order for impoundment is reversed, the offender will not be assessed any of the fees associated with booting and towing.

Combining such measures with automated ticket issuing systems can be a very effective collection technique and is becoming increasingly popular with governments. This collection technique is addressed in Chapter 7, Problem Accounts.

Field Visits

Field visits are a labor-intensive and costly enforcement technique. Field visits generally are conducted by revenue officers or sheriffs in smaller jurisdictions who personally meet with debtors to arrange for payment. The purpose of a field visit is to provide debtors another chance to settle their delinquent accounts. Field visits are used for collecting delinquent taxes, for notifying debtors of impending disconnection of services, or for assessing assets that are about to be seized. (Chapter 4, Legal Actions and Extra-Judicial Remedies, discusses property seizures in detail.)

When conducting field visits, revenue officers should follow the guidelines of the Fair Debt Collection Practices Act discussed above and should act in a courteous and professional manner.

There are a variety of enforcement techniques that governments can use to collect delinquent accounts. Often, the most frustrating part of the collection process is locating the debtor. The next chapter will discuss an array of skip tracing tools to help collection staff locate missing debtors.
REQUEST FOR BOXHOLDER INFORMATION

PLEASE FURNISH THE NAME AND/OR ADDRESS OF THE FOLLOWING BOXHOLDER:

NAME (if known) : XXXXXXXX
P.O. BOX : XXXXXXXX
CITY, STATE, ZIP: XXXXXXXX

THE FOLLOWING INFORMATION IS PROVIDED IN ACCORDANCE WITH 39 CFR 265.6(d)(6)(ii):

1. CAPACITY OF REQUESTER (e.g. process server, attorney, party representing himself):
   LEGAL REPRESENTATIVE- SMALL CLAIMS
2. STATUTE OR REGULATION THAT EMPOWERS ME TO SERVE PROCESS (Not required when requester is an attorney or a party representing himself):
   NOT APPLICABLE.
3. THE NAMES OF ALL KNOWN PARTIES TO THE LITIGATION:
   CITY OF SAN DIEGO vs. XXXXXXXX
4. THE COURT IN WHICH THIS CASE WILL BE HEARD:
   SAN DIEGO MUNICIPAL COURT-SMALL CLAIMS
5. THE DOCKET OR OTHER IDENTIFYING NUMBER IF ONE HAS BEEN ISSUED:
   NOT ISSUED
6. THE CAPACITY IN WHICH THE BOXHOLDER IS TO BE SERVED (e.g. defendant or witness):
   DEFENDANT
7. A BRIEF DESCRIPTION OF THE NATURE OF THE LITIGATION (e.g. domestic relations, person injury, property damage, indebtedness):
   INDEBTEDNESS

I CERTIFY THAT THE ABOVE INFORMATION IS TRUE AND THAT THE NAME AND/OR STREET ADDRESS OF THE BOXHOLDER IS NEEDED AND WILL BE USED SOLELY FOR THE SERVICE OF LEGAL PROCESS IN CONNECTION WITH ACTUAL OR PROSPECTIVE LITIGATION.

525 "B" STREET, SUITE 1101
533-4600
SAN DIEGO, CA 92101

FOR POST OFFICE USE ONLY

THE NAME AND/OR STREET ADDRESS AS RECORDED ON THE BOXHOLDER'S APPLICATION (FORM 1093):

NAME:

STREET ADDRESS:

CITY, STATE, ZIP CODE:
January 5, 1995

John Q. Debtor
123 Main St.
Anytown, U.S.A

RE: ACCOUNT #00000000000 AMOUNT $1,000.00

Dear Taxpayer:

You have been notified several times by the Borough about your outstanding balance due on the above noted personal property tax account. Even if you cannot pay the entire balance at this time, give me a call and we will discuss your account. We can make payment arrangements with you that will fit into your budget.

Sincerely,

Sr. Delinquent Accounts Specialist
(907) 262-4441 Ext. 229
John Q. Debtor  
123 Main St.  
Anytown, U.S.A.  

Run #  
Billed $1,000.00  
Due $1,000.00  
Run Date

RE: Emergency Services Rendered

The City of Euless Emergency Medical Service recently provided health care service and/or ambulance transportation for you or a family member. We hope you considered our service efficient and highly skillful.

It is our policy to give such service without question as to your financial ability to pay or credit rating. We do file insurance claims for patients who provide the necessary information. Also, Visa, Master Card, Diner's Club and Carte Blanche will be accepted.

Our records indicate that your account is over 90 days old. We have attempted to contact you in an effort to satisfy this financial obligation. It is our policy that we refer accounts which are 90 days and greater to our collection agency. If you do not contact my office within 30 days, your account will be referred to an agency for collection. You may reach my office at the below listed number.

Yours truly,

City of Euless Ambulance  
201 N Ector Dr.  
Euless, TX 76039  

817-685-1471
MANATEE COUNTY PUBLIC WORKS DEPARTMENT
4501 66TH STREET WEST
BRADENTON, FLORIDA 34210
Telephone: 792-8811
After 5 p.m. and Weekends 795-5457

Date ___________________________ Time ___________________________

☐ Water leaked or water running in house
☐ Please call: ___________________________ section
☐ Cannot turn water on—water running in house
☐ Water turned off at the house
☐ Water main must be made by your plumber
☐ Unable to read meter (see comments)
☐ Possible leak on your side—high usage
☐ Meter pulse (previous delinquent turn-off)
☐ Bill must be paid before "turn-off" or meter reinstalled
☐ Cash payment requested at the office due to frequent delinquency
☐ Cash payment only requested in Accounting Office due to NSF check
☐ Contact Accounting Office—Ext. 5246
☐ Deposit required $ __________
☐ Mailing address requested

YOUR ACCOUNT WILL BE CHARGED:
For Reconnection
_________ After 4:00 p.m. / Weekends / Holidays service turn-on

Comments: ________________________________________________________

MCPWD
BOX ___________ FLA ______
METER # ___________ DATE ___________

If the past due amount is not paid within 7 days, your account will be closed and any
existing deposit will be applied to your final bill. In this event, payment of the final bill
balance, a service charge, and new deposit
will be required to reestablish your account.

ACCOUNT NUMBER ___________

TO HAVE YOUR SERVICE RECONNECTED:
Please pay above past due amount at a MCPWD office,
or telephone our collections department at 792-8811,
est. ______. After 5 p.m. and weekends, call 795-5457.

Since service may be restored while no one is at home,
you may wish to turn "all" open water valves or hot
water heater to an off position.

Office Address: MCPWD
4501 66TH STREET WEST
BRADENTON, FLORIDA 34210
YOUR ACCOUNT WILL BE CHARGED:
_________ For Reconnection.
_________ After 4:00 PM / Weekends

To ___________________________
Address ___________________________

MANATEE COUNTY PUBLIC WORKS
THE CITY OF
SAN DIEGO
525 B STREET • SUITE 1101 • SAN DIEGO, CALIFORNIA 92101

OFFICE OF
CITY TREASURER
COLLECTION DIVISION
(619) 533-4600
(619) 533-4667 (FAX)

JANUARY 26, 1995

JOHN Q. PUBLIC
22222
123 MAIN ST.
ANYTOWN, U.S.A.

RE: VEHICLE LICENSE NO: 123ABC
AMOUNT DUE: $1000.00

ACCORDING TO OUR RECORDS, YOU HAVE MULTIPLE
OUTSTANDING PARKING CITATIONS OWED TO THE CITY
OF SAN DIEGO. THESE VIOLATIONS HAVE BEEN REFERRED
TO THIS OFFICE FOR RECOVERY.

FAILURE TO PAY THE AMOUNT DUE WILL RESULT IN LEGAL
ACTION AND SUBMISSION TO THE CALIFORNIA FRANCHISE
TAX BOARD OF YOUR NAME FOR MONIES TO BE WITHHELD FROM
YOUR STATE INCOME TAX RETURN.

ANY DISCREPANCIES MUST BE REPORTED TO THIS OFFICE
WITHIN FIVE (5) DAYS FROM THE DATE OF THIS NOTICE.
CITATIONS ISSUED WITHIN THE LAST 90 DAYS MAY NOT BE
INCLUDED IN THE AMOUNT SHOWN. WE REPORT UNPAID
CITATIONS TO CREDIT REPORTING AGENCIES.

SINCERELY,

(619)570-1001
COLLECTION INVESTIGATOR

Mastercard and Visa accepted
3: Skip Tracing Tools

Skip tracing is an effective technique for locating debtors who have moved prior to fulfilling their debt obligations. To assure a comprehensive skip tracing search, a government might consider developing a simple checklist of skip tracing steps, in which any information obtained can be jotted down quickly, along with a date and additional comments. As an aid to governments in developing such a checklist, this chapter discusses various skip tracing tools that are effective in locating missing debtors. A sample checklist is presented at the end of the chapter in Exhibit 11.

“Address Correction Requested” Envelopes

The use of “address correction requested” envelopes can be helpful in maintaining current information on customers in general and on missing debtors in particular. If a letter in an “address correction requested” envelope cannot be delivered to the original address, the post office will return the original envelope with a forwarding address, free of charge to the sender. The government then can send correspondence to the forwarding address and update its files in case further collection actions become necessary. (Samples of “address correction requested” envelopes are shown in Exhibit 1, Chapter 1 on page 11.)

U.S. Postal Service

Under federal law, the U.S. Postal Service can provide address information to state and local government agencies, upon request. The postmaster will comply with requests for new address information, box holder street addresses or verification of a current address. This service, provided solely to government agencies at no charge, must be requested in a standard format on the agency’s letterhead and signed by an agency official. A sample form requesting address information is shown in Exhibit 12.

Department of Motor Vehicle Files

A state’s department of motor vehicle (DMV) files can provide important debtor information, such as the last known address on the vehicle registration and driver’s license files, the names of the legal owner(s) of a vehicle, a physical description of an individual from the driver’s license, a woman’s new married name, etc. Knowing the expiration date of the license can also be useful because files can then be checked when the license comes up for renewal.

Furthermore, information in DMV records may characterize a debtor by showing “failures to appear” and other vehicle-related offenses. DMV files also will indicate if the license has been returned by another state and will name that state. DMV records for moving violations contain a vehicle license num-
ber, along with information about the driver. In the event that the debtor was driving someone else’s car, the vehicle owner can be contacted and may be able to provide additional information on the whereabouts of the debtor. DMV information generally is available by telephone, mail, or on-line computer access.

### Parking Citation Files
Because debtors often get parking citations near their place of employment or home, knowing where a ticket was issued can help in locating skips and their assets. Also, current address information may be available from the debtor’s driver’s license or vehicle registration.

### Assessors/Tax Collector Files
Assessors and tax collector files can be very useful for obtaining current mailing addresses, locating assets and other responsible parties, or finding information for wording to be used to properly title a legal filing. Even if the debtor is a renter, assessors and tax collector files will provide information on the landlord who can then be contacted for information on the debtor.

### Utility Billing Files
Utility billing files provide valuable information when conducting a skip tracing search on missing debtors. These files contain information, such as responsible party addresses, Social Security numbers, driver’s license numbers, employer information, other property information, and the amount of time a person has lived at a certain address. If the debtor has written a non-sufficient funds (NSF) check to the utility, a copy of that check could provide information on locating the debtor’s bank assets. Utility departments, however, are not obligated to provide this information and may be reluctant to do so.

### Voter Registration Records
Voter registration records, especially in election years, can be used to obtain the last known address of a debtor. Such records also allow for verification of birth dates and Social Security numbers. It is often possible to do an address history search from these files. Unfortunately, many debtors who have “skipped” do not keep their voter registration records up to date.

### Hunting and Fishing Licenses
Hunting and fishing license records can provide current address information on debtors, as many of these licenses are renewed regularly. This information is frequently kept at the state level and would be available to local governments. For example, in the State of Michigan, hunting and fishing licenses are maintained at the state level. Local agents sell the licenses and then remit money and licensee information to the State. Local governments can contact their respective state’s agency, such as the Department of Natural Resources, to inquire about access to this information.
The Department of Corporation Listings include addresses and telephone numbers for corporate officers, the names of the resident agent or statutory agent for service for legal filings, and the correct corporate entity name to use in titling a lawsuit. These listings can also be useful in researching the identity of corporate officers, their addresses and exact corporate titles as well as the status of a corporation. These listings can help a government determine if the corporate status was valid at the time the debt was incurred. If the corporate status was not valid, then the owners can be pursued individually.

Similar to the Department of Corporation listings, local business records and tax files can provide useful information, such as proper title for a suit; employer’s tax identification numbers; home addresses, telephone numbers, and Social Security numbers of principals; and names of other responsible parties including partners or corporate officers. Business records and tax files also identify if the business is a sole proprietorship, partnership, or corporation.

In addition, these records often will list “doing business as” (dba) and “also known as” (aka) filings. These filings are very common and often appear in the form of “John Jones, dba Jones Plumbing and Heating” or “Mary Ann Doe, aka Mary Doe Smith.”

The Federal Aviation Administration (FAA) requires that all aircraft be registered. The FAA registration files can provide information on aircraft ownership, including the owner’s name, telephone number and address, and if the owner has a valid pilot’s license. The FAA maintains state offices, which can be contacted for information in that state.

Credit reporting bureaus can be used in a number of ways. Many governments list delinquent accounts with a credit reporting bureau to alert potential creditors of the debtor’s delinquent status. Those creditors then may choose not to extend credit to the debtor until the debt is paid.

Additionally, governments often use credit reporting bureaus to obtain credit reports on debtors. A credit report will list the debtor’s current employer who can then be contacted for additional information on the debtor. Credit reports can also help a government determine if a debtor would be a good candidate for special payment arrangements or if there is a credit card which can be used to charge payments. Conversely, credit reports will forewarn creditors of bankruptcy filings, pending judgments, unresolved bad checks, and past charge-offs.

Credit reports also contain information on other creditors who may be able to provide addresses, phone numbers, and other information on the debtor. For a small fee, credit reporting bureaus will notify governments if there are any changes in the credit report. Credit reporting services are discussed in more detail in Chapter 6.
For those governments that use outside collection agencies, these agencies can offer skip tracing services to locate debtors. Collection agencies employ basically the same research methods as a government’s collection staff; however, the use of an agency allows collection staff to spend more time on routine collection efforts.

A government may be able to obtain current information (current address, employment, telephone number, marital status) on a debtor through relatives or may be able to at least leave a discreet message for the debtor with relatives. The government also may be able to determine if a relative (for example, a spouse with joint ownership or a parent of a minor) can be held responsible for the debt.

Landlords often have rental applications that contain information on employment, automobile ownership and license number, marital status, Social Security number, driver’s license number, and existence and names of children (useful for checking school records). The landlord may be able to provide bank account information obtained from a rental check and may have information about other creditors and/or law enforcement agencies that have been making inquiries about the debtor.

A debtor may be a member of a community group, such as a church, which might have information on the individual’s whereabouts. Other groups, such as service, political, and fraternal organizations, might have information on an individual as well. The amount or type of information that may be divulged depends on the organization and the person asking—a staff person with no contacts in the group might not have as much luck as someone who knows others in the group. Collection staff should use care in speaking to groups or individuals within the community about a debtor in order to protect the debtor’s privacy.

Employers can provide useful information on former employees to governments trying to track down current address information on debtors. Often, the employer can furnish the new address, Social Security number, prior salary information and position of the employee, and whether the person has been transferred to another company location. Additionally, at the beginning of the year, employees often will inform former employers of an address change for their W-2 forms. Former employers may be able to tell a government if they have received a request for an employee reference from a potential employer and where that employer is located.

Directories can be a valuable reference tool for contacting neighbors, landlords, and relatives. Keep in mind, however, that collection staff should exer-
cise caution when talking to others about the debtor to protect the debtor’s privacy. There are several types of directories available. Commonly used directories are described below.

**Criss-cross Directories.** Criss-cross directories are available for both residential and business listings in a specific geographic region. These directories list information by name, telephone number, and address. Some directories also list the debtor’s occupation and the number and breakdown of people in the household.

Some telephone companies publish a regional directory that they market directly to their area. Other criss-cross directories include Polk’s, Cole’s and Haines. Haines also has a national telephone number which can be called, for a fee, for information on any address in the country. Haines also offers on-line access and is releasing a CD-ROM version of its nationwide directory.

These directories are available at local libraries or may be purchased directly from the publisher. Addresses and telephone numbers for contacts from these firms are listed below.

- **Cole Publications**
  2710 Oak Lawn Avenue
  Dallas, TX 75219
  214/631-8210

- **Haines & Company**
  P.O. Box 2117
  8050 Freedom Ave. NW
  North Canton, OH 44720
  216/494-9111

- **R.L. Polk & Company**
  7168 Envoy Ct.
  Dallas, TX 75247
  214/631-8210

**City Directories.** City directories list addresses of the geographical area and can help identify close neighbors as the information in the directory is listed by street address. These directories often are available at the local library or are available for purchase at the local Chamber of Commerce.

**Business Directories.** Business directories provide listings by address and telephone number. These directories are useful for locating businesses who may be operating under a different name. Business directories often are published by the local Chamber of Commerce and may be available in the public library as well.

**Telephone Books/Directory Assistance**

Telephone books and directory assistance can provide current telephone numbers and addresses for all listed numbers. Because directory assistance is updated daily, it is generally considered a good source of information. National CD-ROM telephone directories are also available, and can significantly help in tracing skips who have moved out of the community’s immediate area.
Local Newspapers

Many governments rely on “word of mouth” to track debtors. Collection staff often scan local newspapers for businesses that are going out of business or opening for business and for debtor deaths, divorces, etc. Local newspapers can be a valuable source of information for any account that the collection staff might be interested in researching.

Credit Unions and Banks

When trying to locate debtors, these institutions can provide information on the account, such as the status of the account (inactive, active), a forwarding address and the names of any co-holders on the account. This information would be particularly useful in cases of non-sufficient funds (NSF) checks. Banks can also provide average balance information on the debtor’s accounts, which can help the government determine the likelihood of receiving any funds if an attachment were placed on the account. Attachments and liens are discussed in more detail in Chapter 4.

College Registrar/School Records

Schools will not divulge information about their students, but can verify the information a government already has and may also indicate if the children are still enrolled in the school or if their records have been transferred elsewhere.

Professional or Trade Listings

Various licensing boards and professional groups have information on their members. A complete listing of these groups with telephone numbers can be obtained by contacting the state capitol. Examples of groups include the Contractors’ Licensing Board, the State Bar, Real Estate Licensing Board, and the Nursing Licensing Board. Collection staff should check with the state to see if a copy of the directory is available as some state governments may not have extra copies for outside distribution.

State Sources

Some states maintain reporting services that track names, addresses, and other pertinent information about citizens within the state. For example, Alaska has a private enterprise that compiles information from public agencies into one system that is available only to government agencies. The system contains such information as addresses, social security numbers, DMV records, employment data, boat ownership, and corporate information.

For example, in the State of Alaska, the Department of Revenue provides a computerized listing of the name, address, and Social Security numbers of those citizens applying for a permanent fund dividend. Of course, the State of Alaska is unique in having this information available, but other state agencies may have similar information on file.

Retention of All Information

A government should try to obtain as much information as possible on a customer when first establishing an account. Subsequent contact with the customer may provide additional information, such as former employers and addresses, which should also be recorded. An automated system is the most convenient
for keeping up-to-date information on a customer. Any information kept on file by the government may prove to be useful at a later date.

When using various skip tracing tools, collection staff should stay within the guidelines of the Fair Debt Collection Practices Act which ensures the debtor’s right to privacy, as discussed in Chapter 2. The next chapter outlines what steps can be taken when collection efforts have failed and the government is forced to seek legal action or pursue extra-judicial remedies.
JANUARY 26, 1995

JOHN Q. PUBLIC 22222
123 MAIN ST.
ANYTOWN, U.S.A.

RE: VEHICLE LICENSE NO: 123ABC
AMOUNT DUE: $1000.00

ACCORDING TO OUR RECORDS, YOU HAVE MULTIPLE OUTSTANDING PARKING CITATIONS OWED TO THE CITY OF SAN DIEGO. THESE VIOLATIONS HAVE BEEN REFERRED TO THIS OFFICE FOR RECOVERY.

FAILURE TO PAY THE AMOUNT DUE WILL RESULT IN LEGAL ACTION AND SUBMISSION TO THE CALIFORNIA FRANCHISE TAX BOARD OF YOUR NAME FOR MONIES TO BE WITHELD FROM YOUR STATE INCOME TAX RETURN.

ANY DISCREPANCIES MUST BE REPORTED TO THIS OFFICE WITHIN FIVE (5) DAYS FROM THE DATE OF THIS NOTICE. CITATIONS ISSUED WITHIN THE LAST 90 DAYS MAY NOT BE INCLUDED IN THE AMOUNT SHOWN. WE REPORT UNPAID CITATIONS TO CREDIT REPORTING AGENCIES.

SINCERELY,

(619) 570-1001
COLLECTION INVESTIGATOR
THE CITY OF
SAN DIEGO
525 B STREET • SUITE 1101 • SAN DIEGO, CALIFORNIA 92101

OFFICE OF
CITY TREASURER
COLLECTION DIVISION

(519) 533-4600

TO: POSTMASTER
SAN DIEGO, CA 92112

AGENCY CONTROL NO: 314582

AUGUST 4, 1993

ADDRESS INFORMATION REQUEST

PLEASE FURNISH THIS AGENCY WITH THE NEW ADDRESS, IF AVAILABLE, FOR THE FOLLOWING INDIVIDUAL OR VERIFY WHETHER OR NOT THE ADDRESS GIVEN BELOW IS ONE AT WHICH MAIL FOR THIS INDIVIDUAL IS CURRENTLY BEING DELIVERED. IF THE FOLLOWING ADDRESS IS A POST OFFICE BOX, PLEASE FURNISH THE STREET ADDRESS AS RECORDED ON THE BOXHOLDER'S APPLICATION FORM.

NAME (if known) :
LAST KNOWN ADDRESS :
CITY, STATE, ZIP :

I CERTIFY THAT THE ADDRESS INFORMATION FOR THIS INDIVIDUAL IS REQUIRED FOR THE PERFORMANCE OF THIS AGENCY'S OFFICIAL DUTIES.

__________________________
533-4602
COLLECTION INVESTIGATOR

FOR POST OFFICE USE ONLY

[ ] MAIL IS DELIVERED TO ADDRESS GIVEN

[ ] NOT KNOWN AT ADDRESS GIVEN

[ ] MOVED, LEFT NO FORWARDING ADDRESS

[ ] NO SUCH ADDRESS

[ ] OTHER (SPECIFY): __________________

RETURN TO:

CITY OF SAN DIEGO #TREAS/COLLS
525 "B" ST, SUITE 1101
SAN DIEGO, CA 92101

NEW ADDRESS

__________________________
__________________________
BOXHOLDER'S STREET ADDRESS

POSTMARK/DATE STAMP

\[ IMAGE \]
REQUEST FOR BOXHOLDER INFORMATION

PLEASE FURNISH THE NAME AND/OR ADDRESS OF THE FOLLOWING BOXHOLDER:

NAME (if known): XXXXXXXX
P.O. BOX: XXXXXXXX
CITY, STATE, ZIP: XXXXXXXX

THE FOLLOWING INFORMATION IS PROVIDED IN ACCORDANCE WITH 39 CFR 265.6(d)(6)(ii):

1. CAPACITY OF REQUESTER (e.g. process server, attorney, party representing himself):
   LEGAL REPRESENTATIVE-SMALL CLAIMS

2. STATUTE OR REGULATION THAT EMPOWERS ME TO SERVE PROCESS (Not required when requester is an attorney or a party representing himself):
   NOT APPLICABLE

3. THE NAMES OF ALL KNOWN PARTIES TO THE LITIGATION:
   CITY OF SAN DIEGO vs. XXXXXXXX

4. THE COURT IN WHICH THIS CASE WILL BE HEARD:
   SAN DIEGO MUNICIPAL COURT-SMALL CLAIMS

5. THE DOCKET OR OTHER IDENTIFYING NUMBER IF ONE HAS BEEN ISSUED:
   NOT ISSUED

6. THE CAPACITY IN WHICH THE BOXHOLDER IS TO BE SERVED (e.g. defendant or witness):
   DEFENDANT

7. A BRIEF DESCRIPTION OF THE NATURE OF THE LITIGATION (e.g. domestic relations, personal injury, property damage, indebtedness):
   INDEBTEDNESS

I CERTIFY THAT THE ABOVE INFORMATION IS TRUE AND THAT THE NAME AND/OR STREET ADDRESS OF THE BOXHOLDER IS NEEDED AND WILL BE USED SOLELY FOR THE SERVICE OF LEGAL PROCESS IN CONNECTION WITH ACTUAL OR PROSPECTIVE LITIGATION.

__________________________
SIGNATURE

__________________________
ADDRESS

__________________________
PRINTED NAME

__________________________
CITY, STATE, ZIP CODE

525 "B" STREET, SUITE 1101
533-4600

FOR POST OFFICE USE ONLY

THE NAME AND/OR STREET ADDRESS AS RECORDED ON THE BOXHOLDER'S APPLICATION (FORM 1093):

NAME:

STREET ADDRESS:

CITY, STATE, ZIP CODE:

99/22222

January 27, 1993
When all other collection methods have failed, collection staff may recommend that delinquent accounts be turned over to the government’s legal department or prosecuting attorney for legal action. Often attorneys are not required for routine legal proceedings as collection staff are trained to handle these matters.

Legal actions generally include formal demands for payment that may be filed in small claims court, circuit or municipal court, or superior court, depending on the dollar amount involved. Some governments also may employ extra-judicial remedies which can be initiated without prior court approval.

