

LGB&S

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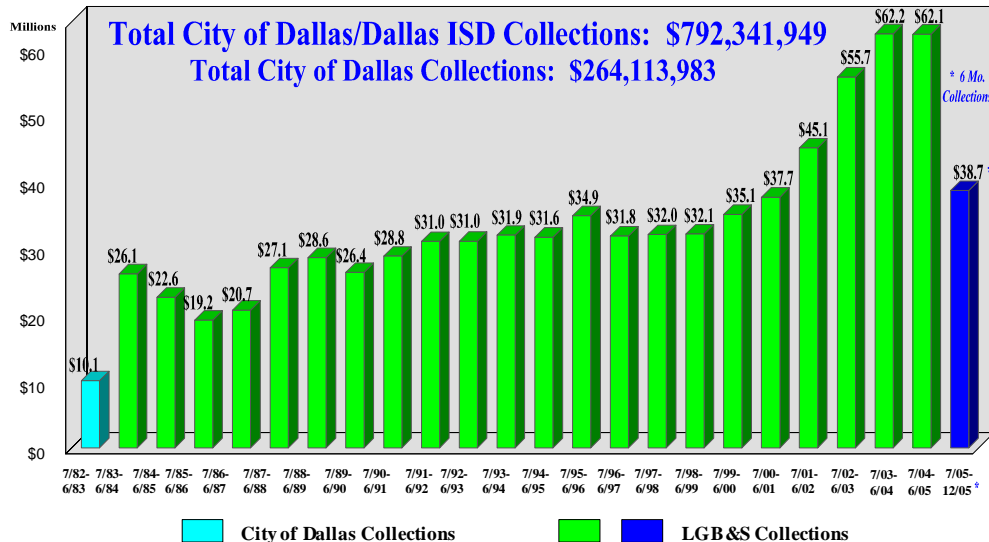
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DELINQUENT TAX COLLECTION HIGHLIGHTS

JULY 1983 – DECEMBER 2005

Total Delinquent City Collections **\$264,113,983**
Most Recent Complete Year (July 2004 – June 2005) **\$19,804,950**



Every account is reviewed by LGB&S and placed in the collection program. Every eligible account is targeted for phone collections, seizures, site visits and/or litigation.

Mailing/Collection Activity

Since July 1983 **113 mailings** consisting of over **2.5 million letters**
(July 2005 – January 2006) 6 mailings including **73,962 letters** representing **\$49,179,988**

Telephone Collection Calls Over **45,000** calls annually

BPP Site Visits Conducted **2,197 personal visits** to businesses in 2004-05

BPP Seizures/
 Bank Warrants Conducted *(Jan 2004 – Dec 2005)* **544 seizures** conducted collecting **\$1,256,887**

Litigation Activity

(Includes requests from City Council, Manager, SAFE Team, Code Compliance, Real Estate Division, URSB, and Land Bank)

Lawsuits Filed *(Since July 1983)* **43,054 lawsuits*** filed for **\$108 million**
** Annual Court capacity is approximately 2,300 new cases per year (for all jurisdictions and property types).*

Lawsuits Disposed Over **89%** of all lawsuits filed have been **disposed**

Properties Set for Sheriff's Sale *(Jan 2005 – Dec 2005)* **336 properties** in City of Dallas

Lawsuits filed for Land Bank *(See Land Bank Demonstration Program Highlights)* **445 lawsuits** filed

Bankruptcy Activity

Pending Amount in Bankruptcy **3,910 accounts** for **\$23.7 million**

Proof of Claims Filed in 2005 **4,957 proof of claims** for **\$16.2 million**

CITY OF DALLAS TOTAL DELINQUENT TAX ROLL – TURNED OVER TO LGB&S
(As of March 2006)

Total Base Tax, Penalty, Interest & Attorney Fees (2004 and Prior)	57,867 accounts for \$71.1 million
Total Base Tax (All Years)	\$34.7 million
2004 Base Tax	\$7.6 million

BREAKDOWN OF TOTAL LGB&S DELINQUENT TAX ROLL

Type of Account	Number of Accounts	Base Tax	Base Tax + P&I	% of Base Tax Dollars
Real Property	28,596	\$18,278,071	\$38,282,344	52.6%
Personal Property *	29,271	\$16,468,955	\$32,787,612	47.4% *
TOTAL	57,867	\$34,747,026	\$71,069,956	100%

* City approved recent change in law (Tax Code Sec. 33.11) allowing early turnover of delinquent personal property accounts for collections. 2005 delinquency will attach collection penalty and be turned over to LGB&S April 4, 2006 (3 months earlier than in 2005).

