IN REM TAX FORECLOSURE ATTORNEY AGREEMENT

This agreement, made and entered into this the 27th day of July, 2026, by and between County of Chatham, hereinafter referred to as County, and Mark D. Bardill, P.C., a North Carolina professional corporation, trading as Zacchaeus Legal Services, hereinafter referred to as Attorney, shall be for the legal services to be provided for *in rem* foreclosure proceedings on delinquent real property taxes due to the County, and to this end, the parties hereto make the following recitals:

W I T N E S S E T H:

WHEREAS, Attorney has in excess of forty years of experience serving as Special Tax Attorney as to mortgage style tax foreclosures under NCGS §105-374 for the Counties of Onslow, Jones, Craven, Lenoir, Beaufort, Wilson, Warren, Chatham, Lee, Cabarrus, Scotland, Tyrrell, Forsyth, Iredell, Yadkin, Gates, Dare, Richmond, Washington, Catawba, Chowan, Guilford, Hertford, Pamlico, Northampton, Moore, Franklin, Perquimans, Robeson, Martin, Rockingham, the Towns of Jonesville, Wallace, Columbia, Rose Hill, Yadkinville, Dobbins Heights, Plymouth, Hoffman, Farmville, Maxton, Roper, Pembroke, Williamston, Ellerbe, Red Springs, Tarboro, Nashville, the Village of Foxfire and the Cities of Lumberton, Laurinburg and Statesville; and

WHEREAS, in 2022 Attorney entered a test program with Forsyth County for the implementation of outside counsel-administered *in rem* proceedings as an additional means of delinquent tax collection; and

WHEREAS, the results of that test showed that mortgage style and *in rem* methods of delinquent tax collection, when used together, provide a cost-effective means to enforce the tax lien in a fair and uniform manner, all as described on Attachment "A"; and

WHEREAS, County desires to augment its tax foreclosure program with this additional tool and establish an *in rem* division of its tax foreclosure program.

NOW, THEREFORE, for good and valuable consideration, and upon the agreements, conditions, and covenants found herein, the parties hereto agree as follows:

1. County shall retain Attorney to provide legal and administrative services for *in rem* foreclosure proceedings on delinquent real property taxes due to the County. *In rem* foreclosures shall be in four (4) batches of five (5) assigned parcels per year on each January 1st, April 1st, July 1st, October 1st during the term of this Agreement. For each parcel assigned to the *in rem* foreclosure division under this Agreement, Attorney shall use best efforts to either (1) secure payment in full of outstanding taxes, expenses, and interest payments that can be recovered under NCGS §105-375; or (2) finalize all aspects of the *in rem* foreclosure including, but not limited to, securing an issuance of execution and sheriff's sale as set forth in NCGS §105-375(i).

2. The Tax Collector shall provide to the Attorney the name of the delinquent taxpayer of record, the most recent address on file, the total delinquent taxes, including interest and penalties by year, a map of each parcel with its identification number in the assignment, and any history of contact with and contact information for the property owner. This information shall be in the form of a computer printout and GIS Map, with other information provided as available.

3. The *in rem* division shall have the following timeline, goals, parcel off-ramps and on-ramps:

a. The following timeline provides a proposed timeline with parcels being dedicated in batches of five (5): each batch will require approximately 1 year to complete and a new batch will be added every 90 days after the previous batch.

b. There are three sources for parcels for the *in rem* division (collectively known as the "Available Pool") to be assigned in this process:

   i. Parcels that are not suitable and withdrawn from the existing Mortgage-Style Foreclosure Division because of ownership questions or excessive expense to process, and

   ii. Parcels assigned to the *in rem* division directly from the Tax Office, and

   iii. Parcels initially assigned to the mortgage-style division "on-ramped" to the *in rem* division by Attorney, with the approval of County.

   iv. Dedication of a parcel to the current or next ensuing batch shall be by an email from Attorney to the Tax Office setting forth the batch to which the parcel will be dedicated, together with an attachment of the exception and chain sheet for the parcel. The intent of this provision is to allow Attorney the flexibility to begin the title search phase as soon as possible after the parcels are assigned but insulate the County from the immediate payment of the title search fee or the payment of such fee before Attorney dedicates the parcel to the current or next ensuing batch. At any one time during the term of this agreement, County shall not be obligated to pay for the title search phase for any parcel not dedicated to former batches, the current batch or next ensuing batch.

