

## EXHIBIT C

### NOTICE UNDER 26 USC § 7425

#### A. CITY NOTICE TO U.S.A. OF NONJUDICIAL SALE

Because the U.S.A. has or may claim a lien on the Parcel under Title 26 of the USC (the Internal Revenue Code), and because City prosecution of foreclosure, and the Milwaukee County Circuit Court's granting of final in rem foreclosure, against the Parcel under Wis. Stat. § 75.521, as contemplated in this Contract, may be viewed as "a nonjudicial sale under a statutory lien" and the divestment of taxpayer interest in the Parcel that occurs by operation of law (see 26 USC § 7425(b)(2)(C) and IRS Reg. § 301.7425-2(a)), City hereby gives notice to the IRS and USA of such nonjudicial sale pursuant to 26 USC § 7425(b)(2)(C) and § 7425(c)(1) and IRS Reg. § 301.7425-2(a) and § 301.7425-3(d)(1). See, also, 6/7/95 IRS opinion letter from P. Kosmatka of IRS to Gregg Hagopian of City attached hereto as Exhibit C-1 (IRS position: (1) that if City's § 75.521 in rem action: (a) results in default judgment, that constitutes a nonjudicial sale under IRC § 7425; and (b) is answered and goes to trial, that constitutes a judicial foreclosure action under 28 USC § 2410; (2) that IRS has 120 days redemption period from date of "deed" in nonjudicial sale or from date of sale in a judicial foreclosure action, as the case may be; and (3) after expiration of that 120 day period without IRS redemption, IRS no longer has any interest in the property).

#### B. CITY'S NOTICE IS TIMELY: DOESN'T VIOLATE 25-DAY RESTRICTION

Take note that this notice is given "not less than 25 days prior to such sale" because, (i) under IRS Reg. § 301.7425-2(a) the "nonjudicial sale" will not occur until Delinq. Owner's (IRS's taxpayer) interest in the Parcel is divested by operation of law, (ii) under Wis. Stat. § 75.521(8) and (13) that divestment will not occur until the Milwaukee County Circuit Court issues a final judgment of in rem foreclosure, and (iii) City's in rem action has not yet been filed. And, in light of the 8-week redemption period (Wis. Stat. § 75.521(6)) and 30-day answer period that follows that redemption period (Wis. Stat. § 75.521(7)) under § 75.521, final judgment in the City's in rem foreclosure action is *at least* 12 weeks in the future. See, also, IRS Reg. § 301.7425-2(b)(3) regarding computation of period of time with reference to date of nonjudicial sale where junior liens are divested by action or event "not resulting directly from a public or private sale": i.e. date of nonjudicial sale "is deemed to be the date on which junior liens on the property are divested under local law."

You may call (414) 286-2620, Assistant City Attorney Gregg Hagopian, to inquire as to the exact date judgment of in rem foreclosure for the Parcel is expected to be granted by the Court.

#### C. SPECIFIC NOTICE REQUIREMENTS UNDER IRS REG. § 301.7425-3

##### 1. General.

Per IRS Reg. § 301.7425-3(a)(1), this notice of nonjudicial sale has been sent by registered or certified mail or by personal service not less than 25 days prior to the date of sale as determined under IRS Reg. § 301.7425-2(b) to the district director (Attn: Chief, Special Procedures Staff) for the IRS District in which the nonjudicial sale is to be conducted.

2. **Specific Notice Contents.**

Per IRS Reg. § 301.7425(3)(d), notice is expressly given as follows:

a. **Name and address of person submitting this Notice:**

Gregg C. Hagopian  
Assistant City Attorney  
800 City Hall  
200 East Wells Street  
Milwaukee, WI 53202  
Phone: (414) 286-2620  
Facsimile: (414) 286-8550  
E-mail: ghagop@ci.mil.wi.us

b. **Copies of each of IRS's Notice of Federal Tax Lien forms (Form 668) affecting the Parcel to be sold are attached.** Those forms show: IRS district named; name and address of taxpayer; and date and place of filing of IRS notice.

c. **Information on Parcel to be sold per nonjudicial sale:**

- (1) Street address.
- (2) Legal description.
- (3) Copy of Title Report for the Parcel.

d. **Date, time, and place and terms of proposed nonjudicial sale of Parcel:** See Contract and Wis. Stat. § 75.521 and § 75.106 regarding terms of proposed "sale." For date, time and place of sale, see Milwaukee County Circuit Court File No. in City foreclosure action to be filed, and call Assistant City Attorney Hagopian at 414-286-2620.

e. **Approximate amount of principal obligation, including interest, secured by the lien sought to be enforced and a description of other expenses (such as legal expenses, selling cost, etc.) which may be charged against sale proceeds.** See Contract. Total \_\_\_, 2000 payoff for the Eligible Delinquencies is \$ \_\_\_\_\_.

**D. CITY REQUEST FOR RECEIPT AND IRS ACKNOWLEDGMENT OF NOTICE**

Per IRS Reg. § 301.7425-3(d)(3), since this notice of sale has been submitted in duplicate to the district director, written request is hereby made for IRS acknowledgement of receipt of this notice. Please return such to Assistant City Attorney Hagopian indicating date and time of receipt.

**E. CITY REQUEST FOR IRS DISCLOSURE AS TO ADEQUACY OF CITY NOTICE**

Per IRS Reg. § 301.7425-3(d)(4), written request is hereby made for IRS disclosure as to adequacy of this notice of nonjudicial sale. (See above for Parcel identification, identification of IRS Notices of Lien, and address of Assistant City Attorney Gregg Hagopian – the person making this request). City makes this request so that the transaction contemplated by the enclosed Contract may be consummated in such a way so as to fully take advantage of the “discharge or divestment of U.S.A.-IRS liens” provisions under 26 USC § 7425(b)(2)(C).

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