Dollar Amount	Number of Accounts	Base Tax + P&I	% of Number of Accounts	% of Base Tax + P&I Dollars
\$0-200	33,801	\$3,889,528	58%	5%
\$200-1000	17,209	\$15,988,750	30%	23%
\$1000-ABOVE	6,857	\$51,191,678	12%	72%
TOTAL	57,867	\$71,069,956	100%	100%

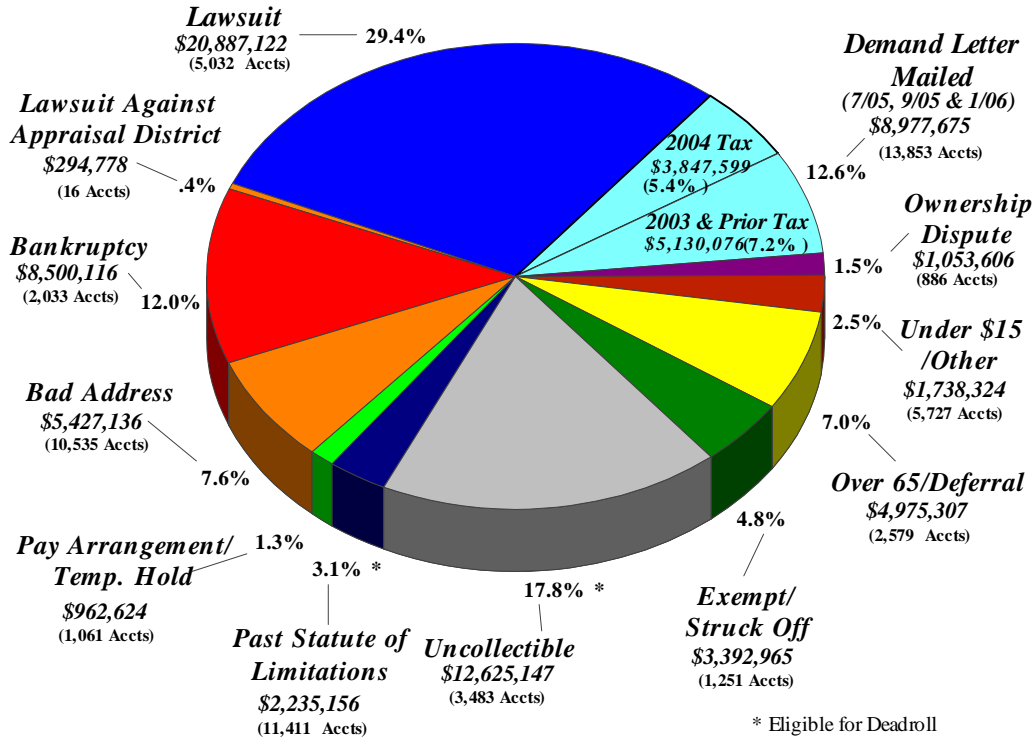
COLLECTIBILITY STATUS OF REAL PROPERTY ACCOUNTS

Status of Real Property Accounts	Number of Accounts	Base Tax	Base Tax + P&I	% of Base Tax Dollars
Clean (Eligible)	9,750	\$4,044,615	\$7,367,536	19.2%
In Litigation/Bankruptcy /Collection Status	18,846	\$14,233,455	\$30,914,808	80.8%
TOTAL	28,596	\$18,278,071	\$38,282,344	100%

