

ENB-12.04 - Lien Payment Split Check Policy

LIEN PAYMENT SPLIT CHECK POLICY

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

ARB-ENB-12.04

PURPOSE

The purpose of this policy is to establish the method by which a payment received in excess of a lien payoff amount is refunded to the payee. A refund process utilizing a "Split Check" mechanism has been established in cooperation with the City Treasurer. The split check process, to be used in limited cases, was created to mitigate the cost of issuing refunds and increase efficiencies in processing lien customer payoffs in the lien accounting system. This process provides for the original check to be accepted by the City Treasurer and then "split" by issuing two City checks, one payable to the City for the amount of the lien payoff (s), and the second payable to the payee for the overpaid amount. This policy works in conjunction with the "Final Lien Payment Check Processing Policy".

POLICY

A. Receipt of Excess Payment: Prior to processing Lien payoffs, staff of the Assessments & Liens (A & L) Division will determine if a refund of an excess lien payment applies using the "Final Lien Payment Check Processing Policy". If an overpayment meets the conditions for issuing a refund, the Split Check process shall be used:

1. An A & L team member shall prepare in duplicate a "Split Check" request form indicating the amount payable to the City, and the amount to be refunded to the payee.
 - a) If the original check is from a title company the refund split check shall be made payable jointly to the title company and the property owner, except if documentation specifically states that any refund shall be refunded directly to the property owner.
 - b) If the original check is a personal check, the refund split check shall be made payable to the name on the check, not necessarily the property owner.
2. A log note shall be placed on the lien account (s) for the amounts payable to the City and the amount to be refunded.
3. A second A & L team member shall review and initial the request forms and verify the log note on the lien account (s) to ensure the validity of the request and to provide adequate control.
4. If the refund is to be payable to an individual, or is over \$100, the request will also be reviewed and approved by a supervisor.
5. Upon final approval, the initiator of the split check request shall deliver to the City Treasurer the duplicated Split Check request forms, along with the original check for processing.

B. Treasury Processing: Upon receipt of the Split Check Request form, Treasury shall:

1. Examine the original check and request forms for validity.
2. Prepare checks payable in the names and amounts as specified in the request form.
3. Write the check numbers of the split checks issued on each request form.
4. Return the original request form along with the new split checks to the initiator.
5. File second Split Check Request form in Treasury files for audit purposes.

C. Assessments & Liens Processing: Upon receipt of the split checks from Treasury, the initiating A & L staff member shall:

1. Check payable to the City shall be processed as a payoff. The original completed Split Check request form will be attached to the payoff statement as support and as an audit trail of the payment received.
2. In the case of an excess payment by a title company, the refund check can be released immediately and will be mailed to the property owner. It will be the property ownersâ€™ responsibility to obtain endorsement from the title company.
3. In the case of an excess payment by personal check, the city refund check will be held for 10 business days before

mailing to ensure that the personal check clears the banking system.

HISTORY

Filed for inclusion in PPD September 30, 2004.