

Chapter 19 - Policy for Tax Acquired Property

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Chapter 19: POLICY FOR TAX ACQUIRED PROPERTY

Section 1.0 General Purpose Statement

The purpose of this policy is to establish procedures and guidelines for the management and disposition of real property acquired for non-payment of taxes, service charges or fees as provided for in State law under MRSA Title 36 as amended from time to time. However, nothing in these guidelines shall limit or restrict the authority of the City Council to manage or dispose of tax acquired property, as granted under City Charter and State law, within the best interest of the City of Caribou.

All Properties as may be subject to Tax Lien from time to time shall be treated as in MRSA Title 36 of State Law and as further outlined in this Chapter. Special considerations of all Properties may be granted under Sections 1.0 - 4.0, as amended. All other Properties as NOT acted upon under Sections 1.0-4.0 of this Policy shall be subject to and acted upon by the tax laws of the State of Maine and this Chapter.

Section 2.0 Pre-Foreclosure Review and Evaluation of Liened Property

2.1 At the same time that Notice of Foreclosures are sent, pursuant to MRSA Title 36 §943, the Tax Collector shall make available for review the list of pending properties. Said properties shall be reviewed by City Administration to include, but not limited to, the Tax Collector, City Manager, Code Enforcement Officer, Assessor and Fire Chief for the purposes of conducting the Review of Property under Section 2.2.

2.2 Review of the Property as defined under Section 2.1 shall be initially conducted by City Administration. City Administration shall examine such Properties for such factors as situations involving known deposits or exposures of hazardous waste, conditions of Properties that might be considered a public safety or health hazard, terms and or conditions that might preclude or prevent reasonable foreclosure by tax lien, landlord related claims, market value at time of foreclosure and any other factors deemed within the best interest of the City. The Review of Property shall be conducted as an assessment to the City's ability to perfect such liens and reasonable collection, as a minimum, the net sum of all back taxes owed at time of foreclosure.

2.3 If necessary, after completion of the Review of Property by City Administration, a list of Properties shall be compiled with description of said property, location by Map and Lot and a recommendation as to why the Property should not be subject to automatic tax lien foreclosure pursuant to MRSA Title 36.

2.4 City Administration shall complete a checklist documenting the steps of the process described in this policy for each tax acquired property.

Section 3.0 Consideration of Lien Waivers

City Administration shall present the list derived under 2.3 to the City Council for final approval. Review and approval by the City Council shall determine a final list of Properties that will not expire under automatic tax lien foreclosure processes, pursuant to MRSA Title 36. Properties identified under Section 2.3 that are acted upon by the Council and or Designee shall be subject to a Waiver of Foreclosure Action under section 4.0.

Section 4.0 Waiver of Foreclosure

Any Properties as identified and acted upon under Section 3.0 shall be subject to a Waiver of Foreclosure, pursuant to MRSA Title 36 §944. The Tax Collector shall prepare, prior to redemption of tax lien, the Waiver of Foreclosure form and shall submit the same to the appropriate Registry of Deeds for recording. The City shall retain all rights as granted under MRSA Title 36 for continued actions of equitable relief as amended from time to time.

Section 5.0 Tax Acquired Properties Management

5.1 The City reserves all rights provided under MRSA Title 14 regarding protection of claims.

5.2 Following the foreclosure of tax lien Property, the Tax Collector shall

(a) within 15 days after foreclosure, notify the owner of record at the last known address by certified mail, return-receipt that his/her right to redeem said Property has expired, pursuant to MRSA Title 36. Such notification shall advise the owner of record that the Property may be reclaimed at the sole discretion of the City Council and in accordance with this chapter. Notice will also indicate the prior owner's potential rights to have the property sold in accordance with 36 M.R.S. §943-C.

5.3 In the event that a tax-acquired property remains or becomes vacant for 60 consecutive days following the date of foreclosure of the tax liens under which the City becomes the owner of a property,

(a) City Administration shall obtain liability coverage for the property.

(b) For those acquired properties which are abandoned and contain structures,

(1) City Administration shall cause the property to be posted with no trespassing signs and secure the structures from entry.

