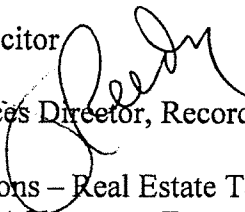


MEMORANDUM

City of Philadelphia

Date: 2/13/18

TO: Sozi Pedro Tulante, Acting City Solicitor

FROM: Jeanne Reedy, Administrative Services Director, Records Dept. 

SUBJECT: Advertisement of Proposed Regulations – Real Estate Tax Regulations – *Section 302. Payment Agreements, Waiving Additions to Tax and Abating Interest and Penalties Otherwise Due, and Requiring Commencement of Enforcement Action.*
– Amendments for Council Bill No. 170519-A

The above Amendments promulgated by the Department of Revenue were received in the Department of Records on 1/12/18 for filing and advertising.
Inasmuch as there were no requests for hearings, these Amendments became effective 2/12/18.

CC: Joseph F. Procopio., Manager, Technical Staff

The following are amendments to Section 302 of the Real Estate Tax Regulations pursuant to the enactment of City Council Bill No. 170519-A on October 13, 2017.

CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE

REAL ESTATE TAX REGULATIONS FOR CITY OF PHILADELPHIA AND SCHOOL
DISTRICT OF PHILADELPHIA

Section 302. Payment Agreements, Tax Foreclosure Prevention Programs, Waiving Additions to Tax and Abating Interest and Penalties Otherwise Due, and Requiring Commencement of Enforcement Action.

(a) Definitions. As used in this Section:

- (1) "Agreement" shall mean an Owner Occupied Payment Agreement or Homestead Agreement as authorized by Section 19-1305 of The Philadelphia Code ("Code").
- (2) "Complete Application" see below at (b)(4)(B)(ii).
- (3) "Default" see below at subsection (d)(3).
- (4) "Department" shall mean the Philadelphia Department of Revenue, its officers, agents and employees. The term shall also include co-counsel or other entities hired or retained by the City of Philadelphia to collect property taxes owed to the City of Philadelphia. The term shall also include the Law Department or any other department or office of the City of Philadelphia, its officers, agents and employees to the extent that it is engaged or involved in the collection of property taxes covered by this Act.
- (5) "Homestead" means a dwelling used as a home, occupied by a taxpayer. A homestead shall also include mobile homes which are assessed as realty for local property tax purposes and the land upon which the mobile home is situated and other similar living accommodations, as well as a part of a multi-dwelling or multi-purpose building and a part of the land upon which it is built to the extent that the eligible taxpayer is chargeable by the City for property taxes. It shall also include premises occupied by an eligible taxpayer if he is required "by law" to pay a property tax by reason of his ownership or rental (including a possessory interest) in the dwelling, the land, or both;

provided that the term "by law" shall not be deemed to include a contractual obligation between the eligible taxpayer and a person who would otherwise be responsible to the City for the payment of the tax.

- (6) "Income" means all regular and periodic income from whatever source derived, including but not limited to salaries, wages, income from self-employment, alimony, support money, cash public assistance and relief, the net amount of any pensions or annuities including railroad retirement benefits, all benefits received under the Federal Social Security Act (except Medicare benefits), all benefits received under State employment insurance laws and veterans' disability payments, all interest received from the Federal or any State government, or any instrumentality or political subdivision thereof, net income from rentals, workmen's compensation, interest and dividends, and any regular and periodic monetary contributions from a non-household member. Income shall not include overtime; back pay; severance pay; bonuses; tuition reimbursements; loan disbursements; federal or state income tax refunds; lump sum payments of benefits such as loss of time insurance benefits, death benefits, life insurance benefits and other insurance proceeds; Supplemental Nutrition Access Program ("SNAP") benefits or any other form of surplus food or other relief in kind supplied by a governmental agency; or property tax rebate.
- (7) "Material Breach" see below at subsection (d)(2).
- (8) "Owner" shall mean both (a) an owner of record, as recorded with the Department of Records, and (b) an equitable owner, defined as a person who can demonstrate an ownership interest in a property as provided by law. An equitable owner includes, but is not limited to: a person who has inherited an interest in a property; a person who has entered into a contract to purchase a property; and a person who was the owner of record before a fraudulent conveyance of the property. The term "owner" shall also include a person who is a trust beneficiary and a person holding a partial ownership interest in a property such as tenancy by the entireties, joint tenancy, tenancy in common, and life estate.
- (9) "Senior Citizen" means a taxpayer who is sixty-five (65) years of age or over, or whose spouse, if a member of the household, is sixty-five (65) years of age or over, during a calendar year in which real property taxes are due and payable.
- (10) "Submitted" an application is submitted to the Department on the date that it is received by the Department, whether in person, by e-mail, by United States mail or by delivery service.
- (11) "Total Household Income" means all income received by the taxpayer and members of his or her household while residing in the homestead.
- (12) "Tax Liabilities" shall mean both property taxes which are delinquent and property taxes which are currently due but not yet delinquent, including but not limited to associated attorneys' fees, eligible expenses, interest and penalties as allowed by law.

(13) *“Pennsylvania Property Tax Rebate” shall mean the program provided for in 53 P.S. §§ 6926.1301–.1313, §§ 6926.701–.704.*

(b) Authorization for Installment Payments; *Tax Foreclosure Prevention Programs*; Waiver of Additions to Tax; Abatement of Interest and Penalties and Requiring Commencement of Enforcement Action.

(1) Universal Applicability. Section 19-1305 of the Code and all regulations and policies adopted pursuant to it, shall apply equally to the Department of Revenue, the Law Department of the City of Philadelphia, the Philadelphia Tax Review Board, any other department, agency, office or employee of the City seeking to enforce or collect property taxes, and all co-counsel or other businesses or parties hired or retained by the City to collect property taxes.

(2) Warning of Risk of Tax Foreclosure Action.

(A) First Notice. Should a taxpayer not remit payment for current year real estate tax liabilities or enter into a payment agreement by March 31st of such tax year, within sixty (60) days the Department shall send the taxpayer a Warning of Risk of Tax Foreclosure Action containing all the information listed in §19-1305(2)(b)(.1) of the Code *that includes the availability of the free assistance of a housing counselor, and the right to apply for the tax payment deferral for financial hardships as provided in Sections 19-1305 and 19-1307 of the Philadelphia Code.*

(B) Second Notice. Should a taxpayer not respond to such Notice of Risk of Foreclosure Action within ninety (90) days of the date of the notice, the Department shall send a second notice containing the same information required by §19-1305(2)(b)(.1) of the Code and any updates thereto, and a warning that the City may commence foreclosure proceedings against the taxpayer should he or she not pay the outstanding real estate tax liabilities or enter into a payment agreement *or tax payment deferral program* by December 31 of such year.

(3) Information for Taxpayers.

