



# Los Angeles County Treasurer and Tax Collector

## Unsecured Property Taxes

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# Unsecured Property Tax Collection

- AB 587 – Mobile Home Tax Amnesty Program
- UCC “Good Faith” and Fair Dealing Principle
- Liens in Other Counties
- FAA Liens
- Bank Seizures

# AB 587 – Mobile Home Tax Amnesty Program

# AB 587 – Mobile Home Tax Amnesty Program

- **Overview**

- Permit unregistered/untitled mobile homes to register without paying full amount of unpaid taxes, penalties and interest owed before the date of sale/transfer
- Owners must apply between January 1, 2017 – December 31, 2019
- Requires tax collectors to issue a “tax liability certificate” to applicant owners who have a conditional transfer of title and apply for the certificate before January 1, 2020

# AB 587 – cont'd

- **Los Angeles County**

- Annual average of 24,273 mobile homes, totaling \$6.6M
- Average 3,800 defaults annually, averaging \$1.06M
- Average 2,400 Tax Clearance Certificates per year
- Program will require coordination with HCD and County Assessor

# “Good Faith” and Fair Dealing Principle

# “Good Faith” and Fair Dealing Principle

- **Cal UCC Section 9320 – Rights of buyer in ordinary course of business**
  - A buyer of goods takes free of a security interest, if all of the following are satisfied: The buyer buys (1) without knowledge of the security interest. (2) for value. (3) primarily for the buyer's personal, family, or household purposes. (4) before the filing of a financing statement covering the goods.
  - DMV Boat Hold
- **R&T Code Section 2191.4 – Lien of Tax**
  - The lien upon unsecured property shall not be valid against a purchaser for value or encumbrancer without actual knowledge of the lien when he or she acquires his or her interest in the property.

# Federal Aviation Administration (FAA) Liens



# FAA Liens

- File liens with FAA on delinquent aircraft
- Retrieve name and address of the registered owner from FAA Registry website at [www.faa.gov/aircraft](http://www.faa.gov/aircraft)
- Match the name on tax bill to the FAA registered owner
- Prepare Notice of Liens with:
  - Name and address of registered owner
  - Levy Date
  - FAA Registration Number
  - Aircraft Make/Model
  - Engine Manufacturer and Model
  - Engine Serial Number
  - Bill Number

# FAA Liens – cont'd

- Forward the NOL with a check (\$5.00 per lien) to the FAA
- FAA returns the Notice of Recordation – Aircraft Security Conveyance
  - Upon payment of lien complete Conveyance Recordation Release Notice and return to FAA
- Los Angeles County implemented in 2012
  - Collections to date total: \$ 58K

# Bank Seizures

# Bank Seizures

- **Purpose**

- Collection of delinquent taxes that are outstanding for 3 years or less

- **Pre-seizure Considerations**

- Ensure bills are still delinquent
- Ensure the assessee has not filed bankruptcy and/or entered into a 4-Pay Payment Plan
- No response from assessee
- Ensure recordation of Certificate of Lien

# Bank Seizures - cont'd

- **Process**

- Prepare and mail seizure notices and letters to assessees and banks
  - Mail notices and letters to bank if assessee's bank account information is available; otherwise, mail them to banks within the vicinity of the assessee addresses
  - Mail notices and letters to bank centralized levy departments
  - Refer to the Department of California Business Oversight for Bank Levy Department addresses at [www.dbo.ca.gov](http://www.dbo.ca.gov) or (415) 263-8500 per [AB 2364](#) (Wagner), passed on January 1, 2013

# Bank Seizures - cont'd

- **Process – cont'd**

- **AB 2364** – included Code of Civil Procedure Section 684.115 which requires financial institutions with more than 9 branches or offices and allows financial institutions with 9 or fewer branches or offices to file with the Department of Business Oversight (DBO) one or more central locations within California that are designated for service of legal process.
- Include Administrative Hearing Instructions with the assessee certified letters

# Bank Seizures - cont'd

- **Process – cont'd**

- Conduct the Administrative Hearing based on:

- (1) the assessee who is the subject of the seizure is not the assessee that owes the outstanding taxes, and
- (2) the assessee already paid the outstanding taxes

# Bank Seizures - cont'd

- **Bank Trusts**

- Pull the recorded Deed for the trust account information; ensure that the trustees on Deed match the assesseees on the bill(s)
- On the deed look for language similar to the following:

***“Wells Fargo Bank, N.A., as Trustee for the Certificateholders of Banc of America Alternative Loan Trust 2005-4, Mortgage Pass-Through Certificateholders of Banc of America Alternative Loan Trust 2005-4”***

- On the above sample deed, we would serve the Notice of Seizure on Wells Fargo as Trustee for the taxes owed by Bank of America.
- Prepare and mail seizure notices and letters with the trust account information
- Do not seize or send delinquent notices to loan servicers



# Who currently files liens in other counties?



# Discharge from Accountability

- Discharge is an accounting process to have uncollectible accounts removed from your Accounts Receivable
- The taxpayer still owes the debt
- You may discharge unsecured delinquent taxes, including tax, penalty, interest, or any other charges

# Governing Code Sections for Discharge

- Government Code Sections 25257 – 25259.5
- Revenue and Taxation Code Sections 2923 & 2611.1 – 2611.3
- Reasons for Discharge:
  - Amount is too small to justify the cost of collection
  - Likelihood of collection does not warrant the expense involved
  - Amount has been otherwise lawfully compromised or adjusted



# Questions?

# Thank You!