   v. The goal for processing each batch shall be one year.

   vi. Parcels may be:

      1. "Off-ramped," upon agreement of the County and Attorney, to the mortgage-style division,

      2. "Off-ramping" may decrease the total number of *in rem* proceedings resulting in less than five (5) parcels being prosecuted through in-rem proceedings at the beginning of each quarter. Upon dedication of a parcel before the last parcels of the same batch have mailed notice of intent, a parcel may be "on-ramped" from the Available Pool of

parcels and become part of a batch of five (5) or less parcels, and

3. Recalled by the County in the event of double listings, clerical, or other materially erroneous information provided by the Tax Collector to the Attorney, or legal, practical or administrative problems discovered by the Attorney which result in legal impossibility to effect proper collection remedies through foreclosure.

4. The Attorney shall be compensated by the County in the amounts and according to the *In Rem* Fee Schedule and Invoicing Guide attached hereto as Attachments “B” and “C.” All completed work must be billed to the County within thirty (30) days. These fees shall be paid by the County to the Attorney within thirty (30) days after invoicing.

5. The County shall pay the Attorney a fixed fee of one hundred fifty and 00/00 dollars ($150.00) per upset bid filed in the Clerk’s Office pursuant to NCGS Section 1-339.64 in all foreclosure sales and resales. The Attorney shall invoice the County for the total amount of all upset bid fees in connection with a sale or upon termination of the upset bid period for that sale or resale.

6. If the Taxpayer files a petition in bankruptcy that pertains to a parcel that has been dedicated, the Tax Collector shall file, as part of its claim to the bankruptcy court, the allowable fees, costs and expenses set forth in NCGS Section 105-375, and shall pay Attorney, within thirty (30) days of invoicing the County, according to the *In Rem* Fee Schedule and Invoicing Guide attached hereto as Attachments “B” and “C” as if the parcel had been redeemed as of the date and time the bankruptcy petition was filed. If the Taxpayer’s petition is dismissed or a lift of the stay of bankruptcy court is obtained during the term of this agreement, Attorney agrees to proceed with the foreclosure and complete the remaining services due from it hereunder.

7. Costs, expenses, and the like, to the extent that they are ascertainable as of the time this Agreement is executed, are as follows: a) copies at $0.25 per copy for those made at Attorney’s office and as incurred by Attorney as to copies made elsewhere, i.e. register of deeds, clerk of court, etc., with a minimum charge of $0.25 per copy, b) locator, obituary and genealogy tracing charges at the per item amount charged by the vendor providing the service, and if no per unit schedule provided by the vendor, then at $2.00 per inquiry made by Attorney, c) filing fees as set by statue, d) publication costs as incurred by Attorney according to the publishers’ then current rate, as administered through Column or other digital newspaper publication administration service, e) service fees by certified and regular mail as set by the United States Postal Service, with a current base rate of $10.01 and $0.74 per envelope, respectively, plus digital mail service fees, f) posting fees as set by service Attorneys should the Tax Office not provide this service. The charges associated with items a and b above are as customarily charged by Attorney in all its contracts and apply to this agreement. The charges associated with items c through f are at “true cost,” with no mark-up and simply pass through to Attorney’s clients and apply to this agreement.

8. To ensure that the proper amount of delinquent taxes, interest, fees and costs are collected, the Attorney and the Tax Collector shall verify with one another the amount due at the time when, and if, the Taxpayer satisfies the tax lien during the period a parcel is assigned to the *in rem* division. If a Taxpayer tenders payment in full prior to the dedication of a parcel to a batch, the Tax Collector must accept payment and no attorney fees are due from the County. Provided, however, should the Tax Office fail to inform the Attorney that an assigned parcel has been paid in full while Attorney continues to work on preparing the parcel for dedication or a subsequent step in the process, then in that event the Tax Office shall pay Attorney according to the *In Rem* Fee Schedule and Invoicing Guide attached hereto as Attachments "B" and "C", as if the parcel has been redeemed at that stage of the proceeding, even if the parcel has not been dedicated at that time.

