

Your Survival Tool for Revenue Shortfalls



Uncap bottled-up revenue today instead of waiting 4 years or more for unpaid property taxes.

Continually grips new revenue, maximizing your cash flow year after year.

Effortlessly carves out new cash streams that won't cut into your staff's time and workload.

WE DO NOT COLLECT TAXES

Your delinquent tax collector does NOT change

Cuts through PA budget shortfalls due to reduced payroll tax collection.

Chews through questions about Tax Lien Management with informative in-person or online meetings.

Generate Instant Revenue from the Sale of Unpaid Property Taxes without Any Effect on Your Taxpayers



**The Tax Lien Management Program.
A Public-Private Partnership.**

NEW TOOLS FOR NEW TIMES



**A NEW WAY FOR
PENNSYLVANIA TAXING ENTITIES
TO MANAGE ASSETS**



The Tax Lien Management Program.
A public-private partnership.

9107 Main St.
McKean, PA 16426
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Tax Lien Management Program



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Tax Lien Management Program



**What common problems are
Pennsylvania taxing entities
facing today?**

Tax Lien Management Program



- Decreased Cash Flows,
- Budget Cuts,
- Unfunded pension obligations
- Loss/Decrease of Funding,
- Program Cuts,
- Unemployment/Layoffs,
- Inability to Perform Projects, Maintenance and/or Improvements,
- Loss or Reduction of Capital Reserves,
- Inability to fund capital projects,
- Etc.

Tax Lien Management Program



IN THE NEWS

City budgets can easily be analogized to School District budgets: Pennsylvania school districts expect worsening finances, survey shows

The Patriot News, By: The Associated Press

“A survey of more than half of Pennsylvania's school districts shows more expect their finances to worsen next year even as they cut instructional programs and personnel in numbers unheard of since the Great Depression.”

The Pennsylvania Association of School Administrators and Pennsylvania Association of School Business Officials blame the deteriorating conditions on cuts in state aid, lackluster local tax collections and rising costs, particularly for employee pension obligations.

‘The financial condition of Pennsylvania's public school districts is declining from 'difficult' in the current school year to 'desperate' ...,’ the groups said.’

Tax Lien Management Program



IN THE NEWS

State pensions: The storm is approaching fast

The Patriot News, By: Jeanette Krebs

“In unprecedented numbers, school districts around Pennsylvania are facing tough budgets and deficits. From urban and suburban to rural, schools are talking about cutting programs, asking students to pay to participate in sports and laying off staff.”

The Pennsylvania State Education Association released a report talking about all the underlying causes. The state budget cuts top the list and many school administrators are frustrated with the need to make budget decisions with fewer state dollars again.

This needs to be a priority for lawmakers when they get their turn with the state budget. But along with state funding cuts, school administrators see a rising financial storm starting to pound their doors: pension costs.”

Tax Lien Management Program



The Tax Lien Management Program offers a tool that can be used to relieve the current financial hurdles Pennsylvanians are facing as well as stabilize future cash flows.

Tax Lien Management Program



What is a “Taxing Entity”?

A taxing entity can be a school district, city, county, township, borough or any other entity that has the power to tax.

Tax Lien Management Program



What is the Tax Lien Management Program?

The Tax Lien Management Program was formed by Municipal Revenue Services in 2004.

Through this program, Municipal Revenue Services structures and manages a program that provides immediate revenue from delinquent real estate tax claims for taxing entities throughout the Commonwealth of Pennsylvania.

This is not a tax collector program

Tax Lien Management Program



The Tax Lien Management Program has assisted scores of schools, cities, counties and other taxing entities in recognizing over \$700 million in new revenues.

Tax Lien Management Program



Background

During the course of each year, the designated tax collector(s) for a particular taxing entity collect on all current real estate tax claims. At the end of each year, any taxes that have not been paid and are still outstanding are turned over to the delinquent tax collector for collection. The delinquent tax collector will then initiate collection of the now delinquent real estate tax claims.

