

Belkys Escobar (Admitted Pro Hac Vice)  
Assistant County Attorney  
COUNTY OF LOUDOUN, VIRGINIA  
One Harrison Street, S.E.  
MSC #06  
Leesburg, VA 20175-3102  
Telephone: (703) 777-0307  
Telecopier: (703) 771-5025

**UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS**

*(Dallas Division)*

**IN RE:**

**ERICKSON RETIREMENT  
COMMUNITIES, LLC *et al.***

*Debtors*

**Chapter 11  
Case No. 09-37010-SGJ  
(Jointly Administered)**

**ADMINISTRATIVE EXPENSES CLAIM FOR 2010 REAL AND BUSINESS PERSONAL  
PROPERTY TAXES**

The COUNTY of LOUDOUN, VIRGINIA ("the County"), by counsel, hereby applies for payment of post-petition personal and real property taxes as an administrative expense pursuant to 11 U.S.C. §§503(b)(1)(B) and (C) and 507(a)(2), and sections 1.2 and 2.1 of the Fourth Amended Plan of Reorganization as confirmed on April 16, 2010, and in support thereof states the following:

1. The Debtors filed for relief under Chapter 11 of the U.S. Bankruptcy Code ("the Code") on October 19, 2009.
2. The Debtors are obligated to the County for 2010 *ad valorem* real estate taxes incurred post-petition by the Debtors in the amount of **\$1,133,902.90** pursuant to 11 U.S.C. §503(b)(1)(B), which should be paid with priority in accordance with 11 U.S.C. §507(a)(2). Copies of the pertinent County tax records are attached as **Exhibit A**.

3. The Debtors are obligated to the County for 2010 *ad valorem* business tangible personal property taxes incurred post-petition by the Debtors in the amount of **\$49,685.17** pursuant to 11 U.S.C. §503(b)(1)(B), which should be paid with priority in accordance with 11 U.S.C. §507(a)(2). Copies of the pertinent County tax records are attached as **Exhibit A**.

4. The County's real estate and personal property tax claims are deemed secured pursuant to 11 U.S.C. §506 and VA. CODE §§58.1-3340 and 58.1-3942.

5. Real estate taxes are due on June 5 and December 5, 2010; business tangible personal property taxes are due on June 5 and October 5, 2010. Va. Code Ann. §58.1-3916, §860.01 and §860.04 of the Codified Ordinances of Loudoun County, Virginia (L.C.C.O).

6. A summary of pertinent Virginia and Loudoun County tax law is attached as **Exhibit B**.

WHEREFORE, the County of Loudoun, Virginia, respectfully asks that this Court, after due consideration of this Administrative Expenses Claim for 2010 Real and Business Personal Property Taxes, approve the same and order the Debtor to timely pay the 2010 taxes owing to the County; and for such other relief as may be appropriate.

The COUNTY of LOUDOUN, VIRGINIA  
By counsel

JOHN R. ROBERTS  
COUNTY ATTORNEY

By /s/ Belkys Escobar

Belkys Escobar (VSB #74866)  
(Admitted Pro Hac Vice)  
Assistant County Attorney  
One Harrison Street, S.E.  
MSC #06  
Leesburg, Virginia 20175-3102  
Telephone: (703) 777-0307  
Telecopier: (703) 771-5025  
E-mail: [Belkys.Escobar@loudoun.gov](mailto:Belkys.Escobar@loudoun.gov)

**CERTIFICATE OF SERVICE**

I certify that on April 28, 2010, a true and correct copy of the foregoing document was filed electronically with the Court using the CM/ECF system, which sent notification to all parties of interest participating in the CM/ECF system in this case.

/s/ Belkys Escobar

B 10 (Official Form 10) (04/10)

