

## Propel Financial Services backs deeper cuts to closing costs on tax lien payment plans

October 17, 2014 7:42 PM ET

*Lower limits would help homeowners and the tax lien financing industry*

Company Release - 10/17/2014 14:01

AUSTIN, Texas, Oct. 17, 2014 /PRNewswire/ -- Propel Financial Services President and CEO Jack Nelson said today, in conjunction with a public meeting in Austin, that state regulators' proposed reductions in closing costs for third-party property tax payment plans are a step in the right direction. But he urged them to adopt even steeper cuts in order to make the plans more affordable to more Texans.



The Office of Consumer Credit Commissioner (OCCC) is reviewing closing cost limits on tax lien transfers, a tool available to homeowners and property owners for paying off delinquent property taxes. At a Sept. 5 OCCC stakeholder meeting, Nelson had urged the agency to cut closing cost limits as much as 75 percent to make it easier and more affordable for Texans to use tax lien transfers. Following that meeting, the OCCC issued a draft of new regulations that would set \$900 as the maximum tax lien financing companies would be allowed to charge for closing costs.

"It's great to see the OCCC so strongly demonstrate its support for Texans who are struggling with delinquent property tax bills and who need all the help they can get to pay their taxes and avoid foreclosure by county tax assessor collectors," Nelson said regarding today's public meeting held by the Finance Commission of Texas, which oversees the OCCC. "But I'd like to see the state propose even bolder cuts by mandating a maximum \$500 in closing costs for residential tax lien transfers. Yes, it would mean less profit to tax lien financing companies like Propel. But in an era in which property taxes have risen much faster than personal income, it's the right thing to do in order to help our neighbors across the state resolve their tax delinquencies and save their homes."

Nelson said he was puzzled that the state's banking industry did not testify at today's meeting since some bank association spokespersons have publicly expressed a desire to see lower fees in the industry. "I assume most Texas bankers share my concern for homeowners. And since the trade associations are supposed to advocate for their members, I hope they will offer their support for the lower fee caps we are suggesting," Nelson said.

Current OCCC regulations allow tax lien financing companies to charge \$1,000-\$2,000 in closing costs depending on the amount of delinquency. Nelson explained that Propel already charges well below maximum on the vast majority of its payment plan agreements. But he believes mandatory \$500 closing cost limits on all residential tax lien financing would be better for homeowners and the industry in the long run.

### HOW PROPERTY TAXES ARE HANDLED IN TEXAS

Property taxes in Texas are collected by county tax assessor-collectors, who attach a lien to every residential and commercial property on Jan. 1, which stands until the bill is paid. If taxes remain unpaid after June 30, taxing entities can add as much as 42 percent in penalties and interest.

Most counties refer delinquent property tax accounts to an attorney for enforced collection. As a result, the property owner may incur an additional penalty of up to 20 percent of the total taxes, penalties, and interest due. The attorney also has the legal authority to foreclose.

Once a property tax bill is delinquent, a licensed tax lien financing company can offer the property owner the option of transferring the lien to a private entity in return for a payment plan, known as a tax lien transfer. This enables the property owner to pay back the financing company over time. Propel, for example, offers payment plans of up to 10 years.

Tax lien transfers ensure that the taxing entities get the tax funds they need for schools, streets and other services.

The tax lien transfer option has kept thousands of Texas property owners out of foreclosure by providing them with much needed flexibility in paying off their property tax bills, Nelson said. Licensed tax lien financing companies in Texas transfer approximately 15,000 liens annually, helping owners resolve delinquencies and stay in their homes and businesses.

### ABOUT PROPEL FINANCIAL SERVICES

[Propel Financial Services offers](#) property tax payment plans in Texas and Nevada, creating affordable and flexible payment plans for people who are delinquent on their property taxes. With a property owner's consent, Propel pays the property owner's delinquent property taxes directly to the local taxing authority, which then transfers the tax lien to Propel. Additionally, Propel provides tax lien solutions nationwide by working closely with municipalities and government officials to find solutions to unpaid property taxes.

Headquartered in San Antonio, with offices in Dallas, McAllen, and Roseland, New Jersey, Propel is the largest tax lien transfer company in Texas and is home to 100 employees. The company has repeatedly been recognized as a "Top Workplace" by the San Antonio Express-News. For more information, please visit the company's website at [PropelFinancialServices.com](http://PropelFinancialServices.com). Propel Financial Services is a wholly owned subsidiary of Encore Capital Group.

### CONTACT:

Eric Whittington  
210.240.9041 (mobile)  
[Ericw@ThisWGroup.com](mailto:Ericw@ThisWGroup.com)

Logo - <http://photos.prnewswire.com/prnh/20141017/152816LOGO>

SOURCE Propel Financial Services