

RE: Testimony before Committee of Finance / Harrisburg, PA
Local Tax Collection Concerns

Date: May 21, 2008

Representatives: Dennis Carr Senior Agency Relations Specialist
Douglas Dick Tax Escrow Manager, Eastern Region

Company History:

LandAmerica Financial Group, Inc. is a leading provider of real estate transaction services with over 700 offices and a network of more than 8,500 active agents. LandAmerica serves residential, commercial and lender customers throughout the United States, Mexico, Canada, the Caribbean, Latin America, Europe and Asia. We are a public company trading on the New York Stock Exchange as *LFG*. Our corporate offices are located in Richmond, Virginia. Our tax service operation is headquartered in Covina, California.

Although *LandAmerica Financial Group, Inc.* formed only ten years ago, our company can trace its roots back to the first title insurance policy written by *The Real Estate Title Insurance Company of Philadelphia*, founded in 1876. For the second consecutive year, LandAmerica is recognized as number one in the mortgage services industry on *Fortune's* 2008 list of America's Most Admired Companies.

For further company information, please visit www.landam.com.

Pennsylvania Service Portfolio:

LandAmerica's Lender Services Tax Division currently services approximately 200,000 mortgage properties located in Pennsylvania. Our clients are mortgage companies and lenders. A few of our larger Pennsylvania clients include *National City Mortgage*, *Northwest Savings Bank*, and *Taylor, Bean & Whitaker*. LandAmerica will also begin servicing *Everhome Mortgage* beginning in August 2008.

For escrow-type loans, LandAmerica requests tax bill information, reports dollar amounts to the lender, and submits lender payments that comply with tax office deadlines or automated specifications. Our service allows national lenders to downsize their own internal tax departments while providing life-of-loan guarantees regarding timely and accurate real estate tax reporting.

Introduction:

Good morning. My name is Dennis Carr and I work for LandAmerica. I appreciate the opportunity to speak with you today.

My job title is "Agency Relations Specialist" for the state of Pennsylvania. This means I am a direct first-point contact and liaison with the tax collector's office. I work with tax office IT specialists and software vendors to automate the collection process. I maintain contact and calendar records on our database. I try to foster and maintain positive working relationships with all tax offices.

I regret to inform you that, from an industry perspective, Pennsylvania is considered one of the more "difficult" states in the country. One Pennsylvania challenge is the sheer number of tax offices. During the spring, we work with over 2,300 Pennsylvania jurisdictions collecting county and municipal real estate taxes. For school taxes each fall, we repeat this process with most of the same local collectors plus several school district administrators now taking more active collection roles. In contrast, this is more than twice the number of tax offices in Texas, four times the number in New Jersey, and twenty times the number in California. Pennsylvania has more tax offices than any state in the union, many working directly from their own homes, and each one unique. That's a lot of cooks in the kitchen.

Another Pennsylvania challenge is the wide range of cooperation we receive. The majority of local Pennsylvania tax collectors are dedicated, hard-working individuals. They recognize we share a common goal of gathering and delivering timely and accurate property tax payments. But tax collectors are just people, like you and me, each with different habits and personalities. While we enjoy a healthy partnership with most, many simply tolerate us. Others cooperate reluctantly. Still others lock their doors and ignore us completely. Although I work to foster relationships, I've learned in my eighteen years in this business that there's always somebody that just doesn't like you. Despite the level of cooperation, there are always work-around solutions. Sometimes this involves a visit to the local tax office to retrieve tax information. Sometimes we solicit original tax bills directly from the property owner. Sometimes we purchase duplicate tax statements from the tax collector.

Frankly speaking, if tax collection was easy, mortgage companies and lenders wouldn't need me or our service. Speaking for myself, "Pennsylvania" equals job security.

There is another challenge. This challenge may be less tangible and more difficult to measure. As a citizen of the Commonwealth, I find this most concerning and the reason I am speaking to you today. This challenge, for lack of better terms, involves the handful of Pennsylvania collectors who appear to value personal gain or minimal workloads above the duty of collecting taxes. These are the tax collectors who charge unreasonable fees for services not needed or requested. These are tax collectors who charge a fee to tell you what tax amount needs to be paid, then charge an additional fee when you attempt to pay it. These are tax collectors who would rather reject and return bulk mortgage company payments rather than incur the added paperwork of issuing a refund or taking the time to work with us to resolve minor payment problems.

Ten Examples:

Listed below are ten (10) examples of local tax office interaction that illustrate some of our concerns. All of these examples have taken place within the last thirteen months.