(A) When a taxpayer contacts the Department regarding real estate tax liabilities the Department shall ask if the property is the taxpayer’s residence, and shall provide the following information:

(i) If the taxpayer claims *[both]* to reside *[and to have an ownership interest]* in the property, the Department shall inform the taxpayer of the steps to apply for homestead recognition, the right to an Agreement for homestead properties and the steps to apply for such Agreements, and the availability of free advice and assistance from housing counseling agencies and legal services agencies for taxpayers who are eligible. The

Department shall also provide written information regarding the Agreement options for homesteads, as well as a list, including addresses and phone numbers, of housing counseling agencies and legal service agencies available to assist the taxpayer.

- (ii) If the taxpayer claims not to reside in the property, the Department shall inform the taxpayer of the right to request consideration for a payment agreement and the steps to apply for consideration for such payment agreements.
- (B) Information Available Online. The Department shall clearly and conspicuously post information regarding the available payment agreements, tax payment deferral programs, and assistance programs on its website. Such information shall summarize the program and terms of the agreements and the eligibility requirements. It shall include a question-and-answer section as well as application forms, sample agreements, and copies of all notices provided for in this Section. The Department's website shall also clearly and conspicuously post contact information, including addresses and phone numbers, for housing counseling agencies and legal service agencies that may be available to advise or assist eligible taxpayers.
- (C) Language Access/Non-English Speakers. Consistent with applicable law and policy, the Department shall take reasonable steps to ensure meaningful access to payment agreements for Limited English Proficient (LEP) persons. Such steps shall include providing copies of all vital documents in English and Spanish, both on-site and on-line translations of all vital documents, including notices and agreements, as well as providing translated "taglines" on all English language notices, and advising LEP persons that telephone interpreter services are available at the Department.
- (D) In-Person Meeting. [Any] A taxpayer seeking to enter into a payment agreement related to real estate tax liabilities on his or her primary residence shall have a right to an in-person meeting with the Department within 30 days of such request for the purpose of evaluating the taxpayer's payment agreement options. Taxpayers shall be affirmatively offered the assistance of an independent housing counselor or attorney, and shall be referred to housing counseling agencies and legal service agencies who may advise or assist them. All taxpayers shall be informed of the availability of an interpreter to assist the taxpayer in such a meeting. This provision applies even if litigation has commenced to recover the outstanding real estate taxes as defined in section 302(c)(1)(D) herein
- (4) Homestead Payment Agreements. Agreements with taxpayers are authorized for all amounts due on real estate tax liabilities on the homesteads of taxpayers, subject to the following terms and conditions:

- (A) Response. The Department shall respond in writing to all applications for an Agreement within thirty (30) days after receipt. Any denial shall include notice to the taxpayer of his or her right to Appeal, as well as deadlines for Appeals and information on resources and agencies that may assist with Appeals.
- (B) Eligibility. Eligibility for an Agreement and for placement in any particular Tier, shall be understood in all cases to require showing of financial hardship or inability to pay, based on individual circumstances. A taxpayer may not establish residency in a building that is not zoned for residential use. Taxpayers may be required to demonstrate proof of ownership including equitable ownership, residency, and up to two months of household income in order to be found eligible for an Agreement, provided however that a taxpayer shall not be required to liquidate any assets, including other real property, in order to qualify for an Agreement. The Department may also request a taxpayer's most recent federal tax return if applicable and, for good cause, such additional information as may be necessary to determine eligibility. The Department shall make any request for additional information in writing and shall allow the taxpayer at least thirty (30) days to respond. If the Department refuses to consider an application because the application is incomplete, it shall provide the taxpayer written notification of what information is missing. If the current year's overdue taxes are being handled by a different part or agent of the Department when the taxpayer requests an Agreement for her delinquent taxes, the current year's overdue taxes shall be reassigned so that all Tax Liabilities are the subject of a single Agreement.
- (i) Eligibility for Equitable Owners. Taxpayers who are equitable owners may qualify for Agreements, provided that the Department may discontinue such Agreements after three (3) years if the Department determines that the taxpayer has not made a good faith effort to obtain record title to the property covered by the Agreement. Any such discontinuance shall be made in writing and shall be appealable in the same manner as the denial of an Agreement. The Department shall notify the taxpayer in writing of this obligation to seek title at the time of the signing of the Agreement and that seeking help from a legal services agency will demonstrate good faith effort to obtain title. A taxpayer's application within six months of signing an Agreement to a legal services agency for assistance with obtaining title shall create a rebuttable presumption of good faith effort, even if the agency is unable to assign or pursue taxpayer's case promptly. Absent indicia of fraud, the Department shall not evaluate taxpayer's good faith effort to obtain title before three years has expired. An application by a second equitable owner, after an equitable owner has Defaulted (as defined in subsection (d)(3) below) shall be subject to heightened scrutiny before approval.
- (ii) "Complete Application". An initial application submitted by a taxpayer shall be deemed complete by the Department if the application includes

an application form substantially completed and signed by the applicant as well as the following documents: (1) proof of Ownership as specified in subsection (b)(4)(C)(i) of this Section; (2) proof of Income or Inability to Pay as specified in subsection (b)(4)(C)(iv) of this Section; and (3) proof of Residency as specified in subsection (b)(4)(C)(v) of this Section. An initial application which does not include such documents may be treated as incomplete by the Department. The Department may request other documentation as provided by these regulations; however, an initial application shall not be considered incomplete for failure to include documents other than those stated herein.

- (iii) The Department may deny a taxpayer's eligibility for an Agreement for good cause, provided that such denial may be appealed pursuant to subsection (e)(1) of this Section and §19-1305(5)(a) of the Code. A taxpayer who is otherwise eligible for an Agreement under this Section shall not be denied a an Agreement based on the taxpayer's Default (defined in subsection (d)(3) of this Section) upon or failure to comply with a payment agreement executed prior to October 15, 2013.
- (C) Documentation. The Department shall accept a photocopy of any document listed in this subparagraph, except where a certified or sealed document is specified.
- (i) Ownership. To establish an ownership interest under this Section, a taxpayer who is not the record owner of her homestead must submit at least one of the documents listed in this subparagraph or, where specified, combination of documents. A taxpayer who establishes residence does not need to have sole ownership of the homestead to qualify for an Agreement. Where appropriate, a taxpayer may submit documents from multiple categories listed in this subparagraph to show his or her ownership interest in the property. For example, if her mother entered into a rent-to-own agreement with the property owner and her mother is deceased, she can provide documentation from subparagraph (C)(i)(X) (proving the rent-to-own agreement) and from subparagraphs (C)(i)(VI), (C)(i)(VIII), or (C)(i)(IX) (proving her relationship with her mother):
 - (I) Proof showing that taxpayer lived in the property at least fourteen (14) years ago.
 - (II) If taxpayer was the owner listed on the deed *but* a fraudulent deed was recorded taking title out of her name:
 - (.a) A police report that taxpayer has filed for the fraudulent deed ("property theft"); or