This chapter will describe legal actions and extra-judicial remedies that are commonly used by governments as a last resort effort to collect delinquent debts. Before undertaking any of the actions described herein, public officials should check with legal counsel to make sure that these actions are allowable in their jurisdictions and that the benefits of collecting the outstanding debt outweigh the costs of the collection effort.

Jurisdictions may have state or local statutes and ordinances governing the types of legal actions and extra-judicial remedies available for satisfying unpaid obligations. Many of the restrictions placed on the collection of delinquent accounts will depend on the type and amount of the debt. For example, collectors will have more effective options available for collecting delinquent property taxes than they will for collecting unpaid parking tickets. Also, the amount of time that a delinquent debt must be outstanding before legal action can be initiated will vary from jurisdiction to jurisdiction. Some entities refer accounts to prosecuting attorneys after 90 days, while others wait up to three years before taking action. A sample statute governing the collection of taxes in Virginia is presented in Exhibit 13.

Besides laws and ordinances, a government’s course of legal action may be spelled out in policies and procedures. An effective collection policy will clearly state when legal action will be set in motion and what actions will be taken. It is crucial for the collection staff to have the authority to initiate legal action and to have the support of the governing body to undertake legal action. If the collections policy states that legal action will be pursued on delinquent accounts, the collection staff should follow the policy guidelines consistently.

Pima County, Arizona, has implemented the following policy:

\[\text{After all other methods have been exhausted, and upon the recommendation of the Supervisor of the Account Receivable/Revenue Collections Division, accounts receivable documentation may be turned over to the County Attorney's Office for legal ac-}\]
tion. This action may include:

- Formal demand for amount due
- Complaint, with Summons to appear in Court
- Judgment
- Wage garnishment
- Property attachments

Governments generally should send the debtor a final warning before initiating legal actions. Many debtors will clear up their accounts once they receive the final notice. Before making the decision to pursue legal actions, a government should make sure that the debtor will have enough assets to satisfy the debt; otherwise, pursuing legal action will be pointless. Once the decision has been made to pursue legal action, there are various routes a government may take. Examples of final notice are shown in Exhibit 14.

**Small Claims Court.** Small claims court is a simpler, speedier, and more informal process than the regular civil court process and is used for resolving civil disputes that involve relatively small dollar amounts. The small claims process enables any person or business to resolve their small civil disputes through the court system without having to hire an attorney and go through formal and complex court procedures. In fact, it is generally the case that legal representation is not allowed in small claims court.

The procedures, costs, and dollar limits involved in filing a small claims action vary from state to state. For example, the State of Florida sets the dollar limit at $2,500 or less, while the State of Alaska sets the limit at $5,000 (excluding court costs, interest and attorney’s fees, where applicable). Some states charge a nominal fee (for example, $24–$41) to file a small claims action. In some states such as California, a government can file an action at no initial cost. The cost eventually is assignable to the debtor; however, the government must be prepared to incur the cost if it is unable to collect from the debtor.

Policy language from the Municipality of Anchorage, Alaska, authorizing small claims actions is as follows:

*If the account is $300 or greater and less than $5,000, and if the taxpayer has not responded or resolved the account, and the taxpayer is within the Anchorage Judicial District, it will be referred to Small Claims Court Action and the following steps will be taken:*

1. **Complaint will be filed for judgment.**
2. **Case will be monitored after judgment is obtained.**
3. **Asset search will be conducted.**
4. **Writs of Attachment will be issued.**

For dollar amounts exceeding the small claims limits, governments can pursue legal action in other courts.

**Other Courts.** Generally, dollar amounts greater than the small claims limit are filed in municipal or district court while large dollar amounts are filed in circuit or superior court. Dollar limits and court procedures vary from state to state. Collection staff can check state and local statutes for specific dollar limits and court filing procedures.

The Municipality of Anchorage, Alaska, has authority to file in district or
superior court if a claim exceeds $5,000. Sample policy language is presented below:

*If the account is greater than $5,000 and the taxpayer is within the Anchorage Judicial District, and the taxpayer has not responded to normal and reasonable collection efforts, the account will be referred to attorneys for litigation efforts in District or Superior Court.*

*If a complaint is filed by the attorney, Treasury will:*
  a. monitor case file after judgment obtained,
  b. assist attorney with asset search,
  c. assist attorney with issuing Writs of Attachment;

In Arlington County, Virginia, the appropriate court is determined as follows:

*All claims under $1,000, exclusive of interest, may only be brought in general district court. Claims over $7,000, exclusive of interest, may only be brought in circuit court. Claims between $1,000 and $7,000 may be brought in either court but the relative ease and convenience of general county court proceedings probably give that forum the edge in most cases.*

Procedures for filing claims in municipal and superior court are similar to small claims court. Court claims are most effective when assets such as bank accounts, real estate, or place of employment can be identified for subsequent attachment in settling debts. A general description of claims procedures is outlined in the following section.

**Steps in Filing Legal Actions**

Court claims can be labor-intensive but generally are very effective in collecting delinquent accounts. Debtors who regularly ignore collection efforts often will settle their accounts upon receipt of a claims notice.

**Feasibility of Court Action.** Prior to filing a court action, certain factors must be considered. First, the collection staff must determine if the amount of the outstanding debt is worth the cost of pursuing legal action. Second, collection staff must find out if other liens or judgments are outstanding against the debtor. If so, the judgment attained by the jurisdiction may fall in line behind the prior actions and cause the existing liens to exceed the debtor’s assets. Third, collection staff must determine if there are sufficient assets to satisfy a judgment. If there are other substantial liens or insufficient assets, pursuing legal action would be senseless.

**Paperwork Preparation.** If legal action is deemed appropriate, the first step is to prepare the necessary paperwork. A statement of claim must have the proper name and address of the debtor and a copy of the appropriate paperwork (i.e., promissory note, lease, invoices, etc.) Collection staff should make sure to include the names of spouses or parents if the debtor is a minor, and be very careful to use correct and legal names. If the names on the statement do not match the debtors’ names exactly, the motion may be considered invalid.

**Notification of Legal Action.** The next step is to officially notify the defendant that a complaint has been filed. The debtor must be served with a com-
plaint and summons. Sample copies of these forms are shown in Exhibit 15.

The notice can be served by registered mail or by sheriff’s service. The sheriff or other process server will deliver suit papers at the debtor’s home or place of employment. The process server also may serve the notice to any party over 18 years of age at the debtor’s residence; this type of service is known as subservice. The process server will complete a proof of service form indicating if the papers have been served or if the debtor was not located. The debtor must be served with a notice of the lawsuit before a judgment can be granted. For this reason, it is very important to have the proper name and address of the debtor.

Obtaining a Judgment. The next step in the process is to obtain a judgment against the debtor. A judgment is an obligation (i.e., a debt) created by the decree of a court. Even though a debtor has been served with a summons and complaint, the debtor typically fails to appear in court. The court may enter a judgment against the defendant by default, based on an account and affidavit filed with the court or based on the testimony of an appropriate witness (for example, collection staff) regarding the amount owed. Default judgments are fairly common.

Sometimes the defendant will appear in court. If the defendant admits to the amount owed, the party representing the government should ask for an immediate judgment. If the defendant appeared in court to contest the case, the court may set another date for trial. In either case, the collection staff should be prepared with the appropriate documentation and paperwork.

Disclosure of Financial Assets. Every debtor is required to complete a disclosure of financial assets form that is typically served with the judgment. The disclosure form is used to determine the debtor’s assets. Debtors are required to bring the completed form to court. However, most debtors fail to complete the form.

Order to Appear. After a judgment is obtained, an order to appear is used to get the debtor into court so that the assets can be examined. The debtor is required to disclose certain information, such as bank account, employment, income, and real property. Defendants who fail to appear can be cited for contempt of court.

Petition for Contempt of Court. If the debtor fails to respond to the disclosure request, the government can file a petition for contempt of court. That action requires the debtor to (1) provide the data requested, (2) pay the debt, or (3) appear in court. If the debtor fails to do any of the above, the government can seek a bench warrant for the debtor’s arrest.

Bench Warrants. Often, simply mailing of a copy of a bench warrant will encourage a debtor to settle past-due obligations. If not, the sheriff can contact the debtor and suggest payment arrangements as an alternative to arrest. In most jurisdictions, the sheriff will not enforce these warrants; however, debtors stopped for any reason throughout the state can be held until a bond is posted in the amount equal to the balance due.

Docketing the Judgment. Once a judgment is obtained, it must be filed to create a public record of the obligation and to put other creditors on notice. This procedure is known as docketing the judgment. Docketing also places the judgment in line for sequencing payments in the event of a bankruptcy and puts a lien on any real property (land/home) that is owned by the debtor. This process
also effectively limits the debtor’s ability to get credit. Credit reporting services typically will list the information on the debtor’s credit report. Also, the judgment must be paid before any loans will be issued by banks.

**Dismissal of Judgments.** Claim actions can sometimes be settled prior to trial if the defendant pays in full before the trial date. The government simply files a *notice of dismissal*. If the defendant agrees to pay over a period of time, the government files a *stipulation*, which is a written understanding signed by the defendant that outlines payment arrangements to settle the debt. (The signature on the stipulation should be notarized if it is signed out of court.) This statement is then filed with the court.

If the defendant adheres to the stipulation, the government files a *motion of voluntary dismissal* with prejudice or a *dismissing pursuant to stipulation*. If, at any time, the defendant fails to live up to the terms of the agreement, the government then files a *motion for default judgment*. A final judgment will be entered against the defendant for the amount owed. All judgments should be docketed.

If the government is unable to locate the debtor or the debtor’s assets, it can file a *voluntary dismissal without prejudice*, which means the government is closing the case at that time but reserves the right to file a new claim at a later date. A sample dismissal form is presented in Exhibit 16.

**Collecting a Judgment**

Collecting a judgment is often difficult since those debtors who do not want a judgment associated with their names have already settled their accounts. If after 10 days, the defendant has not filed a motion for a new trial, the government can begin formal means to collect the amount of the judgment. There are several ways to collect on a judgment against a debtor.

**Writ of Execution.** The first step after a judgment is obtained is to get a *writ of execution*. A writ of execution is used to execute the judgment. An execution can be defined as a court order directing a peace officer, sworn process server or use officer to demand payment from a debtor. The execution serves as an order to levy available personal and/or real property of the judgment debtor. Personal property is anything other than real estate such as automobiles, animals, tools, furniture, etc. Additionally, a peace officer, sworn process server or use officer can remove cash on hand (from the business’s cash register) or other assets to satisfy the obligation. A sample writ of execution is shown in Exhibit 17.

To initiate an execution, the government presents the writ to the officer in the county where the judgment debtor lives or has property. Instructions for levy include what property to levy and where the property is located. The government can find out what property the debtor owns from county tax records, county land records, automobile registrations and licensing offices. The officer will then levy enough of the judgment debtor’s property to satisfy the judgment.

Execution is not always successful because other creditors may be in line ahead of the government or because some property may be exempt from collection. Although it varies in each state, statutes allow a judgment debtor to claim certain exemptions of real and personal property.

For example, in the State of Florida, the following items would be exempt
from collection:
  • 160 acres of land in the county or 1/2 acre within the city limits on which
    the debtor lives (the homestead);
  • $1,000 personal property;
  • All salary and wages earned by the head of the household. Also, property
    owned by the judgment debtor with other persons or property when the
    title is retained in a third person name cannot be levied against.

The purpose of such exemptions is to ensure that a judgment debtor does
not lose all of his/her assets as a result of a judgment. However, the officer can
be asked to seize, advertise, and sell enough personal property (other than
those items that are exempt) to satisfy the judgment or the officer could seize
property or assets of the judgment debtor that may be in the possession of oth-
ers (i.e., bank accounts or money owed to the debtor by someone else), or a
lien could be placed against any real property the debtor may own. Each of these
alternatives will be discussed below.

**Garnishments.** A *garnishment* is a legal summons or warning concerning
the attachment of property to satisfy a debt. Garnishments are more common-
ly used for the stoppage of a specified sum to satisfy a creditor. In other words,
a garnishment diverts the funds to the creditor before the funds reach the debtor.

Garnishments are an effective means to collect judgments. To initiate a gar-
nishment, the court will issue a writ of execution. An officer will serve the writ
on the *garnishee*, the person in possession of the money or property to be gar-
nished. The writ demands that the party in possession of money or property
going to the debtor provide the court information as to the amount of money
or property owed.

Once the information is supplied to the court, the court will issue a with-
holding order. The officer will deliver the withholding order along with de-
tailed instructions to the garnishee. The garnishee is then required to turn over
the money or property to the creditor. A sample withholding order for a wage
garnishment is presented in Exhibit 18.

Besides wage garnishments, creditors can levy the judgment debtor’s bank
accounts, rent and other monies owed, and a business’s cash on hand. Each of
these levies is described below.

**Bank Levy.** A bank levy places a lien on the judgment debtor’s bank ac-
counts. The bank receives a letter from the creditor requesting a levy be placed
on the debtor’s funds and any other assets and accounts that the bank may
hold in the debtor’s name. A writ of execution accompanies the letter. It is a
good idea to find out what time of the month the bank account tends to have the
most funds in it and time the letter accordingly. A sample bank levy letter is
shown in Exhibit 19.

**Rent Levy.** A rent levy is used for debtors who own rental properties and
receive rental payments from tenants. The tenants are served with a notice to re-
mit all rental funds to the creditor. Exhibit 20 presents sample rent levy notices
and Exhibit 20b presents a form to be used with the tenant remittance.

**Funds Levy.** Fund levies are used for contract labor to levy a contractor’s
accounts payable balance. The government levies any funds paid to the judg-
ment debtor. A sample funds levy letter is illustrated in Exhibit 21.

**Till Taps.** A till tap is the attachment of funds from any cash receptacle at the
judgment debtor’s place of business and includes the business’s cash register and cash on hand. The sheriff will seize the amount of cash necessary to offset the amount owed to the government. If there are insufficient funds on hand, the sheriff can place a lien on incoming checks.

**Real Property Liens.** A lien against the debtor’s property effectively eliminates the debtor’s ability to sell the property until the debt is satisfied and the lien is lifted. Placing liens on commercial property is a particularly effective method for collecting taxes owed by developers or builders who own multiple properties and are dependent on construction loans or the sale of properties. Once the judgment is obtained and docketed, a lien is placed on all real property owned or thereafter acquired by the defendant. The judgment will be satisfied with any financing or sale of the property. Governments should docket the judgment in all jurisdictions in which the judgment debtor has or may acquire real estate.

Collection staff should check their state statutes for time restrictions on property liens. For example, in the State of Florida, a lien against the title of any property the judgment debtor owns in that county is valid for seven years. If the debt remains unsatisfied, the judgment should be recorded again before the first one expires. The judgment can be recorded up to three times. This process prohibits the debtor from selling property until the judgment is paid and is the easiest way to collect a judgment.

**Non-Sufficient Funds Checks**

Jurisdictions often receive “bad checks” or non-sufficient funds (NSF) checks. Many jurisdictions will send the maker of the check a letter requesting payment by cash, money order or bank certified check. When the maker of the check fails to pay in good funds, the jurisdiction can sue for the amount of the check plus collection costs. Depending on the amount of the check, the jurisdiction can sue in small claims court.

**Treble Damages.** In some states, when a jurisdiction sues for non-sufficient funds check (NSF), the debtor owes *treble* the amount. Treble damages are triple the amount of the check plus costs associated with the collection effort. A sample NSF check form letter and applicable California ordinance is shown in Exhibit 22.

**Bankruptcy Claims**

Federal bankruptcy laws prohibit nearly all collection practices listed above. Upon notice of bankruptcy proceedings, the government has a right and an obligation to file a claim with the regional federal bankruptcy court. Filing a claim may result in a court ordered settlement of some amount. This is the final process for an account. Issues surrounding the collection of bankruptcy claims are discussed in Chapter 7, Problem Accounts.

In summary, some judgments are easier to collect than others as there are a great many factors which can influence the success or failure of collecting judgments. As with any collection effort, governments should seek the advice of their legal departments before embarking on a long and costly collection process.
Before pursuing legal action, some governments try extra-judicial remedies for collecting debts. Extra-judicial means that a collection remedy is taken without prior approval of a court. Many extra-judicial remedies are similar to the above-described legal actions and include such remedies as liens, levies and the seizure of real or personal property.

Voluntary Wage Assignment. Voluntary wage assignments are often an effective alternative to garnishments or installment payments, particularly after a successful wage garnishment action. A voluntary wage assignment provides regular payments to the government without the need for follow-up telephone calls, and does not cost the employee the garnishment costs.

Liens. Liens are an effective and efficient means for collecting delinquent revenues. Liens are an extra-judicial remedy that is relatively easy and requires little staff effort.

The first and most difficult step in preparing a lien is finding the debtor’s assets. Assets that typically are considered “lienable” include: bank accounts, salaries, rents, inheritances, and accounts receivable. As discussed previously, bank account information can be obtained from copies of checks, employers can be located through state employment records, and credit reporting bureaus and state tax departments can provide clues on both bank and employment information.

A lien should contain the debtor’s name, along with any aliases or trade names. Banks may not honor a lien if the names do not match the names on the accounts exactly. Also, before filing a lien with the court recorder, the collection staff should make sure that the account remains unpaid and should send the debtor a final warning. The original copy of the lien should be delivered to the fund holder (for example, the bank) and a copy subsequently mailed to the debtor.

If the fund holders are uncooperative, the government can send a letter explaining the lien and citing any applicable statutes or ordinances to convince the fund holder to cooperate. Sample letters are shown in Exhibit 23.

Seizure of Property. Seizure is an extra-judicial remedy which involves taking possession of property for eventual sale to satisfy outstanding debts. Seizure is also referred to as distress, which is the seizure of property to enforce the payment of taxes. Distress is similar to the judicial writ of execution, except the collector may seize property without a court order.

The procedure for seizing property typically involves sending the debtor a final notice, such as the notice presented previously in Exhibit 14. If the debtor fails to respond to the final notice, the collection staff can begin preparing the distress warrant, which will authorize the officer to seize the debtor’s property.

The checklist shown in Exhibit 24 is used by Arlington County, Virginia, and serves as a helpful guide in organizing information necessary to prepare a distress warrant. Information to be provided on the distress warrant includes: the taxpayer’s name and address, which may be different if the property is located elsewhere; the taxpayer’s account number; the delinquent tax and year; and the full amount due for tax, interest, and penalty. Where possible, collection staff should include a description of the specific assets to be seized. The distress warrant is then given to the officer who will serve the warrant on the debtor and complete a report on the action. Exhibit 25 presents a series of forms used in the
distress process.

Before the officer attempts to seize property, the collection staff should discuss several items with the officer. Arlington County, Virginia suggests considering the following questions:

- If the debtor owns a business, should the officer attempt a till tap or levy equipment?
- Should the officer actually remove the items from the premises (and is there insurance coverage if the items are lost or damaged?) or is tagging the items (and risking the chance that the debtor may conceal them) sufficient?
- If the debtor tries to give the officer the amount owed or a partial payment, should the officer accept the money?

Once the property is seized, the debtor must pay for towing and storage costs along with the delinquent tax, penalty and interest. It is a good idea to demand payment by cash, certified check, or money order before releasing the seized property. If the debtor fails to redeem the property, the property must be sold. Again, the debtor is notified that the property will be sold and is given another chance to settle the past-due balance.

Proceeds from the sale are used to offset the delinquent tax first and then to cover any additional costs. If the proceeds are insufficient to cover the debt, the debtor is still liable for the balance and should be sent a letter explaining that additional property will be seized to satisfy the debt. If there are proceeds left over, the balance should be sent to the debtor.

If assets are seized in error, they should be released immediately to the debtor. Following a detailed step-by-step procedure for seizing assets should prevent this from happening. The City of San Diego, California, follows a precise procedure when preparing to seize property for outstanding transient occupancy taxes, which is described in detail in Exhibit 26.

Allowable legal actions and extra-judicial remedies vary from state to state and may be considered drastic actions. Before employing any of the actions described above, the government should check state statutes and local ordinances for the proper authority. Generally, these methods should be used as a last resort collection technique. The next chapter will explain write-offs and discuss write-off procedures for those accounts that remain outstanding.
THE CITY OF
SAN DIEGO
525 B STREET • SUITE 1101 • SAN DIEGO, CALIFORNIA 92101

OFFICE OF
CITY TREASURER
COLLECTION DIVISION

(619) 533-4600
(619) 533-4667 (FAX)

JANUARY 26, 1995

JOHN Q. PUBLIC 22222
123 MAIN ST.
ANYTOWN, U.S.A.

RE: VEHICLE LICENSE NO: 123ABC
AMOUNT DUE: $1000.00

ACCORDING TO OUR RECORDS, YOU HAVE MULTIPLE OUTSTANDING PARKING CITATIONS OWED TO THE CITY OF SAN DIEGO. THESE VIOLATIONS HAVE BEEN REFERRED TO THIS OFFICE FOR RECOVERY.

FAILURE TO PAY THE AMOUNT DUE WILL RESULT IN LEGAL ACTION AND SUBMISSION TO THE CALIFORNIA FRANCHISE TAX BOARD OF YOUR NAME FOR MONIES TO BE WITHHELD FROM YOUR STATE INCOME TAX RETURN.

ANY DISCREPANCIES MUST BE REPORTED TO THIS OFFICE WITHIN FIVE (5) DAYS FROM THE DATE OF THIS NOTICE. CITATIONS ISSUED WITHIN THE LAST 90 DAYS MAY NOT BE INCLUDED IN THE AMOUNT SHOWN. WE REPORT UNPAID CITATIONS TO CREDIT REPORTING AGENCIES.

SINCERELY,

(619)570-1001
COLLECTION INVESTIGATOR
ATTACHMENT B: FINAL NOTICE

July 20, 1988

____________________________
Arlington, VA 22204

Dear Mr. _____:

This is the FINAL NOTICE you will receive from our office regarding payment of your personal property taxes.

Unless full payment is made within one (1) week from the above date, we will take legal action to collect payment including possible seizure and sale of your personal property and the garnishment of your wages. This will not only result in inconvenience and embarrassment, but also additional cost associated with collecting payment. This extra cost will be charged to you.

Contact this office immediately to arrange for payment. Refer your questions to the Delinquency section at 703/358-4000.

Sincerely,

Deputy Treasurer
for Compliance
THE CITY OF
SAN DIEGO
525 B STREET • SUITE 1101 • SAN DIEGO, CALIFORNIA 92101

OFFICE OF
CITY TREASURER
COLLECTION DIVISION
(619) 533-4600
(619) 533-4667 (FAX)

JANUARY 26, 1995

JOHN Q. DEBTOR
123 MAIN ST.
ANYTOWN, U.S.A.

RE: DELINQUENT BALANCE $ 1000.00

"FINAL NOTICE BEFORE LEGAL ACTION"

THE ABOVE BALANCE MUST BE PAID IN FULL WITHIN FIVE (5) DAYS FROM THE DATE OF THIS LETTER TO AVOID A LAWSUIT AGAINST YOU.

IF LEGAL ACTION IS TAKEN YOU MAY BE RESPONSIBLE FOR ADDITIONAL COSTS, PENALTIES, AND OTHER FEES. IF YOU HAVE RESOLVED THIS MATTER PLEASE DISREGARD THIS NOTICE.

THIS OFFICE REPORTS UNPAID DEBTS TO CREDIT REPORTING AGENCIES.

(619) 570-1001
COLLECTION INVESTIGATOR

Mastercard and Visa accepted
Exhibit 15

Plaintiff’s Claim and Order to Defendant

NAME AND ADDRESS OF COURT: MUNICIPAL COURT OF CALIFORNIA, SAN DIEGO JUDICIAL DISTRICT
8950 Clairemont Mesa Boulevard, San Diego, CA 92123-1187

Fee Paid $  

SMALL CLAIMS CASE NO. SC

- NOTICE TO DEFENDANT -

You are being sued by Plaintiff

To protect your rights, you must appear in this court on the trial date shown in the table below. You may lose the case if you do not appear. The court may award the plaintiff the amount of the claim and the costs. Your wage, money, and property may be taken without further warning from the court.

- AVISO AL DEMANDADO -

A usted le atan demandando

Para proteger sus derechos, usted debe presentarse ante esta corte en la fecha del juicio indicada en el cuadro que aparece a continuación. Si no se presente, puede perder el caso. La corte puede decidir en favor del demandante por la cantidad del reclamo y los costos. A usted le pueden quitar su salario, su dinero, y otras cosas de su propiedad, sin aviso adicional por parte de esta corte.

PLAINTIFF / DEMANDANTE (name and address, telephone number of each):

CITY OF SAN DIEGO % CITY TREASURER
525 "B" Street, Suite 1101
San Diego, CA 92101

Telephone No. (619) 533-4600


Expires

See attached sheet for additional plaintiffs and defendants.

PLAINTIFF'S CLAIM

1. Defendant owes me the sum of $ 231.38 , not including court costs, because (describe claim and date):

ADMINISTRATIVE CITATION, PENALTY, ADMINISTRATIVE COSTS, REFERRAL FEES & ACCRUING INTEREST @ 1% PER MONTH. HOUSING PERMIT, PENALTY, ACCRUING PENALTIES @ 20% PER MONTH & REFERRAL FEE.

2. a. ☒ I have asked defendant to pay this money, but it has not been paid.
   b. ☐ I have not asked defendant to pay this money because (explain):

3. This court is the proper court for the trial because ☐ (In the box at left, insert one of the letters from the list marked "Venue Table" on the instruction sheet. If you select D, E, or F, specify facts in this space.)

