

## **TOWN OF HOLLIS**

### **ORDINANCE FOR THE DISPOSAL OF TAX ACQUIRED PROPERTY**

#### **I. PURPOSE**

**The purpose of** this ordinance is to define the methods to be used for disposal of properties obtained through **tax lien** foreclosure ~~in the Town of Hollis and within Maine state laws.~~

The Hollis Select Board shall have the authority to sell and dispose of any tax acquired property in the Town of Hollis. The Select Board is further authorized to sell these properties for such payment and on such terms as they deem appropriate or may designate such property as conservation land, as set forth hereinafter.

#### **II. DEFINITIONS**

- ~~A.~~ **A. REPURCHASE AGREEMENT** – An agreement entered into between the owner of record and the Select Board to regain ownership of the property by paying all back taxes, associated fees and penalties, and current taxes as they are billed **within one (1) year of signing the agreement.** ~~Total repayment must be within 1 year of signing of the agreement. The purchase agreement shall contain a statement that failure to pay for 3 months shall void the agreement as if it had not been executed.~~
- ~~B.~~ **IMPENDING FORECLOSURE NOTICE**—This is a notice of impending foreclosure that is sent to the owner of record and each party with a recorded interest in the property by certified mail. This notice is sent 30 to 45 days prior to foreclosure.
- ~~C.~~ **AUTOMATIC FORECLOSURE**—Occurs 18 months after a tax lien is filed. The foreclosure automatically transfers ownership from the owner of record to the Town unless there is IRS lien.
- ~~D.~~ **FAIR MARKET APPRAISAL**—The average of two separate real estate appraisals by independent real estate appraisers. Note that this is not the assessment value, but represents what the property could be reasonably expected to yield in an open sale.
- ~~E.~~ **FEES**—In addition to taxes there are the following charges; interest, lien filing, registered mail charges, and discharge of foreclosure.
- ~~F.~~ **THIRTY (30) DAY NOTICE**—Registered mail notice sent to the owner of record between eight (8) months and one (1) year after the taxes are committed for properties that have taxes past due.

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Additions are **bolded**. ~~Strikethroughs~~ are deletions

B. LIEN – Legal filing that registers the unpaid taxes and interest as a debt against the property that must be settled before any transfer of title can occur.

C. **EXCESS PROCEEDS - Sale proceeds in excess of:**

**(1) The sum of all taxes owed on the property;**

**(2) Property taxes that would have been assessed on the property during the period following foreclosure when the property is owned by the Town;**

**(3) All accrued interest;**

**(4) Fees, including property listing and real estate broker's fees;**

**(5) Any other expenses incurred by the Town in selling or maintaining the property, including but not limited to, an administrative fee equal to 10% of the property taxes owed and reasonable attorney's fees;**

**(6) The cost to the Town of the lien and foreclosure process, including, but not limited to, reasonable attorney's fees; and**

**(7) Unpaid sewer, water or other utility charges and fees imposed by the Town.**

D. **FORMER OWNER – the owner or owners of record at the time of foreclosure or, if deceased, the former owner's heirs, devisees or personal representatives.**

### **III. FORECLOSURE PROCESS**

Failure to pay taxes for the proscribed time after a lien has been filed will result in foreclosure on the real estate **provided all applicable requires in state law are met**. At the time of foreclosure the Town assumes ownership of the property. For the first 30 days after the foreclosure the owner of record may enter into a Repurchase Agreement with the Select Board. If the owner of record elects not to, or is unable to enter into a Repurchase Agreement with the Select Board during the 30 day period the property **will** become eligible for sale to recover taxes due.

### **IV. CONDITIONS OF REPURCHASE AGREEMENT**

The term of the repurchase agreement is one (1) year. All back and current taxes must be paid by the end of that time. Since payments are applied to the oldest taxes due first, the payments will always be higher than required for current taxes. ~~Any failure to pay the required monthly payments for three (3) consecutive months shall be construed as voiding the agreement and make the property eligible for sale. This~~ **All stipulations and conditions are** is part of the Repurchase Agreement signed by the **prior owner(s) and the Hollis Select Board.**