- (.b) Proof of court action (e.g., a “complaint”) that has been filed in court to get rid of the fraudulent deed.
- (III) If taxpayer’s relative (or someone else through whom taxpayer has a claim to the property) was the owner listed on the deed (the “original owner”) *but* a fraudulent deed was recorded taking title out of the original owner’s name:
 - (.a) The deed where the original owner had title AND the death certificate of the original owner showing that the original owner died before the fraudulent deed was created AND documentation from one of the categories listed in subparagraphs (C)(i)(IV) through (C)(i)(X) showing taxpayer’s connection to the original owner; *or*
 - (.b) A police report that taxpayer has filed for the fraudulent deed (“property theft”) AND documentation from one of the categories listed in subparagraphs (C)(i)(IV) through (C)(i)(X) showing taxpayer’s connection to the original owner; *or*
 - (.c) Proof of court action (e.g., a “complaint”) that has been filed in court to get rid of the fraudulent deed.
- (IV) A deed that puts title into taxpayer’s name that is notarized, but which has not been recorded at the Recorder of Deeds.
- (V) A divorce decree, or other family court order, that gives taxpayer title to the property.
- (VI) Letters Testamentary or Letters of Administration that name taxpayer as the executor/administrator of the property owner’s estate: either a certified copy or a copy with the Register of Wills’ seal on it.
- (VII) The property owner’s death certificate AND a marriage certificate that shows that taxpayer and the property owner were married: either certified copies, photocopies with the Pennsylvania Department of Health’s seal on it, or comparably verified documents from another state’s or country’s equivalent agency.
- (VIII) The property owner’s death certificate AND taxpayer’s birth certificate that lists the property owner as taxpayer’s mother or father: either certified copies, photocopies with the Pennsylvania

Department of Health's seal on it or comparably verified documents from another state's or country's equivalent agency.

- (IX) The property owner's will that leaves the property to taxpayer AND the property owner's death certificate (the death certificate must be either a certified copy, a photocopy with the Pennsylvania Department of Health's seal on it or a comparably verified document from another state or country's equivalent agency). If the property owner's will leaves the property to someone else, and that other person then left a will leaving the property to taxpayer, taxpayer should provide wills and death certificates for both people.
 - (X) A rent-to-own agreement (AKA lease/purchase agreement or installment land contract) signed by the property owner AND documentation showing that taxpayer has made payments to the property owner in at least three (3) different months.
 - (XI) A letter of representation from an attorney who is helping taxpayer establish legal title to the property. The letter should be on the law firm's letterhead; explain the facts and taxpayer's legal claim to the property; state that the attorney is representing taxpayer to help taxpayer obtain title; state that the attorney will notify the City if he/she stops representing taxpayer; and include the attorney's Pennsylvania attorney identification number.
 - (XII) A letter from a legal services agency that is helping taxpayer obtain title to the property. The letter should be on the agency's letterhead; explain the facts and taxpayer's legal claim to the property; state that the agency is looking for an attorney to help taxpayer obtain title; state that the agency will notify the City if it is not able to find an attorney to help taxpayer; and include the Pennsylvania attorney identification number for an attorney at the agency.
- (ii) Age. To establish his or her age under this Section, a taxpayer may provide any one of the following documents. The Department also may accept additional documents for this purpose as long as the taxpayer is required to prove his or her age when obtaining the document in question.
- (I) Birth Certificate;
 - (II) Church Baptismal Record;
 - (III) Hospital Birth Record;
 - (IV) Driver's License or PA Identification Card;
 - (V) Passport;
 - (VI) PACE/PACENET Card;

- (VII) Blue Cross or Blue Shield 65 Special Card;
- (VIII) Medicare Card;
- (IX) Military Discharge Paper (if age shown); or
- (X) Naturalization/Immigration Paper (if age shown).

(iii) Disability. To establish disability under this Section, a taxpayer must produce a copy of an award letter issued by the armed services, Social Security Administration, SSI, Railroad Retirement or Black Lung or comparable official documentation of disability benefits.

(iv) Income or Inability to Pay.

(I) To establish income for taxpayer and all members of his or her household while residing in the homestead under this Section, taxpayer may produce his or her Federal Income Tax return. The Department also may accept other documents as proof of income or expenses including, but not limited to, pay stubs, W-2 forms, and benefit award letters.

(II) Social security numbers or other identification shall not be required for minors, for persons over the age of sixty-five (65) or for disabled persons. A taxpayer who has supplied social security numbers or other tax identification number for all other household residents shall have satisfied this requirement. Where a household member is unable to provide an otherwise required tax identification number, the Department may accept a signed affidavit in lieu for good cause shown.

(III) Where the Department possesses inconsistent information or for other good cause shown, the Department may request additional documentation to substantiate taxpayer's actual income.

(v) Residency. To establish residency under this Section, a taxpayer must submit one (1) document from any two (2) separate categories below proving residency at the property. Documentation must include the taxpayer's name and the property address. Acceptable documents include:

(I) Government-issued ID that has not expired:

(a) Photo ID issued by the U.S. Federal Government or the Commonwealth of Pennsylvania (including the Department of State Voter ID Card);

(b) PA Driver's License or Non-Driver's License Photo ID;

- (.c) U.S. Passport;
- (.d) U.S. Military ID; active duty and retired military (A military or veteran's ID must designate an expiration date or designate that the expiration date is indefinite. Military dependents: ID must contain an expiration date.); or
- (.e) Employee Photo ID issued by U.S. Federal Government, Commonwealth of Pennsylvania, Pennsylvania County or Municipal government.
- (II) Utility Bills: the Department shall accept PGW, Water Revenue, PECO, cable, or landline telephone bills as proof of residency if taxpayer presents at least two from bills at least two different months from within the last six (6) months. The two bills may be for the same utility service or for two different utility services.
- (III) Voter Registration Card.
- (IV) Employment/Income Tax records:
 - (.a) At least two pay stubs from current employer from the last six (6) months;
 - (.b) Most recent year's W-2 form; *or*
 - (.c) Most recent year's state or federal income tax records.
- (V) Government-issued benefit or award letter (federal, state, or local) from the last twelve (12) months:
 - (.a) Social Security, SSI, DPW, or SNAP (food stamp) benefit award letter or COMPASS printout;
 - (.b) Unemployment compensation award letter;
 - (.c) LIHEAP award letter; or
 - (.d) Homestead Exemption award letter or OPA print-out showing Homestead Exemption has been approved.
- (VI) At least two mortgage statements from the last six (6) months.
- (VII) At least two student loan billing statements from the last six (6) months.
- (VIII) At least two bank statements from the last *six* (6) months.