<b>ADMINISTRATIVE EXPENSE CLAIM AND REQUEST FOR PAYMENT</b>		
Name of Debtor: <b>ERICKSON RETIREMENT COMMUNITIES, LLC, et al</b>		Case Number: <b>09-37010-SGJ</b>
<i>NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.</i>		
Name of Creditor (the person or other entity to whom the debtor owes money or property): <b>County of Loudoun, Virginia</b>		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim.  <b>Court Claim Number:</b> _____ <i>(If known)</i>  <b>Filed on:</b> _____
Name and address where notices should be sent: <b>Attn: Belkys Escobar, Asst. County Atty.</b> <b>1 Harrison Street SE (MSC #06)</b> <b>Leesburg, Virginia 20175</b>  Telephone number: (571) 258-3119      Fax: (703) 771-5025		
Name and address where payment should be sent (if different from above): <b>Treasurer, County of Loudoun, (Attn: Collections)</b> <b>PO Box 347</b> <b>Leesburg, Virginia 20178-0347</b>  Telephone number: (703) 771-5656		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.  <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
<b>1. Amount of Claim as of Date Case Filed:</b> \$ <u>1,183,588.07</u>  If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4.  If all or part of your claim is entitled to priority, complete item 5.  <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		<b>5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.</b>  Specify the priority of the claim.  <input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).  <input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507 (a)(4).  <input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5).  <input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7).  <input checked="" type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8).  <input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507 (a)(____).  <b>Amount entitled to priority:</b>  <u>\$ 1,183,588.07</u>  <i>*Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</i>
<b>2. Basis for Claim:</b> <u>Taxes</u> (See instruction #2 on reverse side.)		
<b>3. Last four digits of any number by which creditor identifies debtor:</b> <u>2727</u>  <b>3a. Debtor may have scheduled account as:</b> _____ (See instruction #3a on reverse side.)		
<b>4. Secured Claim</b> (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. ***NOTE: Real Estate taxes to be paid by Debtor's lender not included. The County will amend claim to add Real Estate Taxes, if not paid by the lender. <b>Nature of property or right of setoff:</b> <input checked="" type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other <b>Describe:</b> <u>Business Furniture &amp; Fixtures and Computer Equipment</u>  <b>Value of Property:</b> \$ <u>88,406,273.00</u> <b>Annual Interest Rate</b> <u>10%</u>  <b>Amount of arrearage and other charges as of time case filed included in secured claim,</b> <b>if any:</b> \$ _____ <b>Basis for perfection:</b> <u>VA. Code Sec.58.1-3340 or Sec. 58.1-3942</u>  <b>Amount of Secured Claim:</b> \$ <u>1,183,588.07</u> <b>Amount Unsecured:</b> \$ _____ ***Taxes are a priority claim to the extent, if any, they are deemed unsecured.		
<b>6. Credits:</b> The amount of all payments on this claim has been credited for the purpose of making this proof of claim.  <b>7. Documents:</b> Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.)  DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.  If the documents are not available, please explain:		
<b>Date:</b> <u>04/19/2010</u>  <b>Signature:</b> The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.  <div style="text-align: center;"> <b>Ellen L. Mackay</b>  <small>Digitally signed by Ellen L. Mackay            DN: cn=Ellen L. Mackay, o=Loudoun County Treasurer's Office,            ou=ellen.l.mackay@loudoun.gov, c=UNITED STATES,            givenName=Ellen L. Mackay            Date: 2010.04.19 13:30:29 -0400</small> </div>		<b>FOR COURT USE ONLY</b>

*Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.*

## EXHIBIT to PROOF of CLAIM

### Summary of Pertinent Virginia Tax Law

1 If ad valorem real estate taxes are included in the proof of claim, please note that the County's real estate tax claim is fully secured pursuant to VA. CODE §58.1-3340 (1950, as amended) which states, in pertinent part: "There shall be a lien on real estate for the payment of taxes and levies assessed thereon prior to any other lien or encumbrance."

2. If ad valorem personal property taxes are included in the proof of claim please note that the County's personal property tax claim is fully secured pursuant to VA. CODE §58.1-3942 (1950, as amended) which states, in pertinent part:

" . . . Taxes specifically assessed either per item or in bulk against goods and chattels shall constitute a lien against the property so assessed and shall have priority over all security interests. . . . For purposes of this section, taxes specifically assessed in bulk means an assessment against the specific class of property. . ." [emphasis added]

2 Liability for ad valorem real estate taxes exists as of January 1<sup>st</sup> of each year pursuant to VA. CODE §58.1-3281 (1950, as amended) which states in pertinent part: "The beginning of the tax year for the assessment of taxes on real estate shall be January 1. . .".

3 Liability for ad valorem personal property taxes exists as of January 1<sup>st</sup> of each year pursuant to VA. CODE §58.1-3515 (1950, as amended) which states, in pertinent part: ". . . [T]angible personal property, machinery and tools and merchants' capital shall be returned for taxation as of January 1 of each year, which date shall be known as the effective date of assessment or the tax day."