9. All funds collected shall be paid to the Tax Collector and shall be paid in the form of cash, bank check or certified funds. County shall immediately inform Attorney of the receipt of any such funds and the parcel to which they pertain.

10. Subject to the terms below, Attorney shall be the sole and exclusive special *in rem* tax foreclosure attorney for the County during the term of this agreement, subject to the provisions herein. County shall use its best efforts to assign all of its parcels suitable for *in rem* foreclosure with delinquent property taxes to Attorney pursuant to the terms hereof during the term of this Agreement.

11. Attorney's services hereunder are limited to the general prosecution of *in rem* tax foreclosure proceedings to collect delinquent taxes assessed against real property located in the County pursuant to NCGS §105-375, including title search services, document preparation, and communication and coordination with the Chatham County Sheriff's Department. Attorney's services hereunder do not include preparation of and response to discovery, preparation and court appearances for trial or appeal and the County shall provide all such legal services. The intent of this provision is to ensure that the overwhelming majority of Attorney's time and talent is involved in the prosecution of delinquent real property taxes on a volume basis, and that any case that involves an extraordinary amount of effort, such as in the preparation of a case for trial, that the County Attorney or designee shall be responsible for the continued prosecution of such case. Upon the occurrence of any event giving rise to such cases, Attorney shall promptly notify the County Attorney in writing and shall thereafter coordinate with the County Attorney on all aspects of the matter.

12. This agreement shall be for the period beginning August 1, 2026 and terminating on June 30^{th}, 2028. After the initial term set out above, this Agreement shall renew itself automatically for two-year terms, unless either party shall give written notice no less than 90 days prior to the end of the then current term. Upon renewal, there will be a ten (10%) per cent increase on all attorney fees set out hereunder. The intent of this provision regarding increases in attorney fees is to allow a five per cent (5 %) annual increase for each year of the contract, made upon each renewal of the term of the agreement.

13. Attorney shall promptly disclose in writing to the County any conflict of interest that arises during the term of this Agreement, including, but not limited to, any representation of

parties adverse to the County, any financial interest in matters related to the subject matter of this Agreement, or any other circumstance that could create an actual or potential conflict of interest, that nature of the conflict and any steps necessary to address the conflict including waiver, potential screens, or withdrawal.

14. Non-Appropriation. The County's obligations under this Agreement are contingent on sufficient appropriation by the Chatham County Board of Commissioners. If funds are not appropriated or otherwise available, this Agreement shall terminate without penalty or liability to the County at the end of the fiscal year for which funds were last appropriated. The County shall provide Attorney written notice of non-appropriation as soon as reasonably practicable. Upon termination for non-appropriation, Attorney shall be paid for services satisfactorily performed and costs properly incurred before the effective termination date, consistent with this Agreement's fee schedule and invoicing procedures.

COUNTY:

____
County Manager

ATTEST:

____
Clerk

ATTORNEY:

____
President, Mark D. Bardill, P.C.

ATTEST:

____
Secretary

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

____
County Finance Director

Attachment "A"

Method Comparison

North Carolina Property Tax & Assessment Lien Foreclosure Method Comparison

Two Methods of Property Tax & Assessment Lien Foreclosure	
Mortgage Style (NCGS §105-374)	*In Rem* (NCGS §105-375)
All costs, including a reasonable attorney fee and expenses, are reimbursable to the taxing/assessing unit as costs of the proceeding	**The costs of mailing and publication, plus a $250 administrative fee, are reimbursable to the taxing/assessing unit as costs of the proceeding**
"Judicial" process - full-fledged lawsuit with focus on due process	**"Non-Judicial," or summary process with focus on administrative ease**
	More suitable for lower-value higher-party number parcels
Less predictable timetable	**More predictable timetable**
More suitable for parcels that are likely to be paid in full before sale	**More suitable for parcels that are not likely to be paid in full before sale**
More likely to result in an insurable title	**Less likely to result in an insurable title**
Limited involvement with County's Sheriff's Department and does not involve Sheriff in the courthouse sales	**Extensive involvement with County's Sheriff's Department, including the courthouse sales process**
The preferred method for most parcels in any comprehensive tax foreclosure program	**Best use for targeted tax foreclosure program as to low value "heir property" and other "problem" parcels**

