

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064



July 5, 2006

CSS LETTER: 06-22

ALL IV-D DIRECTORS
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL BOARDS OF SUPERVISORS

| <u>Reason for this Transmittal</u> |
|--|
| <input type="checkbox"/> State Law or Regulation Change |
| <input type="checkbox"/> Federal Law or Regulation Change |
| <input type="checkbox"/> Court Order or Settlement Change |
| <input type="checkbox"/> Clarification requested by One or More Counties |
| <input checked="" type="checkbox"/> Initiated by DCSS |

SUBJECT: SUSPENSION OF MULTIPLE LIEN ENFORCEMENT ACTIONS

The purpose of this letter is to provide local child support agencies (LCSAs) with the interim process the Department of Child Support Services (DCSS) is prescribing for payments received on behalf of the Non Custodial Parent (NCP) who has multiple cases with multiple lien enforcement actions. The interim process detailed in this letter excludes those NCP accounts with single cases where a lien payment is received on behalf of the NCP as the result of a single lien action. Implementation of the interim process is planned for Version 1.3 (V1.3).

Allocation rules are assigned to each payment source within the statewide system (SWS) and these rules determine how payments for both current support and arrears are distributed. SWS is designed to allocate lien collections to all of a NCP's cases throughout the State where a lien has been filed. The result is that a lien collection received by the State Disbursement Unit (SDU) directly from a title company will be applied to all of a NCP's cases where an Abstract of Judgment/Notice of Support Judgment has been recorded throughout the State, *regardless* of the county in which the lien is filed. Therefore, the interim process described in Attachment A was developed to mitigate possible misallocation of lien payments.

The LCSA Centralized Financial Worker (CFW-L) must follow the interim process outlined in Attachment A to allocate lien payment collections received on behalf of NCPs having multiple cases with multiple enforcement actions. It will be necessary for the CFW-L to provide title companies with the appropriate dollar amount for lien release, adjust the lien payment allocation, and serve as the point of contact for title companies. Without the manual intervention of the CFW-L, payments may be inappropriately processed and distributed by SWS without consideration to lien demands. This could lead to situations in which LCSAs would not be able to file a full Satisfaction of Judgment as the judgment may not be fully satisfied if the lien payments are allocated under the current V1.3 system design.

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Additionally, if a full Satisfaction of Judgment was filed without receiving the full amount, the remainder of the debt accrued to the date of the payment may become uncollectible. The interim process described for payments received on multiple cases with multiple lien enforcement actions will avoid complicated adjustments and is consistent with current established business practices between LCSAs and the title companies.

If you have any questions or concerns regarding this matter, please contact Trish Salveson with the Policy Branch at (916) 464-5055.

Sincerely,
/os/

KAREN ECHEVERRIA
Deputy Director
Child Support Services Division

Attachment

**Alternative Process:
“Suspension of Multiple Lien Enforcement Actions”**

When LCSAs are contacted by title companies regarding lien releases on NCP accounts having multiple cases:

1. The LCSA worker views the NCP’s account in SWS to determine if all LCSA cases with court ordered support have a lien filed within the respective county:
 - a. If not, the county initially contacted by the title company will contact the other county(s) to have them put a lien in place. Due to timing constraints of the real property transaction, sufficient time may not be available for LCSAs, without existing liens recorded in the county of real property transaction, to be included in the current lien enforcement action.
 - b. If yes, the first county contacted will contact the other LCSAs to coordinate the process. The initial county will add an activity log into SWS identifying the names and contact information for all the LCSAs involved.

Note: A contact list will need to be added to the LCSA website with the information (names, phone numbers and e-mail addresses) to coordinate the alternative lien payment process.

2. The LCSA will prepare demand(s)/release(s) and satisfaction(s) based on their current procedures and established arrangements with title companies.
3. The LCSA will require title companies to deliver lien payments directly to the LCSA (detailed procedures to be established).
4. The first LCSA to receive a title company check will place a lien allocation hold on the NCP’s account and add an activity log into SWS indicating receipt of the lien collection (all counties to receive a check must monitor SWS and add an activity log once a check is received).
5. The LCSA will distinctly mark the word “Lien” on the front of the check received from the title company to assist the SDU with making the correct payment source identification. The LCSA will verify that necessary information is provided on the check (or attached check skirt) to properly credit the NCPs account, and then forward the payment to the SDU for processing.
6. The SDU will process lien payments according to the corresponding business rule regarding lien payments as a payment source.

Alternative Process:
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7. The LCSA placing the allocation hold is responsible for monitoring the NCP's account over the next few days to confirm the lien payments are received. The LCSA manually allocates the lien payment collection in accordance with the dollar amounts as designated by the title companies and the releases prepared by counties.
8. When all lien payments have been received and processed, the allocation hold is removed from the NCP's account.