- (D) Agreements shall provide for payment of 100% of all tax liabilities, including capitalized additions, owing through the date of the Agreement or March 31 of the year of the Agreement, whichever is later, less any waiver of interest or penalties as provided in subsection (b)(4)(H), below.
- (i) Effective October 1, 2014, the Department shall provide an opportunity for taxpayers entering into payment agreements to apply for the following programs: Homestead Exclusion, pursuant to §19-1301.1(4)(a)(.3) of the Code – and Section 202(e)(1)(C) of these regulations; Deferral, pursuant to §19-1307(6)(c) of the Code – and Section 303(e)(3) of these regulations; Longtime Owner-Occupant Exemption pursuant to §19-3905(3)(a) – and Section 407(d)(3)(A) of these regulations; and Senior Citizen Low Income Special Tax Provisions pursuant to §2904(1)(a) of the Code – and Section 501(c)(1)(A) of these regulations. *Should the taxpayer opt to meet with one, the housing counselor may assist the taxpayer in applying for the aforementioned programs.* If a taxpayer is approved for any of these programs and such approval results in the reduction of the taxpayer's total tax liabilities, within thirty (30) days of such approval the Department shall adjust the total amount due under the payment agreement as well as the monthly payment amounts, and shall promptly notify the taxpayer of any adjustments. In negotiating settlements with delinquent taxpayers, the Department may consider the taxpayer's eligibility for relief for which he or she failed to apply.
- (E) Monthly Payments Based on Income. Monthly payment amounts due pursuant to Agreements shall be based upon the taxpayer's monthly household income as a percentage of Area Median Income for the Philadelphia metropolitan area, for the most recent fiscal year, as determined (and published) annually by the United States Department of Housing and Urban Development ("Area Median Income"), as follows, and shall not require initial lump sum payments or down payments unless elected by the taxpayer:
- (i) Tier 1. For taxpayers with monthly household income above seventy percent (70%) of Area Median Income, Agreements shall be made available at the discretion of the Department, provided that the Department shall take into consideration evidence of financial hardship submitted to it by the taxpayer. Agreements shall be affordable in light to taxpayer's entire circumstances;
- (ii) Tier 2. For taxpayers with monthly household income ranging from greater than fifty percent (50%) up to and including seventy percent (70%) of Area Median Income, payments shall equal ten percent (10%) of such monthly household income;

- (iii) Tier 3. For taxpayers with monthly household income ranging from greater than thirty percent (30%) up to and including fifty percent (50%) of Area Median Income, payments shall equal eight percent (8%) of such monthly household income;
- (iv) Tier 4. For taxpayers with monthly household income at or below thirty percent (30%) of Area Median Income, payments shall equal five percent (5%) of such monthly household income, provided that twenty-five dollars (\$25) is the minimum monthly payment;
- (v) [Individual Financial Assessment.] Individual Financial Assessments and Financial Incapacity Taxpayers may request an individual financial assessment comparing household income and expenses, and [may elect such an alternative payment amount provided that twenty-five dollars (\$25) is the minimum monthly payment] shall be considered for the following relief:

I. Individual Financial Assessments

(.a) Where the taxpayer meets the criteria under subsection(ii) (“Tier 2”,) (iii) (“Tier 3”), or (iv) (“Tier 4”), but the minimum monthly payment would, based on the individual financial assessment, present a hardship to the taxpayer, the Department may allow the taxpayer to elect an alternative monthly payment amount provided it is not less than twenty-five dollars (\$25).

(.b) When the Department finds that a taxpayer in any Tier, based on the individualized financial assessment, lacks the ability to make a regular monthly payment of any amount, the Department may allow the taxpayer to elect an agreement with no minimum monthly payment.

II. Financial Incapacity. The Department will generally allow a taxpayer in Tier 4 to elect an agreement with no minimum monthly payment upon a showing of Financial Incapacity as defined herein when the taxpayer:

(a) Has a Household Income at or below 15% of Area Median Income; or

(b) Has a Household Income at or below 30% of Area Median Income and satisfies one of the following:

(.1) is age sixty-five or older; or

(.2) is an unremarried widow(er) age 55 or older whose spouse was age 65 or older at the time of death; or

(.3) has a permanent disability; or

(.4) based on the individualized financial assessment, lacks the ability to make a regular monthly payment of any amount

III. Taxpayers offered an agreement with no minimum monthly payment may opt to pay some amount but have no obligation to do so on a recurring basis.

(vi) Every year within sixty (60) days after the publication of Area Median Income, the Department shall create and post on its website a table that relates Area Median Income to Household size to assist with Tier determinations.

(F) Installment Payment Agreements for Current Real Estate Tax Liabilities. Installment payment agreements for current year real estate tax liabilities are specially authorized for taxpayers who are senior citizens, taxpayers with monthly income up to and including fifty percent (50%) of Area Median Income, and taxpayers who demonstrate hardship, for a term not to extend beyond December 31 of the tax year, except that a longer term may be granted at the discretion of the Department. The Department shall determine hardship based on consideration of various factors such as household income, household expenses, household size, available excess liquid assets or any other factor(s) or combination thereof. The Department may issue a statement of policy for this purpose. Notwithstanding any provision of Title 19 of the Code to the contrary, for applications received no later than the 31st day of March of the year in which the tax is due and payable, the Department shall waive any additions to a current tax liability due on the homestead of a taxpayer who enters an into an installment payment agreement pursuant to this subsection, provided that the terms of the agreement are fully complied with by the taxpayer. Notwithstanding any provision of Title 19 of the Code to the contrary, any interest and penalties related to current year tax liabilities which shall accrue or become due and payable by any taxpayer shall be abated upon successful completion of an installment payment agreement entered into pursuant to this subsection.

- (G) Pennsylvania Senior Citizen Real Property Tax Rebates. If and when the Commonwealth allows the assignment of such rebates to local tax authorities, the Department shall allow that assignment by senior citizens and persons with disabilities 18 years or older and shall promulgate such regulations, rules, written policies, forms and other documentation deemed necessary to enable the assignment of such rebates.
- (H) Completion of Agreements; Forgiveness.
 - (i) An Agreement shall be considered completed upon payment of all tax liabilities, as provided in subsection (b)(4)(E) of this Section, less a waiver of interest or penalties, as follows:
 - (I) For taxpayers in Tier 1, no waiver of interest or penalties accrued as of the date of the Agreement;
 - (II) For taxpayers in Tier 2, waiver of one hundred percent (100%) of penalties accrued as of the date of the Agreement;
 - (III) For taxpayers in Tier 3, waiver of one hundred percent (100%) of penalties and fifty percent (50%) of all interest accrued as of the date of the Agreement;
 - (IV) For taxpayers in Tier 4, waiver of one hundred percent (100%) of penalties and one hundred percent (100%) of interest accrued as of the date of the Agreement;
 - (V) For taxpayers who request an individual financial assessment under subsection (b)(4)(E)(v), the amount of waiver of interest and penalties shall be determined by the Tier in which their monthly household income falls.
 - (ii) Notwithstanding any provision of Title 19 of the Code to the contrary, within thirty (30) days of a taxpayer, who is enrolled in an income-based Agreement, making all payments required thereunder, the Department shall:
 - (I) immediately waive, forgive, and abate all interest and penalties, as provided for in subsection (b)(4)(H)(i);
 - (II) certify that the entire real estate tax liability is paid in full;
 - (III) correct any records (written, computerized, or otherwise) the City maintains regarding the taxpayer's account to reflect that the account is current; and