Tax Lien Management Program



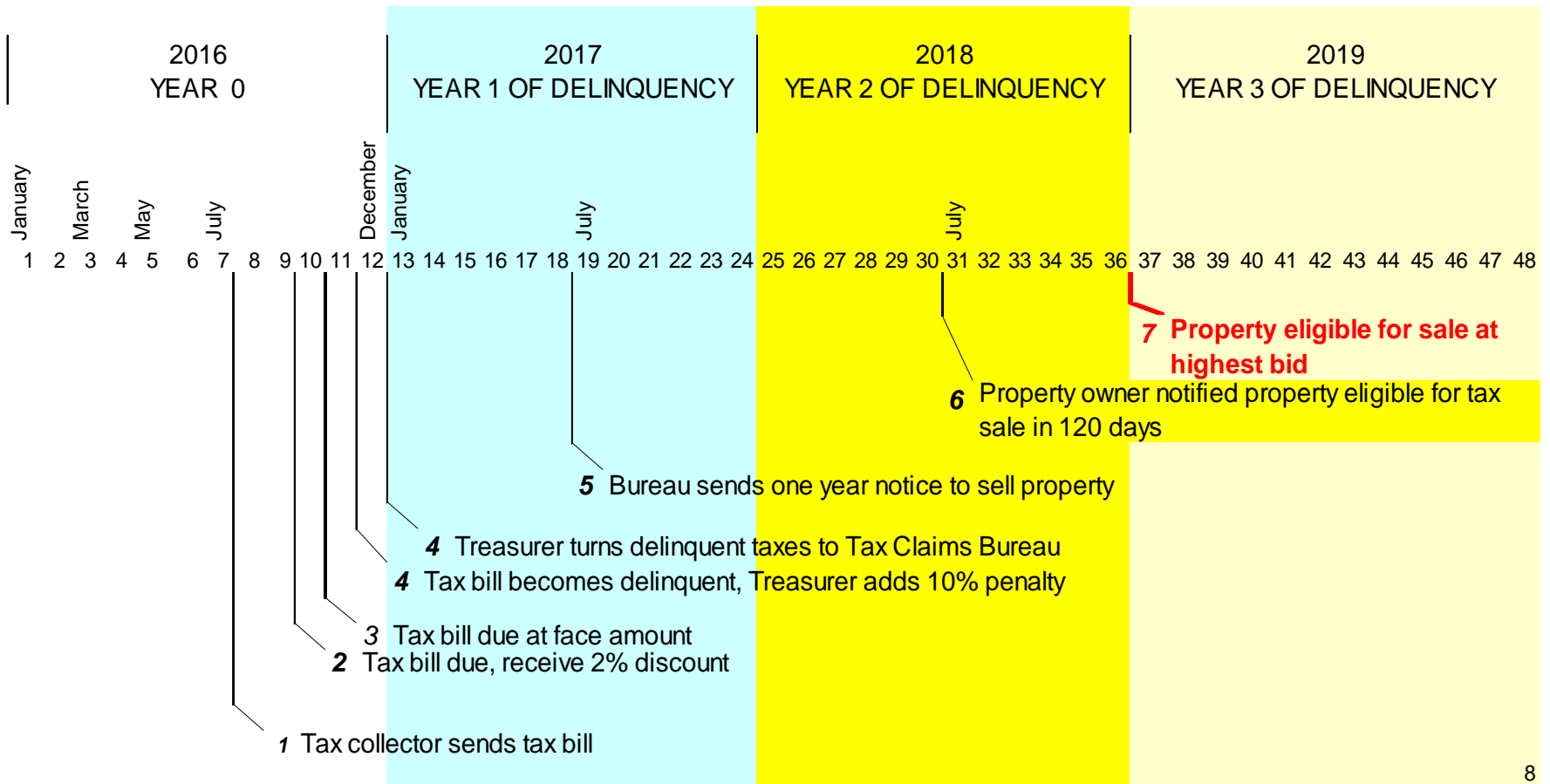
Background (Cont'd)

Generally, it will take anywhere from 1-4 years to collect on a delinquent real estate tax claim. As each individual delinquent real estate tax claim is collected, the payment received is turned over to the taxing entity and becomes revenue to the taxing district at the time it is received.