4. I ☒ have ☐ have not filed more than one other small claims action anywhere in california during this calendar year in which the amount demanded is more than $2500.

5. I ☒ have ☐ have not filed more than 12 claims in california, including this claim, during this calendar year.

6. I understand that
   a. I may talk to an attorney about this claim but I cannot be represented by an attorney at the trial in the small claims court.
   b. I must appear at the time and place of trial and bring all witnesses, books, receipts, and other papers or things to prove my case.
   c. I have no right of appeal on my claim, but I may appeal a claim filed by the defendant in this case.
   d. If I cannot afford to pay the fees for filing or service by sheriff, marshal, or constable, I may ask that the fees be waived.

7. I have received and read the information sheet explaining some important rights of plaintiffs in the small claims court.

I declare under penalty of perjury under the laws of the state of california that the foregoing is true and correct.

Date: August 12, 1993

(SIGNATURE OF PLAINTIFF)

ORDER TO DEFENDANT

You must appear in this court on the date and the time LAST SHOWN IN THE BOX BELOW if you do not agree with the plaintiff's claim.

Bring all witnesses, books, receipts, and other papers or things with you to support your case.

TRIAL DATE

DATE

TIME

DEPT.

PLACE 8950 CLAIREMONT MESA BLVD., SAN DIEGO, CA 92123

FEATURES JUCIO

Filed on (date):

Clerk, by Deputy

The county provides small claims advisor services free of charge. Read the information on the reverse.

PLAINTIFF'S CLAIM AND ORDER TO DEFENDANT

(Small Claims) Rule 542.7

55
Plaintiff’s Claim and Order to Defendant

INFORMATION FOR DEFENDANT

1. What is the small claims court? The small claims court is a special court in which disagreements are resolved quickly and cheaply. A Small Claim must be for $5,000 or less. No person may file more than two small claims actions in which the amount demanded is more than $2,500 anywhere in the state in a calendar year. The person who sues is called a plaintiff. The person who is sued is called a defendant. Neither party can be represented by a lawyer at the trial, and both parties may talk to a lawyer about the case before trial.

2. What can you do if you are sued in small claims court?
   a. SETTLE - You may settle your case before the trial. If you do, be sure that the plaintiff files a dismissal form with the court.
   b. DEFAULT - If you do not go to the trial, it is called a default. The plaintiff may win the amount of the claim plus costs. The plaintiff may then be able to use legal procedures to take your money or property to pay the claim.
   c. APPEAR AND CONTEST - You may go to the trial and disagree with the plaintiff’s claim. If you do, bring all witnesses, books, receipts, and other papers or things to prove your case. You may ask the witnesses in your case to go to the trial or before the trial, you may ask the clerk of the court to issue a subpoena. A subpoena is a court order that requires the witness to go to the trial.
   d. APPEAR AND REQUEST PAYMENTS - You may agree with the plaintiff’s claim, but you may not be able to pay the money all at once. You may then choose to go to the trial and ask the court to order payments you can afford.
   e. POSTPONE - If you live in the county where the claim was filed, the plaintiff must serve a copy of the claim on you 10 days before the trial. If you live outside the county, you must be served 15 days before the trial. If you did not receive the claim within the time limits, you may ask the court to postpone the trial. If you cannot attend the hearing on the date scheduled, write to the court before the hearing date and tell why, and ask the court to postpone the hearing.
   f. CHALLENGE VENUE - If you believe the plaintiff’s claim was filed in the wrong court, write to the court before the hearing date, explain why you think so, and ask the court to dismiss the claim.

3. What can you do if you also have a claim against the person who sued you? A claim against the person who sued you is called a Defendant’s Claim. Ask the clerk of this form to file your claim. The claim must not be more than $5,000. If you received your copy of the plaintiff’s claim less than 10 days before the trial date, you must serve the plaintiff with your claim at least 1 day before the trial date. If you received your claim more than 10 days before the trial date, you must serve the plaintiff with your claim at least 5 days before the trial date. The court will hear both claims at the same time.

4. What happens after trial? The court will deliver or mail to you a copy of a form called the Notice of Entry of Judgment. This form tells you how the case was decided. If you disagree with the court’s decision, you may appeal the judgment on the plaintiff’s claim. You may not appeal your own claim. If you appeared at the trial, you must begin your appeal by filing a Notice of Appeal and pay the required fees within 30 days after the date the Notice of Entry of Judgment was mailed or handed to you at the time of the small claims hearing. If you did not appear at the trial, you must first ask the court to vacate or cancel the judgment. To make this request, you must file a Motion to Vacate Judgment within 30 days after the date the Notice of Entry of Judgment was mailed to you. If your request is denied, you then have 10 days from the date the notice of denial was mailed to file an appeal.

5. How can you get help with your case?
   a. LEGALS - If you are under 18 years old, you should tell the clerk. You are too young to act for yourself in the case. You must ask the court to appoint someone to act for you.
   b. INTERPRETERS - If you do not speak English, you may take a family member or friend to court with you. The court should keep a list of interpreters who will interpret for you. You may choose an interpreter from the court’s list. Some interpreters may be free and some may charge a fee.
   c. SMALL CLAIMS ADVISORS - If you need advice, Small Claims Advisors are available before and after small claims cases free of charge. Here is some important information about the Small Claims Advisor program in this county:

   **Small Claims Advisor’s Office**
   233 "A" Street
   San Diego, CA 92101
   (619) 236-2700

VENUE TABLE

(The plaintiff must file the claim in the proper court and geographical area. This rule is called venue. The box on this page describes possible reasons for filing the claim in this court.)

If you are the plaintiff, insert the proper letter from the list below in item 3 on the other side of this sheet and specify additional facts for D, E, or F.

This court is the proper court for the trial of this case because

A. a defendant lives in this judicial district or a defendant corporation or unincorporated association has its principal place of business in this judicial district.
B. a person injured or personal property was damaged in this judicial district.
C. a defendant signed or entered into a contract in this judicial district, a defendant lived in this judicial district when the contract was entered into, a contract or obligation was to be performed in this judicial district, or if the defendant was a corporation, the contract was breached in this judicial district.
D. the claim is on retail installment account or contract subject to Civil Code section 1812.10 (Specify facts on the other side of this sheet.)
E. the claim is on a vehicle finance sale subject to Civil Code section 2984.4 (Specify facts on the other side of this sheet.)
F. other. (Specify facts on the other side of this sheet.)

*The $5,000 limit does not apply, and a $1,500 limit applies, if a "defendant guarantor" is required to respond based upon the default, actions, or omissions of another"
Plaintiff’s Claim and Order to Defendant

ORDER TO APPEAR FOR EXAMINATION

1. TO (name):

2. YOU ARE ORDERED TO APPEAR personally before this court, or before a referee appointed by the court, to
   a. furnish information to aid in enforcement of a money judgment against you. You must complete the attached
      questionnaire and bring it to court on the date indicated below;
   b. answer concerning property of the judgment debtor in your possession or control or concerning a debt you owe the
      judgment debtor;
   c. answer concerning property of the defendant in your possession or control or concerning a debt you owe the defendant
      that is subject to attachment.

   If (a) or (c) above are checked, YOU ARE FURTHER ORDERED to bring with you all cancelled checks, check stubs,
   payroll or other papers in your possession relating to any property you may have of the judgment debtor or defendant,
   or relating to your indebtedness to the judgment debtor or defendant.

   Date: ____________________   Time: ____________________   Dept. or Div: ____________________   Rm: ____________________
   Address of court shown above: __________ is: ____________________
   Small Claims

3. This order may be served by a sheriff, marshal, constable, registered process server, or the following specially appointed person
   (name):
   Date: ____________________

   (Signature of Judge or Referee)

This order must be served not less than 10 days before the date set for the examination.

IMPORTANT NOTICES ON REVERSE

APPLICATION FOR ORDER TO APPEAR FOR EXAMINATION

1. Judgment creditor Assignee of record Plaintiff who has a right to attach order applies for an order requiring (name):
   to appear and furnish information
   to aid in enforcement of the money judgment or to answer concerning property or debt.

2. The person to be examined is
   the judgment debtor
   a third person (1) who has possession or control of property belonging to the judgment debtor or the defendant or (2)
   who owes the judgment debtor or the defendant more than $250. An affidavit supporting this application under CCP
   §491.110 or §708.120 is attached.

3. The person to be examined resides or has a place of business in this county or within 150 miles of the place of examination.

4. This court is not the court in which the money judgment is entered or (attachment only) the court that issued the writ of
   attachment. An affidavit supporting an application under CCP §491.110 or §708.160 is attached.

5. The judgment debtor has been examined within the past 120 days. An affidavit showing good cause for another ex-
   amination is attached.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: ____________________

   (Type or print name)
   (Signature of declarant)

SDMC Form 72SC (New 09/89)
Exhibit 15 (cont'd)

Plaintiff's Claim and Order to Defendant

APPEARANCE OF JUDGMENT DEBTOR (ENFORCEMENT OF JUDGMENT)

NOTICE TO JUDGMENT DEBTOR  If you fail to appear at the time and place specified in this order, you may be subject to arrest and punishment for contempt of court, and the court may make an order requiring you to pay the reasonable attorney fees incurred by the judgment creditor in this proceeding.

APPEARANCE OF A THIRD PERSON (ENFORCEMENT OF JUDGMENT)

(1) NOTICE TO PERSON SERVED  If you fail to appear at the time and place specified in this order, you may be subject to arrest and punishment for contempt of court, and the court may make an order requiring you to pay the reasonable attorney fees incurred by the judgment creditor in this proceeding.

(2) NOTICE TO JUDGMENT DEBTOR  The person in whose favor the judgment was entered in this action claims that the person to be examined pursuant to this order has possession or control of property which is yours or owes you a debt. This property or debt is as follows (Describe the property or debt using typewritten capital letters):

If you claim that all or any portion of this property or debt is exempt from enforcement of the money judgment, you must file your exemption claim in writing with the court and have a copy personally served on the judgment creditor not later than three days before the date set for the examination. You must appear at the time and place set for the examination to establish your claim of exemption or your exemption may be waived.

APPEARANCE OF A THIRD PERSON (ATTACHMENT)

NOTICE TO PERSON SERVED  If you fail to appear at the time and place specified in this order, you may be subject to arrest and punishment for contempt of court, and the court may make an order requiring you to pay the reasonable attorney fees incurred by the plaintiff in this proceeding.

APPEARANCE OF A CORPORATION, PARTNERSHIP, ASSOCIATION, TRUST, OR OTHER ORGANIZATION

It is your duty to designate one or more of the following to appear and be examined: officers, directors, managing agents, or other persons who are familiar with your property and debts.

APPLICATION AND ORDER FOR APPEARANCE AND EXAMINATION

(Attachment – Enforcement of Judgment)
MUNICIPAL COURT OF THE STATE OF CALIFORNIA
SAN DIEGO JUDICIAL DISTRICT
SMALL CLAIMS DIVISION
8950 Clairemont Mesa Blvd., San Diego, Ca 92123-1187

Title: CITY OF SAN DIEGO vs. JOHN DOE

Case No. :
Trial Date: 01-26-93
Time : 9:30 AM
Department: 2

DISMISSAL
(To be filed if your claim is settled before the date for trial, or if you do not wish to proceed)

The meaning of DISMISSAL:

"Dismissal with prejudice" means that the case is closed and you can never again claim that the money concerned is owed to you.

"Dismissal without prejudice" means that the case is closed only because you do not wish to proceed with it at this time, and you are not giving up your right to file a new claim on the obligation (or what remains of it) at a later date.

To the Clerk of the Court:

You will enter the dismissal of the above-entitled action with prejudice/without prejudice (strike out one) as against ALL DEFENDANTS.

Dated:____________________

__________________________
Plaintiff (or authorized agent of corporation)

DECLARATION OF NON-MILITARY STATUS

I certify, under penalty of perjury, that the above named defendant(s) is/are not now in the military service or in the military service of the United States as defined in Section 101, and subdivisions thereof, of the Soldiers' and Sailors' Relief Act of 1940, as amended, and not entitled to the benefits of said Act, as amended.

Dated:____________________

__________________________
Plaintiff
Writ of Execution

1. To the Sheriff or any Marshal or Constable of the County of:

   You are directed to enforce the judgment described below with daily interest and your costs as provided by law.

2. To any registered process server: You are authorized to serve this writ only in accord with CCP 699.080 or CCP 715.040.

3. (Name): is the judgment creditor assignee of record whose address is shown on this form above the court's name.

4. Judgment debtor (Name and last known address):

   [Blank]

5. Judgment entered (date):

   [Blank]

6. Judgment renewed on (dates):

   [Blank]

7. Notice of Sale under this writ
   a. [Blank] has not been requested
   b. [Blank] has been requested (see reverse)

8. Joint debtor information on reverse.

   [Blank]

9. [Blank] See reverse for information on real or personal property to be delivered under a writ of possession or sold under a writ of sale.

10. [Blank] This writ is issued on a sister-state judgment.

11. Total judgment ........................ $

12. Costs after judgment (per file order or memo CCP 685.090) .... $

13. Subtotal (add 11 and 12) .... $

14. Credits .................................$

15. Subtotal (subtract 14 from 13) .... $

16. Interest after judgment (per filed affidavit CCP 685.050) .......$

17. Fee for issuance of writ .............$

18. Total (add 15, 16, and 17) .......$

19. Levy order: Add daily interest
    From date of writ (at legal rate on
    15 of) .........................$

20. [Blank] The amounts called for in items 11-19 are different for each debtor. These amounts are stated for each debtor on Attachment 20.

   Issued on (date): Clerk, by ........................................... Deputy

   NOTICE TO PERSON SERVED: SEE REVERSE FOR IMPORTANT INFORMATION

   (Continued on reverse)
Exhibit 17 (cont’d)

Writ of Execution

SHORT TITLE:  
CASE NUMBER:

Items continued from the first page:

4. ☐ Additional judgment debtor (name and last known address):

7. ☐ Notice of sale has been requested by (name and address):

8. ☐ Joint debtor was declared bound by the judgment (CCP 989-994)
   a. ☐ on (date):
   b. ☐ name and address of joint debtor:

   ☐ additional costs against certain joint debtors (itemize):

9. ☐ (Writ of Possession or Writ of Sale) Judgment was entered for the following:
   a. ☐ Possession of real property. The complaint was filed on (date):
      (Check (1) or (2));
      (1) ☐ The Prejudgment Claim of Right to Possession was served in compliance with CCP 415.46.
         The judgment includes all tenants, subtenants, named claimants, and other occupants of the premises.
      (2) ☐ The Prejudgment Claim of Right to Possession was NOT served in compliance with CCP 415.46.
         (a) ☐ was the daily rental value on the date the complaint was filed.
         (b) The court will hear objections to enforcement of the judgment under CCP 1174.3 on the following
dates (specify): Not less than 5 nor more than 15 days after the filing of the claim if
dates (specify): Not less than 5 nor more than 15 days after the filing of the claim if
dates (specify): Not less than 5 nor more than 15 days after the filing of the claim if
   b. ☐ Possession of personal property (Check (1), (2), or (3))
       ☐ (1) If delivery cannot be had, then for the value (itemize in %) specified in the judgment or supplemental order.
   c. ☐ Sale of personal property
   d. ☐ Sale of real property
   e. ☐ Description of property:
   f. ☐ Writ after Claim of Possession Hearing.

- NOTICE TO PERSON SERVED -

WRIT OF EXECUTION OR SALE. Your rights and duties are indicated on the accompanying Note of Levy.

WRIT OF POSSESSION OF PERSONAL PROPERTY. If the levying officer is not able to take custody of the property, the levying officer
will make a demand upon you for the property. If custody is not obtained following demand, the judgment may be enforced
as a money judgment for the value of the property specified in the judgment or in a supplemental order.

WRIT OF POSSESSION OF REAL PROPERTY. If the premises are not vacated within five days after the date of service on the occupant
or, if service is by posting, within five days after service on you, the levying officer will remove the occupants from the real property
and place the judgment creditor in possession of the property. Personal property remaining on the premises will be sold or otherwise
disposed of in accordance with CCP 1174 unless you or the owner of the property pays the judgment creditor the reasonable cost of
storage and takes possession of the personal property not later than 15 days after the time the judgment creditor takes possession of the
premises.

A Claim of Right to Possession form accompanies this writ (unless the Summons was served in compliance with CCP 415.46).


EJ-130 [Rev. September 26, 1991] WRIT OF EXECUTION Page Two

61
Exhibit 18

Wage Garnishment

TO THE SHERIFF OR ANY MARSHAL OR CONSTABLE OF THE COUNTY OF

1. The judgment creditor (name):

requests issuance of an Earnings Withholding Order directing the employer to withhold the earnings of the judgment debtor (employee).

Name and address of employer

Name and address of employee

Social Security Number (if known):

2. The amounts withheld are to be paid to

a. [ ] The attorney (for party without an attorney

   named at the top of this page.

b. [ ] Other (name, address, and telephone):

3. a. Judgment was entered on (date):

   b. Collect the amount directed by the Writ of Execution unless a lesser amount is specified here:

   $ 

4. [ ] Special instructions (specify):

5. (Check a or b)

   a. [ ] I have not previously obtained an order directing this employer to withhold the earnings of this employee.

   OR -

   b. [ ] I have previously obtained such an order, but that order (check one):

      [ ] expired at least 10 days ago.

      [ ] was terminated by a court order, but I am entitled to apply for another Earnings Withholding Order under the provisions of

         Code of Civil Procedure section 706.105(h).

      [ ] was ineffective.

[TYPE OR PRINT NAME] [SIGNATURE OF ATTORNEY OR PARTY WITHOUT ATTORNEY]

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date:

[TYPE OR PRINT NAME] [SIGNATURE OF DECLARANT]
THE CITY OF
SAN DIEGO
UNION BANK BUILDING • 525 B STREET • SUITE 508 • SAN DIEGO, CALIFORNIA 92101

OFFICE OF
CITY TREASURER
COLLECTION DIVISION
(619) 533-4600

Date ____________________

Case# ____________________

Marshal of San Diego County
San Diego, California

______________________________ vs ________________________________

______________________________ vs ________________________________

______________________________ Plaintiff(s) ________________________________ Defendant(s)

Court ________________________________

Enclosed please find a Writ of Execution issued in connection with the above entitled action. Please effect service of this Writ on the following property of the judgment debtor.

BANK ACCOUNT

Bank ________________________________ Account # ________________________________

Branch ________________________________

Address ________________________________

______________________________

Social Security Number (POSSIBLE) Mr. ________________________________

Mrs. ________________________________

OTHER PROPERTY

Please levy on any and all checking accounts and savings accounts. Also, any other assets and accounts in the possession of the bank.

Sincerely,

Legal Clerk
City Treasurer's Office
RENT LEVY

J.P. PUBLIC
789 MAIN ST.
ANYTOWN, U.S.A.

FILE NO: 22222

RE: NON-COMPLIANCE OF COURT ORDER

DEAR J.P. PUBLIC:

YOU ARE IN VIOLATION OF CALIFORNIA CODE OF CIVIL PROCEDURE ARTICLE 5 SECTION 701.020.

ON 1-5-95, YOU WERE SERVED WITH AN EXECUTION GARNISHMENT—RENTS, WHICH IS EFFECTIVE FOR UP TO TWO (2) YEARS OR UNTIL OUR JUDGMENT IS PAID IN FULL. THE MARSHAL’S OFFICE WILL NOTIFY YOU WHEN YOU ARE NO LONGER REQUIRED TO FORWARD YOUR RENT PAYMENTS TO THEIR OFFICE.

FAILURE TO FORWARD YOUR NOVEMBER, 1994 RENT PAYMENT AND ALL FUTURE RENT PAYMENTS TO THE MARSHAL’S OFFICE WILL PLACE YOU IN CONTEMPT OF THE ABOVE MENTIONED CALIFORNIA CODE OF CIVIL PROCEDURE CAUSING OUR OFFICE TO FILE AN ORDER TO SHOW CAUSE, WHICH COULD RESULT IN FINES BEING ASSESSED AGAINST YOU. WE SINCERELY HOPE THIS ACTION WILL NOT BE NECESSARY.

SHOULD YOU HAVE QUESTIONS OR REQUIRE ADDITIONAL INFORMATION, PLEASE CONTACT ME AT THE TELEPHONE NUMBER BELOW.

SINCERELY,

(619) 570-1001
LEGAL REPRESENTATIVE

cc: FILE
ATTACHMENT O: TAX LIEN AGAINST RENT

July 18, 1988

________________________________________
ARLINGTON, VIRGINIA 22204

RE: Tax Lien Against Rent Paid to ________

Dear Mr. ______:

Pursuant to Section 58.1-3952 of the Code of Virginia, this office has placed a lien for delinquent taxes owed by ________ against the rent that you pay monthly. You are to forward a check for the sum of $6,155.19 to this office when monthly rent is next due, instead of making payment to ________, his estate or his representative.

If the amount of rent you pay is less than $6155.19, you must pay the full amount to Arlington County. Enclosed is a letter for you to fill out and return with your payment. If your next rent payment is not due on August 1st, please call this office. Otherwise, we look forward to receiving your check on or before the first of the month.

Compliance with this lien will not affect your credit rating and is not a judgement against you. If you have any questions, please call me at 356-3142.

Respectfully,

Assistant Deputy Treasurer
Litigation and Compliance

Enclosure
TAX LIEN ON RENT – Cont’d

July 18, 1988

________________________
Arlington, Virginia, 22204

Tax Parcel #
Years: 1984-1988

I hereby certify that my current rent payable
to ________________, his estate or his representative, is
$ _________________ monthly. I have enclosed a check payable to
TREASURER ARLINGTON COUNTY in the amount of $
and have forwarded $ _______________ to my
landlord, _____________________.

I understand that my obligation for full payment to my landlord
has been met for this month.

Dated: __________________________

Signed: _____________________
February 28, 1992

Los Angeles County Marshal  
Attn: Civil Division  
110 N. Grand Ave. Rm. 525  
Los Angeles, CA 90012

RE: FUNDS LEVY Case

CITY OF SAN DIEGO % CITY TREASURER
525 B Street Suite 508
San Diego, CA 92101

Social Security #

Please levy any funds paid to the above judgment debtor by the following:

Thank you

Collection Investigator

money order enclosed
Exhibit 22

NSF Letter and Statute

THE CITY OF
SAN DIEGO
525 B STREET • SUITE 1101 • SAN DIEGO, CALIFORNIA 92101

OFFICE OF
CITY TREASURER
COLLECTION DIVISION
(619) 533-4600
(619) 533-4667 (FAX)

JANUARY 26, 1995

JOHN O. DEBTOR
22222
123 MAIN ST.
ANYTOWN, U.S.A.

RE: NON-SUFFICIENT FUNDS CHECK #123
AMOUNT OF CHECK: 488.50
AMOUNT TO REDEEM: 1000.00

FAILURE TO REDEEM YOUR NON-SUFFICIENT FUNDS CHECK
WITHIN 30 DAYS FROM THE DATE OF THIS NOTICE WILL
COMPEL US TO ENFORCE SECTION 1719 OF THE CALIFORNIA
CIVIL CODE, A COPY OF WHICH IS ENCLOSED.

IN ACCORDANCE WITH CITY COUNCIL RESOLUTION 252171
AND GOVERNMENT CODE SECTION 6157, INCLUDED IN THE
AMOUNT SHOWN IS A $20.00 RETURNED CHECK PROCESSING
FEE. YOUR CHECK MAY BE REDEEMED AT THE ABOVE
OFFICE.

THE AMOUNT SHOWN ABOVE MAY NOT BE YOUR CURRENT
BALANCE. ACCOUNTS REFERRED TO THIS OFFICE ARE SUBJECT
TO A 10% OR $10.00 COLLECTION REFERRAL FEE, WHICHEVER
IS GREATER, AND INTEREST OF 1% PER MONTH ON THE
UNPAID BALANCE.

PLEASE REMIT CERTIFIED FUNDS OR MONEY ORDER ONLY.
NO CHECKS ARE ACCEPTABLE ON A RETURNED ITEM(S).
WE REPORT UNPAID DEBTS TO CREDIT REPORTING AGENCIES.

(619) 570-1001
COLLECTION INVESTIGATOR
Mastercard and Visa accepted
CALIFORNIA CIVIL CODE

Section 1719

Notwithstanding any penal sanctions which may apply, any person who makes, utters, draws or delivers any check, or draft, or order upon any bank or depository, or person, or firm, or corporation, for the payment of money, which refuses to honor the same for lack of funds or credit to pay, or because the maker has no account with the drawee, or because the maker instructed the drawee to stop payment, and who fails to pay the same amount in cash to the payee within 30 days following a written demand therefor informing the maker of the provisions of this section, mailed to the maker by certified mail, shall be liable to the payee, in addition to the amount owing upon that check or draft or order, for damages of treble the amount so owing, but in no case less than one hundred dollars ($100), and in no case more than five hundred dollars ($500), plus the costs of mailing the written demand for payment.

A cause of action under this section may be brought in small claims court, if it does not exceed the jurisdiction of that court, or in any other appropriate court.
Exhibit 23

Explanatory Letters for Liens

ATTACHMENT Q: TAX LIEN AGAINST JOINT ACCOUNTS

July 21, 1988

Legal Service Representative
Crestar Bank
P.O. Box 179
Alexandria, Virginia 22313-1507

RE: Tax lien for _______________

Dear __________: 

In response to your recent letter, please be aware that section 6.1-125.3(D) of the Code of Virginia does not apply to the requested funds. A tax lien under section 58.1-3952 is not a "garnishment, attachment, or levy" by a general creditor for which additional protection is mandated, as suggested by Lewis v. House, 232 Va 28 (1986).

