

Disposition Policy

As part of its primary purpose, the [Uplands Regional Land Bank, Inc.] ([URLB]) shall dispose of properties in a manner that will improve the quality of neighborhoods or commercial districts, increase property values, assemble sites for future development, create diverse housing opportunities, and return properties to the tax rolls. The [URLB] is best served in identifying and working with transferees that will take title to subject properties and return them to productive use. For subject properties on which improvements exist, and will not be demolished, the [URLB] has a particular interest in ensuring such properties are rehabilitated and bring up minimum quality standards as established by the [URLB].

1. Eligible Transferees.

A. Criteria may be imposed by the [URLB] on a case-by-case basis involving the disposal of property in determining whether a person/entity is an eligible transferee, which criteria may include, but are not limited to, the following:

1. Transferee has demonstrated its funding sources and has the financial wherewithal to see the project through to completion;
2. Transferee has a clear plan to improve the subject property;
3. There exist pre-lease agreements for the subject property with potential tenants;
4. Transferee has demonstrated its previous experience in community redevelopment projects;
5. Transferee's development team demonstrates sufficient qualifications to ensure project success;
6. Transferee demonstrates it will invest sufficient amounts of its own equity into the project;
7. A realistic and sufficient timeline has been presented for project completion;
8. There exists ample evidence of community support; and
9. Any other information the [URLB] may require.

B. A prospective transferee will submit a *Transfer Application*, in a format designed by the [URLB], to purchase or acquire subject property owned, or to be owned, by the [URLB]. The *Transfer Application* will require the prospective transferee to describe his or her qualifications to rehabilitate and maintain the subject property in accordance with the [URLB]'s minimum specifications and local building standards. In all circumstances, the [URLB] reserves the right to deny transferring its subject properties to prospective transferees that, solely in the estimation of the [URLB], are not eligible under these Policies and Procedures. To facilitate its redevelopment

mission and return property to long- term productive use, the [URLB] requires each prospective transferee to satisfy all of the rules set forth in this Policy.

2. Ineligible Transferees

- A. Individuals and business entities that were the prior owners of a subject property at the time of the tax sale transferring title to the [URLB] are ineligible transferees of such property from the [URLB]. For this section, ineligible transferees include shareholders, partners, members, and officers of the business entity owner and immediate family members of the individual owner. "Immediate family members" shall mean spouses, children, parents, grandparents and siblings.
- B. Transferees must not own any other real property within Crawford, Daviess, Greene, Martin, Lawrence or Orange Counties that (a) has any un-remediated citation or violation of Indiana statutes or local ordinances; (b) is tax delinquent; or (c) was transferred to a local government because of tax sale proceedings during the five (5) years preceding application to the [URLB] to acquire the subject property.
- C. The transferee, or an immediate family member of the transferee, must not have owned the subject property as his or her personal residence at any time preceding application to the [URLB] to acquire the property (except in rental cases).

3. Financial Consideration. In every transfer of real property, the [URLB] will require good and valuable consideration in an amount determined by the [URLB] in its sole discretion and consistent with these Policies. [URLB] property will be sold for its fair market value, but not less than \$300.00 except regarding properties eligible under the *Side Lot Disposition Program*. Properties eligible under side lot program, [URLB] will determine price on a case by case basis. Fair market value will be determined by the [URLB] consistent with these Policies.

Title examination and insurance, if desired by the transferee, as well as any required county recording and transfer fees, are solely the responsibility of the transferee and are not to be included in the [URLB]'s sale price.

Consideration will be in cash. The [URLB] may accept deferred financing, performance of contractual obligations, or other obligations and responsibilities of the transferee in lieu of cash, at the [URLB]'s sole discretion. The [URLB] will not accept cash consideration through installment payments.

4. Marketing Properties Owned by the [URLB]. The [URLB] will maintain a list of properties available for acquisition by transferees. The list will include basic property information, such as the Crawford, Daviess, Greene, Martin, Lawrence or Orange County Assessor's tax parcel ID, street address, local jurisdiction, square feet, availability, and initial asking price. Such a list will be displayed in a manner determined by the [URLB] to best reach members of the general public and may include a website listing or hard copy lists maintained in the offices of the [URLB]. The [URLB] will prioritize disposition according to the following rank order: (i) transferees as owner-occupants; then (ii) transferees to rent to immediate family members; then (iii) transferees seeking rental, land contract, or resale opportunities. When more than one transferee expresses interest in the same property and they are of identical rank, the [URLB] will review the applications and either make a determination or ask for sealed bids representing the transferee's best offers. [URLB] will award the highest and best bid as determined by the [URLB].

5. Disposition Programs

A. Side Lot Disposition Program.

1. Eligible Properties: Properties eligible for inclusion in the *Side Lot Disposition Program* must meet **all** the following criteria:
 - a. The subject property constitutes vacant, unimproved real property.
 - b. The subject property owned or being acquired by the [URLB], as an unimproved lot or with a plan to demolish any structures thereon.
 - c. The subject property is physically contiguous to adjacent property with at least 50 percent common boundary line on one side.
 - d. Eligible side lots are parcels contiguous to a transferee's adjacent property or contiguous to another eligible side lot.
 - e. The transferee must disclose intended use of the subject property prior to disposal. The use must comply with any applicable zoning and be an approved use as specified by the municipality or township. The transfer may include restrictive covenants requiring the use of the subject property to be consistent with the described use.
2. Transfer Procedure.
 - a. The [URLB] will accept applications from contiguous property owners to acquire a subject property as a side lot.