Size of Accounts – Eligible Real Property	Number of Accounts	Base Tax	Base Tax + P&I	Average Size of Accounts (Base + P&I)
\$0-200	4,545	\$398,341	\$669,130	\$147
\$200-1000	4,329	\$1,966,234	\$3,410,469	\$788
\$1000-ABOVE	876	\$1,680,040	\$3,287,938	\$3,753
TOTAL	9,750	\$4,044,615	\$7,367,536	\$756

STATUS OF DELINQUENT TAX ROLL

\$71,069,956 Total Due as of March 2006
(2004 & Prior Delinquent Base Tax, Penalty, Interest & Attorney Fees)



City of Dallas - All Property		
Every account is reviewed by LGB&S and placed in the collection program. Every eligible account is targeted for phone collections, seizures, site visits and/or litigation.		
	Base + P&I	Percent of \$
Lawsuit/Judgment	\$20,887,122	29%
Uncollectible (per Legal Determination) (Exempt, Uncollectible, Past Statute of Limitations, Struck Off to Jurisdiction)	\$18,253,268	26%
Bankruptcy	\$8,500,116	12%
Other (Owes Less than \$15, Bad Address, Other)	\$6,809,249	10%
Legally Delayed from Collection Activity (Over 65 Deferral, Payment Arrangement, Temporary Hold, Appraisal District Law suit, Hardship, Environmental Problem)	\$6,529,907	9%
Identified Landbank Properties (not in lawsuit)	\$677,841	1%
Appraisal Issues (Ownership Dispute, Omitted Property)	\$434,779	1%
TOTAL (Legal Activity & Legal Review)	\$62,092,282	87%
Eligible for Further Collection Efforts	\$8,977,675	13%

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LAND BANK DEMONSTRATION PROGRAM HIGHLIGHTS
HISTORY

- **1997 – June 2004** - LGB&S established and operated a “Unit” to accept and litigate accounts referred from City and non-profit housing organizations for Affordable Housing & Code Enforcement initiatives
 - Over 2,100 lawsuits filed including miscellaneous liens
 - 805 properties (including miscellaneous liens) posted for Sheriff’s Sale (since 2000)
- **July 2004** – City of Dallas entered into an Interlocal Agreement with Dallas County to acquire Land Bank properties through tax foreclosure; Agreement was amended in June 2005 & extended through September 2007
- LGB&S re-tooled its “Unit” to create LGB&S’ Land Bank Department in response to City’s needs and goals. Budgeted at over \$1 million annually, it includes a dedicated attorney & litigation support staff of 9 legal assistants and researchers, plus bankruptcy & IT support, resources and related overhead.

ACTIVITY REPORT
AS OF MARCH 24, 2006

CITY GOAL	Year 1 FY 2003-2004	Year 2 FY 2004-2005	Year 3 FY 2005-2006	Total
Properties Identified by City of Dallas Land Bank (DLB) & Agreed to by LGB&S Pursuant to Interlocal Agreement	106 *	375	625	1106
DLB’s desired Property Acquisition	85	300	500	885

ACTIVITY	Year 1 FY 2003-2004	Year 2 FY 2004-2005	Year 3 FY 2005-2006	Total
Properties Abstracted by Republic Title Company, Approved by City Attorney & Accepted by LGB&S	101	335	66 **	502
Approved Properties Subsequently Paid / Bankrupt / Ineligible	6	33	11	50
Lawsuits Filed (LGB&S)	95	302	48	445
Judgments Granted (LGB&S)	70	48	1	119
Orders of Sale Requested (LGB&S)	67	20	0	87

ACQUISITION	Year 1 FY 2003-2004	Year 2 FY 2004-2005	Year 3 FY 2005-2006	Total
Properties in City Inventory Results from Private Sale Conducted by City of Dallas	44	3	0	47

* Although 106 were agreed upon pursuant to the Interlocal Agreement, an additional 4 properties were included in FY 2003- 2004 through substitution & referral.

** Any additional pending properties for FY 2005-2006 are to be submitted by the City of Dallas to LGB&S by March 31, 2006 pursuant to the Interlocal Agreement.