Summary

Both the Mortgage Style and *In Rem* methods of tax & assessment lien foreclosure have their place in a taxing unit's enforced collections program. Using both methods, a taxing unit can increase its collection rate and uniformly enforce collections across all delinquent parcels, ensuring an equitably run program. Mortgage style foreclosure is well-suited for those parcels which are likely to redeem, or be sold for a significant amount, with the costs nearly all reimbursed, thereby offsetting the trouble of its more rigorous process with its less predictable timetable. *In Rem* foreclosure is well-suited for those parcels which are not likely to redeem or be sold for a significant amount and almost certainly require the transfer of the title to effect a change in the historic delinquency as to the parcel. Given these factors, most delinquent accounts are typically processed using the mortgage style method to collect as much revenue at the smallest net cost. The minority of delinquent accounts can then be processed using the *In Rem* method. When implemented under the circumstances mentioned, *In Rem* foreclosure is less financially risky to the taxing entity in case of a potentially low sale price. If these more-risky-to-sell parcels were processed using the mortgage style method, the potential costs to the taxing unit would be high. Although the *In Rem* method may have a higher amount of unreimbursed costs, it is used, overall, fewer times, and generally results in the change of the title from a non-paying owner to a new owner, more likely to maintain the parcel and pay the taxes, thereby avoiding future assessments entirely, because the new owner has infused new money into the purchase of the property.

ZACCHAEUS LEGAL SERVICES

Attachment "B"

In Rem Fee Schedule

In Rem Tax Foreclosure Fee Schedule

$1,750 Base Fee Up to Five Parties

Thereafter By Party Number

Party Number	In Rem + $130↑	Per Party
1	$1,750.00	$1,750.00
2	$1,750.00	$875.00
3	$1,750.00	$583.33
4	$1,750.00	$437.50
5	$1,750.00	$350.00
6	$1,880.00	$313.33
7	$2,010.00	$287.14
8	$2,140.00	$267.50
9	$2,270.00	$252.22
10	$2,400.00	$240.00
11	$2,530.00	$230.00
12	$2,660.00	$221.67
13	$2,790.00	$214.62
14	$2,920.00	$208.57
15	$3,050.00	$203.33
16	$3,180.00	$198.75
17	$3,310.00	$194.71
18	$3,440.00	$191.11
19	$3,570.00	$187.89
20	$3,700.00	$185.00
21	$3,830.00	$182.38
22	$3,960.00	$180.00
23	$4,090.00	$177.83
24	$4,220.00	$175.83
25	$4,350.00	$174.00
26	$4,480.00	$172.31
27	$4,610.00	$170.74
28	$4,740.00	$169.29
29	$4,870.00	$167.93
30	$5,000.00	$166.67
31	$5,130.00	$165.48
32	$5,260.00	$164.38
33	$5,390.00	$163.33

Party Number	In Rem + $130↑	Per Party
34	$5,520.00	$162.35
35	$5,650.00	$161.43
36	$5,780.00	$160.56
37	$5,910.00	$159.73
38	$6,040.00	$158.95
39	$6,170.00	$158.21
40	$6,300.00	$157.50
41	$6,450.00	$157.32
42	$6,600.00	$157.14
43	$6,750.00	$156.98
44	$6,900.00	$156.82
45	$7,050.00	$156.67
46	$7,200.00	$156.52
47	$7,350.00	$156.38
48	$7,500.00	$156.25
49	$7,650.00	$156.12
50	$7,800.00	$156.00
51	$7,950.00	$155.88
52	$8,100.00	$155.77
53	$8,250.00	$155.66
54	$8,400.00	$155.56
55	$8,550.00	$155.45
56	$8,700.00	$155.36
57	$8,850.00	$155.26
58	$9,000.00	$155.17
59	$9,150.00	$155.08
60	$9,300.00	$155.00
61	$9,450.00	$154.92
62	$9,600.00	$154.84
63	$9,750.00	$154.76
64	$9,900.00	$154.69
65	$10,050.00	$154.62
66	$10,200.00	$154.55