(2) City Administration shall send notice to the prior owner of record notifying them of the city's securing actions and the means by which the owner can access the property to retrieve personal property. This notice shall also indicate that personal property unclaimed within 30 days shall be considered abandoned and may be disposed of at the discretion of the City in accordance with M.R.S.A Title 30-A, Section 3106 Disposition of abandoned property.

(c) For properties acquired and which may be occupied, the city affirms its rights of protection from any obligations or responsibility under verbal or written contracts made prior to foreclosure. It is the city's intent that no situation nor obligation occur in which the city will act in a landlord role.

(1) The city shall expeditiously dispose of any properties under this part by public bid or conveyance under Section 6.1

(2) If the city intends to dispose of the property but will continue to own and control it beyond 60 days after foreclosure, the city shall send notice to the property tenants and inform them of the city's ownership in the property and advise the tenant to seek legal counsel with regard to any matters between them and the prior owner or future owner.

(3) If the city intends to retain the property under 6.1(c), the city shall, within 5 days of Council decision to retain the properties, notify the prior land owner and any tenants of the property that the city has ownership and that the tenants will have 60 days from Council decision or until April 30, whichever is later, to vacate the premises.

5.4 The Tax Collector shall, not more than 60 days after expiration of a tax lien, prepare a listing of all tax acquired Properties and submit the same to the City Council for determination of preferred disposal method as allowed under Section. 6.0.

Section 6.0 Disposal of Tax Acquired Properties

6.1 The Council may exercise the following four options for disposal of tax acquired property:

- (a) permit the prior owner to reclaim their property as provided under Section 7.0,
- (b) Place acquired properties for public bid or sale as outlined under Section 8.0,
- (c) Retain acquired properties for public purpose. Considerations for such determinations shall include, but not be limited to, property that may have recreational or open space values, economic importance, potential for necessary present or future public easements, location or additions for public facilities or other criteria as determined by the Council, or
- (d) After abating past due taxes, convey the property to a local non-profit organization approved by the Council as a landbank entity for the city and in order to have the property restored or redeveloped. Public Bid procedures are not necessary for properties to be conveyed under this part so long as contractual agreements are made which provide, as a minimum, for the city to be fully compensated for taxes abated within one year from conveyance, and the city will receive payments in lieu of taxes if the property remains in non-profit status longer than one year from conveyance.

6.2 Properties not reclaimed by the prior owner, conveyed to a non-profit or directed for retention under 6.1 (c) or (d) shall be placed for sale by Public Bid, pursuant to Section 8.0.

6.3 After Council determination of the preferred disposal method under Section 6.0, they may, by majority action, alter the preferred method for any or all properties up until the properties are disposed.

Section 7.0 Reclaiming Property After Foreclosure

At the discretion of the City Council, the prior owner of a tax acquired property may reclaim their property if, by January 31 of the year after foreclosure, all past due taxes, fees and costs related to the acquired property have been paid. Furthermore, if blight conditions are evident, as determined by the City Council, a consent agreement may be required that stipulates timeframes and requirements for cleanup and restoration of the property in accordance with city building and property maintenance codes.

Section 8.0 Public Bid Process for Tax Acquired Properties

8.1 Upon the positive vote of the City Council under Section 5.4, properties shall be placed for competitive Public Bid under this section, except that the special sale process required by 36 MRSA 943-C for qualifying homestead property shall be used if the property is to be sold to anyone other than the former owner(s).

8.2 The City Administration shall provide a minimum 10-day notice of properties available for public bid. Such notice shall be advertised at least once in the local paper and on the city's website.

(a) Advertisement of a property or properties shall contain a notification to potential Bidders that it shall be the responsibility of any successful Bidder to establish any tenant owner relationships or to evict any current occupants.

(b) All advertisements shall list the property by Map and Lot and 911 address, shall give a minimal description, contain any minimum bid information, a statement advising bidders and additional information request contacts. Such advertisements shall substantially contain at least the following context:

FOR SALE BY BID

City of Caribou

The **City of Caribou** is soliciting competitive sealed bids for the sale of Tax Acquired Property.

