



Real Estate Disposition Monitoring and Enforcement Policy

SECTION 1. PURPOSE AND BACKGROUND This policy outlines the process by which Albany County Land Bank Corporation (Land Bank) will monitor and enforce enforcement notes, deed restrictions and other related instruments employed by the Land Bank to ensure productive and successful outcomes of real estate transactions and rehabilitation projects.

The primary purpose of the Albany County Land Bank is to facilitate the process of acquiring, improving and redistributing vacant properties, eliminate the harms and liabilities caused by such properties and return properties to productive use in a manner consistent with local redevelopment and comprehensive plans. The Land Bank acquires tax-foreclosed vacant or abandoned properties from Albany County and disposes of them to responsible buyers through an application process that includes a multi-layered review and approval process. All property sales are approved by the Land Bank's Board of Directors. Properties purchased from the Land Bank typically require improvements or rehabilitation which is the responsibility of the buyer. As part of the Land Bank's property purchase application, buyers are required to provide a scope of work, proposed budget and rehabilitation timeline.

Land Bank staff reviews these aspects of the application to ensure that the buyer has a fundamental understanding of the level of rehabilitation, timeframe and associated costs in order to increase the likelihood of a successful outcome for the Land Bank, the buyer and the surrounding neighborhood. Property sales requiring significant renovation or improvement are subject to an enforcement mortgage that secures a lien against the property. Depending on the buyer's proposal and the desired outcome of a property transaction, the Land Bank may decide to place deed restrictions and/or reverter clauses in a property sale. In some cases deed restrictions may be applied in conjunction with an enforcement note and mortgage.

SECTION 2. ENFORCEMENT TOOLS AND DEFINITIONS

A. ENFORCEMENT NOTE AND MORTGAGE Property sales requiring significant renovation or improvement are subject to an enforcement mortgage that secures a lien against the property. The Land Bank executes a "Development Enforcement Note and Mortgage Agreement" ("Development Agreement") that sets the Land Bank's lien terms, or enforcement mortgage. As part of this Agreement, the buyer agrees to improve, develop and/or repair the property in accordance with a redevelopment plan, which addresses the scope of the renovations needed. Once the required renovations or improvements are completed to the Land Bank's satisfaction, the Land Bank will discharge the mortgage and the property is considered to be back to productive use.

Pursuant to the Development Agreement buyers agree to complete any agreed-upon work on the property within an agreed-upon timeframe from the closing sale date ("Completion Date"). On or before the Completion Date, the buyer must provide the Land Bank with a Certificate of Occupancy from the respective local government's Code Enforcement (or equivalent) Office showing that the property meets code requirements. Upon receipt of the Certificate, the Land Bank must inspect the property to determine if the buyer has met the terms of the Development Agreement and completed the redevelopment plan. If the agreed-upon improvements have been made, the Land Bank issues to the buyer a Certificate of

Substantial Compliance and a Discharge-of-Mortgage is filed with the County Clerk. If a buyer does not achieve substantial compliance by the required Completion Date, the Land Bank may give the buyer a 10-day written notice to correct any deficiencies. If a notice is issued and insufficient action is taken by the buyer within the 10 days of the notice, the Development Agreement is considered in default and the Land Bank may exercise its right of reversion of the property and/or begin foreclosure proceedings.

The Land Bank understands that the rehabilitation vacant and abandoned properties requires can present significant known and unknown challenges that may impact the buyers' original Development Agreement. It is paramount that buyers notify the Land Bank of any events encountered by the buyer during the project that would impact the buyers' ability to satisfy the Development Agreement. In some cases buyers may be able to request an extension of time to satisfy the Development Agreement. The Land Bank is under no obligation to grant an extension of time to complete the Development Agreement. However, such approval of an extension shall not be unreasonably withheld.

B. DEED RESTRICTIONS "Deed Restrictions" are private agreements that restrict the use of the real estate in some way, and are listed in the deed. Deed Restrictions may limit the use of land and may impose a duty upon the landowner. The Land Bank may place Deed Restrictions in a sale to ensure an agreed upon outcome such as merging two adjoining tax parcels or preserving open space. In some cases deed restrictions may be applied in conjunction with an enforcement note and mortgage.

C. REVERTER A "Reverter" (also called a "Reversion") in the context of real property, means the return to the grantor or his/her heirs of real property after all interests in the property given to others have terminated. Generally the Land Bank requires a Right of Reversion be granted to the Land Bank should the buyer not improve the property per the Development Agreement, or complete the redevelopment plan by the Completion Date. Reverter clauses are inserted in all Land Bank deeds along with other Deed Restrictions as they apply to each property. A Right of Reversion of the property may be released upon certain conditions being met by the buyer, such as when the buyer decides to sell the property or completes the agreed upon Development Agreement. Buyers may seek a release from the Land Bank. However, the Land Bank is under no obligation to provide a release unless all the conditions of the Reverter and Deed Restrictions have been met.

SECTION 3. ENFORCEMENT PROCEDURES Adequate procedures to effectively monitor compliance with the Agreements helps to secure the buyers' completion of their redevelopment plans and help the Land Bank meet its mission to eliminate vacant and abandoned properties, lessen the burdens they pose to local governments and communities, improve quality of life for surrounding residents and grow the local property tax base. The following measures will be taken to ensure timely and effective enforcement:

A. Monitoring Land Bank Staff shall proactively monitor progress for each Development Agreement and Deed Restriction. Each quarter, Land Bank staff shall contact each buyer via phone and/or email to check in on progress and identify any issues/concerns that may cause an applicant to miss the Completion Date. Record of contact and outcome of engagement shall be recorded in the Land Bank's files to document the outcome of each interaction. Nonresponsive buyers are subject to all further actions available to the Land Bank.

Development Agreements, Deed Restrictions, Reverters and related documents are subject to monitoring by the New York State Authorities Budget Office and the New York State Attorney General's Office.

B. Reporting Each quarter, Land Bank staff shall produce a report summarizing the outcome of the quarterly monitoring. Such report shall be submitted to the Executive Director for review and direction on any additional actions as he/she may deem necessary.

C. Inspection Under the terms of sale, the Land Bank has the right to inspect properties sold to buyers during rehabilitation. Each quarter Land Bank staff shall select, at its sole discretion, a representative sample of properties to inspect. The properties may be selected at random and/or based on concerns identified from field observations, reports from local residents, Community Advisory Committee members or discussions with buyers during routine monitoring.

D. Modification of Completion Dates In some cases Completion Dates may be modified by the Land Bank. Any request to modify a Completion Date must be submitted to the Land Bank in writing for consideration by the Executive Director. If approved, the Land Bank may grant a modification to the Completion Date at its sole discretion and issue notification of any such extension to buyer. The Land Bank is under no obligation to grant an extension of the Completion Date.

E. Project Completion Upon the completion of an agreed upon Development Agreement and/or action governed by a deed restriction, the buyer must notify the Land Bank and provide satisfactory evidence of completion. In the event of a Development Agreement such evidence shall include the Residential Occupancy Certificate (or equivalent document depending on municipality or project) and schedule a walk-through inspection with Land Bank staff. Upon satisfactory outcome of walk-through, the Land Bank will initiate the discharge of the enforcement mortgage on the subject property in timely manner. Documentation of the walk-through and evidence of project completion from buyer will be retained in the Land Bank's records. The project will be deemed complete upon discharge of the enforcement mortgage.