Party Number	In Rem + $130↑	Per Party
67	$10,350.00	$154.48
68	$10,500.00	$154.41
69	$10,650.00	$154.35
70	$10,800.00	$154.29
71	$10,950.00	$154.23
72	$11,100.00	$154.17
73	$11,250.00	$154.11
74	$11,400.00	$154.05
75	$11,550.00	$154.00
76	$11,700.00	$153.95
77	$11,850.00	$153.90
78	$12,000.00	$153.85
79	$12,150.00	$153.80
80	$12,300.00	$153.75
81	$12,450.00	$153.70
82	$12,600.00	$153.66
83	$12,750.00	$153.61
84	$12,900.00	$153.57
85	$13,050.00	$153.53
86	$13,200.00	$153.49
87	$13,350.00	$153.45
88	$13,500.00	$153.41
89	$13,650.00	$153.37
90	$13,800.00	$153.33
91	$13,950.00	$153.30
92	$14,100.00	$153.26
93	$14,250.00	$153.23
94	$14,400.00	$153.19
95	$14,550.00	$153.16
96	$14,700.00	$153.13
97	$14,850.00	$153.09
98	$15,000.00	$153.06
99	$15,150.00	$153.03

In Rem Tax Foreclosure Fee Schedule

$1,750 Base Fee Up to Five Parties

Thereafter By Party Number

Party Number	In Rem + $130↑	Per Party
100	$15,300.00	$153.00
101	$15,450.00	$152.97
102	$15,600.00	$152.94
103	$15,750.00	$152.91
104	$15,900.00	$152.88
105	$16,050.00	$152.86
106	$16,200.00	$152.83
107	$16,350.00	$152.80
108	$16,500.00	$152.78
109	$16,650.00	$152.75
110	$16,800.00	$152.73
111	$16,950.00	$152.70
112	$17,100.00	$152.68
113	$17,250.00	$152.65
114	$17,400.00	$152.63
115	$17,550.00	$152.61
116	$17,700.00	$152.59
117	$17,850.00	$152.56
118	$18,000.00	$152.54
119	$18,150.00	$152.52
120	$18,300.00	$152.50
121	$18,450.00	$152.48
122	$18,600.00	$152.46
123	$18,750.00	$152.44
124	$18,900.00	$152.42
125	$19,050.00	$152.40
126	$19,200.00	$152.38
127	$19,350.00	$152.36
128	$19,500.00	$152.34
129	$19,650.00	$152.33
130	$19,800.00	$152.31
131	$19,950.00	$152.29
132	$20,100.00	$152.27

Party Number	In Rem + $130↑	Per Party
133	$20,250.00	$152.26
134	$20,400.00	$152.24
135	$20,550.00	$152.22
136	$20,700.00	$152.21
137	$20,850.00	$152.19
138	$21,000.00	$152.17
139	$21,150.00	$152.16
140	$21,300.00	$152.14
141	$21,450.00	$152.13
142	$21,600.00	$152.11
143	$21,750.00	$152.10
144	$21,900.00	$152.08
145	$22,050.00	$152.07
146	$22,200.00	$152.05
147	$22,350.00	$152.04
148	$22,500.00	$152.03
149	$22,650.00	$152.01
150	$22,800.00	$152.00
151	$22,950.00	$151.99
152	$23,100.00	$151.97
153	$23,250.00	$151.96
154	$23,400.00	$151.95
155	$23,550.00	$151.94
156	$23,700.00	$151.92
157	$23,850.00	$151.91
158	$24,000.00	$151.90
159	$24,150.00	$151.89
160	$24,300.00	$151.88
161	$24,450.00	$151.86
162	$24,600.00	$151.85
163	$24,750.00	$151.84
164	$24,900.00	$151.83
165	$25,050.00	$151.82

