

Answers to questions posted on City website for sale of delinquent tax liens. (Questions appear in boxed text)

ATF intends to exercise its right of first refusal to purchase both the "Unsettled Liens" and "New Liens". The RFP states that the contract requires that a successful bidder purchase the tax liens at a lump sum price but yet in another section of the RFP requests individual lien pricing. For the benefit of the respondents could the City clarify the right of first refusal as provided in the existing contract between ATF and the City if the pricing is on a per lien basis rather than in aggregate? Also can you please clarify with regards to the "Unsettled Liens" that ATF can match any price bid and in no case pay more than 100% of the redemptive value of the individual lien(s).

The City's existing five (5) contracts with ATF determine the City's RFP process for a new tax lien purchaser for the next five (5) years.

As explained in the RFP, the City has divided its delinquent liens into three lien pools:

- Unsettled Liens – a previously purchased lien remains unpaid.
- Settled Liens – ATF has received payment or settled all previously purchased liens.
- New Liens – ATF has never purchased a lien before.

ATF has a right of first refusal on Unsettled Liens and New Liens, but the right of first refusal for each lien pool operates in a different manner.

For New Liens, ATF has an overall right in the aggregate to match the bid on the entire lien pool. If Bidder A bids \$X on the pool of New Liens, ATF has the right to match such bid.

For Unsettled Liens, ATF has a property specific right of first refusal and an overall right of first refusal in the aggregate. So if Bidder A bids \$X on the pool of Unsettled Liens, ATF has the right to match such bid. ATF also has the right to match Bidder A's bid on any one or more Unsettled Liens. So if Bidder A bids \$Y for the lien on a property, ATF, if it chooses, can match that bid. Under the ATF contracts, in no case must ATF pay more than 100% of the redemptive value of any individual tax lien, even if another bidder offers an amount greater than 100%.

The nature of a right of first refusal means that the holder of that right must be accorded a reasonable time to exercise such right.

The nature of a right of first refusal also means that the holder of the right need not place an initial first bid. For New Liens and for Unsettled Liens, ATF need not submit any bid prior to the bid deadline. If no bidder submits a bid for the New Liens and for Unsettled Liens, ATF loses no rights, and may submit its own bid for the City's consideration within a reasonable period.

The nature of a property-specific right of first refusal means that any bidder for the Unsettled Liens must break down its bid on a property by property basis, so ATF may have the information necessary to intelligently exercise its right of first refusal.

The nature of a property-specific right of first refusal means necessarily ATF would only exercise a property-specific right of first refusal if it decided not to match a bidder's overall bid. Only if ATF elects not to match the overall price for the Unsettled Liens, will the question of

selecting individual liens from the Unsettled Liens come into play.

For the Settled Liens, ATF has no right of first refusal. To purchase the pool of Settled Liens, ATF must submit a bid.

The City, in this RFP, has requested that bidders submit bids on a property-specific basis for all three lien pools.

ATF, besides the above rights, under the City's existing five (5) contracts, has the right to purchase a subsequent lien at full redemptive value before the City may foreclose on any property where ATF owns an Unsettled Lien.

Could you please provide an Excel spreadsheet of all liens sold to ATF with the sale date, the dates redeemed, and the amount paid at redemption?

The City can provide Excel spreadsheets on request for each sale of liens to ATF but redemption data is generated by ATF and not available in Excel format from the City.

We would love to bid, but as currently structured, the RFP heavily favors the current vendor in that they can see our bid and react after that. I do not believe this to be a way for a new vendor to be able to compete. If there is a way for new vendors to bid on all those where ATF has refused to purchase, that would be a pool that we could potentially bid on, as it stands now we would be doing a large amount of work for the current vendor to step up and match our bid on all but 1.6MM of liens.

(No question asked)

Our concern is that with the previous vendor's ability to select and match bids from the "Unsettled" and "New" categories. Our concern is that we do all the work and pricing for the current vendor.

(No question asked)

Is there a statutory penalty on the face value of the liens purchased?

No.

Can subsequent taxes be paid quarterly?

Yes.

Is it required for the lien holder to enter into payment plans?

No. See Section 6-123(F) of the Charter.

What is the NY State STAR exemption and can we foreclose on those properties that have it?

The New York State School Tax Relief Program (more commonly known as the STAR Program), or New York State Real Property Tax Law §425 is a school tax rebate program offered in New York State aimed at reducing school district property taxes on the primary

residences of New York residents. Properties with STAR exemptions are foreclosable.

How often does the lien holder have to send notices of running balances & accruing interest to property owners?

Section 6-123 of the Charter assumes that the means and methods of collection are subject to the discretion of the tax lien purchaser, subject to the constraints of the Charter.

Can we bid on only one pool of liens?

Yes.

Can tax lien holders take a Deed in lieu of foreclosure?

Yes.

For each foreclosure does the lien holder pay the additional fee of \$155 for each lien to be foreclosure and if so is this recoverable?

No. The \$155 fee only applies to the City's tax foreclosure action.

Is the foreclosure process the same as if the City was foreclosing?

No. See Section 6-123(G) of the Charter.

Are redemption monies collected directly by the lien holder?

Yes.

In the Scope of Contract a) what does it mean "for previously purchased liens that have not yet been reduced to zero"?

If, for a property, ATF purchased a lien in February 2009, September 2009, December 2010, February 2012, or February 2013, and such lien has not been reduced to zero (through payment or settlement) then a subsequent delinquent tax lien offered for sale by the City is an "Unsettled Lien", and ATF has certain rights of first refusal.

Can liens be foreclosed one year after purchase?

The City is selling only liens immediately foreclosable.

Are there static pool records available for the lien pools sold? I.e., do you have lien detail levels as to when a lien was sold, and when it redeemed? Also for the "Unsettled" liens could you flag which properties the current vendor has in Foreclosure on those liens, when the action was started?

The City can provide Excel spreadsheets upon request for each sale of liens to ATF but the data regarding when a lien held by ATF was paid or redeemed, or whether a property is in foreclosure by ATF is not generated by the City

Can you provide me with the winning bid % for the last 5 years?

The Applicable Percentage Rates for the ATF contracts are:

February 27, 2009	43.19%
September 30, 2009	43.53%
December 10, 2010	48.57%
February 28, 2012	44.30%
February 14, 2013	45.40%

Can you please clarify with regards to the "Unsettled Liens" that ATF can match any price bid and in no case pay more than 100% of the redemptive value of the individual lien(s).

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