Property #1: Tax Map __ Lot __ – (Description example *a 1972 Westbrook 12 x 60 mobile home unit, no land, located in the Caribou Trailer Park, N. Main Street. Unit must be removed from the Park within 30 days of acquisition.*) Minimum Bid - _____

Interested parties must submit their bids in writing in a sealed envelope with the words “Property Bid # 1 Map __ Lot__ addressed and delivered to Caribou City Office, 25 High Street, Caribou, Maine 04736, no later than 2:00PM on [Day of Week, Month, Date, Year] and will be publicly opened by City Administration in the Council Chambers at that time. All bids must include a 10% deposit of bid amount in the form of a certified check or money order, return address and phone contact information to be considered. Any bids not containing proper deposit will be rejected. Deposits will be return to unsuccessful bidders. Bids will be acted upon by the City Council at 7:00PM on [Date] during the [Regular or Special] Council meeting. The City Council reserves the right to accept or reject any or all bids deemed to be within the best interest of the City of Caribou. Purchasers of City-owned property will be issued Quitclaim deeds for the City’s interest under Maine law and should verify any or all encumbrances against the property outside those held by municipal tax lien or deed. No warranties or guaranties can be granted by the municipality to the successful bidder. Property is currently occupied and it shall be the sole responsibility of the Buyer to establish any tenant-occupant contract or to effect legal eviction actions and the Buyer shall bear all expenses in effecting such actions, pursuant to Maine law. Bids not paid within 30 days shall be deemed void and deposit will be forfeited to the municipality as damages.

8.3 The City Manager, with approval of the Council, shall set minimum bids for all properties. Considerations for the minimum Bid shall include at least the amount of outstanding taxes in total, any liens for water or sewer held by the Caribou Utilities District, fees for legal work or advertising or any other associated costs.

8.4 All bids shall be submitted with an Administration provided Notice and Acknowledgement form, on which the bidder/buyers acknowledge inherent risks associated with the purchase/acquisition of property by municipal quitclaim deed per an expired tax lien.

8.5 The City Administration shall provide a summary of all submitted bids for Council consideration. Upon review of the submitted bids, the Council may accept, not accept, or reject any or all bids for the properties advertised. The Council shall provide within their bid approving motion any pre-authorization to administration for actions subsequent to a void of an accepted Bid, namely should an accepted bid be deemed void pursuant to non-payment within 30 days of bid acceptance, administration shall move to the next highest bid deemed by the City Manager to be within the City’s best interest.

8.6 Should the City Council reject or choose not to accept any Bids, or an accepted Bid becomes void or no bids were received, the City Manager may take any of the following actions:

- a) Provided the selling price is not lower than the advertised minimum bid, offer by negotiated sale by Quitclaim deed the property to last owner of record, any abutting landowner, other bidders on the property, or other interested Parties,
- b) Re-Advertise the property for competitive Bid
- c) Retain the Property subject to Section 5.0, or
- d) other actions as deemed by the City Manager to be within the best interest of the City.

8.7 Unless waived or amended by the City Council, a portion of net receipts from the sale of properties shall be deposited into G-1-490-00 Tax Acquired Property Remediation Reserve to be used to secure, plan, remediate, and re-employee tax acquired properties for future sale to private ownership and to return said properties to the taxable base. A portion of not less than 20% of the net receipts from the sale of the property, after satisfying the past due taxes, lien costs, and interest shall be deposited to the Reserve. The remaining balance of sale receipts shall be credited to the non-property tax revenue account of R-10-01-05 City Owned Property. The Council may waive or amend the amount of the deposit to Reserve at anytime dependent upon the Reserve balance versus the need as determined within the best interest of the City at such time.

Section 9.0 Savings Clause

In the event that this Policy or any part of it shall at any time be held to be contrary to law, void, or invalid by any court of competent and final jurisdiction or any administrative agency having final jurisdiction, or the City Council, such determination shall not prevent the appropriate collection of real property taxes as set forth under MRSA Title 36 as amended from time to time.

Historical Note: Chapter 19 as adopted by City Council June 14, 2021.