- b. The [URLB] will attempt to facilitate a transfer of a subject property to a single side-lot owner whenever possible.
- c. In the event *multiple adjacent property owners* desire to acquire the same side lot, the subject property may be divided and transferred to the interested contiguous property owners. To facilitate the transaction, the [URLB] may require the interested adjacent owners to pay the costs of a survey to split the subject property. This cost is in addition to the sale proceeds collected by the [URLB]. In such instances, a contiguous property owner needing the subject property for a driveway, or to satisfy other local zoning code compliance issues, will receive priority.
- d. The [URLB] will prepare and provide a *quitclaim deed* for the subject property and otherwise facilitate its closing with the transferee(s).

B. Disposition of Vacant Properties.

- 1. Unimproved property the [URLB] owns or intends to acquire generally is eligible for purchase through the *Vacant Lot Disposition Program*, pursuant to the requirements listed below. The [URLB] Board reserves its right to dispose of properties through means other than this *Vacant Lot Disposition Program* to accomplish other higher-ordered priorities.
- 2. Qualified Properties. Subject property eligible for inclusion in the *Vacant Lot Disposition Program* must meet **all** the following criteria:
 - a. The subject property constitutes vacant, unimproved real property.
 - b. The subject property is owned, or otherwise will be soon acquired, by the [URLB], as an unimproved lot or with the intention of demolishing any structures thereon.
 - c. The transferee must disclose intended use for the subject property prior to sale. The use must comply with any applicable zoning. A letter of support or opposition for the proposed use submitted by community groups or the local political subdivision will be a factor in any final decision of the [URLB].
 - d. The transfer may include restrictive covenants requiring the use of the subject property to be consistent with the described use.

3. Transfer Procedure.

- a. The [URLB] will accept *Transfer Applications* from prospective transferees wishing to acquire a vacant lot.
- b. The [URLB] will prepare and provide a *quitclaim deed* for the subject property and otherwise facilitate closing with the transferee.

C. Disposition of Improved Properties.

1. Improved property the [URLB] owns or intends to acquire is eligible for purchase through the *Improved Property Disposition Program*, pursuant to the requirements listed below. The [URLB] Board reserves its right to dispose of properties through means other than this *Improved Property Disposition Program* to accomplish other higher-ordered priorities.
2. Qualified Properties. Subject property eligible for inclusion in the *Improved Property Disposition Program* must meet **all** the following criteria:
 - a. The subject property includes a residential or commercial structure.
 - b. The subject property has been inspected by the [URLB] as to its potential for rehabilitation.
 - c. The subject property is owned or soon to be acquired by the [URLB].
 - d. The transferee must disclose intended use for the subject property prior to sale. The use must comply with any applicable zoning and be an approved use as specified by the municipality or township. A letter of support or opposition for the proposed use submitted by community groups or the local political subdivision will be a factor in any final decision of the [URLB].
 - e. The transfer may include restrictive covenants requiring the use of the subject property to be consistent with the described use.
3. Transfer Procedure.
 - a. The [URLB] will accept *Transfer Applications* for improved properties from individuals, companies, governments, non-profit agencies, or

others who wish to acquire one or more improved properties.

- b. The [URLB] will prepare and provide a *quitclaim deed* for the subject property and otherwise facilitate closing with the transferee.

*A subject property in *need of repair prior to occupancy* may be transferred as follows:

- The transferee must complete the renovation work on the subject property and pass a safety and habitability inspection within a negotiated renovation time period.
- Closing will be handled using a *Renovation Enforcement Note and Mortgage*, a *Deed in Escrow* each as outlined below. These closing instruments are necessary given the [URLB] may be working with unproven contractors, community groups, or individuals; the [URLB] nevertheless must ensure the subject property is brought up to at least minimum standards. Irrespective of whichever instrument is selected for closing, it shall remain in effect until such terms have satisfied the [URLB]'s expectations.

- o *Renovation Enforcement Note and Mortgage*: Title will transfer to the transferee at closing, at which time the purchaser will personally execute the Renovation Enforcement Note and the Renovation Enforcement Mortgage, which will secure the subject property. The amount of the Renovation Enforcement Note shall be the greater of the sale price of the property or the [URLB]'s projected renovation costs for the property. When the renovation work is complete and has passed the [URLB]'s safety and habitability inspection, the [URLB] will provide the purchaser with written confirmation that the property is safe, functional, and habitable in satisfaction of the [URLB]'s conditions and will record a satisfaction of the Renovation Note and Mortgage.

- o *Repair Deed-in-Escrow*: The [URLB] will retain title to the property at closing, and the deed transferring title to the purchaser will be held in escrow with the closing agent. The [URLB] will issue a notice to proceed allowing the purchaser to move forward with the renovation work. Entry into a deed-in-escrow arrangement gives the transferee equitable title to the subject property, and thereby an insurable interest. Title will transfer following completion of the renovation work and passage of the [URLB]'s safety and habitability inspection. In this way, the subject property remains tax-free as a matter of law during the period rehabilitation work is being completed. When the renovation work is complete, and the

purchaser has passed the [URLB]'s safety and habitability inspection, the [URLB] will instruct the closing agent to transfer title in the property to the purchaser. At that time, the transferee pays the purchase price for the property.

- If the Purchaser fails to renovate the subject property during the renovation period, or otherwise fails to comply with the terms of a purchase agreement, a default will occur. Any Enforcement Note will become due and payable, as applicable. The purchaser can convey the property back to the [URLB] *in lieu of* payment of the indebtedness and foreclosure. The [URLB] will have the right to foreclose on any Enforcement Mortgage as necessary to retake title and possession to the property.