Section 58.1-3919 mandates collection of delinquent taxes "by distress or otherwise". One method of collection is through property, such as bank accounts, held by third parties, as provided for by section 58.1-3952. The bank becomes custodian of the funds for the County, not for the joint taxpayers. United States v. Swink, 41 F.Supp. 98 (E.D. Va.1941).

Please comply with the tax lien you received by remitting the funds you are holding to this office. If you have any questions, please call me at 358-3142.

Respectfully,

Assistant Counsel to the Treasurer
ATTACHMENT P: TAX LIEN FOLLOW-UP

April 1, 1988

Company Name
Address
City

RE: Name
Address
City

Dear Sirs:

On _____________________, 1988 we mailed to you a Notice of Tax Lien and Demand for Payment against _________________________ and yourself as his (her) employer.

To date, we have received no response from you. A Notice of Tax Lien and Demand for Payment is a legally enforceable garnishment against wages or other assets of a tax delinquent held by a third person, such as an employer.

Unless we hear from you within ten days from the date of this letter, we will have no alternative but to institute the appropriate court proceedings against you.

Very truly yours,

Deputy Treasurer
for Compliance
## Exhibit 24

**Tax Lien Checklist**

### ATTACHMENT M: CHECKLIST

**TAX LIEN CHECKLIST**

<table>
<thead>
<tr>
<th>ACTION</th>
<th>DOCUMENT #</th>
<th>INITIALS</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Judgement entered</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(if not, enter NONE)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notice of judgement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(if not, enter NONE)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Other notice</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Research</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>SS confirmation</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>address confirm</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>employ confirm</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>bank</td>
<td></td>
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<td></td>
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<tr>
<td>File check</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>nonpayment confirm</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>other bills</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax lien prepared</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Property seizure confirm</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Payment confirmation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>tax, penalty, int. paid</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>parking tickets paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>admin costs paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Judgement released</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lien released</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance due letter</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Further action needed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>File closed</td>
<td></td>
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</table>
DISTRESS/SEIZURE WARRANT FOR ENFORCEMENT OF DELINQUENT TAX COLLECTIONS

TO: THE SHERIFF OF ARLINGTON COUNTY

RE: County of Arlington V.

We have determined from Department of Motor Vehicles records that the following vehicles are registered in the name of:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>MAKE</th>
<th>MODEL</th>
<th>LICENSE #</th>
</tr>
</thead>
</table>

YOU ARE HEREBY ORDERED TO DISTRAIN by levy and sale if necessary, pursuant to Virginia Code Section 58.1-3941 so much of this and other goods and chattels found within Arlington County or any contiguous jurisdiction belonging to ____________________ of ____________________________ as shall be sufficient to satisfy delinquent taxes in the sum of $___________ with interest thereon at the rate of current legal rate from due date until paid. Which sum is now due and payable for delinquent ____________ taxes for the ____________ tax year(s). Please provide this office with an early report.

Witness, Treasurer of Arlington County

this ______________ day of ______________, 1988.

TREASURER

by

Deputy Treasurer
REPORT ON DISTRAINT ENFORCEMENT

_______, 1988

TO: TREASURER OF ARLINGTON COUNTY

IN RE: COUNTY OF ARLINGTON V. _______; DOCKET NO: _______

AT ________________________________

I have this day moved by DISTRAINT on the above styled case and submit the following report for your information:

PROPERTY SEIZED

<table>
<thead>
<tr>
<th>Automobiles:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
</tr>
</tbody>
</table>

Other Property:

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td></td>
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<tr>
<td></td>
</tr>
</tbody>
</table>

Police have been notified of seizure

___ Yes ___ No

by

Deputy Sheriff
ATTACHMENT E: RELEASE OF SEIZED VEHICLE FORM
(PAYMENT PRIOR TO SEIZURE)

June 29, 1988

Parking Administration Unit
Arlington County Police

RE: Impounded vehicle - RELEASE

You are requested by the Treasurer of Arlington County to release the following vehicle, presently being held at the impound lot for outstanding parking tickets:

1988 New York license tag #0000000

The delinquent accounts for which the vehicle was towed were cleared prior to the tow, but the payment was not posted until after the tow. Consequently, the Treasurer's Office will pay for the costs involved with the tow.

Please release the vehicle to the owner. If you have any questions, please call me at 358-3142.

Respectfully,

Assistant Deputy Treasurer
Counsel to the Treasurer
ATTACHMENT G: RELEASE OF VEHICLE FORM (PAYMENT AFTER SEIZURE)

ACCOUNT AND RELEASE FORM

RE: County of Arlington v. V00-0000

Set forth below is an accounting of Personal Property taxes and fees due in the name of the above referenced party:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ACCT#</th>
<th>TAX</th>
<th>PENALTY</th>
<th>INTEREST</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>0000-8790-1</td>
<td>$15.38</td>
<td>0.00</td>
<td>0.97</td>
<td>$16.35</td>
</tr>
<tr>
<td>1983</td>
<td>0000-8790-1</td>
<td>74.01</td>
<td>.00</td>
<td>17.75</td>
<td>91.76</td>
</tr>
<tr>
<td>1984</td>
<td>0000-8790-1</td>
<td>196.37</td>
<td>4.28</td>
<td>29.07</td>
<td>229.72</td>
</tr>
<tr>
<td>1982</td>
<td>0000-2773-1</td>
<td>$61.00</td>
<td>6.10</td>
<td>36.12</td>
<td>103.22</td>
</tr>
<tr>
<td>1983</td>
<td>0000-2773-1</td>
<td>21.77</td>
<td>2.18</td>
<td>10.41</td>
<td>34.36</td>
</tr>
</tbody>
</table>

TOTAL TAXES DUE $475.41
DECAL FEE 0.00
ADMINISTRATIVE FEES 25.00
PARKING FINES 0.00
TOTAL TO TREASURER 500.41
TOWING FEE 65.00
(Cash or Money order)

TOTAL DUE $565.41

TOTAL PAID

TO: THE SHERIFF OF ARLINGTON COUNTY

The accounts and fees listed above have been paid or cleared with this office. You are hereby ordered to release any vehicles in the name of the above party which you now hold.

Witness,
Treasurer of Arlington County
this ___________ day of __________, 1987.

Treasurer

by: _____________________________
Chief Deputy Treasurer
ATTACHMENT K: REPORT OF SALE RESULTS TO DELINQUENT

April 8, 1987

Arlington, Virginia 22201

Dear Mr. [Name]:

On February 19, 1987, a sheriff's sale was held to enforce judgments obtained by the Arlington County Treasurer's office. As you know, your 1979 Oldsmobile had been seized and was sold at this sale because you failed to pay delinquent personal property taxes.

As a result of the sale of your vehicle, we received $205.00 which was applied to the towing and storage fees. The following unpaid fees should have your immediate attention:

- Taxes: $227.32 (includes penalty and interest to 04/17/87)
- Towing Fees: $40.00
- Storage Fees ($8.00 per day x 210 days): $64.00
- Payment Received: -205.00
- Balance Due: $126.32

Even though your property was sold, the amount you presently owe must be paid before we release the judgments against you. If the full amount due is not paid, we will be forced to collect payment by seizing and selling other property owned by you. Please remit to this office a check in the amount of one hundred twenty-six dollars and thirty-two cents ($126.32) before April 17, 1987.

If you have any questions concerning this matter, contact my staff at 358-4000.

Respectfully,

Deputy Treasurer
for Compliance
The first step in the process is to prepare a collection file which will include an original transient occupancy tax file, original signed application for transient occupancy registration and all records of field audits and/or a summary of invoices. The file also contains parcel numbers and legal descriptions of parcels which are owned by the operator. This information will be needed when preparing the certificate of lien. The certificate of lien is then filed in the county recorder’s office. Seizure of the property can take place when confirmed copies of the lien are received by the treasurer’s office. When the operator’s personal property is seized, the operator’s bank account should also be seized.

Before seizure takes place, a representative from the auditor’s office and a collection supervisor will visit the site beforehand to note the location of any particularly valuable items and to determine if more than one keeper will be needed to secure premises. Also, the field visits will help in preparing concise instructions for the keeper. At the option of the collections supervisor, a seven-day notice may be served on the operator, notifying him/her that the assets will be seized if the delinquent tax is not paid.

The collector’s office will also conduct a lien search to reveal who holds the mortgage on the property. The mortgage holder should be contacted to determine if they are interested in paying the delinquent taxes.

When the seizure actually takes place, the collection supervisor will serve the “Seizure for Taxes” notice on the operator and inform him/her that the business has been seized for delinquent Transient Occupancy Taxes. Normal procedure dictates that the city allows a certain length of time, usually two hours, to allow the operator to obtain certified funds made payable to the city. If the tax is not paid within the next two hours, the keeper will receive his/her instructions, the premises will be posted and the keeper will be installed to take inventory of all cash on hand. The cash on hand, as well as any incoming revenue, is now the property of the city. The keeper is now responsible for all disbursements. The business can continue to operate but credit cards will not be accepted. The mail cannot be opened unless the keeper determines that a check is enclosed.
In some instances, governments may be compelled to write off delinquent accounts. Such action usually takes place after all collection efforts have been exhausted and the account is either considered to be uncollectible or the amount owed is too small to warrant further collection efforts. Many state statutes and local ordinances address the problem of uncollectible taxes and other monies owed to the government and provide guidelines for writing off these accounts. Each government, however, should have specific write-off policies and procedures in place to deal with delinquent accounts consistently and uniformly. This chapter discusses write-offs from a collections point of view and presents factors to consider in developing an effective write-off policy.

Governments should have clearly spelled out write-off policies, procedures, and account evaluation criteria. Generally, write-off policies begin by identifying situations in which write-offs will be allowed. The City of San Diego, California, recommends accounts for write-off that fall under the following circumstances:

1. **Discharged Bankruptcy.** The account has been discharged through bankruptcy court and the file has been noted with the date filed, number, court district, and date of discharge.

2. **Wrong Responsible Party.** The account was referred in the name of a company or individual that cannot be held liable for the debt.

3. **Deceased.** Debtor is deceased with no estate.

4. **Invalid Referral.** The account was assigned in error. A billing should not have been generated.

5. **Court Refuses Judgment.** The debt could not be substantiated in court.

6. **Outlawed.** The statute of limitations has run out (usually three or four years) without payment or promise of payment since the last transaction date.

7. **Amount Doesn’t Warrant Further Effort.** No response to demand for payment. Further pursuit would not be cost effective.

Write-off policies should include guidelines for making the determination to write-off an account. Characteristics, such as the age, size, and likelihood of collectibility, should be taken into consideration as well as other factors, such as consequences of non-payment, establishing precedents, “repeat” customers, prior collection attempts, and politics.

**Age of Account.** Jurisdictions must determine when past-due accounts not covered specifically by statute should be written-off. A general rule of thumb in collections is that the longer an account has been delinquent, the harder it will
be to collect. Because each account is unique, many governments refrain from specifying a set time period but evaluate the account on an on-going basis. After all available collection efforts have been made, accounts with no activity are then recommended for write-off. Accounting write-offs to bad debt commonly are made at the end of the fiscal year, although some governments make these entries throughout the year.

Size of Account. The size of an account also should be considered when deciding to write-off an account. Extensive collection efforts for small accounts may not be cost effective. Small accounts should be dealt with as soon as they become past-due, but written off if routine collection efforts fail.

Larger accounts may warrant additional collection efforts, particularly if property can be identified for attachment. As discussed previously, liens and seizures of property can be very effective collection techniques. In most instances, unless dealing with an extremely distressed area or blighted property, write-offs on property should be avoided, as most property can be seized and sold, leading to the recovery of a portion, if not all, of the debt.

Consequences of Non-payment. Debtors should be notified of the consequences for non-payment of their debts. Some governments send debtors whose accounts have been written off a 1099 Income Recognition form. This information is reported to the Internal Revenue Service (IRS) and the debtor is then liable for income taxes on the amount of the debt.

Governments might consider sending debtors a warning letter first to provide them with an incentive to settle their account. The City of Appleton, Wisconsin, contacts debtors before writing off accounts to request a social security number or federal identification number (for businesses) and to notify debtors of its intention to issue a 1099 form. The City also advises the debtor that failure to comply with its request for the information will subject them to tax code sanctions. Many times the debtor will want to avoid involving the IRS and will settle the account. Some debtors who may be unable to settle their account in full will settle their account for the amount equivalent to their tax liability.

Establishing Precedents. An account written off today for compassionate reasons (i.e., extreme poverty or illness) may not lead to the write-off of a similar account in the future. Following a step-by-step policy to evaluate accounts being considered for write-off will generally lead to consistent and fair decisions. Any special circumstances that may arise should be part of this step-by-step evaluation process.

Repeat Customers. As part of the evaluation criteria, governments should note if the debtor has had previous delinquent accounts that had to be written off. In some cases, the circumstances preventing payment might still exist and writing off the account is unavoidable. However, governments should note any patterns indicating that a debtor might be taking advantage of what appears to be a lenient write-off policy. In those cases, governments should pursue collection.

Prior Collection Attempts. Many write-off policies require documentation proving collection efforts have been taken before an account can be written off. Examples of supporting evidence include: records of telephone calls, copies of correspondence between the government and the debtor, reports from col-
lection agencies outlining their collection attempts, and documents indicating court action or justification for the lack of court action.

**Politics.** A clearly defined policy can help a government avoid potential political pitfalls when governing body members are involved in the write-off decision. Also, written guidelines help governments refuse requests for special consideration by influential debtors.

**Cost-Benefit of Further Efforts**

Each account has its own characteristics. A general evaluation of each account needs to be made periodically and general collectibility determined. Some governments will turn over accounts to collection agencies for further collection attempts even after the accounts have been written off. By continuing collection efforts in this way, the government may eventually collect a portion of the debt without incurring any cost. Also, governments that report delinquent debts to credit reporting services sometimes receive payments as debtors will often settle past-due debts when they are refused credit.

**Authority and Responsibility**

The authority and responsibility to write-off an account generally depends on the size of the account. Smaller amounts often can be handled by treasury staff, but larger amounts may require the approval of senior management or in some cases the governing body. For example, the City of Milwaukee, Wisconsin, sets a $500 limit on accounts that can be written-off by staff. Debts over $500 require common council action.

The City of Oakland, California, has a detailed approval process.

*The City Manager will be responsible for approving the recommendations of the Director of Finance for the write-off of any account receivable other than tort actions identified as uncollectible when the balance due does not exceed $1,000 for an individual account. The City Manager will be responsible for approving the recommendations of the City Attorney for the write-off of any account receivable involving Tort actions when the balance due does not exceed $1,000 for an individual account. The City Manager will submit recommendations for write-offs to the City Council, through the City Attorney, when the balance due in an individual account is in excess of $1,000. Pursuant to Section 301, of the Oakland City Charter, the City Attorney shall not settle or dismiss any litigation brought for the City to collect an account receivable unless upon his written recommendation he is authorized to do so by the Council.*

Pima County, Arizona, sets a much higher limit. The Accounts Receivable/Revenue Collections Division of the Finance Department is responsible for determining the collectibility of accounts. The Finance Director has the authority to abandon accounts, up to a $10,000 limit.
Reactivation of Accounts

In most instances, a jurisdiction writes off a debt for accounting purposes. If an account was mistakenly written-off or a previously uncollectible account becomes active after being written-off, the government’s receivable balance must be adjusted. Generally, governments will reinstate the full amount of the previous balance (that portion which is still legally collectible) and record the payment according to internal procedures. Some governments record the payments as regular financial transactions while other governments have special codes for such payments.

Purging of Databases

Databases may be purged of bad debts periodically to maintain current accounts receivable records. Generally accounts are removed from the records only after proper authorization forms are received. Authorization forms generally include the following information: name, address, account number, fiscal year of each debt, jurisdiction, and types and amounts of levies. A sample authorization form is shown in Exhibit 27.

Prince Georges County, Maryland, follows the procedure outlined below when purging databases:

Upon receipts of the signed write-off authorization sheet, the Treasury Division takes appropriate action to remove the uncollectible taxes (listed in the authorization sheet) from the Treasurer’s Tax System using the appropriate input transaction code. The taxes are removed from the Assessor’s file of the Assessments Office for the current fiscal year and from the County’s Treasurer’s Master File for all prior fiscal years. In addition, the suit and/or legal action codes are removed from the applicable written-off accounts from the County Treasurer’s Master File for all applicable fiscal years in the case of personal property taxes.

After accounts are removed from the active files, governments file these accounts along with the proper documentation in special closed files. Governments should make sure that their record retention procedures are in compliance with applicable federal and state retention rules.

As with other collection activities, governments will find that a centralized write-off process generally eliminates confusion, improves internal controls and leads to more consistent, effective and efficient practices. The next chapter describes credit reporting services and discusses how governments can use these services to improve their success rate in collecting difficult accounts.
THE CITY OF
SAN DIEGO
525 B STREET • SUITE 1101 • SAN DIEGO, CALIFORNIA 92101

OFFICE OF
CITY TREASURER
COLLECTION DIVISION
(619) 533-4600
(619) 533-4667 (FAX)

JANUARY 26, 1995

JOHN Q. PUBLIC 22222
123 MAIN ST.
ANYTOWN, U.S.A.

RE: VEHICLE LICENSE NO: 123ABC
AMOUNT DUE: $1000.00

ACCORDING TO OUR RECORDS, YOU HAVE MULTIPLE OUTSTANDING PARKING CITATIONS OWED TO THE CITY OF SAN DIEGO. THESE VIOLATIONS HAVE BEEN REFERRED TO THIS OFFICE FOR RECOVERY.

FAILURE TO PAY THE AMOUNT DUE WILL RESULT IN LEGAL ACTION AND SUBMISSION TO THE CALIFORNIA FRANCHISE TAX BOARD OF YOUR NAME FOR MONIES TO BE WITHELD FROM YOUR STATE INCOME TAX RETURN.

ANY DISCREPANCIES MUST BE REPORTED TO THIS OFFICE WITHIN FIVE (5) DAYS FROM THE DATE OF THIS NOTICE. CITATIONS ISSUED WITHIN THE LAST 90 DAYS MAY NOT BE INCLUDED IN THE AMOUNT SHOWN. WE REPORT UNPAID CITATIONS TO CREDIT REPORTING AGENCIES.

SINCERELY,

(619) 570-1001
COLLECTION INVESTIGATOR
Listing delinquent accounts with a credit reporting service can be a very effective collection technique, although the number of governments using credit reporting services has been historically small. According to a revenue collection practice survey conducted by GFOA in 1991, only 16 percent of survey respondents use credit reporting services, mainly because the use of credit reporting services can be a sensitive political issue. In recent years, there has been considerable adverse publicity about these services. While these companies have taken steps to improve their services and correct past errors, their poor image has been difficult to overcome politically. However, more governments are beginning to list delinquent accounts with credit reporting services and can easily obtain testimonials from other jurisdictions citing positive results from the use of these services. Governments contemplating the use of credit reporting services should first seek support of top management and the governing body.

This chapter will describe how credit reporting services operate, explain the advantages and disadvantages of using credit reporting services, and discuss the costs involved. A list of national credit reporting services is presented at the end of the chapter.

Credit reporting services gather information on consumers and businesses from subscribers, other customers, and selected public records. These services do not exchange information with each other directly, but rather rely on a mass marketing firm which sells information from one service to another. Credit reporting services store this information and make it available to their subscribers. Subscribers include potential credit grantors, prospective employers and others looking for qualifying information.

**Subscriber Contracts.** To become a subscriber, governments typically sign a contract with the credit reporting service. This contract outlines what services will be provided by the credit reporting service and specifies what actions are expected of the subscriber. In the beginning, the subscriber provides credit experience records on individuals and businesses in that geographic area to the service. On an on-going basis, the subscriber provides monthly updates on existing accounts as well as information on new accounts. Any change in status of an account must be reported within 30 days. The credit reporting service then incorporates this information into its computerized credit reporting system.

The subscriber also must agree to abide by applicable laws. For example, as of July 1, 1993, the Federal Fair Credit Reporting Act requires any subscriber who reports a debtor to a credit reporting service to notify the individual of the intention to do so. This notification can be a letter of final warning sent to
the debtor outlining the consequences of non-payment. An example of a final warning letter is shown in Exhibit 28.

Also, subscribers must agree to request and use the credit information only for legitimate business purposes, disclose the credit information only to employees whose duties relate to the business purpose, and refrain from selling or distributing the information to third parties.

Local Credit Reporting Bureaus. The above-mentioned credit reporting services are nationally based companies. In some areas, particularly smaller cities and rural areas, there may be local credit reporting bureaus or agencies. These bureaus function in much the same way as national credit reporting services. The local bureaus are members of a national credit reporting network and pull information for its subscribers from the national network. Any information reported to the local bureau will, in turn, be supplied to the national credit reporting service. Many local credit bureaus also function as a collection agency.

There are several advantages to using a credit reporting service. A summary of those advantages is presented below:

**Prompt Payment.** The threat of listing a debt with a credit reporting service is often very effective in getting the debtor’s attention and encouraging prompt payment. Many debtors will settle their accounts to keep their credit histories clean. Debtors with poor credit histories typically have problems getting credit and when they are granted credit, often must pay higher interest rates than those with good credit histories.

**Eventual Payment.** As mentioned, debtors listed with a credit reporting service will eventually have to clear up their accounts to obtain new credit (e.g., auto loans, mortgages). When the debtor contacts the government, the government can make appropriate payment arrangements at that time. This process is particularly effective in cases where the government was unsuccessful in locating a debtor who has moved.

**Skip Tracing.** Credit reporting services often have considerable debtor information, such as Social Security number, address, place of employment, spouse’s name, etc. When a debtor who has “skipped town” applies for credit, the new address will be reported by the credit reporting service. Governments can mark debtors’ files with a special code indicating if they would like to be notified when new information becomes available. Credit reporting services charge a small fee for using this notification option, so many governments limit skip notifications to larger dollar amounts.

**Credit Risk Assessment.** Access to credit histories is useful when qualifying a debtor for a payment plan. For example, a delinquent taxpayer with no assets but with a good credit history could be encouraged to borrow against a credit card or from a bank or finance company to pay the government, whereas a delinquent taxpayer who had no further borrowing capacity and little or no income but a decent credit history might be a candidate for payment arrangements. On the other hand, a delinquent taxpayer with little or no income, no further borrowing capacity, and a poor credit history would be a poor candidate for payment arrangements. In this case, the government may be forced to write off the account.
The City of San Diego, California, uses credit information to screen responses from requests for proposals to see if the firms are financially stable. This procedure can be especially useful in cases where pricing is comparable and more information is needed to weed out competitors.

Write-Off Documentation. As mentioned above, credit histories can provide useful information to support decisions to write-off accounts.

While there are several advantages to using a credit reporting service, governments also should be aware of the disadvantages, which include:

Political Considerations. As previously stated, mistakes and unreliable service have given credit reporting services a “poor image” with the public. This image may be difficult to overcome and has caused the use of credit reporting services to become a sensitive political issue. Testimonials from other governments in your area or with similar circumstances that have used these services without difficulties could partially balance out this negative image.

In addition to political roadblocks, some governments may find that their legal counsel have raised objections to the use of credit reporting services and seem to be under the impression that a legal impediment exists for government agencies. No federal law or regulation prohibits governments from using credit reporting services. Unless specifically prohibited by state statute or local ordinance, governments can and do use credit reporting services.

Consumer Disputes. Debtors can challenge listings on their credit reports. The government must respond to this challenge within a specified time frame or the listing will be removed from the credit record. Some persistent debtors continually challenge listings, hoping to eventually cause a missed deadline. Keeping up with these challenges can be costly and time consuming for staff.

Potential Errors. Governments must make sure that correct debtor information is sent to the credit reporting service as the information is entered into a national reporting system. Data entry errors can be difficult to straighten out later. Any inaccurate information should be corrected immediately.

Similarly, governments must be receptive to citizens who maintain that they were denied credit in error. Common errors include incorrect information reported by other entities or confusion with persons having common or similar names.

Staffing. Using more than one service will generally give the government’s request for information more exposure, but can be time-consuming and expensive, especially if the information is transferred to the service manually. Data also can be transmitted electronically or by magnetic tape, depending on the government’s level of automation and number of delinquent accounts.

For governments transmitting data to credit reporting services electronically, staffing time is minimal. A staff member must determine which accounts to send and someone must provide supervisory oversight to the collection function to ensure that polices are being followed. Transmitting data over a computer terminal requires staff to enter the data. Limiting the number or types of accounts to be listed could alleviate staff time committed to this function. Submitting data on paper forms may be more cost-effective for governments with few accounts to be listed.
Costs Involved

Credit reporting services charge a fixed fee per listing requested. Prices for the services provided are comparable among the various credit reporting services, but actual costs will vary depending on the contract with the service. Credit reporting services generally do not charge set-up costs, annual fees, on-line charges, or fees to list debtors’ names.

Governments can expect to pay various fees for information received and for equipment usage. Based on 1994 statistics, governments will pay between $1.40 and $1.75 per report to obtain a full credit report. There is usually no charge for a brief report, known as a bulls-eye report.

Governments can expect to pay approximately $0.30 for each notification on skip accounts. Notification will be given each time there is an update or inquiry on any account the government has listed as a skip. As mentioned previously, governments may wish to limit skip notifications to larger dollar amounts.