5. Section 58.1-3916 of the Code of Virginia (1950, as amended) states, in pertinent part:

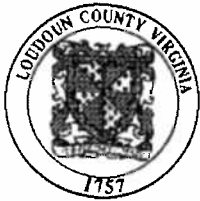
" . . . [T]he governing body of any county, city or town may . . . by ordinance establish due dates for the payment of local taxes; . . . may provide by ordinance **penalties for failure to file such applications and returns and for nonpayment in time; may provide for payment of interest** on delinquent taxes; and may provide for the recovery of reasonable attorney's or collection agency's fees. . . . **Interest may commence not earlier than the first day following the day such taxes are due by ordinance to be filed, at a rate not to exceed ten percent per year.** . . . No penalty for failure to file a return shall be greater than ten percent of the tax assessable on such return or ten dollars, whichever is greater; provided, however, that the penalty shall in no case exceed the amount of the tax assessable. . . . penalty for failure to pay any tax may be assessed on the day after the first installment is due. **Any such penalty when so assessed shall become a part of the tax.** . . . " [emphasis added]

1 Section 860.01 of the Codified Ordinances of Loudoun County, Virginia ("L.C.C.ORD.") authorizes the payment of certain taxes in two installments: for real estate, taxes are due on June 5 and December 5, annually; for tangible personal property, taxes are due on May 5 and October 5 annually. Business license taxes are due on or before March 1<sup>st</sup> of each year. L.C.C.ORD. Section 840.04; VA. CODE §58.1-3703.1(A)(2)

2 When taxes have not been paid when due, Section 860.02 (L.C.C.ORD.) imposes a penalty of 10% of the unpaid tax, and provides that any such penalty when so assessed shall become a part of the tax.

3 When taxes have not been paid when due, Section 860.03 (L.C.C.ORD.) imposes interest at the annual rate of ten percent on the total sum of such taxes owed, including any penalty applicable thereto, computed monthly for each calendar month.

	<b>Debtor</b>	<b>ERICKSON RETIREMENT COMMUNITIES, LLC, et al</b>	<b>xxx-xx-2727</b>
	<b>Case #</b>	<b>09-37010-SGJ</b>	
	<b>Petition Date</b>	<b>October 19, 2009</b>	
	<b>Tax Type</b>	<b>Classification</b>	<b>Amount</b>
	Real estate (tax, pen, int)	priority, secured	\$ 1,133,902.90
	PP/FF&E (tax, int)	priority, secured	\$ 38,882.17
	PP/Comp (tax, int)	priority, secured	\$ 10,803.00
	PP/HvyEq (tax, int)	priority, secured	
	PP/M&T (tax, int)	priority, secured	
	PP/vehicles (tax, int)	priority, secured	
	BPOL (tax, pen, int)	priority, unsecured	
	LP Penalty on PPT	priority, unsecured	
	Other tax (Returned Check)	priority, unsecured coll fee	
		<b>TOTAL SECURED</b>	
		<b>TOTAL UNSECURED</b>	<b>\$ -</b>
		<b>TOTAL CLAIM</b>	<b>\$ 1,183,588.07</b>
	<b>VALUE OF COLLATERAL</b>		
	060-49-8809-000 Real Estate		\$ 87,223,300.00
	Furniture & Fixtures		\$ 925,757.00
	Computer Equipment		\$ 257,216.00
		<b>TOTAL VALUE</b>	<b>\$ 88,406,273.00</b>



Payment Due By: JUNE 7, 2010

Account: /80//32////B1/ Pin: 060498809000  
Parcel Desc/Acres: ST JOHN & BEAUMEADE 123.84  
Owner as of Jan 1, 2010: ASHBURN CAMPUS LLC  
Mortgage Info:

Include Account Number on Your Check: /80//32////B1/

Checks  
Payable to: County of Loudoun

ASHBURN CAMPUS LLC  
% ERICKSON RETIREMENT COMMUNITIES  
701 MAIDEN CHOICE LN  
BALTIMORE, MD 21228

Mail to: H. Roger Zurn, Jr.  
Treasurer of Loudoun County  
P.O. Box 347  
Leesburg, VA 20178-0347