Tax Lien Management Program



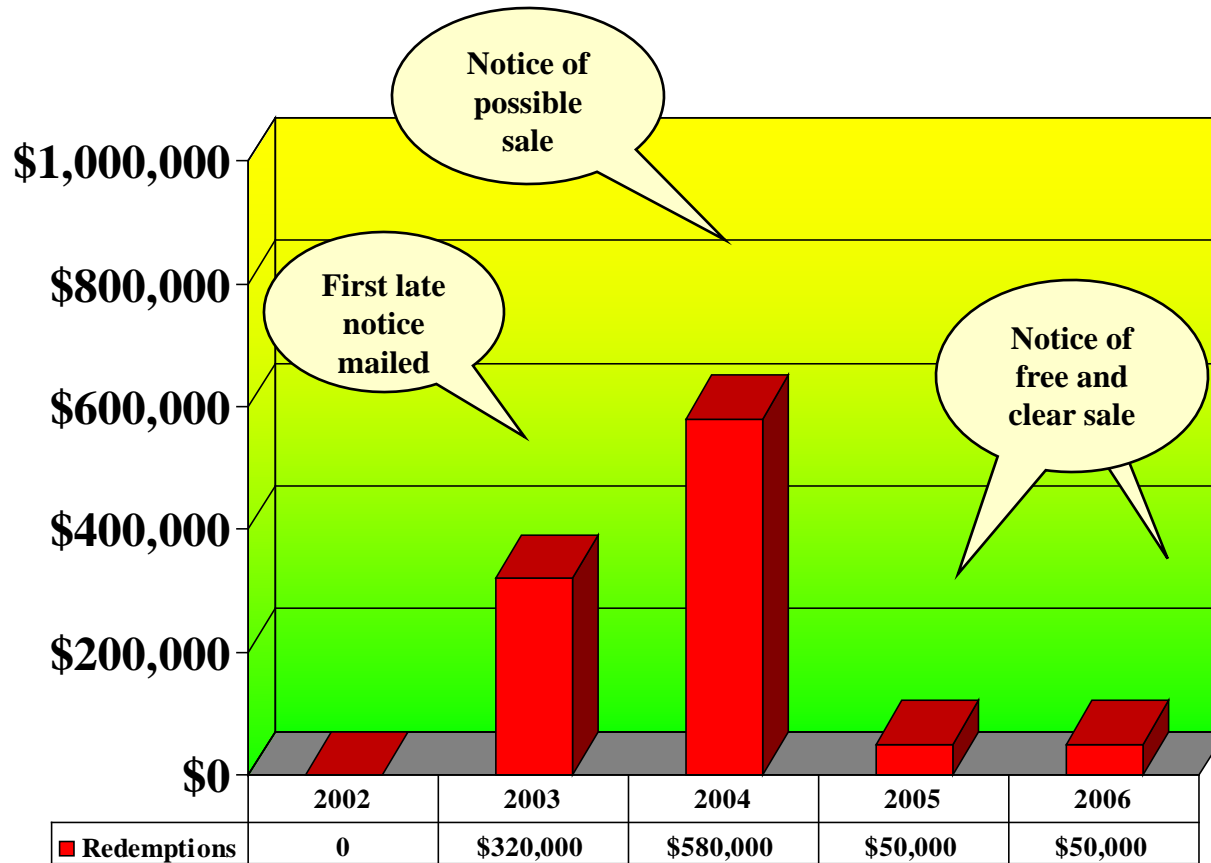
REAL ESTATE TAX TIME LINE SCHOOL DISTRICT



Tax Lien Management Program



TYPICAL REDEMPTION OF TAX LIENS

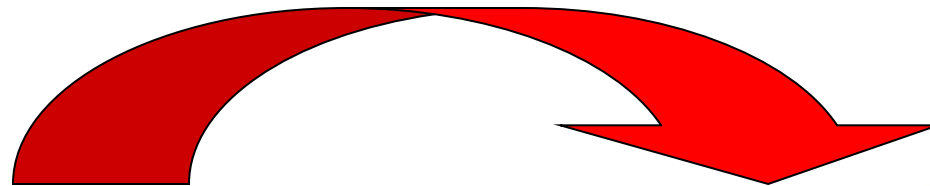


This chart shows average redemptions from tax liens

Tax Lien Management Program



The Tax Lien Management Program is a unique program designed to provide a taxing district with immediate revenue from unpaid tax bills. While the unpaid tax bills will eventually get paid, it simply takes several years to receive payment using the Pennsylvania collection process.





How Does the Tax Lien Management Program Work?