There are no on-line charges for transmitting information electronically. For information that is not transmitted electronically, hard copy can be sent through a terminal/printer. A monthly teleprinter rental charge will cost approximately $45/month. Some paper costs will be involved, but these costs will depend on usage volume. Smaller governments can use forms provided by the credit reporting service to submit information. There is a charge only for debtor information sent by the service.

Listing of Credit Reporting Services

The three largest nationwide credit reporting services are Equifax/CBI, TRW, and Trans Union. The addresses and telephone numbers for their national offices appear below:

Equifax/CBI
1600 Peachtree Street
Atlanta, GA 30309
404/885-8000
Most widely used agency on the East Coast.

TRW
1900 Richmond Road
Cleveland, OH 44123
216/291-7000
Largest agency (most names) on the West Coast.

Trans Union
555 W. Adams
Chicago, IL 60661
312/238-1717
Equally used on both coasts.

Many credit reporting services list consumer and business names and offer various collection services as well.

One service that reports credit information only for businesses is Dun & Bradstreet (D & B). Governments do not have to be a subscriber to obtain information from D & B on a business as reports are available on a single-order
basis. However, these reports can be expensive. The address and telephone for D & B is listed below:

Dun & Bradstreet
299 Park Avenue
New York, NY 10171
212/593-6800

Again, before making the decision to report delinquent accounts to a credit reporting service, collection staff should make sure they have top management support. The next chapter deals with problem accounts and the special collection efforts needed to collect these accounts.
Exhibit 28

Final Notice (Credit Reporting Service) Letter

THE CITY OF
SAN DIEGO
525 B STREET • SUITE 1101 • SAN DIEGO, CALIFORNIA 92101

OFFICE OF
CITY TREASurer
COLLECTION DIVISION

(619) 533-4600
(619) 533-4667 (FAX)

JANUARY 26, 1995

JOHN Q. PUBLIC 22222
123 MAIN ST.
ANYTOWN, U.S.A.

RE: VEHICLE LICENSE NO: 123ABC
AMOUNT DUE: $1000.00

ACCORDING TO OUR RECORDS, YOU HAVE MULTIPLE OUTSTANDING PARKING CITATIONS OWED TO THE CITY OF SAN DIEGO. THESE VIOLATIONS HAVE BEEN REFERRED TO THIS OFFICE FOR RECOVERY.

FAILURE TO PAY THE AMOUNT DUE WILL RESULT IN LEGAL ACTION AND SUBMISSION TO THE CALIFORNIA FRANCHISE TAX BOARD OF YOUR NAME FOR MONIES TO BE WITHHELD FROM YOUR STATE INCOME TAX RETURN.

ANY DISCREPANCIES MUST BE REPORTED TO THIS OFFICE WITHIN FIVE (5) DAYS FROM THE DATE OF THIS NOTICE. CITATIONS ISSUED WITHIN THE LAST 90 DAYS MAY NOT BE INCLUDED IN THE AMOUNT SHOWN. WE REPORT UNPAID CITATIONS TO CREDIT REPORTING AGENCIES.

SINCERELY,

(619)570-1001
COLLECTION INVESTIGATOR
Governments may have difficulty in collecting certain types of accounts. In these cases, specialized enforcement techniques may be necessary. This chapter discusses these types of accounts and presents the information necessary to pursue collections in the most effective manner.

**Property Damage**

Collecting for damage to government property often can be difficult because information on the responsible parties may not be readily available, the cost of the damage may be too great to be assessed to a single party, or the damage may have been the result of a tragic accident. Generally, a government should pursue retribution for deliberate damage to government property or accidental damage resulting from known negligence. Since monetary repayment may not always be immediately possible, other methods of retribution may be acceptable. For example, the City of Boise, Idaho, has a specific policy in place for converting fines to community service. Excerpts of this policy can be found in Exhibit 29.

**Vehicle Accidents.** Vehicle accidents are a common cause of property damage. In these instances, the government should focus its first collection attempts toward the insurance company. Exhibit 30 presents a sample collection letter directed at an insurance company. To pursue property damage claims, governments should obtain copies of the police accident report, which will contain the names and addresses of other individuals involved in the accident, the license numbers of the vehicles (which can lead the collector to the legal owners), the name of the towing company (which will have information on the person to whom the vehicle was released), and insurance information. In most states, both the driver and the owner of the vehicle are legally liable for any damages, giving a jurisdiction the option to pursue the party from whomever payment is most likely. In cases where the driver was uninsured and had disregarded state mandates requiring insurance, provisions may exist for revoking the driver’s license in the case of non-recompensed property. A sample letter and corresponding DMV forms are shown in Exhibit 31.

Parties responsible for significant property damage can also be pursued through the legal system. Because legal action can be expensive, governments typically restrict such action to accounts greater than $5,000. Exhibit 32 contains the forms used by the City of San Diego in this process.

**Driving Under the Influence (DUI).** As a parallel to property damage policies, governments may also consider charging for costs associated with accidents involving drunk drivers or other negligent behavior. Governments should first check their state statutes to determine if they are allowed to charge for DUI-re-
lated service provision. California is one example of a state with such provisions. The relevant government codes are cited below:

**California Government Codes 53154, 53155**
The expense of an emergency response shall be a charge against the person liable for expenses under this article. The charge constitutes a debt of that person and is collectible by the public agency incurring those costs in the same manner as in the case of an obligation under a contract, expressed or implied, except that liability for the expenses provided for in this article shall not be insurable and no insurance policy shall provide or pay for the expenses. ... In no event shall a person’s liability under this article for the expense of an emergency response exceed one thousand dollars ($1,000) for a particular incident.

This provision not only relates to the negligent operation of a motor vehicle, but also covers boats, aircraft, and other vessels. The City of San Diego has implemented a policy in conjunction with this state statute, which reads:

DUI traffic collision incident exists when any person who is under the influence of alcohol or drugs whose negligence or wrongful conduct with regard to the operation of a motor vehicle proximately causes a collision resulting in an emergency response. Dispatch Center keeps track of calls that involve DUI; information is forwarded to the Watch Commander and subsequently to Patrol Operations. Billing is handled by the Chief’s Office for City Finance Department which receives a cost statement from Patrol Operations.

A sample letter from the City of San Diego illustrating the use of this provision can be found in Exhibit 33.

**Parking Citations**
As discussed in Chapter 2, enforcement of parking citations depends on individual state laws. One of the most common enforcement tools is to place a hold on vehicle registration and/or driver’s license renewals when a vehicle owner fails to pay parking citations. Generally, the use of this tool requires the cooperation of the state’s Department of Motor Vehicles (DMV).

Many states now authorize booting or towing a vehicle when the owner has exceeded a certain number of violations. This technique is very effective for persistent offenders, but will only be a nuisance for owners of unregistered “junkers.”

The State of California has a statute in place that allows the booting or towing of a vehicle with five or more outstanding parking notices. This statute is cited below.

When any vehicle, other than a rented vehicle, is found upon a highway or any public lands, or is removed pursuant to any subdivision of this section, and it is known to have been issued five or more notices of parking violation over a period of five or more days, to which the owner or person in control of the vehicle has
not responded to the agency responsible for processing notices of parking violation or the registered owner of the vehicle is known to have been issued five or more notices for failure to pay or failure to appear in court for traffic violations for which no certificate has been issued by the magistrate or clerk of the court hearing the case showing that the case has been adjudicated or concerning which the registered owner's record has not been cleared pursuant to Chapter 6 (commencing with Section 41500) of Division 17, the vehicle may be impounded until that person furnishes to the impounding law enforcement agency evidence of his or her identity and an address within this state at which he or she can be located and satisfactory evidence that all parking penalties due for the vehicle and all traffic violations of the registered owner have been cleared, or both. A notice of parking violation issued for an unlawfully parked vehicle shall be accompanied by a warning that repeated violations may result in the impounding of the vehicle. In lieu of requiring satisfactory evidence that the parking penalties and failures to appear have been satisfied, the impounding law enforcement agency may, in its discretion, issue a notice to appear for the offenses charged, as provided in Article 2 (commencing with Section 40500) of Chapter 2 of Division 17. In lieu of either furnishing satisfactory evidence that the bail has been deposited without unnecessary delay before a magistrate within the county in which the offenses charged are alleged to have been committed and who has jurisdiction of the offenses and is nearest or most accessible with reference to the place where the vehicle is impounded. Evidence of current registration shall be produced after a vehicle has been impounded or a notice to appear for violation of subdivision (1) of Section 4000 shall be issued to that person.

The City of Dallas is less lenient, allowing only three parking violations before a vehicle can be impounded or booted as noted in the procedure below:

A hearing officer’s order may be enforced by:

1. impounding the vehicle that is the subject of the order when it is found on any public street, right-of-way, easement, or other public or city-owned property, if the person charged has committed three or more parking violations in any calendar year that have not been resolved either by a finding of no liability or by payment of all fines, penalties, and costs assessed by the hearing officer;

2. placing a boot on the vehicle that is the subject of the order when it is found on any public street, right-of-way, easement, or other public or city-owned property, if the person charged has committed three or more parking violations in any calendar year that have not been resolved either by a finding of no liability or by payment of all fines, penalties, and costs assessed by the hearing officer;
(3) imposing an additional penalty to a civil fine not paid within the designated period; or
(4) denying any parking permit.

In states that allow towing or booting, there are automated ticket issuing systems on the market which are very effective enforcement tools. These devices are miniature computers with printers attached. The devices can store information about multiple violators and stolen vehicles so that the officer can immediately identify these vehicles and have them towed or booted.

In some states, parking citations are considered civil, not criminal, violations, thereby allowing for additional enforcement. For example, civil violations can be taken to small claims court, whereas criminal cases often cannot. In addition, if parking violations result in civil penalties, the debt can be listed on the debtor’s credit record. This is often the only way to get the attention of out-of-state violators or those who do not bother to register their vehicles.

While the persistent offenders may not be particularly concerned about their credit record initially, they may be at a later date when they try to get financing and find out that they must clear up their debts before getting a loan. Contacts at TRW reported that parking citation violators can be listed even if the violation has not been reduced to a civil penalty. According to TRW, misdemeanors and infractions are allowable listings.

Even if parking violations are criminal offenses in a particular state, it may be possible to modify state law to make some citations enforceable by civil means. For example, in California, prior to decriminalizing parking citations, a provision was enacted to allow jurisdictions to prosecute civilly anyone with more than $400 worth of citations.

Because a government may not be aware of the existence of unsecured personal property, collecting taxes on such property can be quite a challenge. The key issue in collecting taxes on personal property is to identify the existence and value of the property and to obtain information on the property owner. Governments can check several sources of information.

For example, the Personal Property Tax Collection policy for the City of Anchorage, Alaska contains a list of the resources available to the government when trying to locate debtors and/or their assets, many of which can be accessed via computer. These include the following:

- State of Alaska Permanent Fund Dividend List of Applicants
- State of Alaska District Recorder’s Office
- Civil complaints filed
- Hunting and fishing license lists
- Voter’s registration lists
- ATLAS name and address search
- Credit Bureau International
- Bankruptcy filings
- UCC filings
- Business license listings
- State of Alaska corporation listings
- Real property tax records
• FAA registration lists
• Department of Motor Vehicles registration

Besides this checklist, the City’s policy specifically addresses actions to be taken for each type and size of personal property tax account. The Personal Property Tax Collection flowchart found in Exhibit 34 illustrates this step-by-step process.

Other governments impose penalty and interest charges on delinquent property tax bills and may report the account to a credit reporting service. Others, as a last resort, may seize personal property to compensate for unpaid taxes. The excerpt below from the Texas Property Tax Code is an example.

(a) A person’s personal property is subject to seizure for the payment of a delinquent tax, penalty, and interest he owes a taxing unit on property.

(b) A person’s personal property is subject to seizure for the payment of a tax imposed by a taxing unit on his property before the tax becomes delinquent if:
   (1) the collector discovers that property on which the tax has been or will be imposed is about to be removed from the county; and
   (2) the collector knows of no other personal property in the county from which the tax may be satisfied.

(c) Current wages in the possession of an employer are not subject to seizure.

Utilities

Utility accounts of current customers can generally be handled by standard delinquent collection techniques. In most instances, the utility can disconnect service to a delinquent customer. Accounts of customers who have moved and not paid their final bills need to be addressed in a different manner. Under the best of circumstances, the utility provider will have required a deposit up front which is large enough to cover the final bill.

Additionally, the provider should collect as much information as possible about the customer when the account is opened as it will be easier to locate the “skip” if information is already on file. As mentioned in Chapter 1, information that is especially helpful includes: driver’s license number, Social Security number, and place of employment. A thorough search of utility records may uncover new service which has been established in the same name of the debtor. Any outstanding balances can then be added to the new account.

Ambulance/ Emergency and Hospital Accounts

Governments cannot limit access to emergency medical assistance based on a patient’s credit profile. To assure payment for services, the government should obtain as much information as possible for later collection efforts. Often difficult circumstances or insurance company delays may preclude prompt payment for services rendered. A government should take these difficulties into account when setting up a policy for ambulance/emergency service and hospital billing.

One example of a comprehensive collection policy comes from Michigan.
Capitol Medical Center which offers a variety of payment options to its patients. Besides typical payment arrangements, the center offers a 10 percent discount to patients paying by credit cards or the center’s own Care Charge, a health care credit card with 30-minute approval during regular business hours. Provisions for Medicare/Medicaid patients, as well as for individuals with income below the poverty line also exist. Generally, if the annual family income falls below the published National Poverty Guidelines, the services provided will be written off as a charity discount. Other patients may qualify for a loan to pay for their medical bills and enables the center to receive payment almost immediately. However, if the patient defaults on the loan, the center, not the bank, will be responsible for the charge.

As with other service providers, Michigan Capitol Medical Center sends a series of letters to a delinquent customer and employs the services of a collection agency, when necessary. Its policies and procedures vary slightly depending on the type of care provided, but most of the options mentioned above are available to the majority of patients.

Bankruptcy

Bankruptcies present a unique collection challenge for governments. Frequently, debtors may fail to list all of their creditors when they file for bankruptcy protection, especially governmental entities. This omission increases the likelihood that a government may not receive monies owed to it; therefore, the government must pay close attention to all bankruptcy notices and monitor newspaper listings to find those debtors for whom notices have not been received. Centralized collection facilitates this monitoring, as the collection department can notify other departments when a bankruptcy notice is received.

The Bankruptcy Process Defined. Local government revenue collections can be affected by several types of bankruptcies:
- Chapter 7—liquidation, which involves the liquidation of the debtor’s assets
- Chapter 11 —business reorganization
- Chapter 12 —family farm bankruptcies
- Chapter 13 —wage earner plan, which involves an adjustment of debt by means of deferred payments to creditors.

Generally, the process begins when a debtor files a petition with the U.S. Bankruptcy Court, after which a bankruptcy estate and an automatic stay are created. The automatic stay blocks any collection action from creditors for debt that arose prior to the filing of the petition. The stay also prevents any action against the property of the debtor’s estate. A list of creditors is also filed along with the petition. Those on the list are notified by the court of the existence of the bankruptcy case. Sometimes governments may not be listed as creditors, and hence, will not receive the notice of bankruptcy. To be included on the final list of creditors, a government should file a Proof of Claim form with the U.S. Bankruptcy Court, which is presented in Exhibit 35. Creditors must comply with the automatic stay regardless of whether or not they have received a formal notice of bankruptcy. Therefore, governments must check other sources of information regularly and be aware of all relevant bankruptcy proceedings.

Furthermore, creditors may not attempt to obtain possession of property (or
Non-Sufficient Funds Checks

Non-sufficient funds (NSF) checks also can create problems for governments. Since collecting on NSF checks can be difficult, governments should implement policies and procedures to limit the number of potential NSF checks. For example, penalties, or the threat of penalties, can help discourage debtors from writing NSF checks. These penalties should cover any additional costs the government may have incurred as a result of the handling of the NSF check. The penalty can be a lump sum or a percentage of the total amount of the check. In addition, requiring another form of payment, such as money order, cash, or credit card, to cover the NSF check and the associated charges can alleviate some of the potential problems.

To implement such requirements, a government must maintain a current and easily accessible list of known “bad check” writers. Since state statutes may affect the types of charges that can be imposed, governments should check their statutes before adopting a formal NSF policy. The policy from the City of Palo Alto, California, illustrates a typical NSF procedure.

The City’s current banking agent notifies the City of all dishonored checks. Revenue Collections staff immediately sends a letter to the customer advising of the returned check, the $10 returned check fee, and that failure to pay within 31 days if the issue results in court action will result in a fine from $100 to $500 plus court costs. Additionally, Revenue Collections staff sends the responsible department within the City a copy of all checks returned to the City. Checks that remain unpaid or checks that have small claims judgments against them are sent to the City’s collection agency for follow-up.

Governments also should routinely re-deposit first-time returned checks. Although bank fees associated with the returned check will not be recovered immediately, the chances for collection generally improve when a check is presented for deposit a second time. If the item is returned again, the government can pursue the debtor to recover the amount of the check plus any additional costs incurred as a result of an NSF check. As mentioned in Chapter 4, some governments are able to collect treble damages as well.

Recently, local district attorneys have begun actively pursuing NSF debtors. The district attorneys not only pursue individuals who have written NSF checks
to the government, but some have expanded their work to assist local businesses in collecting their NSF checks for an administrative fee. Thus far, legislatures in at least twelve states have authorized such activities.

**Land Clean-up Fees**

Some governments charge property owners for the clean-up of litter or brush if the property owner has failed to take care of a situation in a timely manner. If allowed by ordinance, a government may place a lien on the property to assure payment. Less drastic measures may also be possible, such as the denial of permits in the future to the delinquent property owner.

**Landfills and Permits**

Many governments operating landfills issue permits to businesses and individuals wanting access to the site. Waste haulers who fail to pay their bills on time may have their permit revoked and/or incur a late fee. As the collector from the City of San Diego pointed out, these companies cannot run without access to the landfill, and hence, must pay their bills promptly. Steep late penalties, especially when based on a percentage of the total invoice amount, also encourages prompt payment as invoices of waste haulers tend to be high.

**Hotel/Motel Taxes**

Most major U.S. cities levy a hotel/motel occupancy tax. The tax, also called a transient occupancy tax in some areas, is usually assessed along with the general sales tax that covers the payment on a hotel/motel room. Some states allow local governments to include restaurant meals and other hotel/motel services in the occupancy tax base in addition to the room itself. Local governments use occupancy taxes to defray some of the additional costs incurred as a result of providing expanded services to tourists and visitors.

Because the occupancy tax is self-assessed, governments should facilitate compliance by mailing notices and other appropriate forms to each hotel/motel operator before the tax payment due date. Remittance should be monthly for larger operators and at least quarterly for small and midsized hotels/motels. More frequent collection of taxes means increased interest income for local governments. The City of San Diego, California, requires businesses having difficulties making timely payments to remit transient occupancy taxes on a daily or weekly basis. By requiring such frequent payments, the city provides the businesses with a strong incentive to comply with city ordinances and to pay on time.

State or local law should also specify the documentation required for taxpayers to include with their tax returns, such as proof of their sales volume. Local government policy should also ensure operators of the confidentiality of their tax returns to protect owners from disclosure of information to competitors.

State law usually allows local governments to revoke a hotel/motel operator’s permit if taxes remain unpaid. Local governments should be cautious when exercising this power because a firm that is not allowed to operate may have difficulties paying back taxes. For serious delinquencies, the seizure and sale of hotel property is one way to collect back taxes paid. The City of San Diego,
for example, has a Procedure for Transient Occupancy Tax Seizure, which outlines preliminary, actual, and post-seizure procedures. As stated in Chapter 4, property seizures often result in the sale of the asset or the liquidation of the inventory at a public auction. Samples of a pre-seizure letter, letter for “jeopardy determination,” and lien certificate are shown in Exhibit 36.

Most delinquencies, however, occur when a hotel/motel is sold. Some local governments require a bond or other security as a condition for receiving a permit. In some states, local governments can attach a personal lien to the delinquent operator. Probably the most effective tool is a provision for successor liability, which legally extends to the buyer liability for delinquent taxes. Local governments should explore the legality under state statutes of including such a provision in their occupancy tax ordinance.

The law imposing the occupancy tax should clearly specify the local government’s authority to audit the records of operators to verify the accuracy of tax returns. Equally important, the local government should establish an ongoing audit program to ensure taxpayers’ compliance with the law. This program can involve a manual recording of payments and review of tax remittance forms for compliance with ordinances or the reliance on more sophisticated computerized databases.

For those governments charging business tax on rental property (residential, commercial, and/or industrial), enforcement can be facilitated if enabling legislation allows for liens on property with unpaid taxes. As an example, the relevant section of the San Diego municipal code, as well as a lien letter and lien form typically filed with the county registrar are shown in Exhibit 37.

Collection of sales and use taxes must also be monitored by governments. Similar to hotel taxes, a government must rely to a certain extent on the honesty of vendors who collect and remit sales taxes to the government.

In most cases, reporting and remitting sales tax is self-assessed by businesses. The City of Tulsa, Oklahoma, instituted an effective program to coordinate sales tax collection with the issuance of licenses and contracts. The city has centralized administration of sales taxes and requires businesses to have a valid sales tax permit number before they can obtain contract licenses, liquor licenses, etc. City staff cross-references payments with past permit numbers using a database.

The Kenai Peninsula Borough, Alaska, sends a series of letters to businesses reminding them to submit their sales tax reports. Taxpayers are required to file the sales tax report, even if the full amount due cannot be sent at that time. In those instances, a repayment plan can be arranged. The Borough Auditor estimates the taxes due for each period not filed and charges an estimate fee that must be paid, regardless of whether the business ends up filing its own return. The estimate fee is $20 per hour, and can range up to a maximum of $100. The estimate becomes a final tax bill if the taxpayer does not file an accurate return and remit any balance due within 30 days of the estimate letter. The tax due plus any penalties, interest charges, and the estimate fee must be paid to avoid having a sales tax lien recorded against any real or personal property. If
the account remains delinquent, the balance due may be reported to the Credit Bureau of Alaska and transferred to the Borough’s legal department, which can file a complaint with the District Court to obtain judgment.

A sales tax is usually adopted in conjunction with a use tax, which is levied on taxable items purchased in another government but brought back to be used in the taxing jurisdiction. Use taxes protect retailers in the taxing jurisdiction by discouraging consumers from making their purchases outside the jurisdiction simply to avoid sales tax. Enforcement of use taxes is difficult except on items such as vehicles and building materials, for which governments maintain records of ownership. Use taxes can be collected when title of ownership is transferred.

False Alarm Violations

Governments must also address the demands placed upon them by various technological advances that may require more of their attention. Installation of home security/emergency systems linked directly to a local police department is one such advance that can create potential problems for governments. Requests for emergency assistance that turn out to be false alarms cost the government money, and may actually delay an emergency response to those with a real need. A government can reduce false alarms by imposing fees on the responsible parties. For example, the City of Troy, Michigan, requires the registration of an alarm system with the police and imposes a fine based on the number of false alarms.

The alarm user must register the alarm system with the Police department and pay a registration fee of $5. Any completed installation shall be reviewed by a representative of the Police Department. The initial registration and review of alarm systems after a false alarm has been reported shall be $25 plus any resultant false alarm fees.

False alarm fees are $10 for second, $25 for third, and $100 for each additional false alarm in any given calendar quarter. No alarm user shall be required to pay said fee on the first occasion of a false alarm during any one calendar quarter, but shall be advised in writing of said false alarm and/or the existence of this chapter. After third false alarm, alarm user shall be required to have the alarm system inspected and repaired by a licensed alarm company/contractor. Documentation must be provided to the Troy Police Department. Alarm conditions caused by the specified extenuating circumstances shall not constitute a false alarm and no false alarm fee shall be charged by the City.

An alarm user wishing to request a waiver of the assessment of the false alarm fee due to extenuating circumstances must do so within 10 working days of the assessment date.

Special Assessments

Special assessments are obligatory payments imposed on real property in a specified and limited geographic area to cover the cost of improvements that provide special benefits to the property. These improvements usually involve infrastructure, such as street paving, sidewalks, and storm sewers. Generally, state law will
govern how these special assessments are to be collected and what steps must be taken in the case of delinquencies. Before establishing a formal policy for delinquent special assessment accounts, local governments should review all relevant state statutes and any unusual provisions with legal counsel.

Often these property improvements are initially funded through the issuance of municipal bonds. Bondholders are repaid with the funds received from taxpayers paying the special assessment fees. Governments must establish collection policies that protect the bondholders and minimize delinquencies. To expedite revenues in cases where delinquencies are inevitable, some state statutes have provisions for accelerating the foreclosure process.

The policy below from the City of Lansing, Michigan, outlines some typical special assessment procedures.

All special assessment issues are dealt with by the City Council. Once the Council confirms and ratifies assessment, payment is due within 90 days. Installment payments are possible for most special assessments, unless the amount is less than $100. If the Treasurer is unable to collect assessments, he may levy and collect any such assessment by distress and sale of any personal property in the possession of the person charged with the assessment or in any other manner permitted by law. Interest charges to be added to special assessment installment payments are determined by the Council—typically 7 percent annually, unless bonds were issued in anticipation of unpaid installments, in which case, the interest charged would be at the bond issue interest rate plus one percent, or whichever rate is greater.

Delinquent payments made after 90 days will have interest added, on a prorated basis. If neither the total assessment nor the first installment is paid within 90 days of confirmation, the taxpayer eligible for installment payments is automatically obligated to pay on the installment basis and is delinquent as to the first installment. A penalty of 4 percent of the installment due shall be charged on all delinquent installments.

The Council may grant extension of time for payment of special assessments by any taxpayer upon the showing of special need or economic hardship, without regard to the use, whether commercial, professional, industrial or otherwise, of the property within a special assessment district.