OTHER DELINQUENT TAXES DUE

County of Loudoun Real Property Tax Bill - First Half

Account Information	Annual Assessment Information	First Half Amount Due
Tax Year: 2010 Half: 1 Supplement: District: REGULAR Tax Relief: NO	Improvement: \$57,493,300 Land Value: \$29,730,000 Land Use: \$0 Taxable Assessment: \$87,223,300 Land Use Program: NO	Tax Amount (a): \$566,951.45 10% Late Penalty: \$0.00 Interest Due: \$0.00 Collection Fee: \$0.00 Total Paid (b): \$0.00
(a) Tax rate per \$100 assessed value is: \$1.3000 (b) Applied to tax; if paid after the due date, payment also applied to penalty, interest and fees. Tax payments postmarked after JUNE 7, 2010 will incur interest and a 10% late payment penalty. Interest accrues on both the tax and late payment penalty at a rate of 10% annually.		<b>TOTAL AMOUNT DUE</b> <b>\$566,951.45</b>
Call the Treasurer's Office at (703) 777-0280 or e-mail <a href="mailto:taxes@loudoun.gov">taxes@loudoun.gov</a> , if you have: 1) Questions concerning payments 2) Questions concerning 10% late payment penalty 3) Questions concerning payment due date 4) Questions concerning OTHER DELINQUENT TAXES DUE 5) Questions concerning 10% APR interest calculation		
Call the Office of the County Assessor at (703) 777-0267 or e-mail <a href="mailto:assessor@loudoun.gov">assessor@loudoun.gov</a> , if you have: 1) Questions concerning the annual assessment 2) Questions concerning the land use program 3) Questions concerning property owner address change		
Call the Commissioner of the Revenue's Office at (703) 737-8557 or e-mail <a href="mailto:trcor@loudoun.gov">trcor@loudoun.gov</a> , if you have: 1) Questions concerning qualifying for Tax Relief for the Elderly and Disabled		
Pay online at <a href="http://www.loudoun.gov">www.loudoun.gov</a>		

Keep this portion for your records. Your cancelled check is your receipt.

Detach this portion and mail with your payment.

RE TAX

OTHER DELINQUENT TAXES DUE

Account: /80//32////B1/ Pin: 060498809000  
Tax Year: 2010 Half: 1 District: 1 Supp:  
Parcel Desc/Acres: ST JOHN & BEAUMEADE 123.84  
Taxable Assessment: \$87,223,300 Land Use: NO  
Owner as of Jan 1, 2010: ASHBURN CAMPUS LLC  
Mortgage Info:

Printed: 2010-04-19 3117

JUNE 5 TAX

\$566,951.45

ASHBURN CAMPUS LLC  
% ERICKSON RETIREMENT COMMUNITIES  
701 MAIDEN CHOICE LN  
BALTIMORE, MD 21228

Checks County of Loudoun  
Payable to: H. Roger Zurn, Jr., Treasurer of Loudoun County  
P.O. Box 347, Leesburg, VA 20178-0347

Total Amount Due: \$566,951.45  
Payment Due By: JUNE 7, 2010

LC RD 06049880900000201011 00 00000000 000000 060710 0056695145 Y



Payment Due By: DEC 6, 2010

Account: /80//32////B1/ Pin: 060498809000  
Parcel Desc/Acres: ST JOHN & BEAUMEADE 123.84  
Owner as of Jan 1, 2010: ASHBURN CAMPUS LLC  
Mortgage Info:

Include Account Number on Your Check: /80//32////B1/

Checks  
Payable to: County of Loudoun

ASHBURN CAMPUS LLC  
% ERICKSON RETIREMENT COMMUNITIES  
701 MAIDEN CHOICE LN  
BALTIMORE, MD 21228

Mail to: H. Roger Zurn, Jr.  
Treasurer of Loudoun County  
P.O. Box 347  
Leesburg, VA 20178-0347

