

DELINQUENT TAX COLLECTION

This budget has decreased from \$25,000 last year to \$20,000 this year, representing a 20% reduction, based on expenditures over the past two years.

Funding in this budget provides the revolving cost retainer referenced on page 3 of the agreement with Kaufman & Canoles.

- B U D G E T -

E X P E N S E

ACCOUNTING PERIOD 2009/02

	----- Prior Years -----			Adopted Budget	Current Year Actual On 2009/02	--2009/2010 Budget Year--		
	Expenditure 2005/2006	Expenditure 2006/2007	Expenditure 2007/2008			Department Request	County Admin Recommends	Adopted Budget
012415 * DELINQUENT TAX COLLECTION *								
012415-1700 COMPENSATION - OTHER	63,676	19,306	5,000	25,000	330	20,000	20,000	
012415-3600 ADVERTISING	107							
012415-5306 SURETY BONDS & OTHER INSURANCE	320	150						
012415-5885 WARRANTS/GARNISHMENTS								
--TOTAL DEPARTMENT--	<u>64,103</u>	<u>19,456</u>	<u>5,000</u>	<u>25,000</u>	<u>330</u>	<u>20,000</u>	<u>20,000</u>	
TOTAL - * DELINQUENT TAX COLLECTION *	<u>64,103</u>	<u>19,456</u>	<u>5,000</u>	<u>25,000</u>	<u>330</u>	<u>20,000</u>	<u>20,000</u>	
TOTAL FOR FUND	<u>64,103</u>	<u>19,456</u>	<u>5,000</u>	<u>25,000</u>	<u>330</u>	<u>20,000</u>	<u>20,000</u>	
FINAL TOTAL	<u>64,103</u>	<u>19,456</u>	<u>5,000</u>	<u>25,000</u>	<u>330</u>	<u>20,000</u>	<u>20,000</u>	

KAUFMAN & CANOLES

— | A Professional Corporation | —
Attorneys and Counselors at Law

James L. Windsor
757 / 873-6308
jlwindsor@kaufcan.com

11817 Canon Boulevard
Suite 408
Newport News, VA 23606

757 / 873-6300
fax: 757 / 873-6359

January 25, 2007

Richard E. Railey, Jr.
County Attorney
Railey and Railey, P.C.
P.O. Box 40
Courtland, VA 23837

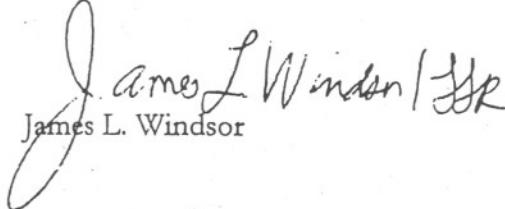
Re: Southampton County Delinquent Real Estate Tax Collection
Our Matter No.: 50665

Dear Richard:

Enclosed please find one fully executed original contract between David K. Britt, Treasurer of Southampton County; the Board of Supervisors of Southampton County; and Kaufman & Canoles, P.C. By copy of this letter to David Britt, I am forwarding a copy of the fully executed contract to him for his file.

I look forward to working with you in the collection of delinquent real estate taxes for Southampton County. Please do not hesitate to contact me should you have any questions. With best regards, I remain

Very truly yours,


James L. Windsor

JLW/lsr

Enclosure

cc: ✓ David K. Britt, Treasurer (w/ encl.)

9158339\1

Disclosure Required by Internal Revenue Service Circular 230: This communication is not a tax opinion. To the extent it contains tax advice, it is not intended or written by the practitioner to be used, and it cannot be used by the taxpayer, for the purpose of avoiding tax penalties that may be imposed on the taxpayer by the Internal Revenue Service.

2-155

THIS CONTRACT made this 23rd day of January, 2006⁷, between the DAVID K. BRITT, TREASURER OF THE COUNTY OF SOUTHAMPTON, VIRGINIA ("Treasurer"); the BOARD OF SUPERVISORS OF THE COUNTY OF SOUTHAMPTON, VIRGINIA (the "Board"), acting by and through its duly authorized officers; and the law firm of KAUFMAN & CANOLES, P.C., with its offices located at 11817 Canon Boulevard, Suite 408, in the City of Newport News, Virginia 23606, herein sometimes referred to as "Attorney."

RECITALS

1. The Treasurer and the Board are desirous of collecting delinquent real estate taxes which are six months or more delinquent.

2. The Treasurer, the Board and Kaufman & Canoles desire to enter into the agreement under which Kaufman & Canoles will collect delinquent real estate taxes.