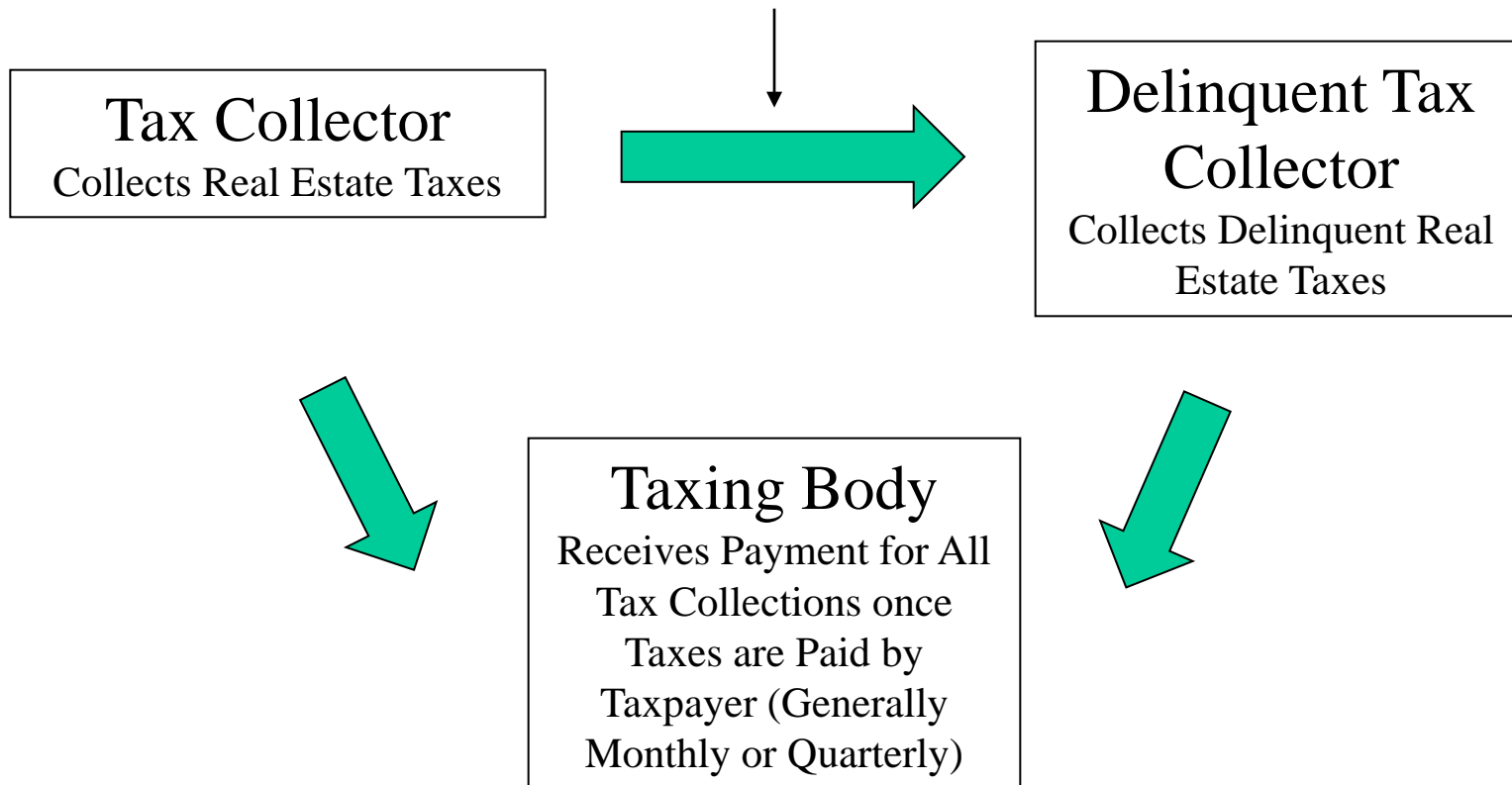
A non-profit public entity or redevelopment authority acquires your delinquent tax claims and waits for the delinquent taxpayer to pay during the next several years. The 9% interest paid by the delinquent taxpayer will more than cover all cost.

Tax Lien Management Program



Normal Tax Collection Process

Tax Collector Turns Over Any Unpaid Real Estate Taxes to Delinquent Real Estate Tax Collector At the End of Each Year



Tax Lien Management Program



What Changes to the Tax Collection Process as a Result of Participation in the Tax Lien Management Program?

Tax Lien Management Program



NOTHING!!!

Tax Lien Management Program



Participation in the Tax Lien Program **DOES NOT** change a taxing entity's delinquent tax collection process in any way. As before, the Tax Claim Bureau or delinquent tax collector continues to service the accounts and continues all collection functions. The only difference is that the Collector remits the collections to the public entity who purchased the delinquencies. The Collector continues to retain all collection fees generated in connection with the collection of the delinquent real estate taxes.