OTHER DELINQUENT TAXES DUE

### County of Loudoun Real Property Tax Bill - Second Half

Account Information	Annual Assessment Information		Second Half Amount Due	
Tax Year: 2010	Improvement:	\$57,493,300	Tax Amount (a):	\$566,951.45
Half: 2	Land Value:	\$29,730,000	10% Late Penalty:	\$0.00
Supplement:	Land Use:	\$0	Interest Due:	\$0.00
District: REGULAR	Taxable Assessment:	\$87,223,300	Collection Fee:	\$0.00
Tax Relief: NO	Land Use Program:	NO	Total Paid (b):	\$0.00
(a) Tax rate per \$100 assessed value is: \$1.3000				TOTAL AMOUNT DUE  \$566,951.45
(b) Applied to tax; if paid after the due date, payment also applied to penalty, interest and fees.				
Tax payments postmarked after DEC 6, 2010 will incur interest and a 10% late payment penalty. Interest accrues on both the tax and late payment penalty at a rate of 10% annually.				
Call the Treasurer's Office at (703) 777-0280 or e-mail <a href="mailto:taxes@loudoun.gov">taxes@loudoun.gov</a> , if you have:		Call the Office of the County Assessor at (703) 777-0267 or e-mail <a href="mailto:assessor@loudoun.gov">assessor@loudoun.gov</a> , if you have:		
1) Questions concerning payments		1) Questions concerning the annual assessment		
2) Questions concerning 10% late payment penalty		2) Questions concerning the land use program		
3) Questions concerning payment due date		3) Questions concerning property owner address change		
4) Questions concerning OTHER DELINQUENT TAXES DUE		Call the Commissioner of the Revenue's Office at (703) 737-8557		
5) Questions concerning 10% APR interest calculation		or e-mail <a href="mailto:trcor@loudoun.gov">trcor@loudoun.gov</a> , if you have:		
		1) Questions concerning qualifying for Tax Relief for the Elderly and Disabled		
Pay online at <a href="http://www.loudoun.gov">www.loudoun.gov</a>				

Keep this portion for your records. Your cancelled check is your receipt.

Detach this portion and mail with your payment.

RE TAX

### OTHER DELINQUENT TAXES DUE

Account: /80//32////B1/ Pin: 060498809000  
Tax Year: 2010 Half: 2 District: 1 Supp:  
Parcel Desc/Acres: ST JOHN & BEAUMEADE 123.84  
Taxable Assessment: \$87,223,300 Land Use: NO  
Owner as of Jan 1, 2010: ASHBURN CAMPUS LLC  
Mortgage Info:

Printed: 2010-04-19 3117

DEC 5 TAX

\$566,951.45

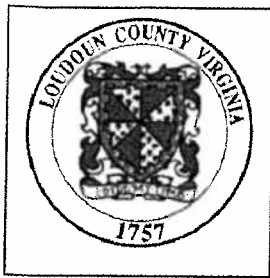
ASHBURN CAMPUS LLC  
% ERICKSON RETIREMENT COMMUNITIES  
701 MAIDEN CHOICE LN  
BALTIMORE, MD 21228

Total Amount Due: \$566,951.45  
Payment Due By: DEC 6, 2010

Checks County of Loudoun  
Payable to: H. Roger Zurn, Jr., Treasurer of Loudoun County  
P.O. Box 347, Leesburg, VA 20178-0347

LC RD 06049880900000201021 00 00000000 000000 120610 0056695145 Y





COUNTY of LOUDOUN  
OFFICE of the COMMISSIONER of the REVENUE

MEMORANDUM of ASSESSMENT for LOCAL TAXES  
Tax Year 2010

Name of Taxpayer: ERICKSON COMSTRUCTION LLC TIN: xxx-xx-2727  
c/o Kieran Gannon/Project MGR

Mailing Address: 701 Maiden Choice Lane  
Baltimore, MD. 21228-5968

Situs: County of Loudoun, Virginia  
*Name of County or Incorporated Town*

The Commissioner of the Revenue has this day assessed the above taxpayer with the following local taxes for the tax year beginning **January 1, 2010**, under the provisions of § 58.1-3109 and § 58.1-3903 of the Code of Virginia (1950, as amended):

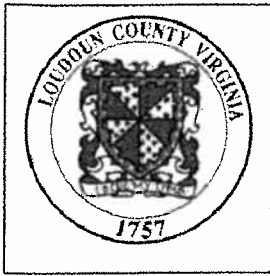
Business / Tax Description	Account No.	Annual Assessed Value / Basis	Tax Rate	Amount of Tax (annual)
Furniture & Fixtures	01178507	9,266	\$ 4.20	389.17
Computer Equip.	01178508	0	\$ 4.20	0

☐ If this box is checked, the Tax Rate shown is based upon the maximum rate(s) advertised in the County Administrator's proposed budget. The actual Tax Rate(s) adopted by the County Board of Supervisors may be lower.

GIVEN under my hand this 19th day of April, 2010.