- (IV) inform the taxpayer in writing by first-class mail that his or her real estate tax account is current and that the outstanding tax liabilities are paid in full.
- (5) Non-Homestead Payment Agreements. Payment agreements with taxpayers are authorized for all amounts due on real estate tax liabilities on properties other than homesteads, in the discretion of the Department. The Department shall have broad discretion to grant or deny such agreements, including acting on information supplied by the Department of Licenses and Inspections.
- (6) Terms of Agreements.
- (A) Maintenance of Current Taxes. While enrolled in an Agreement pursuant to this Section, a taxpayer generally is obligated to pay the real estate taxes that come due and owing during each subsequent year the Agreement is active, which payment may be made either by a lump sum payment or installment payment agreement as permitted by law., but which payment may not be made pursuant to an Agreement, other than an installment payment agreement as provided for under subsection (b)(4)(F). Nothing in this paragraph shall preclude a taxpayer enrolled in an Agreement from entering into a deferral of taxes under §19-1307 of the Code and Section 303 of these regulations.
- (B) Inclusion of Current and Future Taxes. Notwithstanding the requirement that a taxpayer maintain his or her current taxes as provided in subsection 302(b)(6)(A) above, it is further provided that so long as a taxpayer is eligible for a Tier 4 agreement or an agreement based on an Individual Financial Assessment and has not defaulted on that agreement, the Department shall automatically add current year taxes to the payment agreement on April 1 of each year the taxes are due for any amount of current year taxes still outstanding unless the taxpayer directs the Department otherwise.**
- (C) Right to Installment Agreement on Current Taxes. Taxpayers with no tax delinquency but who are eligible for a Tier 4 agreement or an agreement based on an Individual Financial Assessment may opt into an installment agreement for the current year taxes as provided under §19-1305 of the Code and Section 302 of these regulations.**
- (D) Compliant Taxpayer Not in Default. A taxpayer who has their current year taxes added to a payment agreement as provided in subsection 302(b)(6)(B) herein; or a taxpayer who pays the current year taxes in full or under an installment agreement, and who is otherwise compliant with the agreement shall be deemed not be in default on his or her real estate taxes**
- (E) [B] Tolling of Charges. While a taxpayer is making payments toward real estate tax liabilities under an Agreement, all amounts for additions, interest, penalties, fees, and**

other charges provided for under §19-1303 of the Code and Section 401 of these regulations will be tolled and shall not continue to accrue after the date of the Agreement, provided, however, that such amounts will be added to the taxpayer's total liability should he or she fail to successfully complete the Agreement.

(F) [C] Application of Payments. Notwithstanding any provision of Title 19 of the Code to the contrary, unless otherwise provided in any applicable bond covenant, payments made pursuant to an Agreement shall be credited to the taxpayer's delinquent account as follows:

(i) Until such time as the total principal included in the taxpayer's Agreement is repaid, one hundred percent (100%) of all payments made under the terms of such Agreement shall be credited and accounted toward such total principal amount and any associated attorneys' fees, in the same proportion as the two liabilities bear to each other. The only exception to this rule shall be for reimbursable expenses actually incurred by the Department that shall be paid before any other item, including the above allocations to principal and attorneys' fees. No part of any payment made under the Agreement may be used to pay or reduce other amounts demanded as due under §19-1303 of the Code and Section 401 of these regulations, including, but not limited to, charges for additions, interest and penalties, or other fees, until such time as the taxpayer shall have made payments equal to the amount of the total principal due.

(ii) Notwithstanding paragraph (i) immediately above, where a taxpayer is not required to pay current taxes in addition to their monthly payments under an agreement pursuant to subsection (6)(A) and is either a senior citizen or a person with a disability age 18 or older (and eligible for the Pennsylvania Property Tax Rebate) one hundred percent (100%) of all payments made under the terms of such agreement, up to the amount due there under for the current year shall be applied to current taxes so as to be eligible for the Rebate.

- I. When the Department of Revenue has evidence that a taxpayer enrolled in the Owner Occupied Payment Agreement is likely eligible for the Pennsylvania Property Tax Rebate; the taxpayer will have payments automatically applied first to current year taxes prior to providing those amounts to the Commonwealth of Pennsylvania. Evidence may include enrollment in the City of Philadelphia Senior Citizen Tax Freeze program, the Pennsylvania Property Tax Rebate in the prior year (if available) and other data sources deemed appropriate by the Department of Revenue as to likely eligibility.
- II. Taxpayers whose payments are not automatically applied to the current year first and who are eligible for the Pennsylvania Property Tax Rebate may request that payments be applied first

to current year taxes. Requests will be granted upon a reasonable demonstration to the Department of Revenue of eligibility.

III. Taxpayers whose payments are automatically applied to the current year taxes first due to the Department of Revenue having evidence that they are likely eligible for the Pennsylvania Property Tax Rebate will be notified and given the opportunity to opt out of having the taxes applied to the current year first if they prefer.

(G)/D Agreements in Writing. All Agreements shall be in writing and a copy provided to the taxpayer. Failure by the taxpayer to return the signed Agreement within thirty (30) days shall be a Breach of Agreement. All Agreements shall include but are not limited to the following terms:

- (i) the monthly payment amount;
- (ii) the payment due date;
- (iii) the specific address to which payment should be mailed as well as a location where payments may be made in person;
- (iv) the length or period of the Agreement including the number of payments;
- (v) the total amount agreed as due under the Agreement;
- (vi) a statement of the delinquent tax years covered by the Agreement as well as an itemization of the amounts due for each year specifying amounts due for principal, interest, penalties, attorney's fees and other costs or charges;
- (vii) the requirement of maintenance of current property tax payments during the length of the Agreement as well as an explanation of how current payments should be tendered to the Department in order to avoid misapplication of payments to delinquent tax years.
- (viii) a brief explanation regarding how payments will be applied to the delinquency;
- (ix) a brief explanation of the consequences of Material Breach and Default on Agreement including possible legal action;
- (x) a brief explanation of the taxpayer's right to cure payments missed under the Agreement as well as the specific address to which cure payments should be sent;

- (xi) a brief explanation of conditional forgiveness, if applicable, and the effect of completion of the Agreement; and
- (xii) a brief explanation of any additional terms or requirements, including recertification of eligibility if applicable.

(H)/E Prohibition against Stipulated or Consent Judgments Relating to Homesteads. No Agreement under this Section for tax liabilities due on a homestead shall contain a term requiring the taxpayer to stipulate or consent to judgment being entered against him or her in any legal action filed to collect delinquent property taxes or any other liens pertaining to his or her homestead.

(I) /F No Waiver of Defenses. No Agreement for tax liabilities due on a homestead shall contain a term requiring the taxpayer to waive or release all defenses or claims which the taxpayer may have in any legal action filed to collect delinquent property taxes or any other liens pertaining to his or her homestead, provided that the Department may require the taxpayer to stipulate to the total amount of tax liabilities owed.

(J) /G Modification of Agreements. Upon written request of the Department no more frequently than once per year, a taxpayer must re-certify to the Department his or her income and eligibility, and the Agreement shall be modified accordingly. A taxpayer may request a modification of his or her Agreement due to a change in income or other exigent circumstances, and such a request, received prior to Default, shall not constitute a Material Breach of that Agreement.

