



Standard Operating Procedures

Code Compliance Department

Lien Write-Off and Adjustment Policy

Date Revised:

January 1, 2024

A. Purpose

This policy recognizes that reasonable adjustments to outstanding liens and charges serves a public purpose under certain circumstances. This broadly includes:

- Unresolved liens that cloud a title and may hamper property transfers and could impede development or home ownership; smoothing these processes serves a public purpose.
- Older liens or liens with timing/proper party issues and for small dollar liens, the process of attempting to enforce the lien may cost more taxpayer resources than would be recovered if the lien were paid off; saving taxpayer dollars serves a public purpose.

Therefore, this policy was constructed to establish guidelines for the adjustment of outstanding liens and account balances owed to the City/Code Compliance Department. This policy only pertains to liens and charges filed by the Department for maintenance, abatement, mowing, board up, and/or demolitions on privately owned property.

In addition, since charges and liens can span a number of years and include multiple events, the City's general write-off policy may not always be applicable. Therefore, this policy has also been constructed to address multi-year and/or multi-event situations.

Reference: Administrative Regulation: C-12: Financial Policies, Directives, Practices, and Procedures.

B. Adjustment Request Form

1. Consideration for an adjustment must be submitted to the Department using an Adjustment Request Form (ARF). **No adjustment action will be taken on verbal disputes.**

2. The form must: (1) be from the current property owner or a legal representative of either; and (2) describe the reason(s) why the fees should be adjusted. All supporting evidence, documents and/or supplemental information should be attached to the form at the time of submittal.
3. The Director, or the Director's designee, can accept an adjustment request that is not on an ARF provided that the request is in writing and materially contains all the same information.

C. Adjustment Request Considerations

The request must provide a statement and any supporting documents that sufficiently explain the adjustment request. The Department shall only consider the following adjustments:

1. No City documentation is available to support the lien or charge, or the documentation is incomplete or invalid for any reason.
2. Tax foreclosure after the lien was filed.
3. The property owner was not aware that a lien was filed, e.g., a lien filed after the sale date to the new owner.
4. Lien or charge filed on the wrong property.
5. Appraised property value is less than the total amount of the fee owed. See the adjustment table in Section H.

D. Processing an Adjustment Request

1. When an ARF has been received, the Director, or Director's designee, shall research and review all applicable information and documentation.
2. A decision by the Director, or the Director's designee shall be documented on the ARF and supported by attaching additional documents where required.
3. The decision shall include the reason for not making an adjustment or approving an adjustment and the adjusted amount.
4. The ARF and supporting documentation shall be sent to the Finance Director for final approval.

E. Fee Collections

1. Adjusted fees shall be collected within 30 days of the decision. The Director or the Director's designee, can extend this period for exceptional

circumstances including delayed sales of a property, short-term payment plan, etc.

2. If the owner does not meet these deadlines, the fee adjustment shall be voided.
3. An adjustment offer will not be reviewed again in the same year unless a new charge/violation has occurred.
4. Where no fee adjustment occurs, the Department will first try to collect the outstanding balance within 30 days. If that cannot be achieved, the Director, or Director's designee, may approve a payment schedule based on the owner's stated ability to pay. See Section F.
5. In collecting money over time, the hierarchy of money collected shall focus on the following costs in the order listed:
 - (a) Actual expenditure realized by the City will be given the highest priority for full collection.
 - (b) Fees associated with the day-to-day operation of the Department, e.g., Administrative Fees.
 - (c) Fees from interest.

F. Payment Plan for Adjustments.

When the total adjustment amount owed to the City is more than an owner can reasonably make in a one-time payment, the Director, or Director's designee, may allow the individual to enter into a payment plan. Payment plan terms and conditions are as follows:

1. Payment schedules are determined by the amount owed:
2. Payment schedules for a balance less than \$1,500 will not exceed 12 months.
3. Payment schedules for adjusted balances greater than \$1,500 will not exceed three years.
4. On liens greater than \$1,500, the Director, or the Director's designee, may approve a payment plan of up to 60 months based on the owner's ability to pay.
5. The property owner may request a financial hardship to receive a long-term payment plan greater than 60 months when the outstanding balance is greater than \$35,000. Proof of hardship must be provided and can only be approved by an Assistant City Manager.

6. So long as the owner makes payments in accordance with the approved payment plan, interest accrued during the payment plan will be waived at the time final payment is received and is approved by their financial institution.
7. Payment Plan Agreement: All payments must be paid in full by the end of the scheduled payment arrangement due date. Failure to make or complete payments as agreed will revoke the Payment Plan Agreement and future payment arrangements will not be made.
8. Any new charges will need to be paid in full and will not be voided in the payment plan process.

G. Payment Plan for Non-Adjustments.

At times the Department will receive a request for a payment plan on liens that are in good standing. While an owner always has the option to pay what they can each month, offering a payment plan that will get the lien paid off sooner is in the City’s best interest. In this respect, the Director, or Director’s designee, can approve a payment plan following the same criteria listed in Section F above.

H. Determining Reduction Amount based on Appraisal District Appraisal

At times, the Appraisal District value of a property will be less than the money owed to the City. In this case, the following table has been adopted to reasonably balance the collection of outstanding principle with supporting the sale/change of ownership and/or development of the property to reduce future City abatement costs, urban blight impacts and safety/quality of life considerations.

Step 1	Appraisal District property value must be less than the total amount owed to the City.		
Step 2	Use schedule below to determine the method for reducing the total amount owed to the City, e.g., what percentage of the charge should be collected.		
Appraised Property Value	All out of pocket mowing, abatement, boarding/securing, and demolition costs	Administrative Fee	Interest
\$0 - \$14,999	100%	33%	20%
\$15,000 - \$19,999	100%	50%	30%
\$20,000 - \$24,999	100%	66%	40%
\$25,000 - \$29,999	100%	75%	50%
\$30,000 - \$34,999	100%	85%	75%
\$35,000 - Greater	100%	100%	100%

The adjustment schedule described above is to provide for a uniform, consistent, and equitable means to resolve disputes and requests regarding delinquent liens. Should an exception to the schedule occur, a detailed justification for the variance

will be made in writing and approved by the Code Compliance Director, or the Director's designee.

H. Lien Release

A lien may be released under the following circumstances:

1. All approved settlement fees are paid in full and the account is cleared by the Revenue Department. No release of lien should be issued if there are any charges left on the account, including interest; or
2. The lien is extinguished by operation of law; or
3. A lien or charge was issued in error, lack of documentation supporting a lien or charge, or a lien or charge has been determined to be invalid.