Party Number	In Rem + $130↑	Per Party
166	$25,200.00	$151.81
167	$25,350.00	$151.80
168	$25,500.00	$151.79
169	$25,650.00	$151.78
170	$25,800.00	$151.76
171	$25,950.00	$151.75
172	$26,100.00	$151.74
173	$26,250.00	$151.73
174	$26,400.00	$151.72
175	$26,550.00	$151.71
176	$26,700.00	$151.70
177	$26,850.00	$151.69
178	$27,000.00	$151.69
179	$27,150.00	$151.68
180	$27,300.00	$151.67
181	$27,450.00	$151.66
182	$27,600.00	$151.65
183	$27,750.00	$151.64
184	$27,900.00	$151.63
185	$28,050.00	$151.62
186	$28,200.00	$151.61
187	$28,350.00	$151.60
188	$28,500.00	$151.60
189	$28,650.00	$151.59
190	$28,800.00	$151.58
191	$28,950.00	$151.57
192	$29,100.00	$151.56
193	$29,250.00	$151.55
194	$29,400.00	$151.55
195	$29,550.00	$151.54
196	$29,700.00	$151.53
197	$29,850.00	$151.52
198	$30,000.00	$151.52
199	$30,150.00	$151.51
200	$30,300.00	$151.50

ZACCHAEUS
LEGAL SERVICES

Fee Range & Stage:	Matter Closed by: Advancing through Sale	Redemption	Recall
$1,750 - $2,500	**Parcels with Party Numbers 1 - 10**		
Prior to "dedication"[1]	$00	$00	$500
Upon dedication	$1,000	Balance	Balance
Upon mailing "NOI"[2]	$250	Balance	Balance
Upon filing "RFE"[3]	$250	Balance	Balance
Upon filing "DR"[4]	[5]"Balance"	Balance	Balance
$2,501 - $5,000	**Parcels with Party Numbers 11 - 30**		
Prior to dedication	$00	$00	$500
Upon dedication	$2,000	Balance	Balance
Upon mailing NOI	$250	Balance	Balance
Upon filing RFE	$250	Balance	Balance
Upon filing DR	Balance	Balance	Balance
$5,001 - $10,000	**Parcels with Party Numbers 31 - 64**		
Prior to dedication	$00	$00	$750
Upon dedication	$3,000	$3,000	$3,000
Upon mailing NOI	$1,000	Balance	Balance
Upon filing RFE	$1,000	Balance	Balance
Upon filing DR	Balance	Balance	Balance
$10,001-$15,000	**Parcels with Party Numbers 65 - 98**		
Prior to dedication	$00	$00	$1,000
Upon dedication	$6,000	$6,000	$6,000
Upon mailing NOI	$2,000	$2,000	$2,000
Upon filing RFE	$2,000	Balance	Balance
Upon filing DR	Balance	Balance	Balance
$15,001 - $20,000	**Parcels with Party Numbers 99 - 131**		
Prior to dedication	$00	$00	$1,000
Upon dedication	$9,000	$9,000	$9,000
Upon mailing NOI	$3,000	$3,000	$3,000
Upon filing RFE	$3,000	Balance	Balance
Upon filing DR	Balance	Balance	Balance
$20,001 - $25,000	**Parcels with Party Numbers 132 - 164**		
Prior to dedication	$00	$00	$1,500
Upon dedication	$12,000	$12,000	$12,000
Upon mailing NOI	$4,000	$4,000	$4,000
Upon filing RFE	$4,000	Balance	Balance
Upon filing DR	Balance	Balance	Balance
$25,001 - $30,300	**Parcels with Party Numbers 165 - 200**		
Prior to dedication	$00	$00	$1,500
Upon dedication	$15,000	$15,000	$15,000
Upon mailing NOI	$5,000	$5,000	$5,000
Upon filing RFE	$5,000	Balance	Balance
Upon filing DR	Balance	Balance	Balance

Attachment "C"

Invoicing Guide

Footnotes

[1] "Dedication" as described in Paragraph 3.b.iv of attached Agreement

[2] "NOI" - Notice of Intent as described in NCGS §105-375(c)(1)

[3] "RFE" – Request for Execution as described in NCGS §105-375(i)

[4] "DR" – Distribution Report contemplated by NCGS §1-339.70

[5] "Balance" means any amount then left unpaid for the full payment of the fee for the number of parties involved in the matter.

ZACCHAEUS LEGAL SERVICES