



# CITY OF HALLOWELL

ONE WINTHROP STREET  
HALLOWELL, MAINE 04347

CITY COUNCIL

TEL: (207) 623-4021, Ext 203; FAX (207) 621-8317

## **POLICY 2016-01 DISPOSITION OF TAX ACQUIRED PROPERTY**

### **1. General**

- 1.1 The purpose of this Policy is to establish procedures for the efficient and fair management, administration and disposition of real property acquired under the tax lien procedures set forth in Title 36 M.R.S.A. §§942 and 943, as amended. Nothing in this Policy shall be interpreted to (1) give additional substantive or procedural rights to owners or former owners of property forfeited for non-payment of taxes or (2) to limit the right of the City Council to waive these guidelines if the City Council deems it to be in the City's best interest to do so.

### **2. Actions Concerning Tax-Acquired Property Pending Final Disposition**

- 2.1 Following the foreclosure of any tax lien mortgage, the City Treasurer shall by first class mail, return receipt requested, notify the last known owner of record that his or her right to redeem the property has expired. The notification shall also state that the property will be disposed of in accordance with this Policy, a copy of which shall be included with the notification. The same shall be sent via US Mail, 1<sup>st</sup> Class with Certificate of Mailing.
- 2.2 Each year the Treasurer shall prepare a list of properties acquired due to non-payment of property taxes and foreclosure of tax liens and provide this list (the "Tax-Acquired Properties List") to the City Manager.
- 2.3 The City Manager and the Code Enforcement Officer, and as necessary in consultation with the City Solicitor, shall review and inspect (if possible) each property prior to the last City Council meeting before foreclosure, so that they may be identified on the Tax-Acquired Properties List and a determination may be made as to whether the foreclosure is in the best interest of the City, based on the following criteria:
- A. The potential liabilities (environmental, structural safety, health or other hazards associated with the property) that the City might assume by taking possession or by operating the property and whether the City's interests in light of such potential liabilities would be best served by immediately disposing of the property or retaining it;

- B. The level of insurance required to protect the City's interest in the property and to protect the City from liability in the event that the property is retained; and
  - C. Whether the property is currently occupied and the likelihood of requiring legal assistance (and estimated costs of the same) to require the occupants to quit the premises.
  - D. Whether the circumstances of the property or the taxpayer are such that the City should consider filing a waiver of foreclosure pursuant to 36 M.R.S.A. § 944.
- 2.4 In the event that a tax-acquired property remains or becomes vacant for sixty (60) consecutive days following the date of foreclosure of the tax liens under which the City becomes the owner of a property, the City Manager shall obtain liability coverage for the property.

### **3. Review and Disposition of Tax-Acquired Properties**

- 3.1 The City Manager will offer arrangements to the previous owner to secure just and prompt payment of outstanding and current taxes, related interests and costs to be paid within 30 days of foreclosure.
- 1. The City Manager shall present the taxpayer with a written notice for payment of all past due and currently due taxes, interest, and costs under the tax lien process and all outstanding sewer charges, assessments and other lawful charges as are due and owing to the City.
  - 2. The City's costs shall include all costs incurred or to be incurred by the City in addition to those incurred in the tax lien process and shall include, but not be limited to, insurance costs, registry filing and mailing costs, advertisement costs, and attorney's fees.
  - 3. Failure of an owner to respond within thirty (30) days of a written notice will result in a forfeiture of the property being either retained by the City or sold under the other provisions of this Policy.
- 3.2 In the event any previous owner fails to respond and forfeits a property, the City Manager will summarize the results of his or her Section 2.3 review of each property and make one of the following recommendations:
- 1. Retain the property for a particular public purpose. The City Manager, in consultation with the City Solicitor shall review and pursue, if appropriate or required, judicial confirmation of the City's right, title or interests in the subject property under 36 M.R.S.A. § 946 or 14 M.R.S.A. §6651 et seq.
  - 2. Sell the property with or without conditions.
  - 3. Take no action other than to set a date for further consideration by the City Council, which shall occur at least annually.

The City Manager shall also make recommendations concerning possible eviction of former owners who remain in possession of the property following the tax lien foreclosure.

The City Manager shall forward his or her reviews, recommendations and determinations regarding each property to the City Council. The City Council may override a particular recommendation of the City Manager to retain a property but shall otherwise direct that the property be processed in conformance with the terms of this Policy.

