

**TOWN OF MECHANIC FALLS**  
**DISPOSITION OF TAX ACQUIRED PROPERTY POLICY**  
**Adopted April 4, 2011**  
**Amended March 5, 2013**

**Article 1. General**

- 1.1 The purpose of this policy is to establish procedures for the management, administration and disposition of real property acquired for non-payment of taxes by the Town of Mechanic Falls. Nothing in this policy, however, shall limit or restrict the rights of the Town Council to manage or dispose of tax-acquired property in the best interests of the Town.

**Article 2. Pre-Foreclosure Procedures regarding Liened Property**

- 2.1 By statute, foreclosure of a tax lien mortgage occurs 18 months after the date of the filing of the tax lien certificate, provided that the assessed party and any other mortgage holder(s) have been notified of the impending foreclosure at least 30 days, but no more than 45 days, prior to the end of the 18 month redemption period. It is the Town's policy to attempt to contact assessed parties prior to the mailing of the notices of impending foreclosure by mail and/or telephone so as to increase the awareness of the assessed party as to the consequences of non-payment of taxes, interest and costs by the expiration of the redemption period. This contact may be made by the Treasurer or by another member of the Town staff.

**Article 3. Management of Tax Acquired Property Pending Final Disposition**

- 3.1 Following the foreclosure of the tax lien mortgage, the Treasurer, by certified mail return-receipt, shall notify the last known owner of record that his or her right to redeem the property has expired. The notification shall advise the last known owner of record that the property will be disposed of in accordance with this policy, a copy of which shall be included with the notification.
- 3.2 The Treasurer shall prepare a list of properties acquired and forward a copy to the Council.
- 3.3 The responsibility for the management of tax-acquired property rests with the Treasurer. Pending the Council's decision regarding the final disposition of property, they shall:
- 3.3.1 determine because of potential liability inherent in owning the property whether the Town's best interest would be served by immediately disposing of the property.
- 3.3.2 determine and obtain, if necessary, a level of insurance required to protect the Town's interest in the property and to protect the Town from liability.

- 3.3.3 determine if and when any occupants of tax acquired property shall be required to vacate the property.
- 3.3.4 determine whether a rental fee should be charged to any occupants of the property. A rental fee shall not be imposed unless the Town has acquired sufficient liability insurance.
- 3.4 In the event the property is vacated for 60 consecutive days, the Treasurer shall obtain appropriate liability coverage for the property.
  - 3.4.1 If, because of potential liability, the Council determines it is in the Town's best interest to immediately dispose of the property, they may do so on terms it deems advisable without regard to any other provisions of this policy.

**Article 4. Review of Tax-Acquired Properties**

- 4.1 The Council may also retain a property on a temporary basis if, in their judgment, the immediate sale would cause the occupants to be placed on public assistance or to become homeless.
- 4.2 Council shall make the final determination regarding property disposition. The Council shall also determine the conditions, if any, for property sales.

**Article 5. Redemption and Sale Dates**

- 5.1 The Council may establish a final redemption date for the re-acquisition of the property by the prior owner and, if necessary, a sale date. The redemption date shall be at least fourteen (14) days prior to the sale date.
- 5.2 The Town Council may vote to allow the former owner(s) to repurchase the tax-acquired property. Except as otherwise provided in Article 5, the party from whom the property was acquired has until the final redemption date to redeem the property by paying all outstanding taxes, including estimated taxes for the current tax year if the conveyance is after April 1 and the exact amount of tax has not been determined, interest, lien costs and any other costs relating to the property including, but not limited to insurance, notice, advertising costs and legal fees which may be incurred by the Town. The Town may also require the payment of any other delinquent taxes or obligations due the Town. It is the Town's policy to attempt to enter into land purchase installment contracts with the party from whom the property was acquired.
  - 5.2.1 Land purchase installment contracts shall be drafted so that the total amount due to the town, as stated in Article 5.2, shall be divided into equal payments that shall be due on a fixed date, established in the agreement, for each of the consecutive twelve months following the Council's approval of agreement. The Council gives the authority to the Tax Collector / Town Manager to execute the installment agreement on their behalf. All terms in the purchase installment contract shall be drafted by the Town and shall be determined in the sole discretion of the Tax Collector/Town Manager.