Example (i) Taxpayer A originally enters into a Tier I Agreement but subsequently becomes unemployed so that her household income is significantly reduced and she would qualify for a Tier III Agreement. As long as Taxpayer A submits a request for a modified Agreement and supporting documentation before missing two payments, her Agreement will be modified and she will not have breached.

Example (ii) Taxpayer B misses four payments on his Tier III Agreement before contacting the Department to explain that the payments he previously received from a law suit settlement have been discontinued and his income has been reduced. Provided that Taxpayer B has received notice of Material Breach and Default as provided below, he has Defaulted on his Agreement and is not entitled to a new Agreement.

Example (iii) Taxpayer C, who previously was unemployed, responds to the Department's recertification request with information changing her household income so that she qualifies for a Tier II Agreement, rather than a Tier IV Agreement. Within thirty (30) days of written notice from the Department, including a new Tier II Agreement, Taxpayer C is required to sign and return the new Tier II Agreement. If Taxpayer C fails to sign and return the new Agreement within thirty (30) days, she is in breach of her Agreement.

Example (iv) Taxpayer D fails to respond within thirty (30) days to the Department's written recertification request. Taxpayer D is in breach, notwithstanding that he has made all payment due under his Agreement.

(c) Impact of Applications or Agreements on Litigation.

- (1) Definitions. This subsection outlines the impact of a Complete Application or an Agreement on Litigation by the Department against the Owner of a Homestead and is not applicable to any other type of case. For purposes of this subsection, the following terms shall mean:
 - (A) "Appeal," taxpayer's appeal of an adverse decision on his or her Complete Application for an Agreement or for an Agreement on more favorable terms, either within the Department or to the Tax Review Board.
 - (B) "Civil Tax Action," an *in personam* lawsuit filed to collect Tax Liabilities as defined in this Section. A Civil Tax Action shall be deemed commenced when a Statement of Claim or Complaint is filed with the Court of appropriate jurisdiction.
 - (C) "Hold," a non-permanent cessation of all collection and litigation by the Department. As a condition of a Hold, unless different more specific conditions are described below, the Owner of a Homestead shall agree and actually shall (i) make timely good faith monthly payments of \$25 or whatever reasonable sum the Department shall require in writing and (ii) pay any real estate taxes that become due and owing during the Hold – either in full or pursuant to an approved installment payment plan.
 - (D) "Litigation," a Sheriff's Sale Action or Civil Tax Action as defined in this Section.
 - (E) "Sheriff's Sale Action," an *in rem* lawsuit filed to collect Tax Liabilities, as defined in this Section, pursuant to the Municipal Claim and Tax Lien Law, 53 P.S. §§ 7101, *et seq.* or any other form of legal action to collect delinquent real estate taxes under the Municipal Claim and Tax Lien Law is filed with the appropriate Court. A Sheriff's Sale Action shall be deemed commenced when a Petition pursuant to 53 P.S. § 7283 is filed with the Court of appropriate jurisdiction.
- (2) No Litigation Commenced. Incomplete applications shall receive written notice of what information or documentation is missing, and the first incomplete application

will receive a Hold of thirty days for the taxpayer to complete the application. If the Owner submits a Complete Application and no Litigation has been commenced:

- (A) The Department shall Hold and no Litigation shall be commenced while the Complete Application is being reviewed.
- (B) If the Complete Application is approved, no Litigation shall be commenced absent Default by the Owner.
- (C) If the Complete Application is denied and the Owner does not file a timely Appeal, the Department at its discretion may end the Hold and may commence litigation.
- (D) Complete Application – Failure to Establish Residency; Incomplete Application – Timely Filing of Appeal.
 - (i) If the Complete Application is denied for failure to establish Residency and the Owner files a timely Appeal or if the application is incomplete and the Owner files a timely Appeal, the Department shall Hold until sixty (60) days after the denial has been issued, provided that:
 - (I) The Owner makes timely monthly payments to the Department equal to the monthly payment amount that would have been required under the Agreement as though it had been approved. If the Complete Application is denied for the Owner’s failure to properly document household income information, the Owner shall make timely monthly payments as determined by the Department; and
 - (II) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due and owing during the Hold period, either in full or pursuant to an approved installment payment plan.
 - (III) The Department shall notify the Owner in writing of his or her obligations under subparts (I) and (II).
 - (ii) If within the sixty (60) day Hold period in subsection (c)(2)(D)(i) of this Section, a legal services or a housing counseling agency contacts the Department on behalf of the Owner, the Department shall continue the Hold for a minimum of an additional sixty (60) days from the expiration of the initial sixty (60) day hold and shall have discretion to continue the Hold for longer for good cause shown.

- (E) If the Complete Application is denied on the basis of the Owner's Default of a prior Agreement and the Owner files a timely Appeal, the Department shall Hold, provided that:
- (i) The Owner enters into a payment agreement with the Department for a term and amount determined by the Department not to exceed twenty-four (24) months (such agreement shall plainly state Owner's obligations, including the obligation to remain compliant with current taxes);
 - (ii) The Owner timely makes all payments required under such payment agreement while the Appeal is pending; and
 - (iii) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due and owing during the Hold period, either in full or pursuant to an approved installment payment plan.
- (F) If the Complete Application is denied for any other reason and the Owner files a timely Appeal, the Department shall Hold while the Appeal is pending, provided that:
- (i) The Owner makes timely monthly payments to the Department equal to the monthly payment amount that would have been required under the Agreement as though it had been approved; and
 - (ii) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due and owing during the Hold period, either in full or pursuant to an approved installment payment plan.
 - (iii) The Department shall notify the Owner in writing of his obligations under (i) and (ii).
- (G) If the Complete Application is approved but the Owner files an Appeal disputing monthly payment amount, Agreement Tier placement or other term(s) of the Agreement, the Department shall Hold while the Appeal is pending, provided that:
- (i) The Owner makes timely monthly payments to the Department equal to the monthly payment amount that would have been required under the Tier proposed by the Department or such lesser amount as shall be required by the Department; and
 - (ii) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due and owing during

the Hold period, either in full or pursuant to an approved installment payment plan.

- (iii) The Department shall notify the Owner in writing of his or her obligations under (i) and (ii).
- (3) Sheriff's Sale Action Commenced. Incomplete applications shall receive written notice of what information or documentation is missing, and the first incomplete application will receive a Hold of thirty (30) days for the taxpayer to complete the application. If the Owner submits a Complete Application on or after the date that a Sheriff Sale action has been commenced:
- (A) The Department shall Hold while the Complete Application is being reviewed and during the appeal period from any denial of the Complete Application, except that the Department may obtain a decree, where none has yet been entered, but shall thereafter Hold.
 - (B) If the Complete Application is approved and signed by the taxpayer, the Department may proceed to obtain a decree but shall not list the property for Sheriff Sale unless the Owner Defaults on the Agreement. If property already has been listed for Sheriff Sale, that sale shall be stayed indefinitely unless the Owner Defaults on the Agreement.
 - (C) If the Complete Application is denied and the Owner does not file a timely Appeal, the Department at its discretion may end the Hold and may list the property and expose it to Sheriff Sale upon expiration of the appeal period.
 - (D) Complete Application – Failure to Establish Residency; Incomplete Application – Timely Filing of Appeal.
 - (i) If the Complete Application is denied for failure to establish Residency and the Owner files a timely Appeal or if the application is incomplete and the Owner files a timely Appeal, the Department shall Hold until sixty (60) days after the denial has been issued, provided that:
 - (I) The Owner makes timely monthly payments to the Department equal to the monthly payment amount that would have been required under the Agreement as though it had been approved. If the Complete Application is denied for the Owner's failure to properly document household income information, the Owner shall make timely monthly payments as required by the Department; and
 - (II) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due

and owing during the Hold period, either in full or pursuant to an approved installment payment plan.

