



Charter, Code and Policies

City of Portland

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ENB-12.05 - Collections Process Administrative Rules

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COLLECTIONS PROCESS ADMINISTRATIVE RULES

Administrative Rule Adopted by Auditor's Office Pursuant to Rulemaking Authority

ARB-ENB-12.05

Section 1.0 - Purpose

The purpose of the Collection Process is to establish written rules and procedures to collect funds for a variety of City programs and to provide municipal lien account information to property owners, title companies, other city agencies and the public. To accomplish this, the following objectives were established:

- Provide a fair, consistent, cost effective and efficient collection process that includes options for property owners experiencing difficulties in making payments.
- Provide information and refer property owners to other agencies as appropriate.
- Keep delinquencies to a minimum to protect the interest of bondholders and taxpayers of the City.
- Lend support to the City's foreclosure process.
- Provide same-day service on lien pay-off and lien information requests.

According to provisions set forth by City Charter and City Code, the collection process of the special assessments is the responsibility of the City Auditor's Office administered through the Assessments, Finance and Foreclosure Division.

Section 1.1 - Authorities and Responsibilities

The Auditor shall maintain the records related to assessment liens, process bonding contracts, bill and collect open and bonded lien accounts, and process and approve or deny requests for Catch-up Payment Plan or Hardship Payment Plan Agreements as defined in Portland City Code Chapter 5.30.040.

Section 1.2 - Collection Process

A delinquent lien is an entry upon the City Lien Docket in favor of the City of fees, charges, penalties or assessments as authorized by state law, City Code or City Charter for which payment has not been received by the due date.

Once a City lien becomes delinquent it is the responsibility of the Assessments, Finance and Foreclosure Division to collect the amount owed.

The purpose of special collection letters is to give the property owner notice of the delinquency, the cost of not bringing the account current, available options to help bring the account current, and awareness of the consequences of inaction.

Collection efforts will be directed to delinquent accounts in the early stages of delinquency by evenly dividing the number of delinquent accounts, on a monthly basis, among staff members.

The framework includes 5 different categories:

- A - Delinquent accounts between 1 to 30 days delinquent
- B - Delinquent accounts between 31 to 60 days delinquent
- C - Delinquent accounts between 61 to 90 days delinquent
- D - Delinquent accounts between 91 to 120 days delinquent
- E - Delinquent accounts between 121 to 150 days delinquent

1 - 30 Days After the Due Date

a) Staff open a general file for all accounts in this category - All files will be kept in this general folder

b) Staff telephone property owner and document the call in the respective lien account's log note. (Lien Accounting System)

(See instruction under 1st phone call script) - Register in electronic tickler (Microsoft Outlook) to follow-up the phone call with a reminder letter 10 days (grace period) after the phone call.

c) Staff send collection letter - reminder - explaining that a \$25.00 collection charge will be added to the account if payment is not received in this office by the specified due date (due date of the current billing cycle). Staff insert copy of the letter in the file.

d) Staff register in their electronic tickler (Microsoft Outlook) to follow-up and verify that property owner has followed through with his/her commitment. (Next contact to be made by the release of the following past due report)

31 - 60 Days After Due Date

a) Accounts that were kept in the general file are placed in an individual file.

b) Staff telephone property owner and identify the reasons why payment was not made, then ask when payment will be made. Staff explain and offer a Catch-up Payment Plan and document the call in the respective lien account's log note. (Continuity is extremely important. - See instructions under 2nd phone call script)

c) Staff send collection letter - 1st assertive collection letter – which mentions possible costs ahead and possible foreclosure. A \$25.00 collection charge is added to the account. (Staff document letter in the respective lien account's log note. Continuity is extremely important.) – Staff insert copy of the letter in the file.

d) Staff insert with the collection letter a copy of Catch-up Payment Plan Agreement with specific date of return. (See Catch-up Payment Plan Guidelines) – Staff insert copy of the Catch-up Payment Plan in the file.