In consideration of the mutual promises set forth herein, it is agreed by and between the Treasurer, the Board and Attorney:

SECTION ONE

PURPOSE OF EMPLOYMENT

The Treasurer and the Board hereby employ the Attorney as an attorney-at-law to render legal assistance and services in the collection of delinquent real estate taxes owed to the County of Southampton which are more than six months delinquent and includes roll-back taxes.

SECTION TWO

COMPENSATION

Pursuant to Section 15-78.1, Chapter 15: Taxation, Article IV, Division 1, of the Southampton County Code, there is thereby imposed upon each person chargeable with

delinquent taxes or other delinquent charges, fees to cover the reasonable attorney's fees actually contracted for. The attorney's fees of the Attorney shall be twenty percent (20%) of the taxes or other charges, including interest and penalty, so collected by the Attorney. The Attorney may recover such fees from the delinquent taxpayer or other responsible party. In addition, to the extent the Attorney is entitled to a reasonable fee pursuant to Virginia Code § 58.1-3967 relating to procedures in connection with a bill in equity to sell property to satisfy delinquent real estate taxes, the Attorney shall be entitled to such reasonable attorney's fees as provided therein. The Treasurer and the Board shall not be responsible for any attorney's fees unless otherwise agreed in writing.

SECTION THREE DUTIES OF ATTORNEY

The Attorney shall:

(1) Send one "Demand Letter" to the owner or owners of each parcel of delinquent real estate after the Treasurer has provided the Attorney with the name and address of delinquent taxpayers, the amount of delinquent taxes owed, the period for which taxes are owed and a brief description of the properties on which taxes are owed. Prior to instituting suit in Court, the Attorney shall send a second demand letter by registered or certified mail.

(2) The Attorney shall institute official proceedings in accordance with the Code of Virginia on each parcel of real estate remaining delinquent after the deadline specified in the above-mentioned "Demand Letters."

SECTION FOUR
COSTS OF PROCEEDINGS

With respect to costs, the Attorney shall endeavor to collect all statutorily recoverable costs (*e.g.*, title examinations, service fees, guardian *ad litem* fees, appraisal costs, commissioner's fees, advertisement costs) from the delinquent taxpayer, other responsible party or from the sale of the property, and not the Treasurer and/or the Board. If suit is filed and the taxes are paid without sale of the property, the additional costs incurred in the Court proceedings shall be added to the amount of the taxes and be paid by the taxpayer. The Treasurer and the Board have provided the Attorney with a revolving cost retainer not to exceed \$10,000 to be used for the payment of statutorily recoverable costs and to be replenished as such costs are paid by the taxpayers in connection with the collection of the taxes by the Attorney.

All costs of Court proceedings shall be paid out of the proceeds of the sale as approved by the Court. To the extent the costs incurred by the Attorney are not permitted by law to be recovered or are not recovered by sale or otherwise, such costs may be submitted to the Treasurer and/or the Board and may be paid by the Treasurer and/or the Board if approved in writing. All fees and costs of the Attorney will be billed to the Treasurer and/or the Board by the 15th of each month and shall be paid by the Treasurer and/or the Board by the last working day of the month.

The Attorney shall make monthly reports to the Treasurer and/or the Board of Supervisors of Southampton County of his efforts, fees and expenses, and amount of taxes collected.

SECTION FIVE
DURATION

This contract shall be for a period of two years. Either party may terminate this contract with thirty (30) days notice to the other party. In the event of termination, the Attorney will request the court to be allowed to withdraw from any pending suits remaining on behalf of the Treasurer and the Board. The Attorney shall provide to the Treasurer and/or the Board all records, documents, accounts, copies of correspondence, etc., which are necessary and appropriate to enable the Treasurer and/or the Board to assume the handling of any matter not included.

IN WITNESS WHEREOF, the parties have executed this agreement at Southampton County, Virginia, the day and year first above written.

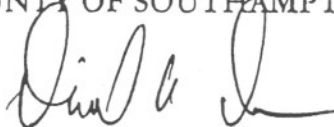
KAUFMAN & CANOLES, P.C.

By: 
James L. Windsor, Member

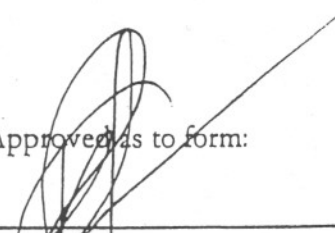
SOUTHAMPTON COUNTY TREASURER

By: 
The Honorable David K. Britt

BOARD OF SUPERVISORS OF THE
COUNTY OF SOUTHAMPTON, VIRGINIA

By: 
COUNTY ADMINISTRATOR

Approved as to form:


Richard E. Railey, Jr., County Attorney
#9153983-v2