Tax Lien Management Program



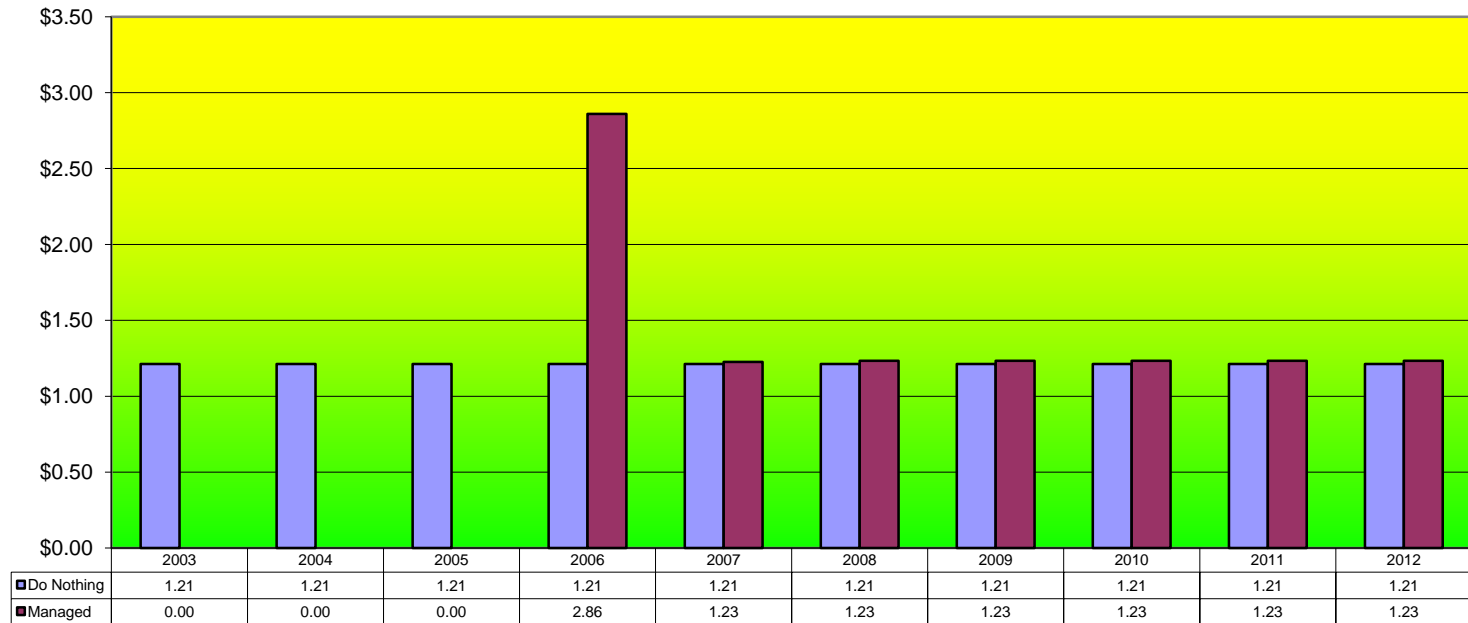
Participation in the Tax Lien Program **DOES NOT** add any additional costs to a taxing district's already distressed delinquent taxpayers.

Tax Lien Management Program



PICTURE OF TAX LIEN PROGRAM OVER SEVERAL YEARS

TAX LIEN REVENUE COMPARISONS



Tax Lien Management Program



Who is the Purchaser?

The Tax Lien Management Program works **exclusively** with Pennsylvania Nonprofit corporations, such as local redevelopment authorities, or other public nonprofit agencies.

Tax Lien Management Program



How Long Will It Take implement this program once a Taxing District Decides to Participate in the Tax Lien Management Program?

After the taxing district adopts a Motion or Resolution the taxing body can receive their money within 45 days.



What is the Cost to the Taxing District?

The purchaser pays all the costs of the program in addition to the interest on the loan. The total costs are approximately 6-7% of the purchase price. The purchase price is not reduced by the cost of the transaction; rather, the 9% interest paid by the delinquent taxpayer will more than cover this cost.

Tax Lien Management Program



If a Taxing District Participates in the Tax Lien Management Program, Will it be Contractually Obligated to Continue to Sell Delinquent Real Estate Tax Claims Every Year?

No, there is never a contractual obligation to renew. Although the Tax Lien Management Program is designed to be evergreen and renew annually, a taxing district is in no way ever required to sell its delinquent real estate tax claims.

Tax Lien Management Program



**How does a Taxing Entity
Benefit by this program?**

Tax Lien Management Program



The ability to infuse immediate revenue into a spending budget can serve as a useful tool to help address many of the common problems Pennsylvania taxing entities, especially Pennsylvania cities, face today...

