

Philadelphia Unemployment Project
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Press Release – Press Release – Press Release – Press Release – Press Release

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Letters Available on Request

Deadline 5/1: One Week to File for Penalty Freeze
Homeowners in tax default can save hundreds or thousands if they act

(Philadelphia – 4/20/06) It may be time to open your mail from the city's property tax collectors. Homeowners that owe back taxes may qualify to have all their accrued penalties and interest forgiven, but they must act soon. The city has agreed to forgive interest and fees on back taxes for any homeowner that enters into a payment agreement with the city now, as long as they complete the payment plan and pay off the actual taxes owed plus legal fees.

"For a very low income person, the payments can be very small," said John Dodds, Director of the Philadelphia Unemployment Project, the group that negotiated the deal with the city. "Say you have a family of three and only bring in \$1000 per month. For payments of \$50 a month, you can hold onto your home and pass on all the fees." Dodds explained that for many people, the penalties and interest that has accrued seems insurmountable. "But you need to call the bill collectors right now."

Actual monthly payments depend on a household's monthly income and how close it falls to Federal Poverty Line. To determine a household's precise payment plan, homeowners should contact the city's attorneys, Linebarger, Goggan, Blair and Sampson at 215.790.1117.

"We put a lot of work in to win this for homeowners, so I hope they'll really take advantage of it. After May 1st, they'll still be able to get on the payment plan but they'll have to pay everything they owe, which could still be too much," Dodds said.

The Philadelphia Unemployment Project [PUP] has also pressed MBIA Insurance Corporation to cut a similar deal with its debtors. The City of

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Philadelphia sold all city property tax debts from 1997 and before to the company, which continues to foreclose on properties every month. PUP has asked that MBIA adopt the city's agreement as it pursues tax liens for pre-1997.

In a letter to PUP, on March 9th, Managing Director, Robert Nevin of MBIA, wrote:

“[MBIA has] always recognized the hardship that collection activities could impose on low income owner occupants and have consistently worked to develop flexible payment arrangements for taxpayers who come forward and are unable to pay their delinquent taxes from 1996 and earlier, especially in a hardship situation. In response to a request by Romulo Diaz, the Philadelphia City Solicitor, we have been reviewing the Financial Hardship Agreement Guidelines and Conditional Forgiveness Program for tax lien collections from low income owner occupants adopted by the City.”

MBIA's loan collections are also made by Linebarger, Goggan, Blair and Sampson. “MBIA's payment arrangements aren't as do'able as the city's are now,” Dodds said. PUP is continuing its negotiations with the company [see attached letters].

PUP's foreclosure crisis committee meets monthly. Members of the community who face foreclosure or have faced it are encouraged to contact PUP about participating at 215.557.0822.

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The Philadelphia Unemployment Project has been organizing the unemployed for thirty years. PUP brings together unemployed and low-wage workers to struggle for jobs and decent working conditions. PUP has been at the forefront of minimum wage, health care, foreclosure prevention campaigns. PUP works both by organizing its members and building broad-based coalitions on behalf the working poor and the out-of-work.