

Approved by Town Council: 7/28/2016

TOWN OF MILLINOCKET

Policy for Tax Acquired Property



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TAX-ACQUIRED PROPERTY

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Section 1. Title.

This chapter shall be known as, and may be cited as, the “Policy for Tax-Acquired Property for the Town of Millinocket, Maine” and shall be referred to herein as “this chapter.”

Section 2. Purpose.

The purpose of this chapter is to establish a policy procedure whereby real estate property acquired in accordance with M.R.S.A. § 942 and 943, as amended, shall be managed, administered and disposed of by the Town of Millinocket. This is a policy and not an ordinance.

Section 3. Definitions.

For the purposes of this chapter, the following definitions shall be observed in the construction of this chapter:

FORECLOSED TAX LIEN – A tax lien mortgage that has automatically foreclosed pursuant to 36 M.R.S.A. § 942 and 943.

JUST VALUE FOR THE CURRENT YEAR TAXES NOT ASSESSED – The amount of taxes that would have been assessed to the property had it not been owned by the municipality on April 1 of the year in which it is sold by the municipality. (Note: The purpose of this definition is to recover for the municipality those taxes which would have been assessed to the municipality if it had been privately owned on April 1 in the year in which it is sold. These taxes would be lost under current law if the municipality sells tax-acquired property after April 1.)

LAND or LANDS – That portion of the physical surface of the earth either natural or modified by man to permanent or semi-permanent site and all natural or man-made resources therein and thereon. For the purpose of this chapter, “land” shall be commonly referred to as “real estate property,” as cited below.

MAIL – Regular, first-class mail posted at any United States Post Office, postage prepaid.

MANUFACTURED REAL ESTATE PROPERTY – Any structure, building or dwelling, including mobile home, the same being constructed or fabricated elsewhere and transported, in whole or in part, to and placed, set or installed permanently or temporarily upon land within the municipality. For the purpose of this chapter, “manufactured real estate property” shall be commonly referred to as “real estate property,” as cited below.

MUNICIPALITY – The Town of Millinocket, Maine.

MUNICIPAL OFFICERS – The Town Council of the Town of Millinocket, Maine.

***EXISTING OWNER** – The person or persons, entity or entities, heirs or assigns to whom the property was most recently assessed for municipal taxes.

QUITCLAIM DEED – A signed, legal instrument (a quitclaim deed, without covenants) releasing the municipality’s right, title or interest in real estate property, acquired by virtue of fore-closed tax liens, to an individual or individuals, entity or entities, without providing a guarantee or warranty of title to the same.

REAL ESTATE PROPERTY – All land or lands and all structures, buildings, dwellings, tenements and hereditaments, including manufactured real estate property, located or relocated upon any land or lands connected therewith and all rights thereto and interests therein.

TAX-ACQUIRED PROPERTY – That real estate property tax-acquired by the municipality by virtue of a foreclosed tax lien as cited above.

TAX LIEN – The statutory lien created by 36 M.R.S.A. § 552.

Section 4. Management and Administration.

Following statutory foreclosure of a tax lien mortgage, title to the real estate property automatically passes to the municipality. The management of this property rests exclusively with the municipal officers, subject to the provisions of state statutes and local municipal ordinances and regulations.

The municipal officers shall consider the following when disposing of tax-acquired property and tax-acquired mobile homes:

- A. The municipal officers shall determine whether a tax-acquired property is to be retained for municipal use or disposed of in accordance with provisions of this policy. The municipal officers shall determine which lots, if any, shall be appraised prior to sale.
- B. The municipal officers will provide liability coverage for tax acquired property to cover any injuries on said property while in the towns possession under the towns current municipal policy.
- C. In the event the Town determines that the property is to be retained by the Town , then the occupants thereof shall be evicted. If the property is to be returned to the prior owner, arrangements can be made for the payback to the Town, but not if the tenant seeks to make restitution for the landlord in order to retain residence in the property.
- D. The municipal officers may pursue an action for equitable relief in accordance with the provisions of 36 M.R.S.A. §946, as amended, as a means of securing a clear title (barring

any mortgage or other collateral liens) of any tax-acquired property, when the municipal officers decide to retain the property.

- E. The municipal officers may obtain general liability insurance coverage for the tax acquired property.

Section 5. Disposition of tax-acquired property.

