

AMERICUS-SUMTER COUNTY LAND BANK AUTHORITY

Administrative Policies and Procedures

As approved and adopted by the Board of Directors on _____.

Section 1. Role as a Public Authority.

- 1.1 **Public Authority.** The Land Bank is a public entity authorized by state law and created pursuant to *(an intergovernmental contract between the City of Americus and Sumter County) Dated January 12, 2016*. It is governed by a Board of Directors appointed by the Parties.
- 1.2 **Governing Authority.** The core governing documents of the Land Bank are Sections 48-4-100 *et seq.* of the Official Code of Georgia Annotated (hereinafter the "Land Bank Act"), the Intergovernmental Agreement and the By-Laws.
- 1.3 **Purposes.** The LAND BANK is established to acquire the tax delinquent properties, surplus properties of the local governments, and other properties in order to foster the public purpose of returning land which is in a nonrevenue-generating, nontax-producing status to an effective utilization status in order to provide affordable housing, new industry and jobs for the citizens of Georgia.

Section 2. Priorities for Property Use.

- 2.1 **Governmental Use.** As a governmental entity created by the City of Americus and Sumter County, the first priority use of real property of the Land Bank is to make available its properties to the local governments for public use and ownership as determined by the local governments.
- 2.2 **Affordable Housing.** The first use of real property of the Land Bank for nongovernmental purposes is the production or rehabilitation of housing for persons with low or moderate incomes. On an annual basis the Board of Directors will establish the applicable definitions of "low income" and "moderate income".
- 2.3 **Other Purposes.** The Land Bank may consider permitting the property to be used for other community improvement purposes. These uses should be consistent with the following priorities: neighborhood revitalization; return of the property to productive tax-paying status; land assemblage for economic development; long-term "banking" of properties for future strategic uses; and provision of financial resources for operating functions of the Land Bank.
- 2.4 **Neighborhood Consultation.** The Land Bank expects every applicant seeking to acquire property from the Land Bank to demonstrate prior consultation with neighborhood associations and nonprofit entities in the geographical location of the property.

Section 3. Priorities for Identity of Transferees.

3.1 Priority Transferees. Except where limited by the terms of its acquisition, the first priority for use of real property held by the Land Bank shall be for conveyance to local government entities for public use. The second priority shall be neighborhood nonprofit entities seeking to obtain the land for low-income housing. The third priority shall be other individuals and entities intending to produce low-income or moderate income housing. The Land Bank may also, at its discretion, give priority to: nonprofit institutions such as academic institutions and religious institutions; entities that are a partnership, limited liability Corporation, or joint venture comprised of a private nonprofit corporation and a private for-profit entity; and individuals who own and occupy residential property for purposes of the Side Lot Disposition Program. *Reference to (Intergovernmental Agreement Article VI Section 6.09 (1)(2)(3)(4)&(5))*

3.2 Transferee Qualifications. All applicants seeking to acquire property from the Land Bank, or to enter into transaction agreements with the Land Bank, will be required to provide as part of the application such information as may be requested by the Land Bank, including but not limited to (a) the legal status of the applicant, its organizational and financial structure, and (b) its prior experience in developing and managing real property.

3.3 Reserved Discretion. The Land Bank reserves full and complete discretion to decline applications and proposed transaction agreements from individuals and entities that meet any of the following criteria:

- a) failure to perform in prior transactions with the Land Bank,
- b) ownership of properties that became delinquent in ad valorem tax payments and remain delinquent in ad-valorem tax payments during their ownership,
- c) parties that are barred from transactions with local government entities,
- d) parties not able to demonstrate sufficient experience and capacity to perform in accordance with the requirements of the Land Bank,
- e) ownership of properties that have any un-remediated citation for violation of state and local codes and ordinances, and
- f) properties that have been used by the transferee or a family member of the transferee as his or her personal residence at any time during the twelve (12) months immediately preceding the submission of application (except in rental cases).

Section 4. Priorities Concerning Neighborhood and Community Development.

The Land Bank reserves the right to consider the impact of a property transfer on short- and long-term neighborhood and community development plans. In doing so, the Land Bank may prioritize the following in any order in which it deems appropriate: the preservation of existing stable and viable neighborhoods; neighborhoods in which a proposed disposition will assist in halting a slowly occurring decline or deterioration; neighborhoods which have recently experienced or are continuing to experience a rapid decline or deterioration; geographic areas which are predominantly non-viable for purposes of residential or commercial development.

