



CITY OF DANBURY
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MEMORANDUM

TO: Mayor Mark D. Boughton via the Common Council

FROM: Dena R. Diorio, Director of Finance & Personnel *Dena*

DATE: August 28, 2006

SUBJECT: Assignment of Real Estate Liens

Over the past several years, American Tax Funding, LLC ("ATF") has obtained the assignment of various tax liens from the City. As you know, beginning July 1997 and periodically since then, the Common Council has authorized the assignment of real property tax liens and these assignments have returned several million dollars in delinquent real property taxes to the City. At this time, ATF is prepared to accept an assignment of tax liens on the Grand List of October 1, 2005.

This transaction also includes a lien swap to remedy the previous assignment of liens on city-owned property. In prior tax lien sales, ATF acquired liens for city-owned properties on and adjacent to the Danbury Municipal Airport and leased to third parties. Since the liens are on city-owned properties, we are unable to sell those liens to collect payment of delinquent taxes. Under these circumstances, the City must employ its own enforcement methods to collect payment from the tenants.

As a result, ATF will return those liens to the City and the City will substitute other liens in their place. The total value of the assignment of the liens is \$286,089.27 (inclusive of interest due through September 30, 2006). ATF is returning liens totaling \$142,349.95 and will pay the City the balance of \$143,739.32. The final number is subject to change if payments are made prior to the sale date.

I am recommending that the Common Council adopt the attached resolution at its September meeting to enable the City to execute this transaction.

Please feel free to contact me should you require any additional information.

C: Laszlo Pinter, Deputy Corporation Counsel
Roosevelt Ewell, Acting Tax Collector



RESOLUTION

CITY OF DANBURY, STATE OF CONNECTICUT

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RESOLVED by the Common Council of the City of Danbury:

WHEREAS, Connecticut General Statutes §12-195h authorizes any municipality to assign, for consideration, any and all liens filed by the tax collector to secure unpaid taxes on real property; and

WHEREAS, the City of Danbury previously assigned certain real estate tax liens to American Tax Funding, LLC ("ATF"); and

WHEREAS, the assignment of additional tax liens on the grand list of October 1, 2005, to ATF, with Foothill Capital Corp. as a secured party, relating to the same properties covered by the tax liens previously assigned to ATF, would further reduce the administrative burden upon the Danbury Tax Collector for the benefit of the City; and,

WHEREAS, liens with respect to two properties, 20 Backus Avenue and 21 Miry Brook Road, previously assigned by the city to ATF must be reacquired by the city to remedy incorrect assessment information; and,

WHEREAS, it is in the best interest of the City of Danbury to reimburse ATF for amounts paid to the city for the aforesaid liens, together with a reasonable carrying charge, calculated at a rate of 7 percent from the date of the original assignments, equaling in total, One Hundred Forty Two Thousand, Three Hundred Forty Nine Dollars and Ninety Five Cents (\$142,349.95), through an exchange of certain liens on the grand list of October 1, 2005 for the liens to be reacquired.

NOW THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF DANBURY that Mayor Mark D. Boughton be and hereby is authorized to accomplish the exchange of liens and the assignment to ATF, with Foothill Capital Corp. as a secured party, of additional liens filed by the tax collector to secure unpaid taxes on real property appearing on the grand list of October 1, 2005 having a value of Two Hundred Eighty Six Thousand, Eighty Nine Dollars and Twenty Seven Cents (\$286,089.27), less any amounts paid on or after September 1, 2006, and that Mayor Boughton be and hereby is further authorized to execute any agreements or amendments thereto as may be required to accomplish the purposes hereof.