- (III) The Department shall notify Owner in writing of his or her obligations under (I) and (II).
 - (ii) If within the sixty (60) day Hold period in (c)(3)(D)(i) of this Section, a legal services or a housing counseling agency contacts the Department on behalf of the Owner, the Department shall continue the Hold for a minimum of an additional sixty (60) days and shall have discretion to continue the Hold for longer for good cause shown. The agency shall notify the Department within thirty (30) days if the agency ceases to assist or represent the Owner.
- (E) If the Complete Application is denied on the basis of the Owner's Default of a prior Agreement and the Owner files a timely Appeal, the Department shall Hold, provided that:
- (i) The Owner enters into a payment agreement with the Department for a term and amount determined by the Department not to exceed twenty-four (24) months (such agreement shall plainly state Owner's obligations, including the obligation to remain compliant with current taxes);
 - (ii) The Owner timely makes all payments required under such payment agreement while the Appeal is pending; and
 - (iii) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due and owing during the Hold period, either in full or pursuant to an approved installment payment plan.
- (F) If the Complete Application is denied for any other reason and the Owner files a timely Appeal, the Department shall Hold while the Appeal is pending, provided that:
- (i) The Owner makes timely monthly payments to the Department equal to the monthly payment amount that would have been required under the Agreement as though it had been approved; and
 - (ii) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due and owing during the Hold period, either in full or pursuant to an approved installment payment plan.

- (iii) The Department shall notify Owner in writing of his or her obligations under (i) and (ii).
 - (G) If the Complete Application is approved but the Owner files an Appeal disputing the balance due, monthly payment amount, Agreement Tier placement or other term(s) of the Agreement, the Department shall Hold while the Appeal is pending, provided that:
 - (i) The Owner makes timely monthly payments to the Department equal to the monthly payment amount that would have been required under the Tier proposed by the Taxpayer; and
 - (ii) The Owner pays any current-year real estate taxes that are due and owing at the time the Appeal is filed or which become due and owing during the Hold period, either in full or pursuant to an approved installment payment plan.
 - (iii) The Department shall notify Owner in writing of his or her obligations under (i) and (ii).
 - (H) The Department shall not list a property for sale based upon a decree within forty-eight (48) months of the first payment date of an Agreement unless the Owner has Defaulted. If a Default occurs within forty-eight (48) months, the Department may list a property for sale based on the original decree. If a Default occurs after forty-eight (48) months, the Department must obtain a new decree before listing the property for sale. In all cases, the Department shall provide the Owner with notice as required by law. The Department shall request of the court or shall submit proposed decrees all that explicitly note that they are subject to the provisions of this subsection (c)(3)(H) and include a copy of the Agreement executed by the taxpayer that shall be incorporated by reference into the decree.
 - (I) In the event of a Default following the forty-eight (48) month period, the Department shall be permitted to initiate new Litigation, at its discretion, to recover any Tax Liabilities still due and owing, and the Owner shall maintain the right to defend any such Litigation.
- (4) Civil Tax Action Commenced.
 - (A) Incomplete applications shall receive written notice of what information or documentation is missing, and the first incomplete application will receive a Hold of thirty days for the taxpayer to complete the application. If the Owner submits a Complete Application and a Civil Tax Action has already commenced but judgment has not been entered:

- (i) The Department, shall hold while the Complete Application is being reviewed and during the appeal period from any denial of the Complete Application, shall seek a continuance of any scheduled hearing and shall not seek judgment, provided that the Owner is not in Default of an earlier Agreement and the Owner meets the requirements for a Hold pursuant to these regulations.
 - (ii) The Department shall withdraw the Civil Tax Action without prejudice, provided that the Owner's Complete Application is approved and Owner timely makes three (3) consecutive monthly payments under the Agreement; or
 - (iii) The Department may obtain a judgment, provided that:
 - (I) The Owner's Complete Application is denied and Owner does not timely file an Appeal; or
 - (II) The Owner is in Default of the Agreement.
- (B) If the Owner submits a Complete Application after a Civil Tax Action has commenced and judgment has been entered, the Department shall not execute on the judgment, provided that:
- (i) The Owner's Complete Application is being reviewed;
 - (ii) The Owner's Complete Application has been approved and the Owner is not in Default of the Agreement; or
 - (iii) The Owner has timely appealed the denial of the Complete Application and meets the requirements for a Hold pursuant to these regulations.
- (5) Appeals of Determinations Made by the Department after Effective Date of Agreement.

Following the effective date of an Agreement, if the Owner files an Appeal disputing a Risk of Material Breach, Material Breach, Default (all described in these regulations and the Code) or any other determination of the Department regarding the Owner's Agreement, the Department shall Hold provided that the Owner makes timely monthly payments to the Department equal to the monthly payment amount required under the Owner's Agreement, unless otherwise provided in these regulations. The Department shall provide Owner written notice of his or her obligations under this section.

- (6) Discretionary Department Hold.

Notwithstanding any other provision of these regulations, if the Owner or his or her representative contacts the Department about his or her account, the Department shall have discretion to Hold for good cause shown.

- (7) The Department shall respond within ten (10) days to a request from taxpayer or her representative for confirmation as to whether or not a property is on Hold, except in cases where a Sheriff Sale is scheduled less than thirty (30) days after a request, in which case the Department shall respond within forty-eight (48) hours.

(d) Prohibited Conduct.