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LAND BASED RECEIVABLE (LBR) LIEN HIGHLIGHTS

Total Delinquent City Collections

\$4,684,990

➤ LGB&S has collected LBR receivables since 1997 as part of the delinquent tax contract. In 2002, City & LGB&S approved subsequent LBR contract (after tax collections were consolidated with Dallas County).

Litigation/Mailing Activity (2000-2006)

Tax Lawsuits with Liens Filed:

2,038 lawsuits or **27.5%** of all City Lawsuits Filed

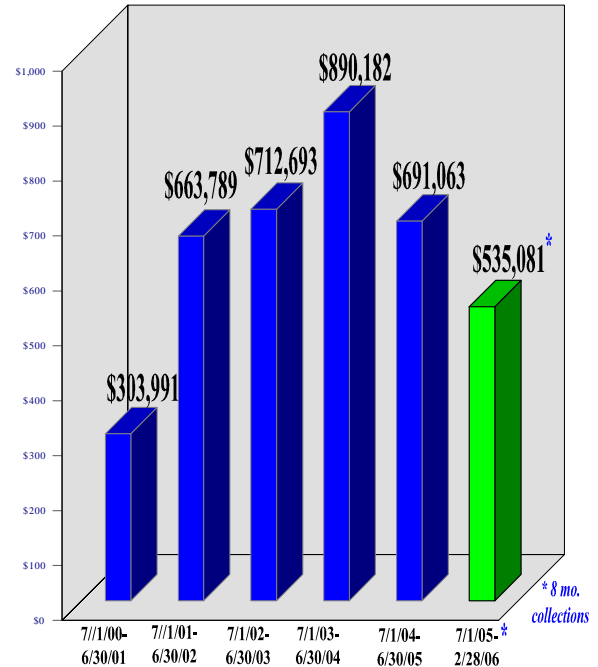
Note: LBR receivables with lawsuits filed are included in Delinquent Tax Highlights

Foreclosure/Sheriff's Sales:

38% of all properties set for Sale include LBR Liens

Mailings Conducted:

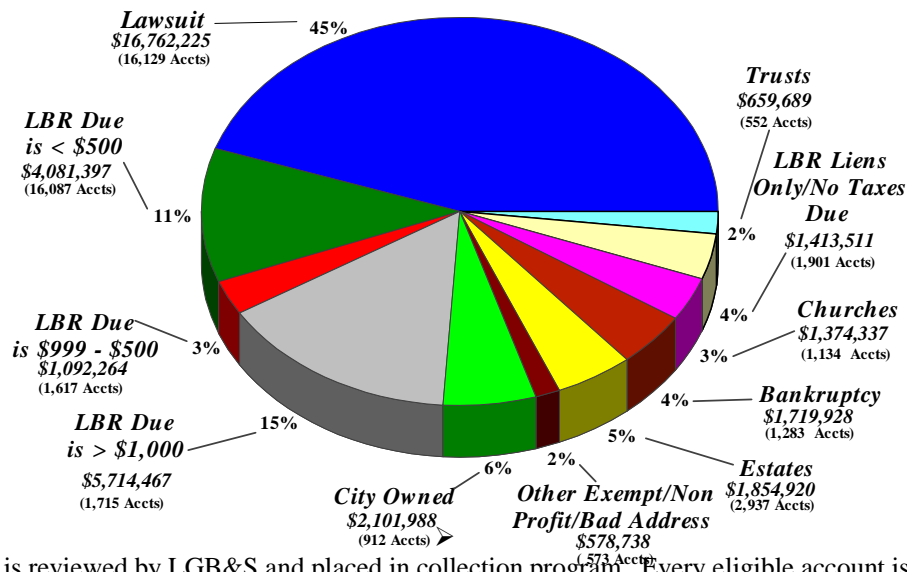
25 mailings targeting **\$26,800,630** (13,111 liens)



Total LBR Accounts Due as of March 2006*				
	Number	%	Dollars	%
LBR Accounts with Taxes Due	42,939	96%	\$35,939,953	96%
LBR Accounts with no Taxes Due	1,901	4%	\$1,413,511	4%
Total LBR Accounts	44,840	100%	\$37,353,464	100%

* Does not include Civil Penalties. Includes Principal & Interest Due.