The State of Michigan has a comprehensive statute providing for deferment of special assessment for persons over 64 years of age, as to any special assessment levied against their “homestead.” The statute requires application by the person. The person must be a U.S. citizen and a resident of the state for at least five years, and the sole owner of the homestead for five or more years. Deferment is also authorized for persons who are totally and permanently disabled.

The letters from the City of San Diego in Exhibit 38 also illustrate some common ways of dealing with delinquent special assessment accounts.
Governments use a variety of practices to track overdue self-assessed payments, such as hotel and room taxes, sales taxes, disposal fees and lease payments. Self-assessed payments are those monies that are due the government but are not invoiced by the government. Entities are expected to report and remit the correct monies when due.

Practices to track these non-invoiced payments include cross-checking computerized records to manual spreadsheets and ledgers, maintaining tickler files, and reconciling payments to prior year totals or budgeted projections to detect amounts “missing.” Comparison of tax data with those of other governments can also provide information on taxpayers who may not be paying all that they owe. Some entities have no tracking systems at all, while other entities invoice all receivables and thus avoid the problem of non-invoiced payments. Governments can and should periodically audit taxpayer records to determine if taxes are being paid correctly. Taxpayer awareness of the possibility of audits will deter at least some from non-payment and underpayment of taxes.

**Licenses.** The types of licenses that will be required to do business in a particular area will vary between jurisdictions, as will the types of rents paid to states. However, one effective collection practice that works for all types of licenses is the withholding or revoking of the license until all delinquent accounts are paid.

As mentioned in Chapter 2, many governments maintain status reports of outstanding balances and send warning letters at the end of a season or at the end of a license year to debtors. Hold lists are made and licenses are held on delinquent accounts. The practice of holding licenses until all accounts are current can be a very effective collection practice, especially for businesses that need to renew liquor licenses or obtain other business permits. This technique also can be effective with individuals who may wish to obtain a hunting license or renew a driver’s license.

This chapter along with previous chapters presented tools and techniques to help collection professionals increase their collection rates. The next chapter will discuss collection software to help automate the collection function.
Policy for Converting Fines to Community Service

Infractions cannot be converted to Community Service. Community Service work-offs will only be considered if request is made in a timely manner.

If the defendant is a teenager or a welfare recipient, conversion of their misdemeanor charges to Community Service will be done without requiring they provide written budget information. All other defendants are required to provide a financial statement prior to converting. (The defendant should list his/her employer, gross income, spouse’s or roommate’s employer, and their gross income. Information on the landlord or mortgage holder and the amount of the monthly payment should also be provided. This should be followed by all other debts: banks, financial companies, credit unions, collection agencies, medical bills, utilities, and grocery expenses.) This information is evaluated to determine the feasibility of converting the fine, and whether a true hardship exists, or if the defendant’s budget is simply out of line, in which case, payment of fines can then be required.

Make sure the defendant works off past due amount first. A separate referral form is required on each case. Defendant is allowed to work off fines at $5.00 per hour for adults, $4.00 per hour for minors (17 and under). There will be a sign up fee to the defendant payable to Community Service Alternatives (CSA) and based on the defendant’s income, ability to pay and the number of hours they have to do. The Fine Enforcement Officer has no control over the sign-up fee. Teenagers and welfare recipients pay one-half the normal fee. Be sure to indicate on the referral form that the defendant has a special need “Teenager”, “Welfare Recipient”, etc. If after evaluating the written financial information, a determination is made that paying the sign-up fee will be a hardship, write on the referral form “Limited income. Please be flexible with sign-up fee.” The defendant will be required to complete Community Service within a definite period of time (at least 20 hours per week, unless exigent circumstances exist.) The staff at CSA are the only people (other than a Judge) authorized to grant an extension of time to complete Community Service. The court clerks will work with the Fine Enforcement Officer in updating the computer with Community Service fine compliance and noncompliance.

Sometimes a defendant will contact the Fine Enforcement Officer to convert Community Service back to dollars owed. This is normally done because a defendant becomes employed. They must contact the Fine Enforcement Officer prior to completion date. The length of time since sentencing and the amount owed will determine if a new payment agreement is required. A letter then must be sent to Community Service Alternatives notifying them of the conversion back to fines.

If a defendant is in a rehabilitation program at the Salvation Army or the Elks Hospital, the Fine Enforcement Officer may convert their fines to Community Service and do a direct referral to the organization rather than going through CSA. At Christmas time, the Fine Enforcement Officer may be contacted to refer teenagers and unemployed defendants to the Salvation Army as bell ringers. They work their fines off first and no money changes hands. Then if they are good workers and want to earn extra money, the program will keep them on and pay them an hourly fee.
JANUARY 26, 1995

JOHN Q. PUBLIC
123 MAIN ST.
ANYTOWN, U.S.A.

RE: VEHICLE LICENSE NO: 123ABC
AMOUNT DUE: $1000.00

ACCORDING TO OUR RECORDS, YOU HAVE MULTIPLE OUTSTANDING PARKING CITATIONS OWED TO THE CITY OF SAN DIEGO. THESE VIOLATIONS HAVE BEEN REFERRED TO THIS OFFICE FOR RECOVERY.

FAILURE TO PAY THE AMOUNT DUE WILL RESULT IN LEGAL ACTION AND SUBMISSION TO THE CALIFORNIA FRANCHISE TAX BOARD OF YOUR NAME FOR MONIES TO BE WITHELD FROM YOUR STATE INCOME TAX RETURN.

ANY DISCREPANCIES MUST BE REPORTED TO THIS OFFICE WITHIN FIVE (5) DAYS FROM THE DATE OF THIS NOTICE. CITATIONS ISSUED WITHIN THE LAST 90 DAYS MAY NOT BE INCLUDED IN THE AMOUNT SHOWN. WE REPORT UNPAID CITATIONS TO CREDIT REPORTING AGENCIES.

SINCERELY,

(619)570-1001
COLLECTION INVESTIGATOR
THE CITY OF
SAN DIEGO
525 B STREET  • SUITE 1101  • SAN DIEGO, CALIFORNIA  92101

OFFICE OF
CITY TREASURER
COLLECTION DIVISION

(619) 533-4600
(619) 533-4667 (FAX)

JANUARY 26, 1995

JOHN Q. DEBTOR
123 MAIN ST.
ANYTOWN, U.S.A.

RE: PROPERTY DAMAGE-DELINQUENT BALANCE $ 1000.00

ACCORDING TO OUR RECORDS, YOU DID NOT PROVIDE
PROOF OF "PUBLIC LIABILITY INSURANCE" COVERAGE.
THIS INFORMATION MUST BE PROVIDED IMMEDIATELY.

FAILURE TO CARRY PUBLIC LIABILITY INSURANCE SUBJECTS
YOU TO THE FOLLOWING ACTION:

IMMEDIATE SUSPENSION OF YOUR DRIVERS
LICENSE, OR EXTENSION OF ANY CURRENT
SUSPENSION.

RESTITUTION FOR DAMAGE TO PUBLIC PROPERTY MUST BE
MADE IMMEDIATELY TO PREVENT NOTIFICATION TO THE
DEPARTMENT OF MOTOR VEHICLES OF YOUR FAILURE TO
COMPLY WITH THE STATE LAW RELATIVE TO PUBLIC
LIABILITY INSURANCE.

WE ARE ALLOWING YOU FIVE (5) DAYS TO RESOLVE THIS
MATTER.

(619)570-1001
COLLECTION INVESTIGATOR
**Exhibit 31 (cont’d)**

**Uninsured Driver Letter and DMV Forms**

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**REPORT OF TRAFFIC ACCIDENT**

Every driver of a motor vehicle involved in an accident on a public street or highway must report the accident (within 10 days) to the Department of Motor Vehicles if any person was injured or killed or if any person’s property was damaged in excess of $500.

*Please use an attachment for any additional vehicles involved, property damage, injuries, deaths, or other information.*

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**DEPARTMENT OF MOTOR VEHICLES—FINANCIAL RESPONSIBILITY**

P. O. BOX 942884, SACRAMENTO, CALIFORNIA 94284-0001
(916) 733-7685

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**DATE OF ACCIDENT**

- **MONTH:**
- **DAY:**
- **YEAR:**
- **HOUR:**
- **A.M.**
- **P.M.**

**PLACE**

- **LOCATION OF ACCIDENT:**
- **CITY:**
- **COUNTY:**
- **PARKING LOT:**
- **YES**
- **NO**

**NUMBER VEHICLES IN ACCIDENT**

**NUMBER PERSONS INJURED**

**NUMBER PERSONS KILLED**

---

**YOUR VEHICLE:** (Also, please complete insurance information stub below for YOUR VEHICLE.)

- **STOPPED IN TRAFFIC**
- **MOVING**
- **LEGAL PARKED**
- **PEDESTRIAN**
- **BIKE**

**DRIVER'S NAME (FIRST, MIDDLE, LAST):**

**TELEPHONE NUMBER:**

**WORK:**

**DANGEROUS ADDRESS (NUMBER AND STREET):**

**CITY:**

**STATE:**

**ZIP CODE:**

**DRIVER'S LICENSE NUMBER AND STATE:**

**DATE OF BIRTH (MONTH, DAY, YEAR):**

**OWNER OF VEHICLE YOU WERE DRIVING (FIRST, MIDDLE, LAST):**

**ADDRESS (NUMBER AND STREET):**

**CITY:**

**STATE:**

**ZIP CODE:**

**VEHICLE YOU WERE DRIVING (VR & MAKE):**

**BODY TYPE:**

**VEHICLE LICENSE OR I.D. NUMBER:**

**ESTIMATED COST OF REPAIRS:**

---

**OTHER VEHICLE:** (Also, please complete insurance information stub below for OTHER VEHICLE.)

- **STOPPED IN TRAFFIC**
- **MOVING**
- **LEGAL PARKED**
- **PEDESTRIAN**
- **BIKE**

**DRIVER'S NAME (FIRST, MIDDLE, LAST):**

**TELEPHONE NUMBER:**

**WORK:**

**DANGEROUS ADDRESS (NUMBER AND STREET):**

**CITY:**

**STATE:**

**ZIP CODE:**

**DRIVER'S LICENSE NUMBER AND STATE:**

**DATE OF BIRTH (MONTH, DAY, YEAR):**

**OWNER OF OTHER VEHICLE (FIRST, MIDDLE, LAST):**

**ADDRESS (NUMBER AND STREET):**

**CITY:**

**STATE:**

**ZIP CODE:**

**OTHER VEHICLE (VR & MAKE):**

**BODY TYPE:**

**VEHICLE LICENSE OR I.D. NUMBER:**

**ESTIMATED COST OF REPAIRS:**

---

**OTHER PARTY'S INSURANCE COMPANY NAME AND POLICY NUMBER:**

**WAS HE/SHE DRIVING A VEHICLE OWNED BY AN EMPLOYER AND WITH PERMISSION?**

- **YES**
- **NO**

**DAMAGE TO OTHER PROPERTY**

**NAME OF OBJECTS:**

**OWNERS NAME AND ADDRESS:**

**ESTIMATED COST TO REPAIR DAMAGE:**

---

**INJURIES AND DEATHS CAUSED BY THE ACCIDENT**

**NAME:**

**AGE:**

**TYPE OF INJURY:**

- **Driver**
- **Passenger**
- **In Your Vehicle**
- **In Other Vehicle**
- **Bicyclist**
- **Pedestrian**
- **Fatal**

**ADDRESS:**

---

**DEPARTMENT USE ONLY**

---

**FACED RESPONSIBILITY SECTION USE ONLY**

---

**I certify under penalty of perjury that the accident information provided is true to the best of my knowledge. (Perjury is punishable by imprisonment, fine or both.)**

**SIGNATURE HERE**

---

106
Certificate of Facts RE Unsatisfied Judgment

(Do not complete or sign until 30 days after finality of judgment unless the court ordered installment payments.)

In the ______________ Court of ______________
__________________________ Court Code ______________________

STATE OF ______________________

Plaintiff: ___________________________________________ Defendant: ___________________________________________

__________________________ vs. __________________________

Case No.: ___________________ Date Filed: ___________________

The undersigned Clerk/Judge of the Court hereby certifies as follows:

1. The above judgment was based on a tort claim as a result of a motor vehicle accident.
2. The judgment was entered on ______________ 19 ____, and became final ______________ 19 _____.
3. Judgment was entered against ___________________________________________

   for reasons and amounts indicated below:
   a. Bodily injury ____________________________
   b. Damage to property ____________________________
   c. Wrongful death ____________________________
   d. Costs ____________________________
   e. Loss of use ____________________________
   f. Any other ground ____________________________
   TOTAL ____________________________

4. The court (ordered, did not order) the judgment paid in installments.
   (If so ordered, a certified copy of such order must be attached as required by Section 16379 of the Vehicle Code.)

Date ____________________________ SIGNED ____________________________
Official Title ____________________________ By ____________________________
Official Title ____________________________

The undersigned creditor/attorney hereby certifies as follows:

5. Date of accident ____________________________
6. Did accident result from the operation of a motor vehicle upon a street or highway as defined in Sections 360 and 590 of the California Vehicle Code? ____________________________
7. Vehicle involved was owned by ____________________________
8. Vehicle involved was operated by ____________________________
9. Ownership of vehicle resulted in judgment against ____________________________
10. Operation of vehicle resulted in judgment against ____________________________
11. License number of Debtor’s vehicle involved in accident ____________________________
12. Identifying information for judgment debtor(s)—enter “unknown” if information not available:

   Full name ____________________________ Former name, or AKA ____________________________
   Current address ____________________________
   Former address ____________________________
   Birthdate or approximate age ____________________________
   Calif. Driver’s License No. ____________________________
   Other information ____________________________________________________________________

Dated ____________________________ Name and address of Judgment Creditor or Attorney ____________________________

Signed ____________________________

Section 16373 of the Vehicle Code, Court Report of Judgments.

The clerk of a court or the judge of a court which has no clerk, shall forward to the department a certified copy of any judgment or a certified copy of the caption entered in an action resulting in a judgment for damages, and a certificate of facts relative to such judgment, on a form provided by the department, the revocation and nonpayment of which judgment requires the department to suspend the driver’s license of the judgment debtor. The document shall be forwarded immediately upon the expiration of thirty days after the judgment has become final and when the judgment has not been stayed or satisfied within the amounts specified in this chapter as shown by the records of the court. Department of Motor Vehicles, P.O. Box 2530, Sacramento, CA 95812.
NOTICE OF UNSATISFIED JUDGMENT OF $500 OR LESS

This form is to be completed by the judgment creditor. The form may not be completed until 90 days after the judgment is final. The judgment of the small claims court must be attached to the form. The judgment must set forth the judge's determination that the judgment results from a motor vehicle accident occurring on a California highway caused by the judgment debtor's operation of a motor vehicle.

Title of Court of

[Include county, city (if any), and date of entry]

Court Code

[Available from Court Clerk]

STATE OF

[Available from Court Clerk]

Plaintiff: ________________________________ vs. Defendant: ________________________________

Case No.: ________________________________ Date Filed: ________________________________

1. The above judgment was based on a tort claim as a result of a motor vehicle accident.
2. The judgment was entered on ________________________________ 19 ___ , and became final ________________________________ 19 ___ , and remained unsatisfied for 90 days thereafter.

1. Amount of judgment ________________________________
2. Was the judgment for damages resulting from an accident involving a motor vehicle driven by the judgment debtor? __________
3. Did the accident occur on a street or highway in California? __________
4. Date of accident ________________________________
5. License number of vehicle driven by the judgment debtor in the accident ________________________________
6. Identifying information for judgment debtor(s)—enter "unknown" if information not available.
   Full name ________________________________ Former name, or AKA ________________________________
   Current address ________________________________
   Former address ________________________________
   Birthdate or approximate age ________________________________ Calif. Driver License No. ________________________________
   Telephone number ________________________________

CERTIFICATION

The undersigned judgment creditor hereby certifies:

I am the judgment creditor in the attached small claims court judgment. This judgment has not been satisfied by the judgment debtor.

Full name and address of Judgment Creditor: ________________________________

Telephone number: ________________________________

Executed at ________________________________ (City), ________________________________ (State), on ________________________________ (Date).

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct. (Perjury is punishable by fine, imprisonment or both.)

Signed: ________________________________

FOR DMV USE ONLY:

After completion of this form, please mail it with your check or money order in the amount of $20 to: Financial Responsibility, P. O. Box 942882 Sacramento, Ca 94284-0001. DO NOT TAKE IT TO YOUR LOCAL DEPARTMENT OF MOTOR VEHICLES OFFICE.
# Legal Action for Property Damage Forms

<table>
<thead>
<tr>
<th>ATTORNEY OR PARTY WITHOUT ATTORNEY (NAME AND ADDRESS):</th>
<th>TELEPHONE:</th>
<th>FOR COURT USE ONLY</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>ATTORNEY FOR (NAME):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insert name of court, judicial district or branch court, if any, and post office and street address.</td>
</tr>
</tbody>
</table>

**MUNICIPAL COURT OF CALIFORNIA, COUNTY OF SAN DIEGO**
**SAN DIEGO JUDICIAL DISTRICT**
1409 Fourth Avenue, San Diego, CA 92101-3105

**PLAINTIFF:**

**DEFENDANT:**

☑ DOES 1 TO

**COMPLAINT—Personal Injury, Property Damage, Wrongful Death**

<table>
<thead>
<tr>
<th>MOTOR VEHICLE</th>
<th>OTHER (specify):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Damage</td>
<td>Wrongful Death</td>
</tr>
<tr>
<td>Personal Injury</td>
<td>Other Damages (specify):</td>
</tr>
</tbody>
</table>

**CASE NUMBER:**

1. This pleading, including attachments and exhibits, consists of the following number of pages: ________

2. a. Each plaintiff named above is a competent adult
   ☐ Except plaintiff (name):
      ☐ a corporation qualified to do business in California
      ☐ an unincorporated entity (describe):
      ☐ a public entity (describe):
      ☐ a minor ☐ an adult
      ☐ for whom a guardian or conservator of the estate or a guardian ad litem has been appointed
      ☐ other (specify):
      ☐ other (specify):

   ☐ Except plaintiff (name):
      ☐ a corporation qualified to do business in California
      ☐ an unincorporated entity (describe):
      ☐ a public entity (describe):
      ☐ a minor ☐ an adult
      ☐ for whom a guardian or conservator of the estate or a guardian ad litem has been appointed
      ☐ other (specify):
      ☐ other (specify):

b. ☐ Plaintiff (name):
   ☐ is doing business under the fictitious name of (specify):

   ☐ and has complied with the fictitious business name laws.

c. ☐ Information about additional plaintiffs who are not competent adults is shown in Complaint—

   Attachment 2c. (Continued)
3. a. Each defendant named above is a natural person
   □ Except defendant (name):
   □ a business organization, form unknown
   □ a corporation
   □ an unincorporated entity (describe):
   □ a public entity (describe):
   □ other (specify):
   □ Except defendant (name):
   □ a business organization, form unknown
   □ a corporation
   □ an unincorporated entity (describe):
   □ a public entity (describe):
   □ other (specify):

b. The true names and capacities of defendants sued as Does are unknown to plaintiff.

c. □ Information about additional defendants who are not natural persons is contained in Complaint—
   Attachment 3c.

d. □ Defendants who are joined pursuant to Code of Civil Procedure section 382 are (names):

4. □ Plaintiff is required to comply with a claims statute, and
   a. □ plaintiff has complied with applicable claims statutes, or
   b. □ plaintiff is excused from complying because (specify):

5. This court is the proper court because
   □ at least one defendant now resides in its jurisdictional area.
   □ the principal place of business of a corporation or unincorporated association is in its jurisdictional area.
   □ injury to person or damage to personal property occurred in its jurisdictional area.
   □ other (specify):

6. □ The following paragraphs of this complaint are alleged on information and belief (specify paragraph numbers):

   (Continued)
7. ☐ The damages claimed for wrongful death and the relationships of plaintiff to the deceased are ☐ listed in Complaint—Attachment 7. ☐ as follows:

8. Plaintiff has suffered
☐ wage loss ☐ loss of use of property
☐ hospital and medical expenses ☐ general damage
☐ property damage ☐ loss of earning capacity
☐ other damage (specify):

9. Relief sought in this complaint is within the jurisdiction of this court.

10. PLAINTIFF PRAYS
For judgment for costs of suit; for such relief as is fair, just, and equitable; and for ☐ compensatory damages
☐ (Superior Court) according to proof.

☐ (Municipal and Justice Court) in the amount of $__________
☐ other (specify):

11. The following causes of action are attached and the statements above apply to each: (Each complaint must have one or more causes of action attached.)
☐ Motor Vehicle
☐ General Negligence
☐ Intentional Tort
☐ Products Liability
☐ Premises Liability
☐ Other (specify):

(Type or print name) ☐ ☐
(Signature of plaintiff or attorney)
Exhibit 32 (cont’d)

**Legal Action for Property Damage Forms**

<table>
<thead>
<tr>
<th>SHORT TITLE:</th>
<th>CASE NUMBER:</th>
</tr>
</thead>
<tbody>
<tr>
<td>--------------</td>
<td>--------------</td>
</tr>
</tbody>
</table>

**CAUSE OF ACTION—Motor Vehicle**

(Use a separate cause of action form for each cause of action.)

**Plaintiff (name):**

MV-1. Plaintiff alleges the acts of defendants were negligent; the acts were the legal (proximate) cause of injuries and damages to plaintiff; the acts occurred on (date); at (place):

**MV-2. DEFENDANTS**

a. ☐ The defendants who operated a motor vehicle are (names):

☐ Does _________ to _________

b. ☐ The defendants who employed the persons who operated a motor vehicle in the course of their employment are (names):

☐ Does _________ to _________

c. ☐ The defendants who owned the motor vehicle which was operated with their permission are (names):

☐ Does _________ to _________

d. ☐ The defendants who entrusted the motor vehicle are (names):

☐ Does _________ to _________

e. ☐ The defendants who were the agents and employees of the other defendants and acted within the scope of the agency were (names):

☐ Does _________ to _________

f. ☐ The defendants who are liable to plaintiffs for other reasons and the reasons for the liability are listed in Attachment MV-2? ☐ as follows:

☐ Does _________ to _________

---

Form Approved by the Judicial Council of California
Effective January 1, 1982
Rule 863.12

CDP 425.12

112
Re: EMERGENCY RESPONSE COST RECOVERY

On June 29, 1993 you were involved in an incident requiring the emergency response services of San Diego Police Department and/or related City agencies.

The California Government Code, Article 8, Section 53150 through 53156, and Resolution #271847 adopted by the City Council of San Diego on September 12, 1988, obligate you to pay for all costs associated with this emergency response, not to exceed $1,000. Enclosed is Invoice Number 222517, in the amount of $118.43. Please pay by check or money order to City Treasurer. Your payment is past due after 30 days after receipt of invoice.

If you have any questions regarding this bill, please call Edward Wood between the hours of 8:30 am and 4:00 pm Monday through Friday, phone number 619-531-2738.

Jerry Sanders
Chief of Police

By:
Administrative Services Manager

AS/np
10/92
File: 222
Enclosure
Exhibit 34

**Personal Property Tax Collection Flow Chart**
Exhibit 35

Bankruptcy Form

B-19 (3-88) United States Bankruptcy Court
PROOF OF CLAIM

DISTRICT OF __________________________

Name of Debtor __________________________

Bankruptcy Case No. __________________________

A. CREDITOR INFORMATION

(The creditor is the person or other entity to whom the debtor owes money or property)

Name and Address of Creditor __________________________

☐ Check box if you never received any notices from the bankruptcy court in this case.

☐ Check box if this address differs from the address on the envelope sent to you by the court.

☐ Check box and attach copy of assignment, if claim has been assigned to you

Number by which creditor identifies debtor: __________________________

☐ replaces
☐ amends a previously filed claim dated: __________________________

☐ supplements

B. CLAIM INFORMATION

1. BASIS FOR CLAIM:
☐ Goods purchased
☐ Services performed
☐ Monies loaned
☐ Other forms of contract (identify):
☐ Personal injury/Wrongful death/Property damage
☐ Other (Describe briefly)

☐ Wages, Salaries and Commissions (Fill out below)

☐ Specify the social security number: __________________________

☐ Unpaid services performed from: __________________________ to: __________________________

☐ Nature of services (Describe briefly)

2. DATE DEBT WAS INCURRED:

☐ Prior to filing of bankruptcy petition— 11 U.S.C. § 507(a)(6)

☐ Up to $900 of deposits toward purchase, lease, or rental of property or services for personal, family or household use—11 U.S.C. §507(a)(6)
☐ Taxes or penalties of governmental units—11 U.S.C. §507(a)(7)
☐ Other: __________________________

☐ UNSECURED NONPRIORITY CLAIM $ __________________________

☐ Specify the amount of the claim: __________________________

☐ SECURED CLAIM $ __________________________

☐ Attach evidence of perfection of security

☐ Brief Description of Collateral:
☐ Real Estate ☐ Motor Vehicle ☐ Other

☐ PRIORITY CLAIM $ __________________________

☐ Specify the priority of the claim by checking the appropriate box(es)

☐ Wages, salaries or commissions (up to $250), earned not more than 90 days before filing of the bankruptcy petition or cessation of the debtor’s business, whichever is earlier—11 U.S.C. §507(a)(6)
☐ Contributions to an employee benefit plan—11 U.S.C. §507(a)(6)
☐ Up to $900 of deposits toward purchase, lease, or rental of property or services for personal, family or household use—11 U.S.C. §507(a)(6)
☐ Taxes or penalties of governmental units—11 U.S.C. §507(a)(7)
☐ Other: __________________________

4. TOTAL AMOUNT OF CLAIM: $ __________________________

☐ (Unsecured) + $ __________________________

☐ (Secured) + $ __________________________

☐ (Priority) = $ __________________________

☐ (Total)

5. Attach copies of documents in support of this claim, such as purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, or evidence of security interests. If the documents are voluminous, attach a summary.