Tax Lien Management Program

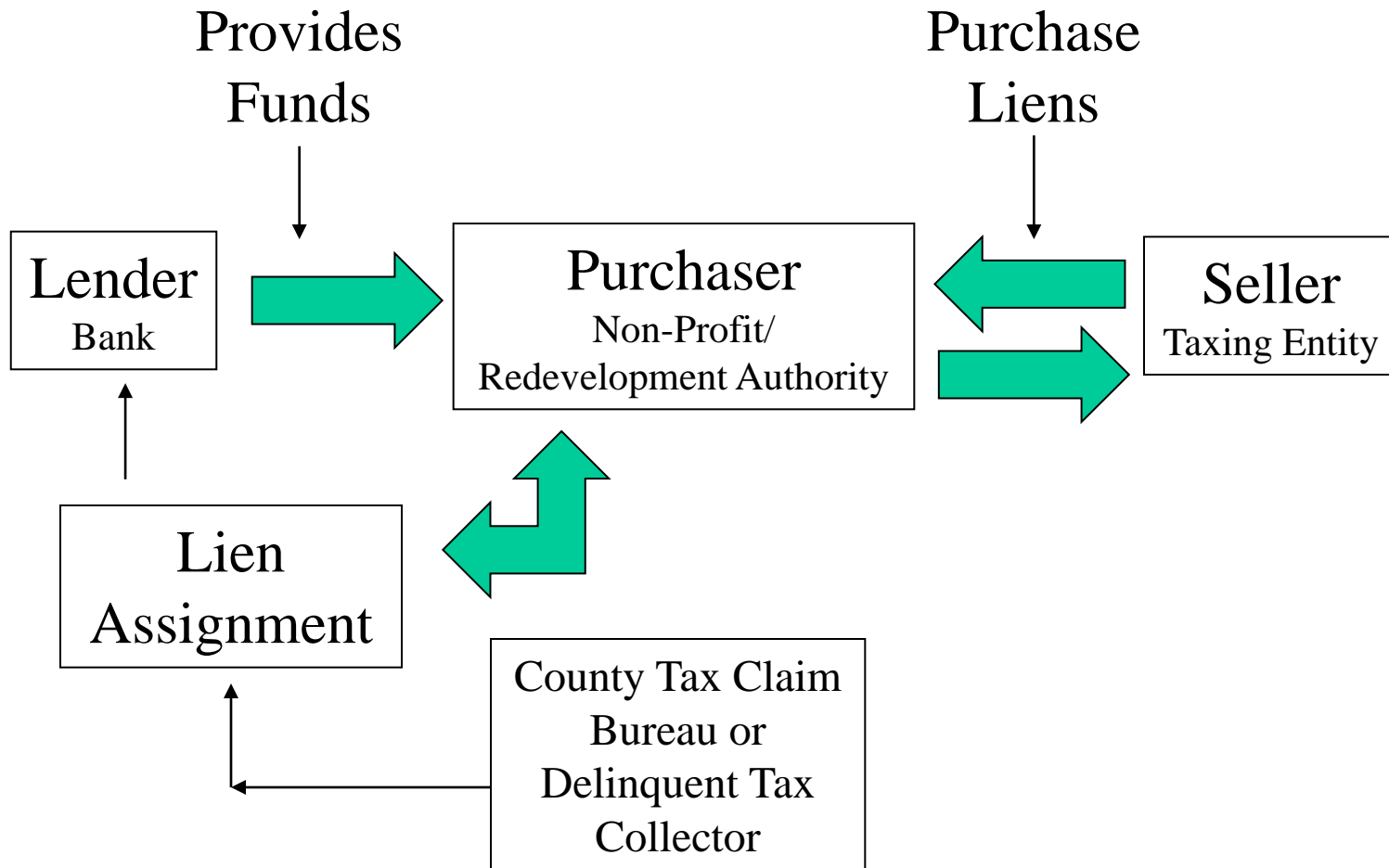


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Tax Lien Management Program



Flow of Transaction



Tax Lien Management Program



Next Steps for Your Specific Taxing District:

- Complete and return Data Request Form in order to receive a purchase price specific to your district.
- Contact MRS (Jim Geronimo or Jeff Spaulding at 814-476-0400) in order to meet individually, arrange for a conference call and/or to answer any questions.
- Please request a proposed Motion or Resolution for review by your individual Governing Body.

Tax Lien Management Program



**QUESTIONS?
SUGGESTIONS!**