Miscellaneous Land Based Receivables Principal & Interest \$37,353,464 Total Due as of March 2006



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- Litigation activity includes requests from City Council, Manager, SAFE Team, Code Compliance, Real Estate Division, URSB, and Land Bank.

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COURT & DETENTION SERVICES - FINES & FEES
PROGRAM HIGHLIGHTS

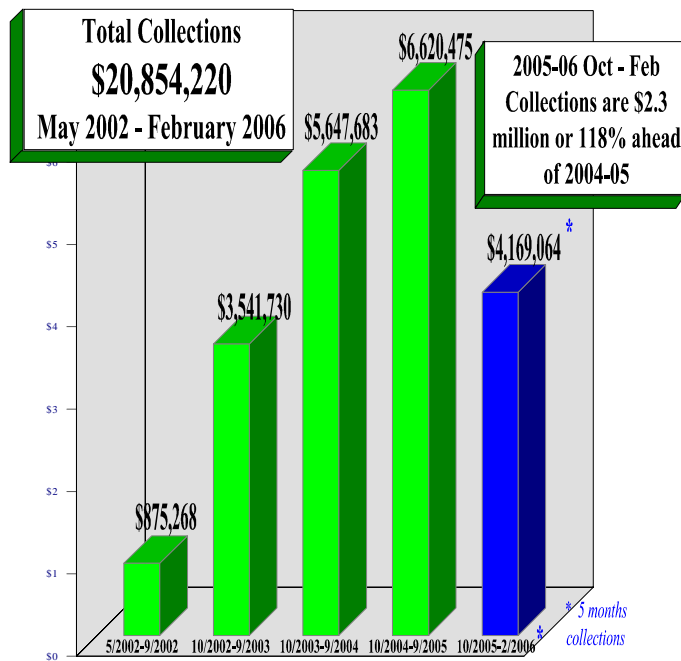
(04/01/2002 – 02/28/2006)

BACKGROUND

- City contract with LGB&S began April 2002
- City offered Amnesty Program August – September 2002
- LGB&S provided mailings, call center & programming support for Amnesty Program, but received no collection fees
- LGB&S resumed collection efforts January 2003
- April 2004, City Council adopted state allowed 30% “Add-On” collection fee
- January 2005, City receivable modified to include 30% “Add-On”, allowing collection program (for citations after 06-17-03) to be cost free to City

TOTAL CITY COLLECTIONS

\$20,854,220



Note: Collection figures include -
 State Court Costs & Fees, Collection Fee & City Revenue (Gross Collections)
 Source: City of Dallas "Monthly Collection Agency Report - Fund 2 Transfers"

TOTAL OUTSTANDING RECEIVABLES
 (Being Worked by LGB&S)

700,744 Accounts

\$233,666,446

Less:

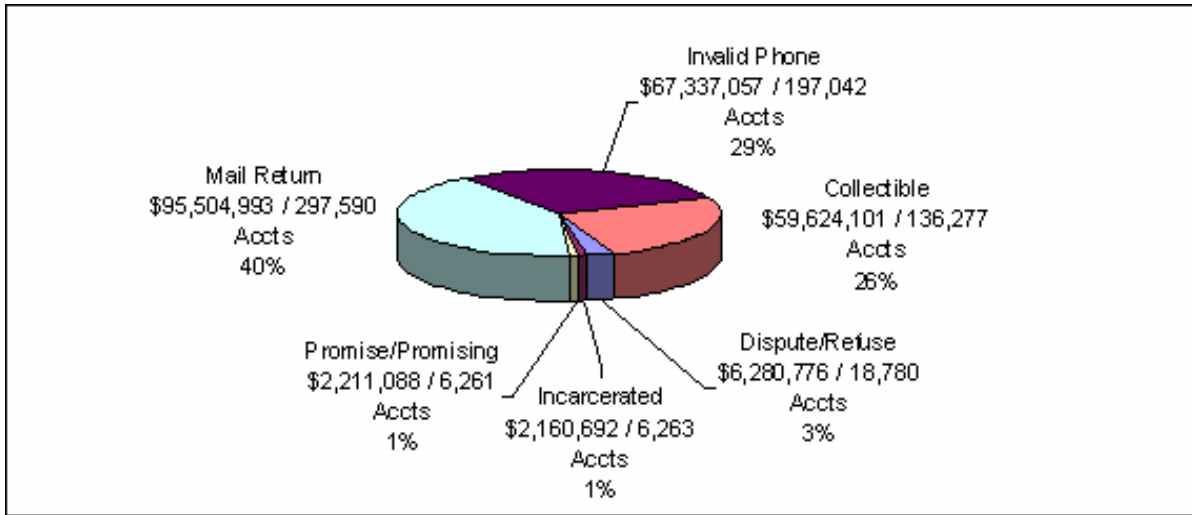
State allowed “Add-On” Collection Fee
 State Fees (estimated)