6. This form should not be used to make a claim for expenses incurred after the filing of the bankruptcy petition. Such expenses may be paid only upon proper application and notice pursuant to 11 U.S.C. §503.

7. CREDITS AND SETOFFS: Attach an itemization of all amounts and dates of payments which have been credited against the debt. Set forth any setoff or counterclaim which the debtor may have against your claim.

8. To receive an acknowledgment of the receipt of your claim, enclose a stamped, self-addressed envelope and a copy of your claim.

C. CERTIFICATION

The undersigned certifies under penalty of perjury that the debtor named above is indebted to the claimant in the amount shown, that there is no security for the debt other than that stated above or in an attachment to this form, that no unmatured interest is included, and that the undersigned is authorized to make this claim.

Date __________________________

Signature and Print the Name and Title, if any, of the Creditor or other Person Authorized to File this Claim (attach copy of power of attorney, if any)

Penalty for Presenting Fraudulent Claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. Title 18, U.S.C. §152 & §3623.
JANUARY 26, 1995

RE: DELINQUENT TRANSIENT OCCUPANCY TAX PAYMENTS
CERTIFICATE NO.: 12345

YOUR FAILURE TO FILE TIMELY TRANSIENT OCCUPANCY TAX RETURNS AND REMITTANCES HAS COMPELLED THE CITY TREASURER TO ENFORCE SECTION 35.00117 (b) OF THE TRANSIENT OCCUPANCY TAX ORDINANCE OF THE CITY OF SAN DIEGO.

IN ACCORDANCE WITH THE ABOVE REFERENCED ORDINANCE, YOU WILL BE REQUIRED TO FILE YOUR TRANSIENT OCCUPANCY TAX RETURNS AND REMITTANCES WEEKLY. EFFECTIVE 1-30-95, YOUR TAXES WILL BE DUE IN THE OFFICE OF THE CITY TREASURER NO LATER THAN 5:00 P.M. ON THE FOLLOWING BUSINESS DAY.

FAILURE TO COMPLY WITH THIS REQUIREMENT WILL RESULT IN THE FURTHER ENFORCEMENT OF THE TRANSIENT OCCUPANCY TAX ORDINANCE, INCLUDING BUT NOT LIMITED TO A WARRANT FOR COLLECTION OF TAX AND A SEIZURE AND SALE OF ANY PROPERTY, REAL OR PERSONAL. YOUR CONTINUED FAILURE TO RESPOND WILL RESULT IN ENFORCEMENT OF SECTION 35.0124(f), WHICH STATES:

"VIOLATIONS SHALL BE PUNISHABLE AS MISDEMEANORS BY A FINE OF NOT MORE THAN ONE THOUSAND DOLLARS ($1,000) OR BY IMPRISONMENT IN THE COUNTY JAIL FOR A PERIOD OF NOT MORE THAN SIX (6) MONTHS OR BY BOTH SUCH FINE AND IMPRISONMENT."

AND SECTION 35.0124(d), WHICH STATES:

"VIOLATIONS UNDER THIS SECTION ARE CONTINUING VIOLATIONS AND EACH DAY THE VIOLATION CONTINUES CONSTITUTES A SEPARATE MISDEMEANOR."

IF YOU HAVE ANY QUESTIONS REGARDING THE ENFORCEMENT PROCEEDINGS OUTLINED IN THIS LETTER, PLEASE CALL ME AT (619) 533-4601, OR MY ASSISTANT MR. VOGL AT (619) 533-4683.

SINCERELY,

COLLECTION SUPERVISOR
THE CITY OF
SAN DIEGO
525 B STREET • SUITE 1101 • SAN DIEGO, CALIFORNIA 92101

OFFICE OF
CITY TREASURER
COLLECTION DIVISION
(619) 533-4600
(619) 533-4667 (FAX)
JANUARY 26, 1995

JOHN Q. DEBTOR
123 MAIN ST.
ANYTOWN, U.S.A.

RE: DELINQUENT TRANSIENT OCCUPANCY TAX AND/OR PENALTY
CERTIFICATE NO: 12345
AMOUNT DUE: $1000.00

THE LICENSE AND TAX AUDIT DIVISION OF THE CITY AUDITORS OFFICE
HAS REFERRED THE ABOVE DELINQUENT ACCOUNT TO THIS OFFICE WITH
INSTRUCTIONS TO INITIATE ENFORCEMENT PROCEEDINGS TO COLLECT
TRANSIENT OCCUPANCY TAX AND/OR PENALTY.

PLEASE BE ADVISED THAT PURSUANT TO SECTION 35.0123 OF THE CITY
OF SAN DIEGO TRANSIENT OCCUPANCY TAX CODE, ENFORCEMENT WILL
INCLUDE BUT NOT BE LIMITED TO A WARRANT FOR COLLECTION OF TAX
AND A SEIZURE AND SALE OF ANY PROPERTY, REAL OR PERSONAL.
THIS LETTER CONSTITUTES A FORMAL DEMAND FOR PAYMENT IN FULL OF
ALL DELINQUENT TAXES AND/OR PENALTIES AS SHOWN ABOVE.

IN ADDITION, IF THE DELINQUENCY IS NOT RESOLVED WITHIN FIVE (5)
DAYS, YOU WILL BE REQUIRED TO FILE ALL FUTURE TRANSIENT
OCCUPANCY TAX RETURNS AND PAYMENTS WEEKLY.

IF YOU FEEL YOU HAVE ANY LEGAL JUSTIFICATION TO SUPPORT YOUR
NON-PAYMENT OF THIS DEBT AND TO AVOID THE ABOVE DESCRIBED
ACTION, PLEASE CONTACT ME IMMEDIATELY AT THE TELEPHONE NUMBER
BELOW SO THAT WE MAY EVALUATE YOUR POSITION.

SINCERELY,

TRANSIENT OCCUPANCY TAX ENFORCEMENT
THE CITY OF
SAN DIEGO
UNION BANK BUILDING • 525 B STREET • SUITE 508 • SAN DIEGO, CALIFORNIA 92101

OFFICE OF
CITY TREASURER
COLLECTION DIVISION
(619) 533-4600

SEIZE FOR TAXES

Tax Audit Period:
Tax Invoice Number:

You are hereby notified that pursuant to the Provisions of San Diego Municipal Code
Chapter III, Article 5, Section 35.0123(D) of the City of San Diego Transient
Occupancy Tax (Ordinance Number 0-17278 adopted on April 17, 1989 by the City of San
Diego, California) the following described property now in your possession and owned,
possessed, or controlled by you is seized for payment of transient occupancy
taxes for the Tax Audit Period through . You had previously been
afforded the opportunity for an Administrative Hearing to determine your tax
liability, and the amount declared delinquent has been determined to be final. This
Seizure is complete upon service.

ITEMS TO BE SEIZED: ANY REAL OR PERSONAL PROPERTY OF THE OPERATOR, INCLUDING BUT NOT
LIMITED TO: FUNDS, EQUIPMENT, FIXTURES, FURNISHINGS, TOOLS, MERCHANDISE, SUPPLIES
AND MATERIALS BELONGING TO

That pursuant to said Seizure, said property may be sold at public auction to pay the
taxes levied, penalties, fees and costs.

Redemption of property may be made by presenting certified funds in an amount to
include all taxes, penalties, fees and costs pursuant to seizure up to the time of
payment. The total amount due, including costs, may be ascertained from the Office
of the City Treasurer Collection Division.

COST ESTIMATE:

Taxes
25% penalty
Seizure fee
Mileage
NSF check fees
Keeper's fee

Payments received $ TOTAL $ By

(*) Keeper's fee:
8-hour period or any part thereof; $110 for 24 hours
GOVT. CODE 26726

Time of Seizure: ____
Keeper:

FOR THE ASSESSEE: ALL SEIZURES AND SALES SHALL BE MADE AS PRESCRIBED IN THE
PROVISION OF SAN DIEGO MUNICIPAL CODE CHAPTER III ARTICLE 5 SECTION 35.0123(D) OF THE
CITY OF SAN DIEGO TRANSIENT OCCUPANCY TAX (ORDINANCE NUMBER 0-17278 ADOPTED ON
APRIL 17, 1989 BY THE CITY OF SAN DIEGO, CALIFORNIA).
THE CITY OF
SAN DIEGO
323 B STREET • SUITE 1101 • SAN DIEGO, CALIFORNIA 92101

OFFICE OF
CITY TREASURER
COLLECTION DIVISION

(619) 533-4600
(619) 533-4667 (FAX)

January 27, 1995

JOHN Q. DEBTOR
123 MAIN ST.
ANYTOWN, U.S.A.

RE: DELINQUENT RENTAL UNIT BUSINESS TAX
PARCEL NUMBER: 1234567890
TOTAL DUE : $1000.00

ACCORDING TO THE SAN DIEGO MUNICIPAL CODE CHAPTER III ARTICLE 1 SECTION 31.0305 AS AMENDED BY THE CITY OF SAN DIEGO RENTAL UNIT BUSINESS TAX ORDINANCE NUMBER 0-17016 SPECIAL TAX ENFORCEMENT OFFICERS OF THE CITY TREASURER’S OFFICE ARE EMPOWERED TO LIEN THE SUBJECT PROPERTY IN ORDER TO SECURE PAYMENT OF THE OUTSTANDING TAX.

DEMAND WAS FORMALLY MADE BY THE CITY TREASURER’S OFFICE FOR PAYMENT OF THE ENTIRE AMOUNT OF TAX DELINQUENCY INCLUDING PENALTIES, INTEREST, AND ANY OTHER CHARGES INCURRED DUE TO NON-PAYMENT. YOU FAILED TO COMPLY. YOU NOW HAVE TEN (10) WORKING DAYS FROM THE DATE OF THIS LETTER TO RESPOND BY: 1) PAYING IN FULL, OR 2) CALLING THIS TAX ENFORCEMENT OFFICER TO GIVE GOOD CAUSE AS TO WHY THIS OFFICE SHOULD NOT COMMENCE WITH THE LIEN OF YOUR PROPERTY AND/OR SEEK OTHER LEGAL ACTION TO ENFORCE PAYMENT OF THIS DEBT.

IF YOU HAVE PAID THE ABOVE MENTIONED TAX, INTEREST, AND PENALTIES WITHIN THE LAST TEN (10) DAYS PLEASE DISREGARD THIS NOTICE. YOUR FAILURE TO RESOLVE THIS OBLIGATION MAY RESULT IN OUR SUBMITTING A NEGATIVE CREDIT REPORT TO A CREDIT AGENCY.

SINCERELY,

SPECIAL TAX ENFORCEMENT

Mastercard and Visa accepted
Liens on Rental Property

THE CITY OF
SAN DIEGO
525 B STREET • SUITE 1101 • SAN DIEGO, CALIFORNIA 92101

OFFICE OF
CITY TREASURER
COLLECTION DIVISION

(619) 533-4600
(619) 533-4667 (FAX)

Recording Requested By:

City of San Diego
Treasurer's Collections Division
525 "B" Street, Suite 1101
San Diego, CA 92101

CITY OF SAN DIEGO
CERTIFICATE OF LIEN
FOR RENTAL UNIT BUSINESS TAX DUE

Pursuant to the Provisions of San Diego Municipal Code Chapter III Article 1 Section 31.0305 as Amended by the City of San Diego Rental Unit Business Tax Ordinance Number O-17816 adopted on August 10, 1992 by the City of San Diego, California, the amount of past due Rental Unit Business Tax and penalties against the following real property are hereby declared to be a Lien against said property.

Assessor's Parcel Number: 1234567890

Legal Description: SEE ATTACHED SHEET

Owner: JOHN Q. DEBTOR

Tax and Penalties Due: $ 1000.00
Tax Year: 1991-93
Date of Confirmation: July 10, 1992

VERIFICATION

I, the undersigned declare that I am employed by the City of San Diego within the City Treasurer's Department. I further certify that the foregoing Certificate of Lien is true and accurate, according to the proceedings authorized by the City Council of the City of San Diego by Ordinance Number O-17816 adopted August 10, 1992.

Dated: January 27, 1995

Signature:

Title: Tax Collection Supervisor
THE CITY OF
SAN DIEGO
323 B STREET • SUITE 1101 • SAN DIEGO, CALIFORNIA 92101

OFFICE OF
CITY TREASURER
COLLECTION DIVISION

JANUARY 27, 1995

(619) 533-4600
(619) 533-4667 (FAX)

NOTICE OF DELINQUENT ASSESSMENT
PENDING FORECLOSURE

JOHN Q. DEBTOR
123 MAIN ST.
ANYTOWN, U.S.A.

RE: SPECIAL ASSESSMENT/PARCEL NO.: 1234567890
ASSESSMENT/PROPERTY TAX DUE:
ASSESSMENT DISTRICT:

ACCORDING TO OUR RECORDS, YOU FAILED TO PAY YOUR PROPERTY TAX INSTALLMENT
DUE TO THE COUNTY TAX COLLECTOR. INCLUDED IN THAT TAX BILL IS
A SPECIAL BOND ASSESSMENT OWED TO THE CITY OF SAN DIEGO.

PURSUANT TO THE CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 329.5, SPECIAL
TAX ENFORCEMENT OFFICERS OF THE CITY TREASURER’S OFFICE, COLLECTION
DIVISION, ARE EMPOWERED TO INITIATE JUDICIAL FORECLOSURE AND TO SEEK AT
PUBLIC AUCTION ANY LOT OR PARCEL TO SECURE PAYMENT OF PUBLIC IMPROVEMENT
ASSESSMENT AND/OR BOND.

YOU HAVE 10 DAYS FROM THE DATE OF THIS NOTICE TO PAY THE ENTIRE AMOUNT OF
TAX DUE INCLUDING PENALTIES, INTEREST, AND OTHER CHARGES INCURRED.
FAILURE TO COMPLY WILL REQUIRE THE CITY TREASURER TO START FORECLOSURE
PROCEEDINGS AGAINST YOU. FOR BALANCE INFORMATION, PLEASE CALL THE COUNTY
TAX COLLECTOR AT (619) 236-2424.

IF YOU HAVE PAID THE PROPERTY TAXES MENTIONED ABOVE, PLEASE NOTIFY A SPECIAL
TAX ENFORCEMENT OFFICER IMMEDIATELY BY CALLING (619) 533-4602. FAILURE TO
NOTIFY US OF ANY DISCREPANCIES WITHIN 10 DAYS WILL RESULT IN THIS ACCOUNT
BEING PLACED, OR REMAINING, ON YOUR "TRM" CREDIT PROFILE AS A "PENDING
FORECLOSURE."
THE CITY OF
SAN DIEGO
525 B STREET • SUITE 1101 • SAN DIEGO, CALIFORNIA 92101

OFFICE OF
CITY TREASURER
COLLECTION DIVISION
(619) 533-4600

FINAL NOTICE
PRIOR TO FORECLOSURE

August 25, 1993

M.S. BLANKET
525 B STREET 1101
SAN DIEGO CA 92101

RE: SPECIAL ASSESSMENT/PARCEL NO.: SAMPLE
ASSESSMENT/PROPERTY TAX DUE : XXXXX
ASSESSMENT DISTRICT : XXXXX

ACCORDING TO THE CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 329.5, SPECIAL TAX ENFORCEMENT OFFICERS OF THE CITY TREASURER’S OFFICE, COLLECTION DIVISION, ARE EMPOWERED TO INITIATE JUDICIAL FORECLOSURE AND TO SEEK AT PUBLIC AUCTION ANY LOT OR PARCEL TO SECURE PAYMENT OF PUBLIC IMPROVEMENT ASSESSMENT AND/OR BOND.

DEMAND WAS FORMALLY MADE BY THE CITY TREASURER’S OFFICE FOR PAYMENT OF THE ENTIRE AMOUNT OF TAX DELINQUENCY INCLUDING PENALTIES, INTEREST, AND ANY OTHER CHARGES INCURRED DUE TO NON-PAYMENT. YOU FAILED TO COMPLY. YOU NOW HAVE TEN (10) WORKING DAYS FROM THE DATE OF THIS LETTER TO RESPOND BY:

1) PAYING IN FULL TO THE COUNTY TAX COLLECTOR

2) CALLING A SPECIAL TAX ENFORCEMENT OFFICER AT (619) 533-4602 TO GIVE GOOD CAUSE AT TO WHY THIS OFFICE SHOULD NOT COMMENCE FORECLOSURE PROCEEDINGS

YOU MAY CALL THE COUNTY TAX ASSESSOR AT (619) 236-2424 FOR PAYMENT AND/OR BALANCE INFORMATION. IF YOU HAVE PAID, PLEASE NOTIFY US IMMEDIATELY AT (619) 533-4602.

FAILURE TO NOTIFY US OF ANY DISCREPANCIES WITHIN FIVE (5) DAYS WILL RESULT IN THIS ACCOUNT BEING PLACED, OR REMAINING, ON YOUR "TRW" CREDIT PROFILE AS A "PENDING FORECLOSURE."
OFFICE OF
CITY TREASURER
CITY OF SAN DIEGO

MEMORANDUM
(619) 533-4600

DATE : 
TO : JIM GRIEGO, MANAGER OF PROPERTY TAX SERVICES, MS A5
FROM : MICHAEL VOGL, COLLECTION INVESTIGATOR (SAS)
SUBJECT : REMOVAL OF SPECIAL BOND ASSESSMENTS

THIS MEMORANDUM IS TO REQUEST THE REMOVAL OF CERTAIN SPECIAL/BOND ASSESSMENTS FROM THE TAX ROLLS. THIS WILL ENABLE THE CITY OF SAN DIEGO TREASURERS/COLLECTIONS DIVISION TO INITIATE JUDICIAL FORECLOSURE ON THE PARCEL(S) DESCRIBED HEREIN.

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TO ACKNOWLEDGE THE COMPLETION OF THIS REQUEST AND THE RECEIPT OF THE FEE, PLEASE DATE AND SIGN IN THE AREA PROVIDED AND RETURN TO MAIL STATION 854 AS SOON AS POSSIBLE.

THANKS AGAIN FOR YOUR ASSISTANCE.

DATE REMOVAL COMPLETED: ___________  SIGNED: ________________________________
**Special Assessment Letters**

TO: COUNTY AUDITOR AND CONTROLLER  
COUNTY ADMINISTRATION CENTRAL—ROOM 164  
1600 PACIFIC HIGHWAY  
SAN DIEGO, CA 92101

FROM: CITY OF SAN DIEGO, CITY TREASURER  
ATTN: MICHAEL VOGL  
525 B ST, SUITE 1101  
SAN DIEGO, CA 92101

RE: CORRECTION OF F.C.S.A. IS REQUESTED FOR THE ASSESSMENT YEAR INDICATED FOR THE LISTED PARCELS.  
(A $15.00/PARCEL CHARGE WILL BE ASSESSED BY THE AUDITOR)

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X $15.00/PARCEL =


cc: DISTRICT'S COMPLETED COPY

JURISDICTIONAL OFFICER DATE

YOUR APPORTIONMENT @
REMITTANCE HAS BEEN ADJUSTED
FOR THE ABOVE TOTAL CORRECTION CHARGES.
Selecting Collection Systems

Although daily collection activities can be carried out using simple computer databases and manual tracking of data, the use of specialized collection software can greatly facilitate the task and improve efficiency. This chapter describes the process of selecting an appropriate collection system, presents an overview of common software features, discusses conversion to a new system, and shares experiences from governments using various collection software.

In purchasing collection systems or software, a government can take several approaches; however, the most frequently used approach involves issuing a Request for Information (RFI) and/or issuing a more formal Request for Proposal (RFP). Often, a government will issue both an RFI and an RFP when it is interested in updating its collection system but is unsure about what products are available. The RFI generally is issued first and then is followed by an RFP.

RFI vs RFP. Resembling an RFP in form and content, the RFI effectively narrows down the universe of possible vendors and allows the government to choose which vendors will be invited to submit a proposal. Some governments also use the RFI process to request demonstrations of software products to help further limit the number of vendors receiving RFPs. Other governments, however, choose to send either an RFI or an RFP to shorten the selection process.

The City of San Diego, California chose the RFI approach for the following reasons:

The RFI generated 11 responses. Seven vendors were asked to demonstrate their product. It had been decided at this point not to issue a formal RFP, but rather to set up a half-day session with each of the top seven candidates to see their product first hand. This turned out to be an excellent decision. Without these sessions, it would have been nearly impossible to obtain a good understanding of each of the systems and to make a rational selection.

The City and County of Denver initiated a formal RFP process with the following results:

Requests were sent to approximately 25 software suppliers outlining the requirements Denver felt were necessary to automate its collection process. After a long search for the right system, a software company specializing in litigation systems was located. It of-
The decision to issue an RFI, an RFP, or both will depend on the government’s knowledge and skill with computer systems and software and the potential number of vendors responding to the request process. Issuing an RFP or an RFI does not obligate the government to purchase any software. Since there are literally hundreds of software packages on the market today, governments will find that narrowing down the universe of possibilities will save staff time in analyzing responses.

**Needs Definition.** Before sending out any requests, a government first must analyze and assess its software needs. This analysis should begin with a review of current operations and should involve the collection staff. Areas where new software would be helpful should be identified. Current practices, documents, and procedures should be analyzed to see if current operations can be improved.

**Software Selection.** When looking to acquire collection software, the government must determine what type of software would best meet its needs. Many types of collection systems and software packages are available and range from simple spreadsheet programs to more advanced databases and on-line workstations. Costs and the degree of current automation may greatly influence a government’s choice of software.

Governments interested in a particular system should evaluate the system thoroughly, either by using the software on a trial basis or asking for a vendor demonstration. In addition to looking at software features and capabilities, the government should consider several other factors, such as: the user-friendliness of the software; the ability to integrate data entered in different modules; format flexibility; storage requirements for current needs and capacity for future growth; system security; the quality of the system’s backup utility; vendor software support and training; and documentation manuals.

**RFP Development and Proposal Evaluation.** Governments should develop RFPs to elicit as much information from the vendor as possible and to encourage vendor competition. To do so, the RFP should clearly explain the government’s current and future needs and describe the type of hardware and software currently being used.

Placing special emphasis on the software’s compatibility with its own needs and goals, governments should request that vendors provide sample screens and reports as attachments to their RFPs. These items can provide additional insight into the software and its capabilities and help assess how much customization may be necessary. Sample reports and screens also help in the evaluation process as staff can compare the various features of each software package more easily.

Governments should insist that responses to the RFP be submitted in a uniform format to facilitate vendor comparisons. Also, governments should evaluate the responses fairly. Instead of relying on approximate and cursory evaluations, a government may consider using a simple weighting system that would assign points to a vendor’s response relative to the requirements outlined in the RFP. Once completed, the points can be quickly totaled to show which vendors meet the requirements.
Software Demonstrations. After this initial evaluation, the government should proceed with the selection process and invite the top contenders to demonstrate their software and to present more detailed information and answer any specific questions the government might have about the proposal. A demonstration of the software covering the activities of a typical day of a collection employee would also be helpful. In addition, collection staff should prepare a checklist of essential features beforehand and tick off those features during the software demonstration. Any software failing to meet the necessary requirements should be eliminated from the list of possibilities.

Proposal Reassessment. Following the vendor presentations, the government should carefully reassess the proposals and all other relevant information. Cost evaluation is also a necessary step. Besides the new collection software, the government may need to pay for additional hardware, software updates, vendor support, in-house support, and other extras. Governments should make sure that all costs involved in the project are included in the proposal to avoid any unpleasant surprises later.

Reference Check. Governments should ask for client references, preferably from the public sector. At a minimum, the government should call the references and ask about the users’ general sentiments on the product, quality and promptness of vendor service, and post-sale support. Input from a similar jurisdiction already using collection software could be especially useful to the government in making its final selection.

Software Features

Each collection system varies and may be geared toward specific types of users. Some systems, for example, are designed primarily for medical accounts, others for collateralized accounts, such as home and car loans, and still others for accounts which have reached the point of legal action.

When choosing software, governments should be aware of the program features as well as the support and services the vendor is willing to provide in the future. Often, a collection system will have various options but may require additional customized programming before it can be utilized by a specific jurisdiction. Such a set-up may require more vendor support as any possible changes or problems in the system may require the software vendor’s attention.

Most collection systems have collector screens which contain basic debtor information such as name, address, and social security number. A “log” feature allowing the documentation of all conversations, actions and automatic recording of the time and date of each entry is also a useful feature.

Other features to look for in systems include the following:

Queuing: Establishes criteria for prioritizing accounts, forcing collectors to work accounts in an order predetermined by the supervisor. This feature increases productivity by allowing the collector to select which accounts to work without scrolling through hundreds of accounts.

Financial: Provides for automatic payment distribution (in user defined order) to various accounts, interest calculations, payment arrangement calculations, and monitoring.

Legal Action Log: Includes screens to record legal actions and dates.

Word Processing: Generates past-due notices and user-defined mass mailings.
Reporting Features: Generates statistical reports by day, month, year-to-date as well as ad hoc reports and tracks the use of collectors’ time.  
Audit Trail: Records all changes to data.  
Other: Often includes purging and recovery features, password security, and on-line “help” feature.

