

**Memorandum**  
**Office of Jenine Windeshausen**  
**Treasurer-Tax Collector**



**To:** The Honorable Board of Supervisors  
**From:** Jenine Windeshausen, Treasurer-Tax Collector  
**Date:** June 24, 2008  
**Subject:** Dry Creek Community Facilities District Delinquencies

---

**Action Requested:**

Direct the Treasurer-Tax Collector and the Auditor to remove delinquent Dry Creek-West Placer Community Facilities District (the District) special assessments from the 2007/2008 property tax roll on parcels that have not paid delinquent special assessments by June 24, 2008. See attached list of delinquent parcels.

**Background:**

On December 4, 2001, the County issued \$20 million in community facilities district (Mello-Roos) bonds for the purpose of financing backbone infrastructure in the Morgan Creek subdivision. The infrastructure included roadways, drainage facilities, sewer and reclaimed water system, water main transmission lines, park land, fire protection equipment and costs related to the issuance of the bonds. Repayment of the bonds is dependant upon an annual levy and collection of special taxes on the property tax roll. There are a total of 902 parcels in the District which are subject to the special tax. Depending on lot size, the annual special tax on each parcel is either \$1,850 or \$2,260 which is payable on the property tax bill in two installments.

In approving and executing the bond, the County agreed to certain covenants for the protection of repayment to bondholders. Specifically, the Indenture and the Official Statement require the County "to review annually on or before October 1 of each year the records of the prior Fiscal Year and on the basis of such review the County will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Law against all parcels that are delinquent in the payment of such Special Tax in such Fiscal Year..." As such the County must institute foreclosure proceedings by December 1(i) against all parcels that are delinquent in the payment of the Special Tax in that fiscal year by \$1,200 or more and (ii) against all parcels that are delinquent in the payment of the Special Tax in that fiscal year, if the County determines that the total amount collected in that fiscal year is less than 95% of the total amount of the Special Tax levied. Meaning if the County experiences a delinquency rate of 5% or more overall, all delinquent parcels, regardless of amount, must be foreclosed. If the County experiences a delinquency rate of less than 5%, then only parcels delinquent by \$1,200 must be foreclosed. "The County has covenanted to diligently prosecute and pursue all foreclosure proceedings to judgment and sale."

After review of the delinquency rate for the fiscal year 2007/2008, it has been determined as of June 4, 2008, 12.34% of the special taxes for the District are delinquent. Thus, the County will be required to institute foreclosure proceedings no later than December 1, 2008 on all delinquent parcels. If the delinquency rate for fiscal year 2007/2008 decreases to less than 5%, only the parcels delinquent by \$1,200 or more will be included in the foreclosure proceedings.

The Tax Collector's Office originally identified one hundred and sixty one delinquent parcels for the 2007/2008 property tax year. The Tax Collector's Office researched public record of these properties in an attempt to locate mailing addresses of existing lenders. The Tax Collector sent out 119 reminder notices to all late first installment property owners on March 15, 2008.

Should actual foreclosure be required on any parcel, the Treasurer, as Trustee, recommends the County hire special counsel to begin the foreclosure process.

As stated at the May 22, 2007 Board of Supervisors meeting, much of the District's parcels were absorbed in a market subject to some level of speculation and substandard lending practices. In addition, none of the mortgage companies required an impound account for payment of property taxes.

On September 18, 2007, your Board directed staff to remove the special taxes from fifty six delinquent parcels from the 2006/2007 property tax roll. Six parcels still remain delinquent and three of those parcels are subject to foreclosure. The Treasurer-Tax Collector continues to work diligently to collect the delinquent special taxes on these remaining six parcels from 2006/2007.

**Fiscal Impact:**

A debt service payment for the District was paid February 28, 2008 in the amount of \$\$545,606.25. The Reserve Fund balance is \$1,677,290.16. The next debt service payment is payable September 1, 2008, in the amount of \$1,080,606.25. The Reserve Fund balance is enough to make one year of debt service payments (two payments). At this time, the District is not threatened with default due to the current delinquencies; nor is there any impact to County finances from these delinquencies.

**County Action Required:**

As Trustee of the Dry Creek-West Placer Community Facilities District, on behalf of the bondholders, I am obligated to remind the County of its covenants with bondholders regarding foreclosure requirements on the delinquent parcels which the County agreed to in the Indenture and which are documented in the Official Statement of the bonds.