< \$ 40,458,976 >
 < \$ 42,125,695 >

NET CITY FINES (DUE TO CITY)

\$ 151,081,775

STATUS OF OUTSTANDING DELINQUENT CITATIONS
\$233,666,446 TOTAL



LGB&S COLLECTION EFFORTS

Demand Mailings

287 mailings consisting of **2,084,486** letters
3.3 Citations per Defendant

- Mailings to single & multiple offenders
- 3 tier series of demand letters
- Monthly targeted “sweep” letters by offense type

Telephone Calls

Total	1,563,004
Incoming	96,543
Outbound	1,467,061

- Call Center response unit
 - 71 professional collectors
 - Bilingual assistance
 - Operates 65 hours / week, Monday - Saturday
- Auto-dialer utilized to enhance productivity of collectors
- “Sound Bite Phone Blaster” makes computer generated collection calls

Skip Tracing / Locator Services

	# of Accts	% of Total Accts	\$ Due	% of Total \$
• Mail Return / Bad Address	297,590	42%	\$ 95,504,993	41%
• Invalid Phone Number	197,042	28%	\$ 67,337,058	29%
• 706,747 accounts having been returned undeliverable by the Post Office have been researched to locate defendants utilizing national skip tracing databases (4/2002-2/2006)				
• All placements sent to National Change of Address database to identify current address & telephone information				
➢ 105,024 addresses updated (January 2005 – February 2006)				

Collection Enhancements

- **30% Collection Fee “Add-On”** as allowed by SB 782 (2003), approved by City Council (April 2004 & implemented January 2005)
- City Council approval (April 2004) to allow LGB&S to **negotiate payment arrangements** (awaiting City computer system modifications)
- Participated & assisted in **Municipal Court staff training session** on collections (November 2005)

Multiple Offenders - Defendants with at Least:

2 Citations	37,048	\$ 42,814,408
5 Citations	5656	\$ 14,449,661
10 Citations	913	\$ 4,445,591
50 Citations	5	\$ 108,097

Analysis of Outstanding Delinquent Citations by Offense Year

Year	# of Accts	% of Accts	\$ Due	% of \$ Due
2005	242,742	35%	\$ 90,105,289	39%
2004	147,522	21%	\$ 55,892,470	24%
2003	119,555	17%	\$ 41,347,120	18%
2002	82,345	12%	\$ 21,492,920	9%
2001 & Prior	108,580	15%	\$ 24,828,648	10%
Totals	700,744	100%	\$233,666,446	100%

Analysis of Outstanding Delinquent Citations

Type of Violation	# of Accts	% of Accts	\$ Assigned	% of \$	Total \$ Collected	Total % Collected
Traffic Code	477,606	68%	\$149,723,382	64%	\$17,087,641	82%
PDTH (Prostitute, Drug, Theft, Homeless)	92,479	13%	\$ 41,821,368	18%	\$ 1,767,788	8% *
FTA (Failure to Appear)	64,143	9%	\$ 16,617,518	7%	\$ 547,127	3% *
Totals	700,744	100%	\$233,666,446	100%	\$20,805,457	100%

* Historically > 95% of non-traffic offenses either remain unpaid or are disposed of through non-cash means (jail time served, community service credit, etc.)