#### **4. Property to be retained**

- 4.1 If the City Council deems it to be in the City's best interest, it may retain the acquired property for a specified purpose. By way of example, but not limitation, the City Council may deem it to be in the City's best interest to retain the property where:
  - a. the property has or will have recreational value or economic value to the City.
  - b. the property has or will have potential for a public facility or additions to public facilities.
- 4.2 If the property is retained, the City Council may pursue an action for equitable relief in accordance with the provisions of Title 36 M.R.S.A. §946, if desirable.
- 4.3 The City Council shall cause the tax-acquired property retained to be managed and insured as it would any other municipal property.
- 4.4.1 If retained, the City shall pay the outstanding unpaid sewer rates, assessments or other lawful charges.

#### **5. Property to be Sold**

- 5.1 The City Council shall determine the method of sale for properties that are owned or acquired by the City. Methods may include but not be limited to brokerage sale, negotiated sale, or public bid process.
- 5.2 Properties sold by means of brokerage or negotiated sale will be subject to a public hearing prior to City Council final approval of the sale transaction. Public hearing notice must be provided to abutting property owners if applicable.
- 5.3 If the public bid process is utilized, the City Manager shall cause to be published a notice of the sale of the tax-acquired property in a local newspaper. The notice shall be posted in a conspicuous place within City Hall. The notice shall be sent to the person from whom the property was acquired and the property owners whose property immediately abuts the property to be sold. The notice shall specify the time and date bids are due and the general terms of the bid. It shall also contain information useful to prospective bidders and the terms of the sale as determined by the City Manager.
- 5.4 All bids shall be submitted on forms prescribed by the City Manager in an envelope clearly marked "Tax-Acquired Property Bid" and accompanied by a cashier's or certified check equal to the bid deposit. Bids shall be publicly opened and read on the date and at the time specified.
- 5.5 The City Manager shall review all bids and make recommendations to the City Council. The City Council shall determine the successful bidder.

- 5.6 The City of Hallowell reserves the right to accept or reject any or all bids, and waive any of the requirements of this Policy should the City Council, in its sole determination, judge such actions to be in the best interest of the City of Hallowell. Instances where this right may be invoked include, but are not limited to:
- a. The City Council may wish to sell the property to an abutting property owner rather than the highest bidder.
  - b. The City Council may determine a use other than the use proposed by the highest bidder is in the best interests of the City
- 5.7 Should the City Council reject all bids, the property may again be offered for sale.
- 5.8 Should the bidder fail to close, the City shall retain the bid deposit. The City Council may offer the property to the next highest or any other bidder, if it determines that it is in the best interest of the City.
- 5.9 Title to tax-acquired property shall be transferred only by means of a Municipal Release Deed.
- 5.10 Unless the property is vacant at the time of sale, the successful bidder shall be responsible for the removal of occupants and contents in a manner according to law.
- 5.11 The proceeds of the sale shall be distributed in the following manner: (1) all taxes, interest and costs under the tax lien process shall be paid, (2) all outstanding sewer rates, assessments or other lawful charges shall be paid, and (3) any balance shall be placed in a General Fund account.

## **6. Waiver of Foreclosure**

- 6.1 In those situations where it has been determined that it would not be in the best interest of the City to acquire the property, the City Council may authorize the Treasurer to record a waiver of foreclosure in the Registry pursuant to 36 M.R.S.A. § 944, provided that this determination is made before the right of redemption expires.
- 6.2 In those situations where it has been determined that it would not be in the best interest of the City to acquire the property, and this determination has been made prior to the issuance of the Notice of Impending Automatic Foreclosure under 36 MRSA § 943, the City Council may instruct the Treasurer not to send the Impending Foreclosure Notice, thereby preventing the foreclosure from occurring.

## **7. Taking Possession of Property**

- 7.1 At such time as it considers the proper disposition of a parcel of tax acquired property, or at such earlier time as may be recommended by the City Manager, the City Council shall consider whether it would be desirable for the City to take immediate possession of the property in order to preserve the value of the property or otherwise protect the interests of the City.

7.2 In making the determination under Section 7.1, the City Council shall consider the condition of the property, the occupancy status, any potential risks to the value of the property, the status of insurance, any obstacles to exercising possession, the possible need for court assistance and any other factors that the City Council deems appropriate.

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Approved by the City Council on September 12, 2016.