Most respectfully submitted,



Jenine Windeshausen  
Placer County Treasurer-Tax Collector

Attachments: List of the District Delinquencies

Attachement I

Placer County Treasurer Tax Collector  
Dry Creek West Placer CFD Special A  
As of June 6, 2008

APN	Total Special Taxes Delinquent incl Penalty	Comments
029-150-017-000	\$2,035.00	
029-160-005-000	\$2,035.00	
029-160-006-000	\$1,017.50	
029-160-008-000	\$2,035.00	
029-160-013-000	\$1,017.50	
029-160-018-000	\$2,035.00	
029-170-005-000	\$1,007.69	
029-170-017-000	\$1,007.69	
029-170-018-000	\$2,486.00	
029-170-022-000	\$2,015.38	
029-180-011-000	\$1,243.00	
029-190-004-000	\$2,486.00	
029-190-010-000	\$1,007.69	
029-200-003-000	\$2,486.00	
029-200-004-000	\$2,486.00	
029-210-016-000	\$2,486.00	
029-220-011-000	\$2,035.00	
029-220-012-000	\$2,035.00	
029-220-023-000	\$1,243.00	
029-220-026-000	\$1,243.00	
029-230-009-000	\$2,486.00	
029-230-019-000	\$2,486.00	
029-230-020-000	\$2,486.00	
029-230-023-000	\$1,243.00	
029-240-015-000	\$2,015.38	
029-240-017-000	\$2,015.38	
029-250-003-000	\$1,007.69	
029-250-006-000	\$2,486.00	
029-250-011-000	\$2,486.00	
029-250-012-000	\$1,007.69	

Attachement I

Placer County Treasurer Tax Collector  
Dry Creek West Placer CFD Special A  
As of June 6, 2008

APN	Total Special Taxes Delinquent incld Penalty	Comments
029-250-013-000	\$2,015.38	
029-250-014-000	\$1,007.69	
029-250-015-000	\$1,007.69	
029-260-010-000	\$1,007.69	
029-270-003-000	\$1,243.00	
029-270-004-000	\$1,243.00	
029-270-005-000	\$2,486.00	
029-280-008-000	\$1,243.00	
029-280-014-000	\$2,486.00	
029-290-001-000	\$2,486.00	
029-290-002-000	\$2,486.00	
029-290-004-000	\$2,486.00	
029-290-006-000	\$2,486.00	
029-290-008-000	\$2,486.00	
029-290-012-000	\$2,486.00	
029-290-013-000	\$1,243.00	
029-290-018-000	\$2,486.00	
029-300-001-000	\$2,486.00	
029-300-011-000	\$1,243.00	
029-310-005-000	\$2,035.00	
029-310-009-000	\$1,017.50	
029-310-019-000	\$2,035.00	
029-310-026-000	\$2,035.00	
029-320-021-000	\$1,017.50	
029-320-023-000	\$1,017.50	
029-330-006-000	\$2,486.00	
029-330-009-000	\$1,017.50	
029-330-012-000	\$2,035.00	
029-340-014-000	\$824.87	
029-340-015-000	\$1,649.74	

Attachement I

Placer County Treasurer Tax Collector  
Dry Creek West Placer CFD Special A  
As of June 6, 2008

APN	Total Special Taxes Delinquent incl Penalty	Comments
029-340-016-000	\$824.87	
029-340-019-000	\$2,035.00	
029-340-025-000	\$2,035.00	
029-340-031-000	\$2,035.00	
029-340-033-000	\$2,035.00	
029-340-043-000	\$1,017.50	
029-340-046-000	\$1,017.50	
029-350-003-000	\$2,035.00	
029-350-004-000	\$2,035.00	
029-350-011-000	\$1,017.50	
029-350-016-000	\$2,035.00	
029-350-017-000	\$2,035.00	
029-350-020-000	\$1,017.50	
029-360-005-000	\$2,035.00	
029-370-004-000	\$1,243.00	
029-370-013-000	\$2,486.00	
029-380-006-000	\$2,486.00	
029-380-009-000	\$2,486.00	
029-380-013-000	\$1,243.00	
029-380-016-000	\$2,486.00	
	<u>\$242,729.58</u>	

80