Additional features of some systems include the following:

Legal: Provides most frequently used legal documents with capability of merging debtor data into the body of the document to save clerical time and includes court calendaring features.

Automatic Write-off and Suit Reminder: Alerts jurisdiction when delinquent accounts should be turned over for legal action or written-off.

Windows: Allows collector to bring up information from other screens without leaving basic debtor screen and other data bases. This feature is particularly useful when the collector is on the telephone with a debtor and needs to verify information or log the debtor’s comments.

Hot Keys: Allows transferring between screens and other (mainframe) systems with use of only one or two key strokes; records comments in log with the use of brief codes.

Post-dated Check Monitoring: Keeps track of post-dated checks received.

Talk-offs: Provides instructions to the collector on how to handle a particular type of debt or debtor. These talk-off tips are useful in handling debtor excuses. Appendix B presents some useful talk-off tips.

Credit Reporting Agency Interface: Allows the electronic transmission of data to and from a credit reporting service and saves clerical time.

Source Code Availability: Allows for the customization of software features and permits access to the software. This is a necessary feature because without the source code a government would be unable to trouble-shoot the software in cases where the vendor went out of business. The software then would become useless and a valuable asset would be lost.

User Groups: Enables users to share software experience and expertise with each other. Often membership in a user group provides a quick avenue for receiving any software updates or enhancements. In fact, one of the major advantages to a user group is that changes to the software can be proposed at group meetings and included in future software updates at no charge if a large number of users agree the change would be beneficial.

A table of features found in San Diego’s system are shown in Exhibit 39.

Reference Sources: As discussed, numerous collection software packages exist. For information on packages and vendors, there are several reference sources. By conducting a quick literature search at a library, governments should be able to generate a list of these sources.

Some of the more common ones are Software Reference Guide (published annually by the International City/County Management Association), McGraw-Hill’s DATAPRO Directory of Microcomputer Software, Microcomputer Software Reference Guide from the Center for Government Research and Public Service, and The Software Encyclopedia from R.R. Bowker Company. Most of these reference books list prices along with descriptions of the software.

Many states also maintain information on existing software and may be able
Converting to a New System

Conversion from a large database to a new collection system may be time-consuming and often problematic. The software vendor is generally an integral player in the process to help ensure a smooth transition.

The City of San Diego commented on its transition experience:

*While the conversion of an extraordinarily large database from the mainframe to the new system was not without problems, the firm worked tirelessly with staff to get the job done. The site preparation, planning and running of the pre-tests for the conversion took many hours of the vendor’s and staff’s time, but the actual conversion was accomplished in a weekend, plus several days to clean up several data elements that didn’t transfer well.*

*It was decided not to run parallel systems because collectors are constantly updating debtor files, and parallel systems would have required entering all information twice—a virtually impossible task.*

*Because the new system is on an in-house mini-computer, the internal staff can run system back-ups and generate all of the reports, as well as process all of the outgoing notices. The role of the data processing staff has been reduced to coordinating the nightly transfer of data between our system and the billing systems still on the mainframe. Also, because all of the terminals have an emulation feature, the collectors still have the capability to access any system within the city.*

The City and County of Denver took a more gradual approach to implementing their collection litigation software:

*The plan was to begin small, and gradually increase the scope of the recovery efforts as the collection system proved itself applicable to each of the city agencies. The public library was selected to be the guinea pig, and the library’s 3,500 accounts were entered onto the calendar-driven collection litigation system… Processing those 3,500 backlogged accounts produced more than 2,500 missing books, worth an average $25 each, and collected more than $30,000 in library fines. Although the recovery in dollars was not so significant, the recovery rates were extraordinary. As a result, the collections unit automated other client agencies—beginning with the criminal and county courts. Now, all new accounts are entered into the automated system as they are received from any city agency. Collection percentages are continuing to increase.*

*After the client information is entered into Denver’s collection litigation system, the system takes over, doing everything from...*
Effectiveness of Collection Automation

Besides the San Diego and Denver examples, other governments have successfully automated their collection processes. Another successful case comes from the City of Virginia Beach, Virginia, where a PC-based network was integrated with a mainframe to implement a fairly simple, automated collection system. The system is describe below:

*The system requests delinquent accounts data from the mainframe. Without an operator, it then proceeds to access the state files, acquiring the name and address of the delinquent’s employer, and adding this information to the account receivable information. Once the information is obtained, the system sends a letter to the delinquent at the last known address advising of the delinquency and warning that a tax lien will be served against their employer if the account is not paid within a specified time.*

*Initially, the system was tested with 1,000 accounts loaded into the computer system; 440 addresses were found for delinquents owing $55,252.13 on 614 bills. The collection letter sent out produced $36,456.03 from 370 bills.*

Automation of the collection process can facilitate a government’s collection efforts and contribute to greater efficiency. Regardless of the computer system in place, an appropriate software package can be customized to meet a government’s specific collection needs.

The appendices following this chapter provide additional information for governments looking to improve their current collection systems. Appendix A presents a sample job description and interview questions for prospective collection staff. Appendix B contains talk-off tips that staff will find invaluable when making collection calls.
Electronic Workcards—Cardless Collections
- Debtor information is accessible immediately by last name, or last name and any portion of the first name. A phonetic search is also available.
- Packeting of multiple debts for the same debtor.
- Debtor inquiry functions.
- Collector windows.
- Financial profile information customized to fit agency needs.
- Payment plan.
- Work in Progress and Timelist.
- System linkage to a national multi-source database of 90 million households for skiptracing.
- Collector Goals Screen.

Collection Management Reports
- System security through passwords.
- Desk assignment summaries.
- Forecast accounts to be worked and promised payments.
- Collector activity and productivity reports.
- Collector goal analysis reports and graphs.
- Collector Work in Process list.
- Settlement reports by unit.
- Collector goals vs. actual collections set up for collectors.
- Month-to-date unworkable report.
- Cost estimate reporting.
- Payment plan reporting.

Client Reporting
- Customized acknowledgment letters.
- Customized client statements.
- Debtor cancellation by client.
- Customized client inventory reports.
- Aged analysis of collections.
- TRW tape formatted reporting.
- Microfiche tape format for purged debts.
- Forward client statistics for those clients who require agency reporting of assignments that have been forwarded.

Recall Reports—Customized Reports without Programming
- Report generator language enabling user to make inquiries quickly and easily.
- Custom reports created by users requiring no special programming or data processing experience.
- User controls the format of retrieval or report.
- Any record or group of records may be sorted and/or listed in a format you chose.

Correspondence
- Multiple letter requests can be done simultaneously.
- Notices automatically sent on predetermined schedules.
- Collectors request follow-up letters and payment reminders.
- Payment plan letters are controlled and scheduled by system.
- Precollect subsystem—tracks accounts through letter series, deletes or transfers to trust accounting depending upon status.
- Status codes determine which letters to be sent.
- Client acknowledgments available for current and previous month.
### Software Features Table

**Trust Accounting**
- Automated cash receipts posting and trust accounting.
- Posting notes which define posting guidelines.
- Daily bank deposits balanced against posting transactions.
- Overpayment reporting and automatic check generation.
- Check register and deposit slips computer generated.
- Print checks for both client and debtor.
- Balance forward and aging reports.
- Performance reports compare overall collections performance by client, business class or salesman.
- Summary of client statement totals.
- Unit reporting of accounts settled for less than assigned amount.
- Holdover report lists transactions being “held” until checks clear bank.
- Salesman summary report of assignment.
- Preliminary month end allows you to continue.
- Automatic spread sheet posting.
- Client statements available monthly, bi-monthly, weekly or anytime during the collection cycle.
- Automatic interest write-off.
- Help screen available during posting.

**Data Entry**
- New assignments keyed in or loaded by magnetic tapes.
- Immediate feedback on errors.
- Interest is automatically calculated.
- Updating is done on-line.
- Billing frequency determined by client needs.
- Client information is cross-referenced for easy access.
- Records can be tailored to fit individual client requirements.
- Debtor records are easily updated.
- Data entry personnel productivity reporting.
- Debtor and client lists are easily developed.
- Employee phone book unique to each employee.

**Legal Package**
- Legal debts referred from collections to legal debtor desk.
- Customized action codes for defining legal criteria path.
- Information accessed by work processor or recall statements.
- Judgments entered on judgment screen.
- Customized legal documents, legal template capability to print court required forms; along with text and debtor information.
- Set up scoring criteria for recommendation to legal status.

**Precollection**
- Customized letter series.
- Precollect client statistics reports.
- Automatic transfer to trust system.
- Precollection acknowledgments.

**Forwarding**
- Automatically forward accounts to predetermined forwarding clients.
- Generate reports on forwarded accounts.

**Software Upgrades**
- Regular software enhancements.
- Tested and documented.
- Provided as part of regular software support.
- User product change requests are encouraged.
To form an efficient and effective collection team, government officials must hire the person to fit the job. The collection function demands a certain type of personality—a person who can handle the stress of calling on debtors, processing claims through small claims court and a variety of other functions. Governments with effective collection personnel have reported that collections experience, whether in the public or private sector, is a necessary prerequisite for the job.

This Appendix includes several sample job descriptions from the City of San Diego, California. While the City may have a larger staff than most jurisdictions, these job descriptions are fairly representative of job descriptions used by other governments with competent collection personnel. Another example of a job description from City of Boise, Idaho, follows.

The job descriptions are supplemented by a list of sample interview questions and explanations of appropriate responses used by the City of San Diego in interviews for the Collections Investigator I position.

**Collections Investigator I**

**Definition.** Under general supervision, to collect payment in full on the city’s delinquent accounts receivable, and to perform related work.

**Typical Tasks.** Collects delinquent funds owed the city stipulated in various municipal codes, ordinances, and resolutions; researches various written and computerized records available to determine account status and establish proof of debt; contacts other city departments and agencies to gather information related to the collection of delinquent accounts; locates missing debtors using assorted skip tracing techniques; explains and interprets relevant governing codes, ordinances, and resolutions; contracts and negotiates with debtors to elicit payment in full; recommends and sets up payment schedules for debtors unable to pay in full; initiates litigation, gathers and prepares documents verifying proof of debt for presentation in court; locates and identifies debtor assets for attachment; recommends write-off on uncollectible accounts; maintains records of work performed; and performs related work.

**Employment Standards.** Equal to one year of experience performing charged-off debt collection and investigations work for a government agency, finance company, or collection agency. Qualifying experience must include skip tracing delinquent debtors and negotiating terms of payment, setting up payment schedules, and assembling/verifying documents and other proof of debt to support litigation.
Collections
Investigator II

**Definition.** Under general supervision, to compile court evidence and prepare and process a variety of legal documents for the collection of delinquent accounts requiring court action; to handle the more complex delinquent accounts; and to perform related work.

**Typical Tasks.** Reviews litigation request packages to determine if all necessary documentation is provided and valid; explains legal options available to collections investigators in collecting delinquent debts and assists investigators with court preparation; gathers and verifies case data for processing legal actions; contacts other city departments and agencies to gather information related to the collection of delinquent accounts; determines the proper venue and pleading to be filed in a variety of jurisdictions; represents the city as plaintiff in presenting Small Claims Court actions; negotiates settlements with defendants, their attorneys and/or insurance companies, or recommends compromise settlements through the city attorney’s office; maintains records of seizure and sale actions; arranges for the placement of marshall keepers in seized property; sets up and maintains court calendars and schedules continuance; interrogates witnesses and schedules witness appearances; prepares and files a variety of court documents; inputs or retrieves account data via CRT from multiple city computer databases; and may handle the more complex delinquent accounts, such as major damage claims, lease and contractual agreements, major audit deficiencies, and multiple accounts by one debtor.

**Employment Standards.** Equal to two years of experience performing debt collection and investigation work for a government agency, finance company, or collection agency which includes legal work as it relates to the collection of delinquent accounts.

Collections
Investigator III

**Definition.** Under direction, to supervise a group of collections investigators performing delinquent account collections and delinquent account litigation work; to perform very complex and highly sensitive delinquent account collection work to recover monies owed the city; and to perform related work.

**Typical Tasks.** Supervises subordinate collections investigators in the collection of delinquent accounts and in the preparation and processing of delinquent accounts referred for litigation; handles very complex, high balance, or highly sensitive accounts; reviews litigation request packages for completeness; approves court actions and authorizes subsequent attachment of assets; analyzes delinquent unsecured accounts to determine the most effective collection method; interviews and/or interrogates debtors or witnesses; negotiates payment arrangement plans with debtors, their attorneys and/or insurance companies, or recommends compromise settlements through the city attorney’s office; reviews accounts for discrepancies; initiates action on accounts requiring legal determination; reconciles audit reports and reviews daily and period ending reports for accuracy; contacts other city departments and agencies to gather information related to the collection of delinquent accounts; reconciles differences between the treasurer’s collection system and other city data bases; prepares various statistical and summary reports for management; reviews requests for expenditures and prepares required documentation; inputs or retrieves account data via CRT from multiple city computer data bases; and trains and evaluates the perfor-
mance of subordinates.

**Employment Standards.** Equal to three years of experience performing debt collections and investigations work for a variety of accounts.

**Fine Enforcement Officer**

**Responsibilities.** Enforces payment agreements and collects all delinquent and unpaid fines assessed by the court in cases prosecuted or initiated by the city. Prepares documents for use by law enforcement in involuntary collection procedures.

**Duties.** Using local credit agencies, checks credit of defendants unable to make lump sum payment of fines; determines reliability of defendants based on prior credit and criminal records; develops payment agreements. Monitors compliance with payment; telephones or personally contacts defendants and persuades them through lawful collection practices to pay full amount of fines due; reports problem collections to the prosecutor; researches legal issues involving collection practices; recommends future legal action; prepares legal forms to be used in involuntary collection procedures for prosecutor’s approval; maintains records of collections and status of accounts.

**Requirements.** Knowledge of collection procedures and techniques (state debt collections laws); practices and procedures of the court and of the prosecutor’s office; public relations techniques. Ability to research and analyze legal issues; to communicate effectively orally and in writing; to gain cooperation of others in potentially controversial situations; to establish and maintain effective working relationships with court and law office personnel, credit agencies, and the public.

---

**Sample Interview Questions**

**Job Related Training and Experience:**

1. **What experience do you have that qualifies you for this position?**
   
   Experience handling accounts for a small business enterprise would probably not give the applicant exposure to various types of accounts or experience in handling a large portfolio. The acceptable applicant should have a background in an environment where the main focus is collections.

2. **Did you have a goal to meet in your last position? If so, how did you go about meeting that goal?**
   
   Applicants who have worked with preset goals or quotas are preferred. They seem to be more competitive and are better producers than those who are not evaluated solely on collection performance. They have developed techniques for meeting their goal by “creaming” their accounts, working large balances and new business or by rolling over a large volume of accounts resulting in high collections.

3. **Tell me about the various types of accounts you have handled in your previous positions.**
   
   The average candidate should have had some exposure to commercial accounts as well as accounts with large balances ($2,500 and over) and skip accounts. The accounts should be in a “seriously delinquent” or “charge-off” status.

4. **What else would you like to tell me about duties you have performed to**
collect money?

Ideal applicants should have experience performing debt collection by telephone of a large diverse portfolio (500 or more accounts aged beyond 180 days), skip tracing, establishing payment schedules, and negotiating disputes. They should have correct collection terminology and know state and federal laws as they relate to the collection of monies. They should be results-oriented with a background in collections that would be conducive to that in the interviewer’s office.

Comprehension of Position:

1. **What information would you expect to extract from the debtor on the first contact and what information would you convey to the debtor?**
   
   The applicant should know to update the debtor file with pertinent information such as home address and phone number, place of employment, business phone number for both debtor and spouse; also, any other information you don’t have that the debtor is willing to give such as Social Security number and date of birth. The collector should be prepared to tell the debtor to whom the money is owed, the date of incurrence, nature of the debt, the amount due, and when the money must be paid.

2. **What steps would most likely be utilized to locate a skip and in what order would you take those steps?**
   
   Skip tracing steps are telephone directory, telephone information, ex-employers, public information services, and criss-cross directories to locate neighbors or landlords. Pulling a TRW as the first step, using a professional skip tracing service and making off-site visits to the debtor’s residence or any procedures that would incur more than a very nominal cost would be an incorrect answer as would, “I have a contact at IRS, Social Security, or phone company.”

3. **What factors would be considered in determining the collectibility of an account?**
   
   Amount, age, skip status, debtor’s financial condition, i.e., assets, capability of borrowing, validity of account, and the cost effectiveness of pursuing collection.

4. **Are you aware of any special steps that must be taken in order to send mail in care of the debtor’s employment?**
   
   Mail sent in care of the debtor’s employment must have a conspicuous notation “Personal and Confidential” on the face of the envelope.

5. **What do you consider to be tangible assets for a levy?**
   
   Wages, bank accounts, cash registers (if a business), tenants (if owns rentals). Real estate, automobile or personal assets would be incorrect.

6. **I would like for you to give me a brief demand for payment on a $500 water bill owed since 1990. You have recently located the debtor and he is employed at ROHR. You have already obtained the debtor update data.**
   
   The collector’s demand should be short, firm, concise, professional and convey information about the account. The debtor responds with the most common reasons for why they can’t pay, i.e., “I don’t owe the money,” “I don’t have the money,” or “It has already been paid.” The collector should have pat rebuttals for the debtor’s response.
APPENDIX A: JOB DESCRIPTIONS AND INTERVIEW QUESTIONS FOR COLLECTION STAFF

Interpersonal Skills:

1. **Why do you think you would like this position?**
   Because of the benefits is not the right answer! The interviewer should look for sincerity, enthusiasm, assertiveness, and a display of confidence of their abilities.

2. **What type of relationship do you hope to establish with the debtor?**
   Professional or business should be the key words. Friendly or personal is incorrect. The applicant should be tactful, diplomatic and confident. An applicant who demonstrates “debtor hatred” would be unsuitable. Some collectors, in order to impress you with their assertiveness, will boast of intimidating or brow beating a debtor. It is a dated way to collect money.

Oral and Written Communication:

1. **I would like you to compose for me a brief explanation letter that you would send to a debtor that you have set up on a payment arrangement plan to liquidate a $500 account over a period of 10 months.**
   The letter should include the amount of the payment, the start date, the due date and verbiage stating that the arrangement is null and void if payments are not made as agreed or that the entire balance will be due if they default. The note should be concise with good grammar.

2. **Please relate to me your most memorable or satisfying collection experience.**
   Most experienced collectors have many stories to tell. They should be able to articulate an experience using good grammar and without hesitation.

3. **Do you have any questions you would like to ask about the position or duties of the job?**
   Candidates who have a sincere interest in the job will want to know who we collect for and the type of accounts. They will ask questions regarding our procedures or the legal department. Applicants who are only concerned with the salary and benefits are not as impressive as those who inquired about the duties of the job.

4. **Before we close the interview, is there anything else you would like to tell me about yourself or your background?**
   This is a good opportunity for applicants to convince the interviewer why they should be selected for the position. Assertiveness, confidence and articulation can be evaluated by their response.
Appendix B: Suggested Action Steps for Collection

Even after bringing the right collections staff on board, a government should expect to devote at least some effort to training the staff to handle collections in the most appropriate and efficient manner. The amount of training will depend on the employees’ prior experience, but an outline of suggested action steps for specific situations can be helpful to both veterans and novices alike. The following series of action steps were developed by the City of San Diego to facilitate telephone collection efforts for its staff.

Seven Steps to a Successful Call

The First Impression Is Very Important—Be Professional in Your Approach

1. **Identify the debtor.** Be careful to discuss the debt only with the obligated parties unless you have prior consent from the debtor. Always refer to the debtor as Mr., Mrs. or Ms.
2. **Identify yourself.** You should refer to yourself as Mr., Mrs. or Ms. Make sure the debtor knows your name and who you represent.
3. **Ask for payment in full.** Specify the exact amount owed and assume that the debtor will pay that amount.
4. **Use the psychological pause.** Once you ask for payment in full, pause for the debtor’s response. The silence will work in your favor.
5. **Determine the problem.** Is the problem realistic?
6. **Find a solution.** Work toward the best possible arrangements you can. Remember, the debtor’s first offer is not usually their best offer.
7. **Close the call.** Having completed the previous six steps, you will be ready to close the call. Make sure the debtor has the exact terms, your address, and most importantly, understands that you will expect the agreement to be handled as promised.

Payment Is in the Mail

1. Questions to ask:
   a. When was the payment mailed?
   b. Was it mailed from the Post Office or residence? (NOTE: If mailed from the residence, make sure the post carrier picked it up.)
   c. Was it a personal check or money order? What was the check number?
2. How much was sent? If the amount is not payment in full or the agreed upon amount, find out why not and resell the debtor on the importance of keeping the original arrangements.
3. If payment in full is not received, review the payment dates with the debtor.
4. Always verify information such as:
COLLECTING DELINQUENT REVENUES

Broken Promise Follow up

1. Organize a system that will enable you to follow up broken promises within two days by telephone.
2. Determine why the debtor failed to keep the promise and restate the necessity of payment on time.
3. Do not be afraid to ask for the entire balance if you feel the debtor is stalling you on the payments.
4. Only accept future promises after you have all the facts (see seven steps to a successful call) and you feel the debtor will pay as agreed.

Unemployed—No Job, No Income

1. Know your local job market. Who is hiring? Who is laying off?
2. What is the reason for being out of work? Is it temporary?
3. Why we were not called about this?
4. How long will the debtor be out of work?
5. Can the debtor draw unemployment? If so, when will it start?
6. What other sources of income does the debtor have? Is the spouse employed? If so, where?
7. If payment is not possible and the debtor has no active sources of income, determine how the debtor intends to survive. Remember, everyone has someone who can and will help them during a crisis.
8. Keep in touch with this debtor at regular intervals. If the debtor relocates during this time, he/she will be much easier to locate now than six months from now when you try again.

Money Sources

These are some of the common sources of income for a debtor. There are at least twenty more. Keep suggesting until you hit one the debtor can access. Be careful to exhaust the sources one at a time. Too much of a selection can confuse the debtor.

1. Banks/credit unions
2. Employers
3. Loan companies
4. Insurance policies
5. Relatives/friends
6. Home mortgages
7. Savings bonds
8. Farm resources
9. Liquidate small assets
10. Savings/checking accounts
11. Payroll/bonus checks
12. Reserve pay from military
13. Unemployment compensation
14. Accounts receivable
APPENDIX B: SUGGESTED ACTION STEPS FOR COLLECTION

Illness

1. Determine who is sick? (The debtor, spouse, children, etc.)
2. If the wage earner is ill, ask:
   a. How long has he/she been out of work? Check employer’s name again.
   b. How long does he/she expect to be out of work?
   c. Is he/she receiving sick pay or disability payments?
3. Why were we not called about this illness?
4. Try to get the debtors to promise payment and impress upon them they MUST keep you advised. Let them know that they should keep in touch with you at specified intervals to arrange any temporary agreements until their present circumstances are changed.

Debtor Not at Home

1. With whom are you speaking?
2. Find out as much as you can from the person who answered your call.
   a. When will the debtor be home?
   b. Is it possible to reach the debtor elsewhere? Perhaps on the job? If so, check the phone number.
3. Do not let this party know the purpose of the call.
4. Leave your name and phone number. Let the answerer know that it is very important that the debtor return the call as soon as possible.

Calling the Debtor on the Job

1. Be as pleasant as possible when you call.
2. Ask the party who answers, “May I please speak with…” OR “Would you allow me to talk with Mr. or Mrs…?”
3. If it is not possible to speak to the debtor on the job, ask if the employee typically remains at his/her work station during breaks and the lunch hour. If so, ask if you may call again during those time periods and determine the exact time. If the party still refuses to allow the call, leave your name and phone number.

Motivations to Pay

The debtor will pay only if his/her motive for paying becomes stronger than his/her resistance to paying.

1. The three basic appeals are:
   a. The appeal to honor
   b. The appeal to pride
   c. The appeal to anxiety
2. Motivating sentences:
   a. “Show your good faith by paying today.”
   b. “Your credit has been good. Keep it that way.”
   c. “Live up to your promise to pay by doing so today.”
   d. “We must do something…only your action will determine what that will be.”
   e. “Do you know what actions could be taken to collect this bill?”
Separation or Divorce

1. Determine the date of separation.
2. Get the names of the attorney for the debtor and the spouse.
3. Verify the employer's name.
4. Advise your debtor that you hold him/her responsible for payment and that you expect payment from him/her.
5. Ask for the payment (see money sources).
6. Motivate the debtor to pay. (see motivations to pay).
7. If the debtor will not promise to pay, set a date when he/she is to contact you again.

Partial Payments

1. If you receive an unsolicited payment, follow up as quickly as possible.
2. Again, follow the seven steps to a successful call.
3. Do not be afraid to refuse arrangements that are not realistic.
4. Be sure to offer the debtor alternatives (see sources of money).
5. Once you agree upon an equitable arrangement, insist that the debtor write down the terms.
6. Record your work properly so that you also understand the terms.

Debtor Files

1. Get the date and number of the bankruptcy from the bankruptcy court clerk.
2. Do not continue routine collection efforts. Make no threats. The court system is now involved. File a proof of claim and try to attend the first meeting of the bankruptcy judge and the other creditors.
3. Be sure you know your federal bankruptcy law and state exemptions.

Bankruptcy

Sources/ Data for Skip Tracing

1. Contact the following for possible leads:
   - Relatives
   - Previous employers
   - People with the same last name
   - Utility companies
   - Doctors
   - Neighbors
   - Banks or other lending institutions
   - Local schools
   - Grocery stores
   - Newspapers
   - Pharmacies
2. Find out from the former employer where the W-2 was sent.