- A. Within seven (7) business days following the date of foreclosure, or if no foreclosure occurs within seven (7) business days of the date foreclosure occurs, the Treasurer shall provide the municipal officers with an inventory of all tax-acquired property. The inventory shall include all tax-acquired real estate property from prior years in which the municipality continues to retain an interest.
- B. Within twenty-one (21) business days of receipt of the inventory list from the Treasurer the municipal officers shall determine which, if any, property shall be offered for sale to the immediate prior owner for all past due taxes, accrued interest and costs, and a \$500.00 cost to cover administrative costs associated with the tax lien foreclosure process. The Town Council may, at its sole discretion, waive the \$500.00 cost to cover administrative costs. The Treasurer shall notify the delinquent taxpayer, at his or her last named address, according to the Town Tax Assessor's records, and current occupant, if applicable, both the delinquent tax payer and any occupant with a copy of this policy as well a notice to vacate the premises if all past due taxes, accrued interest and cost associated with the tax lien foreclosure process including just value for the current year not assessed, if applicable, are not paid in full within thirty (30) business days from the date of the "notice to vacate." Following acceptance of payment in full, the municipality shall deliver a municipal quitclaim deed without covenants to the immediate prior owner releasing the municipality's interest in the property.
- C. The municipal officers shall, by majority vote, decide the appropriate disposition of all other tax acquired property that is not sold to the immediate prior owner.
- D. The municipal officers shall cause a public notice of an impending public sale of tax-acquired property to be posted within the Town Hall and to be advertised for two (2) successive weeks in those newspapers generally used by the Town for legal advertisements. The last notice shall be published at least five (5) business days prior to the advertised sale date. The municipal officers shall require the following for proper submission:
 - a. A bid sheet containing a full description of the property being bid upon and the bid price in United States currency.
 - b. The minimum bid shall be \$1000.00 plus any accrued outstanding tax and lien costs.
 - c. A certified cashier's check or postal money order, in an amount not less than ten percent (10%) of the bid price, to be included as a deposit on the bid. Failure to submit a deposit shall cause the bid to be automatically rejected.

- d. All Sale process shall be handled individually. One Property at a time shall be brought forth to allow discussions to occur freely.
- e. All bids are to be treated equally. No special treatment shall be given to abutters.
- f. A copy of a plan of usage shall accompany all orders by each bidder so that the council may make a more informed decision in case of bid amounts relatively close in amounts occurs.
- g. The council may accept or reject any and all bids and repost the property at their discretion.
- h. If a bidder is in the audience, he or she should be given the right to make a statement and field questions from the council members. If the bidder cannot appear in person then the bidder may send a letter to be read by the manager prior to any final action of the council.
- i. A bid action can be tabled anytime during the discussion to request more information from the manager.
- j. Reclaimed property no matter how it is used should come with an expectation of providing some form of tax revenue. This does not exclude non-profits from bidding on properties, but in such a case, an arrangement form some form of annual payment in lieu of taxes should be addressed and a mutual agreement arranged before the deed is transferred.
- k. A background check for delinquent taxes owed to the Town on any existing properties owned by the bidder by certification of primary ownership.
- l. A request for a time line as the wither demolition or restoration should be provided at the time of initial bid.
- m. A 10% deposit of the bid amount must accompany the formal bid (which should be a minimum of \$1000.00 as reference in article b.) 10% at 1000.00 - \$100.00. If not the winning bid then the deposit will be returned.
- n. Demolition of a property must commence no later than (1) year from the purchase if that is the buyer's intent for the property.
- o. Specific deed requirements must be added by the bidder for intent.
- p. Any previous property that has been condemned prior to the bid process must be removed by the winning bidder before any new construction can be performed.
- q. The municipal officers shall notify, via mail, any successful bidder.

- r. The municipal officers shall require payment in full from any successful bidder within thirty (30) calendar days following the date when bids are opened and read. Should the bidder fail to pay the full balance, the municipality may retain the bid price deposit and title to the property.
- s. The municipal officers shall issue only a quitclaim deed which may or may not contain covenants to convey title to tax-acquired property.

Section 6. Applicability.

This is a policy and not an ordinance which is intended as a guideline with regard to tax acquired property. The municipal officers may vote to take action different from the guidelines set forth in this chapter in the best interest of the Town of Millinocket.