1. Adams County / Menallen Township

Tax office provides seventeen (17) requested current tax amounts and charges \$170 (\$10 per item) for "tax certification" services. When lenders attempt to remit current tax payments using this information, tax office charges an additional \$170 (\$10 per item) for mandatory "duplicate bill" services. The duplicate bill must serve an internal tax office need because they are not needed or requested by the lender for payment or receipt purposes.

2. Allegheny County / Robinson Township

Although the tax office has automated software vendors receive and post tax payments from lenders using paperless diskette, they still mandate remittance to include original or duplicate tax statements. Effective January 1, 2008, the tax office began charging \$15.00 per duplicate. Again, the duplicate is not needed or requested by the lender. (*See attached "Robinson" letter*)

3. Chester County / London Grove Township

Two (2) National City payment checks paying thirty-two (32) items (total \$6,446.17) are mailed 04/25/07 to the tax office. These checks are returned 05/10/07 because three (3) items were previously paid either by the homeowner or closing agent. The tax office could not issue refunds. Twenty-nine (29) payments are reissued on separate checks with loss of discount charges.

4. Cumberland County / Camp Hill Borough

Tax office threatens to reject bulk payments if the following criteria are not met: (a.) only one bulk check per mortgage lender, (b.) checks must be payable to "Janet L. Miller, Tax Collector", and (c.) will only accept payment if either ALL original bills or ALL memo bills are enclosed, but will not accept a mixture of original with memo bills. Tax office charges \$1.00 for each memo bill.

5. Indiana County / Burrell Township

Tax office receives one bulk check for payment of eight (8) items (total \$2,158.98). Package includes six original tax bills and two memo bills. Tax collector calls 05/09/08 stating they will not post the eight items until they receive \$20.00 compensation (\$10 per memo bill).

6. Northumberland County / Northumberland Borough

Tax collector rejects lender payments and instructs that individual lender checks, still payable to the tax office, must be sent to and forwarded by each respective property owner. The tax office will only accept payments received from the property owner. (See attached "Northumberland" letter)

7. Pike County / Lackawaxen Township

Tax office receives thirty-one (31) tax payments with memo bills on 04/29/08. The last day of discount period is 04/30/08. Tax office will not post without \$77.50 compensation (\$2.50 per memo bill) and threatens to reject payment during discount period if compensation fee is not received next day.

8. Schuylkill County / Pottstown Borough

National City remits bulk payment check 0003557925 (\$8,366.42). Instead of a combined county/municipal tax amount, one account has only disbursed the municipal portion. An additional \$378.37 is needed to properly post all accounts. Rather than post the correct accounts and refund or contact for additional funds, the entire bulk payment check is returned.

9. Westmoreland County / Murrysville Borough

Borough tax collection, handled thru third-party vendor *Keystone Municipal Collections*, charges \$60.00 per parcel for a 3-year "tax certification" even though all requested is the current tax amount to pay. (See attached "Murrysville" certification)

10. Westmoreland County / North Huntingdon Township

Tax collector complained that payment package, although postmarked during the discount period, was received during the face period. LandAmerica is advised the tax office will no longer honor USPS postmark.

Conclusion:

LandAmerica, like the other tax services, is not perfect. We make mistakes. Sometimes we are late. In rare instances, we transpose a digit and end up paying the neighbor's tax bill instead of the intended mortgage property. But at the end of the day, we know our work has been worthwhile. We have performed a service not only for our mortgage company clients, but for local communities as well. We help facilitate the payment of bulk tax dollars into county treasuries, into local municipalities, and into our schools. By working together with the tax collector, we help *Build Better Lives*.

The job of Tax Collector is demanding. They unfairly take heat for increased property assessments. They work odd hours. Tax service companies like LandAmerica call, mail, or FAX requests for information during the busiest collection times. They deal with high dollars, auditors, and time-sensitive deadlines. But at the end of the day, their efforts helped pay for that policeman's salary or new textbooks in the classroom. The Collector performs an essential service and gathers much-needed tax revenue for the community.

Times are tough. Economies struggle. Efficient local tax collection is vital for the maintenance and growth of our communities. If you hinder the collection process with unnecessary or self-serving policies or if you reject the payment of ten items instead of depositing nine and refunding one, then you defeat the purpose and diminish your role and contribution. While we hope that every local tax collector shares the common goal of delivering tax dollars, we occasionally see glimpses that make us wonder.