- (1) False Statements. No person shall intentionally make any false statement when applying to enter into an Agreement. If it is determined that a taxpayer entered into an Agreement on the basis of an intentionally false statement, the Agreement shall be null and void. The Department shall send taxpayer written notice if it determines a false statement has been submitted and therefore an Agreement is null and void. Such a determination shall be subject to appeal pursuant to subsection (e) of this Section.
- (2) Material Breach. A taxpayer may be declared in material breach (“Material Breach”) of an Agreement if the taxpayer fails to make a required payment, provided Material Breach may not be declared earlier than the sixty-fifth (65th) day from the agreed-upon payment due date and the forty-fifth (45th) day from the mailing of a notice of risk of Material Breach, and subject to the following terms and conditions:
 - (A) Notice of Risk of Material Breach. If a taxpayer fails to make a required payment within twenty (20) days of an agreed-upon payment due date, the Department shall send a notice including (i) a clear statement that the taxpayer is at risk of Material Breach, (ii) the entire amount required to cure the missed payment(s) as well as any payments currently due, (iii) the location where this amount may be tendered, (iv) the form(s) of payment accepted, and (v) the process to seek a modification of the Agreement based on a change in income or other exigent circumstances including any applicable deadlines to seek such a modification. The risk of Material Breach notice shall also state the date on which the Agreement will be considered in Material Breach, and a brief description of the consequences of Material Breach of an Agreement. If a taxpayer has two prior Material Breaches of an Agreement, the notice shall additionally include a clear statement that a third Material Breach will put the taxpayer at risk of Default (defined in subsection (d)(3) of this Section) and a brief description of the consequences of Default.
 - (B) Notice of Material Breach. If a taxpayer is declared in Material Breach of an Agreement, the Department shall send a notice including (i) a clear statement that the taxpayer has been declared in Material Breach, (ii) the date on which the Material Breach was declared, (iii) the entire amount required to cure the missed payment(s) as well as any payments currently due and lump sum payments that may be required, (iv) the location where this amount may be tendered, (v) the

form(s) of payment accepted, and (vi) the process to seek a modification of the Agreement based on a change in income or other exigent circumstances including any applicable deadlines to seek such a modification. The Material Breach notice shall also include a brief description of the consequences of Material Breach of an Agreement. If a taxpayer has two prior breaches of an Agreement, the notice shall additionally include a clear statement that a third breach will put the taxpayer at risk of Default and a brief description of the consequences of Default.

- (C) Reinstatement Following Material Breach. To reinstate an Agreement after a Material Breach, a taxpayer may be required to make a lump sum payment equal to as much as twice the regular monthly payment due.
- (3) Default. Effective October 16, 2013, a taxpayer may be declared in default (“Default”) by written notice sent to the taxpayer after either having failed to cure a Material Breach within forty-five (45) days of the date the taxpayer is declared in Material Breach or after a third (3rd) Material Breach following two (2) cured Material Breaches within a thirty-six (36) month period. If a taxpayer is declared in Default of an Agreement, such Agreement shall be null and void. A taxpayer may appeal the Department’s declaration that she is in Default if she believes the declaration is unjustified. A taxpayer who has Defaulted pursuant to Section 19-1305 of the Code and this Section will not be entitled to additional Agreements under Section 19-1305 of the Code and this Section, provided that the Department may at its discretion approve additional payment agreements on terms which it deems suitable. The Department’s refusal to approve additional payment agreements following Default shall not be subject to administrative review or appeal.
 - (4) Effect of Cure. If payment or action sufficient to cure is received by the Department before a taxpayer is declared in Material Breach and/or Default, the Department shall not declare the taxpayer in Material Breach and/or Default and the Agreement shall remain in effect, except that a payment received after a third declaration of Material Breach within a thirty-six (36) month period shall not preclude or cure a declaration of Default.
 - (5) Commencement of Enforcement Action. In the case of taxpayers who do not enter into a payment agreement or otherwise satisfy outstanding liabilities by December 31 of the first year in which the tax is registered as delinquent, and in the case of taxpayers who Default on payment agreements, the Department shall timely take all steps as provided for in the Act of 1923, May 16, P.L. 207, No. 153, § 39.4, as amended, 53 P.S. §§ 7147 and 7193.4, or elsewhere. Pursuant to 53 Pa. C.S. § 7147, the Department shall be authorized to assign or transfer to third-parties, real estate tax claims filed or to be filed, for an amount to be determined by the Department. When proceeding under 53 Pa. C.S. § 7147 (related to assignments and transfers) the Department shall:
 - (A) Not transfer or assign claims valued at less than One Thousand Dollars (\$1,000.00);

- (B) Before assigning or transferring real estate tax claims to other third-parties, grant a right-of-first-refusal to any existing third-party assignee of a real estate tax claim related to the property;
- (C) Require that any attorney or other professional services fees be capped at a rate not to exceed \$200.00 per hour; and
- (D) Require that any expenses including, attorneys' fees, professional services fees and any other fees or charges related to the assignment, transfer, or sale of a given real estate tax claim not exceed \$2,500.00; and
- (E) Require that interest rates charged by lien holders be capped at 10%, pursuant to 53 Pa. C.S. § 143; and that penalty rates be capped at 5%, pursuant to 53 Pa. C.S. § 7203; and
- (F) In the case of Homestead Properties, pursuant to § 19-1301, require that sheriff sale of the property cannot be initiated by a lien holder until two years have passed from the date of purchase of the lien.
- (G) Except for subsections (d)(5)(B) and (E) above, the restrictions in subsection (d)(5) shall not apply to the assignment or transfer of tax liens on commercial property.

From time to time the Department may by regulation adjust the fees and charges a lien holder may collect and any caps on such fees and charges.

(e) Review by Tax Review Board.

The Tax Review Board is authorized to review any adverse final decision or determination of the Department relating to initial or continued eligibility for an Agreement or to the taxpayer's performance of his or her obligations under an Agreement with the same effect as a petition for review pursuant to Chapter 19-1700 of the Code.

(f) Communications with Representatives of Taxpayers.

Copies of all payment agreements, notices, letters, emails and other documents sent to a Taxpayer pursuant to Section 19-1305 of the Code shall also be sent to any representative designated in writing by the Taxpayer. E-mail may satisfy this requirement where the representative has agreed to accept documents by e-mail rather than regular mail.

(g) Access to payment history.

- (1) Upon request, any taxpayer shall be provided a payment history or account history regarding his or her real estate tax payments.
- (2) The Department shall make available in its offices and on its website a form for making such a payment history request; must accept such requests by mail, hand-delivery, or email; and must clearly indicate on the request form how to submit a request through each such means.

- (3) Within thirty (30) days of receiving a payment history request from a taxpayer, the Department must send the taxpayer a payment history for the subject property setting forth:
- (A) the amount of current year real estate tax;
 - (B) the amount of any prior year real estate tax liability, specifically indicating what amount of such prior year liability is principal, penalty, interest, and other eligible expenses including attorney's fees and costs; and
 - (C) the taxpayer's real estate tax payment history, including how each such payment by the taxpayer was applied (i.e., to principal, penalty, or interest).
- (4) Such payment history shall be sent to the taxpayer through the means selected by the taxpayer on the request form, which must include the option of first class mail or email.

(h) **Reporting**

By January 31 of each year, the Department shall submit a written report to the Mayor, with a copy to the President and Chief Clerk of Council and publication on a Department website visible to the public, regarding activities undertaken during the previous calendar year. In addition to the information outlined pursuant to § 19-1305, when presenting the breakdown of payment agreements by type, term and amount of liability, this shall include a breakdown for each tier plus agreements based individual financial assessments, broken down by those agreements with no minimum monthly payment due and all others.

_____ **Bold, *Italics* and Underline denotes new language**

[] **Bold, *Italics* and Brackets denotes language deleted**



Date: 1/12/18

Frank Breslin, CPA

Revenue Commissioner