### **V. DISPOSITION OF PROPERTY**

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All properties that are in foreclosure will be reviewed by Town of Hollis ~~Municipal Officials~~ **Select Board** for potential retention as town owned land **or sale. If the Select Board chooses to sell the property to someone other than the former owner, the Select Board or their designee shall notify the former owner of the right to require the Town to use the sale process under this section.**

**The former owners(s) will have 90 days after the notification in which to request in writing that the Town list the property for sale through a licensed real estate broker. If the former owner(s) respond with a request for a brokered sale, the property must be listed through a licensed broker and sold by quitclaim deed at either the highest price offered or the broker's anticipated sale price. If the prior owner(s) do not respond or request a brokered sale, the Select Board may sell the property in the manner of their choosing. Under either method of sale, the Town shall share excess proceeds with the former owner in accordance with the provisions below.**

If the property is determined to be of value to the Town and is to be retained, then two (2) independent appraisals will be obtained. The Town will place the property before the voters for approval of funds to enable retention. The amount to be placed before the voters will be the appraisal, less all applicable taxes, fees and if applicable, legal fees.

~~If the property is to be sold, it shall be disposed of by retaining an independent real estate agency or by a sealed bid method of sale. A minimum price equal to the taxes and fees will be required for sealed bids.~~

## **VI. METHOD OF SALE**

~~The Map, Lot, Physical Location, and method of sale (real estate agent or sealed bid); shall be advertised in two (2) newspapers with local coverage and posted at the Town Office, and two (2) other sites. The postings and advertisements shall be done 3 weeks and 1 week prior to the sale date.~~

~~If the property is to be listed with an Independent Real Estate Broker, the agency shall advertise the property to be sold with a sale price listed and be responsible for dealing with interested parties. All interested parties will be notified of the current offering prior to the final decision to accept the offer.~~

~~If the sealed bid process is used, Bids are to be written, sealed in an envelope along with a deposit check for 20% of the bid and either mailed in a separate envelope, or hand delivered to the Town Clerk. The Town Clerk will time and date stamp the bids. In case of duplicate bids, the earliest time/date will be the~~

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winning bid. Bids will be opened at a Public Meeting conducted by the Select Board. Deposit checks for non-winning bids will be returned to the bidder.

**VII. ~~METHOD OF PAYMENT AND EXCESS PROCEEDS~~**

If the property is disposed of by sealed bid, the payment will be due within thirty (30) days of being notified of a successful bid. Payment can be by cashiers check, money order, cash, or personal check. If a personal check is used the transfer shall not occur until the check has been cleared (APPROX 10 DAYS).

If the property being disposed of by sealed bid and payment is not made within the allowed time, or the check is returned for insufficient funds the sale will be considered null and void. Properties in this situation are to be re-advertised and re-offered as described above in the sealed bid process.

**After a sale of the property to anyone other than the former owner, the Town shall distribute any excess proceeds from the sale to the former owner(s).**

**VIII. UNSOLD HISTORICAL PROPERTIES**

If the unsold property has structures of Historical Significance the property will be presented at a Town Meeting for consideration of maintenance and insurance costs to be taken from uncommitted funds until the next tax rate computation. Should the Town of Hollis reject maintenance or insurance costs the structure will be demolished and the property converted to green space.

**IX. TRANSFER OF TITLE**

~~Title of purchased properties will be transferred by quit claim deed only. There will be no exceptions to this condition.~~

**The prior owner(s) are required to execute a quitclaim deed conveying all their interest in the property to the Town before the Town distributes any excess proceeds to the prior owner(s).**

**The property shall be transferred by quitclaim deed only.**

**In addition, the prior owner(s) who receives excess proceeds automatically waives their right to contest the municipality's foreclosure on the property under MRSA Title 36, Section 947-B.**

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**X. TAX ACQUIRED PROPERTY LIST**

The Town Treasurer shall furnish a list of tax acquired properties to the Select Board by June 30 of each year, as well as publish a list of the same in the Town Report. Automatic foreclosure can be waived by vote of municipality's legislative body, giving the Treasurer authority to record a waiver of foreclosure. Waiver must be recorded in the York County Registry of Deeds before the right of redemption has expired.

Ordinance amended as voted on under Article 22 at the Hollis Annual Town Meeting on June 11, 2024.

Hollis Select Board:

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Mary Hoffman, Select Board Chair

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John Rogala, Select Board

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Roger Hicks, Select Board