61 - 90 Days After Due Date

a) Send collection letter - 2nd assertive collection letter – which mentions that the City will contact any party of interest in the property. A \$25.00 collection charge is added to the account. (Staff document letter in the respective lien account's log note. - Again, chronological documentation on efforts and attempts to solve the delinquency is crucial) – Staff insert copy of the letter in the file.

91 - 120 Days After Due Date

a) Staff conduct research to locate any other party of interest in the property (Financial Institutions, Deed Holders).

b) Staff send collection letter - 3rd assertive collection letter - certified letter to property owner and lienholder(s): financial institutions, mortgage companies, deed holders. Staff explain impending foreclosure, inform customer that file is being forwarded to the Foreclosure program and the need for customer to contact Foreclosure staff immediately to avoid upcoming costs. (Staff document the letter in the respective lien account's log note.) A \$25.00 collection charge is added to the account. Staff insert copy of the letter in the file.

121 - 150 Days After Due Date (One year for bonded liens)

a) Staff review the file to make sure that the property owner has been contacted and advised that he/she needs to contact Foreclosure staff. (Staff document their review in the respective lien account's log note.)

Staff direct files to Foreclosure manager. The lien account is now in the foreclosure phase of the process.

Section 1.3 - Collection Exceptions

There are circumstances where the collection of delinquent accounts does not follow the collection process established under Section 1.2.

1. Bankruptcy Accounts: While the property owner is under bankruptcy protection the City cannot collect the amount owed; therefore, the lien will be set to a "No Bill" status until the case is discharged or dismissed by the court.
2. Foreclosure Accounts: In accordance with Ordinance No. 173251, an Intergovernmental Agreement between the City of Portland and Multnomah County directs the County to pay the City the amount owing for local improvement liens when the County forecloses on a property.
3. Returned Mail: In cases where the billing statement has been returned for 3 consecutive billing cycles and attempts to locate the correct mailing address have failed, the account will be set to returned mail permanent "No Bill" status.

Liens will be reviewed on a monthly basis for a new or corrected mailing address.

4. Uncollectable:

- Liens on properties that have been transferred by Multnomah County Tax Title to non-profit community development corporations or to government agencies for public purposes.
 - Liens determined to have been placed in error, which require passage of ordinance for cancellation.
 - Liens placed against properties that are qualified as remnant.
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Section 1.4 - Payment Agreements to repay delinquent liens

1. There are 2 types of payment agreements for property owners in need of financial assistance to help repay their delinquent liens: the Catch-up Payment Plan and the Hardship Payment Plan.
 2. The Catch-up Payment Program allows the property owner to bring a delinquent lien current or pay in full by the end of an established period not to exceed 36 months as defined in PCC 5.30.070.
 3. The Hardship Payment Program allows the property owner to pay interest and billing charges only for a period not to exceed 12 months as defined in PCC 5.30.080.
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Section 1.5 - Delinquent Payment Agreement

1. As Catch-up/Hardship Payment Plan agreements become over 60 days delinquent, the Auditor's Office will notify the property owner of payment plan agreement cancellation/termination. There will be a delinquent Catch-up/Hardship Payment Plan agreement collection charge of \$25.00. The collection charge is subject to change.
2. The notification will specify that if payment is not made within 14 days of the date of the notification, the payment plan agreement will be cancelled/terminated and if the delinquency exceeds 365 days the file will be forwarded to Foreclosure.

Section 1.6 - Cancelled Payment Agreement

1. If a Catch-up/Hardship Payment Plan agreement has been cancelled/terminated as a result of failure, refusal, or neglect to make timely payments, as provided in the agreement, and the property owner requests to have the payment plan reinstated, there will be a one time reinstatement opportunity. The reinstatement is subject to a \$25.00 charge payable through cash, check or money order at the time of the request for reinstatement. After the payment agreement has been in default two consecutive times there will be no more opportunity for reinstatement.

Section 1.7 - Deferral of Special Assessments

State Senior Deferral Program is no longer available for special assessments as a result of legislative action.

HISTORY

Filed for inclusion in PPD September 30, 2004.

Amended by City Auditor September 23, 2014.