- 5.2.2 Any delinquent payment due shall cause the agreement to be void by default and payments collected to the point of delinquency shall be applied to the outstanding taxes for the property. Upon default, any payments made to the town are forfeited to the Town and the Town retains ownership of the property and the Town shall then reconsider the final disposition of the property as outlined in Articles 6 or 7.
- 5.2.3 Persons who have never entered into a land purchase installment contract with the Town previously, as well as any persons who have entered into a land purchase installment contract with the Town and have successfully completed it, shall be eligible to enter into a land installment contract. The Town reserves the right to enter into or refuse to enter into a land purchase installment contract at its sole discretion. Property owners who have previously defaulted on the land purchase installment contract, or persons who currently are in default of any other agreements with the Town, shall not be eligible.
- 5.2.4 Early payoff of an agreement is acceptable with no additional fees or penalties applied.
- 5.3 It is hereby understood that Article 5 shall not obligate the Town Council to allow the former owner(s) to repurchase and no action of the Board under this Article shall be deemed to set precedent with respect to any other past, present or future foreclosure and property disposition by the Town of Mechanic Falls.

#### **Article 6. Property to be Retained**

- 6.1 If the Council deems it to be in the Town's best interest, they may retain the acquired property without offering the opportunity for redemption. By way of example, but not limitation, the Council may deem it to be in the Town's best interest to retain the property without offering the prior owner the opportunity to redeem the property where:
  - 6.1.1 the property has or will have recreational value or economic value to the Town.
  - 6.1.2 the property has or will have potential for a public facility or additions to public facilities.

If the Council deems it to be in the Town's best interest to offer the prior owner the opportunity to redeem the property, that party has until the final redemption date under the conditions specified in Article 5 to redeem the property.
- 6.2 If the property is retained for public use, the Council may pursue an action for equitable relief as a means of securing clear title to the property.
- 6.3 The Council shall cause the tax-acquired property retained for public use to be managed and insured as it would any other municipal property.

#### **Article 7. Property to be Sold**

7.1 The Treasurer shall cause to be published a notice of the sale of the tax acquired property in a local newspaper. Said notice shall be published at least three (3) times with the last publication at least fourteen (14) days prior to the sale. The notice shall also be posted within the Assessing and Tax Collection Departments and in at least one other conspicuous place within the Municipal Building. The notice shall specify the time and date bids are due and the general terms of the bid. It shall also contain the following information for each piece of property:

7.1.1 Brief description of the property, i.e. land, building, mobile home, etc.

7.1.2 Location of the property.

7.1.3 Brief description of the conditions of the sale.

7.1.4 The minimum bid.

The Treasurer shall also notify the party from whom the property was acquired of the sale and the bid requirements.

7.2 Unless the Council stipulate otherwise, the minimum bid for any tax acquired property shall be the total of all outstanding taxes, including estimated taxes for the current tax year if the conveyance is after April 1 and the exact amount of tax has not been determined, interest, lien costs and any other costs relating to the property including, but not limited to insurance, outstanding and current water and sewer bills, notice and advertising costs. The Town may refuse to award the bid to the party from whom the property was acquired unless all other obligations due from that party are also paid.

7.3 All interested bidders shall be provided with a copy of the notice of sale and bid forms. All bids shall be submitted on forms prescribed by the Council in an envelope clearly marked "**Tax-Acquired Property Bid**" and accompanied by a cashier's or certified check equal to the minimum bid. Bids shall be publicly opened and read on the date and at the time specified.

7.4 The Council shall review all bids and determine the successful bidder.

7.5 The Council shall notify the successful bidder by certified mail.

7.6 The Town of Mechanic Falls reserves the right to reject any or all bids, accept other than the highest bid and waive any of the requirements of this policy should the Council, in their sole determination, judge such actions to be in the best interest of the Town of Mechanic Falls. Instances where this right may be invoked include, but are not limited to:

7.6.1 The Council may wish to sell the property to an abutting property owner rather than the highest bidder.

7.6.2 The Council may prefer a use proposed by a party other than the highest bidder.

7.7 The disclaimer contained in the first sentence of section 7.6 shall be included in the notice of sale and bid forms.

- 7.8 Should the Council reject all bids, the property may again be offered for public sale without notification to the prior owners.
- 7.9 The bid deposit of the successful bidder shall be retained as a credit towards the purchase price. All other deposits shall be returned to the bidders.
- 7.10 The Council shall require payment in full from any successful bidder within thirty (30) days from the date the bids are opened. Should the bidder fail to pay the full price within thirty (30) days, the Town shall retain the bid deposit and title to the property. The Council may offer the property to the next highest bidder who shall also have thirty (30) days to make payment in full.
- 7.11 Title to tax-acquired property shall be transferred only by means of a Quit Claim deed.
- 7.12 The successful bidder shall be responsible for the removal of any and all occupants and contents of purchased tax-acquired property.