ROBERT S. WERTZ, JR.  
Commissioner of the Revenue

By: [Signature]  
Assessor



COUNTY of LOUDOUN  
OFFICE of the COMMISSIONER of the REVENUE

MEMORANDUM of ASSESSMENT for LOCAL TAXES  
Tax Year 2010

Name of Taxpayer: ASHBURN CAMPUS LLC TIN: xxx-xx-6975  
%Kristin Satterfield

Mailing Address: 701 Maiden Choice Lane  
Baltimore, MD. 21228-5968

Situs: County of Loudoun, Virginia  
*Name of County or Incorporated Town*

The Commissioner of the Revenue has this day assessed the above taxpayer with the following local taxes for the tax year beginning **January 1, 2010**, under the provisions of § 58.1-3109 and § 58.1-3903 of the Code of Virginia (1950, as amended):

Business / Tax Description	Account No.	Annual Assessed Value / Basis	Tax Rate	Amount of Tax (annual)
Furniture & Fixtures	01182269	916,491	\$ 4.20	\$ 38,493
Computer Equip.	01182270	257,216	\$ 4.20	\$ 10,803

☐ If this box is checked, the Tax Rate shown is based upon the maximum rate(s) advertised in the County Administrator's proposed budget. The actual Tax Rate(s) adopted by the County Board of Supervisors may be lower.

GIVEN under my hand this 19th day of April, 2010.

ROBERT S. WERTZ, JR.  
Commissioner of the Revenue

By: [Signature]  
Assessor

## EXHIBIT to PROOF of CLAIM

### Summary of Pertinent Virginia Tax Law

1. If *ad valorem* real estate taxes are included in the proof of claim, please note that the County's real estate tax claim is fully secured pursuant to VA. CODE §58.1-3340 (1950, as amended) which states, in pertinent part: "There shall be a lien on real estate for the payment of taxes and levies assessed thereon prior to any other lien or encumbrance."

2. If *ad valorem* personal property taxes are included in the proof of claim please note that the County's personal property tax claim is fully secured pursuant to VA. CODE §58.1-3942 (1950, as amended) which states, in pertinent part:

" . . . Taxes specifically assessed either per item or in bulk against goods and chattels shall constitute a lien against the property so assessed and shall have priority over all security interests. . . . For purposes of this section, taxes specifically assessed in bulk means an assessment against the specific class of property. . . " [emphasis added]

3. Liability for *ad valorem* real estate taxes exists as of January 1<sup>st</sup> of each year pursuant to VA. CODE §58.1-3281 (1950, as amended) which states in pertinent part: "The beginning of the tax year for the assessment of taxes on real estate shall be January 1. . .".

4. Liability for *ad valorem* personal property taxes exists as of January 1<sup>st</sup> of each year pursuant to VA. CODE §58.1-3515 (1950, as amended) which states, in pertinent part: ". . . [T]angible personal property, machinery and tools and merchants' capital shall be returned for taxation as of January 1 of each year, which date shall be known as the effective date of assessment or the tax day."

5. Section 58.1-3916 of the Code of Virginia (1950, as amended) states, in pertinent part:

" . . . [T]he governing body of any county, city or town may . . . by ordinance establish due dates for the payment of local taxes; . . . may provide by ordinance penalties for failure to file such applications and returns and for nonpayment in time; may provide for payment of interest on delinquent taxes; and may provide for the recovery of reasonable attorney's or collection agency's fees. . . . Interest may commence not earlier than the first day following the day such taxes are due by ordinance to be filed, at a rate not to exceed ten percent per year. . . No penalty for failure to file a return shall be greater than ten percent of the tax assessable on such return or ten dollars, whichever is greater; provided, however, that the penalty shall in no case exceed the amount of the tax assessable. . . . penalty for failure to pay any tax may be assessed on the day after the first installment is due. Any such penalty when so assessed shall become a part of the tax. . . . " [emphasis added]

6. Section 860.01 of the Codified Ordinances of Loudoun County, Virginia ("L.C.C.ORD.") authorizes the payment of certain taxes in two installments: for real estate, taxes are due on June 5 and December 5, annually; for tangible personal property, taxes are due on May 5 and October 5 annually. Business license taxes are due on or before March 1<sup>st</sup> of each year. L.C.C.ORD. Section 840.04; VA. CODE §58.1-3703.1(A)(2)

7. When taxes have not been paid when due, Section 860.02 (L.C.C.ORD.) imposes a penalty of 10% of the unpaid tax, and provides that any such penalty when so assessed shall become a part of the tax.

8. When taxes have not been paid when due, Section 860.03 (L.C.C.ORD.) imposes interest at the annual rate of ten percent on the total sum of such taxes owed, including any penalty applicable thereto, computed monthly for each calendar month.