Section 5. Conveyances to the LAND BANK.

5.1 Sources of Property Inventory. Sources of real property inventory of the LAND BANK include, but are not limited to, the following:

- (a) transfers from local governments,
- (b) acquisitions by the LAND BANK at tax foreclosures,
- (c) donations from private entities,
- (d) market purchases,
- (e) conduit transfers contemplating the simultaneous acquisition and disposition of property, &
- (f) other transactions such as Land Banking agreements.

5.2 Policies Governing the Acquisition of Properties. In determining which, if any, properties shall be acquired by the Land Bank, the Land Bank shall give consideration to the following factors:

- (a) Proposals and requests by nonprofit corporations that identify specific properties for ultimate acquisition and redevelopment.
- (b) Proposals and requests by governmental entities that identify specific properties for ultimate use and redevelopment.
- (c) Residential properties that are occupied or are available for immediate occupancy without need for substantial rehabilitation
- (d) Improved properties that are the subject of an existing order for demolition of the improvements and properties that meet the criteria for demolition of improvements.
- (e) Vacant properties that could be placed into a Side Lot Disposition Program.
- (f) Properties that would be in support of strategic neighborhood stabilization and revitalization plans.
- (g) Properties that would form a part of a land assemblage development plan.
- (h) Properties that will generate operating resources for the functions of the Land Bank.

5.3 Acquisitions through Delinquent Tax Enforcement Proceedings. The Tax Commissioner may combine properties from one or more of the foregoing categories in structuring the terms and conditions of the tax foreclosure procedures, and the Land Bank may acquire any such properties prior to sales, at such sales, or subsequent to sales as authorized by law. In determining the nature and extent of the properties to be acquired the Tax Commissioner shall also give consideration to underlying values of the subject properties, the financial resources available for acquisitions, the operational capacity of the Land Bank, and the projected length of time for transfer of such properties to the ultimate transferees.

5.4 Transaction Agreements. In all cases involving conduit transfers and Land Banking agreements a transaction agreement must be approved in advance and executed by the Land Bank and the grantor of the property. In the case of conduit transfers such a transaction agreement will generally be in the form of an Acquisition and Disposition Agreement prepared in accordance with these Policies. In the case of a Land Banking relationship such a transaction agreement will generally be in the form of a Land Banking agreement prepared in accordance with these Policies. These transaction agreements shall be in form and content as deemed by the Land Bank to be in the best interest of the Land Bank, and shall include to the extent feasible specification of all documents and instruments contemplated by the transaction as well as the rights, duties and obligations of the parties.

5.5 Title Assurance. In all acquisitions of property by the Land Bank through transaction agreements the Land Bank generally requires a certificate of title based upon a full title examination and, in the case of Land Banking Agreements, a policy of title insurance insuring the Land Bank subject to such outstanding title exceptions as are acceptable to the Land Bank in its sole discretion.

5.6 Environmental Concerns. The Land Bank reserves full and complete discretion to require in all transaction agreements that satisfactory evidence be provided to the LAND BANK that the property is not subject to environmental contamination as defined by federal or state law.

Section 6. Conveyances from the Land Bank.

6.1 Covenants, Conditions and Restrictions. All conveyances by the Land Bank to third parties shall include such covenants, conditions and restrictions as the Land Bank deems necessary and appropriate in its sole discretion to ensure the use, rehabilitation and redevelopment of the property in a manner consistent with the public purposes of the Land Bank. Such requirements may take the form of a deed creating a defeasible fee, recorded restrictive covenants, subordinate financing being held by the Land Bank, contractual development agreements, or any combination thereof.

6.2 Options. Options are available for 10% of the parcel price for up to a 12-month period. This fee will be credited to the parcel price at closing. If closing does not occur, the fee is forfeited. All option agreements are subject to all policies and procedures of the Land Bank pertaining to property transfers.

6.3 Deed without Warranty. All conveyances from the Land Bank to third parties shall be by Quitclaim Deed.

Section 7. Collaboration with Not-for-Profit Entities.

7.1 Transactions with Not-for-Profit Entities. The Land Bank is willing to enter into conduit transfers with not-for-profit corporate entities as outlined in this section. These not-for-profit corporate entities would secure donations of or purchase tax delinquent properties from owners, transfer these properties to the Land Bank for waiver of taxes, and "buy back" these properties for use in affordable housing development.

7.2 The LAND BANK will extinguish non-delinquent taxes which were the responsibility of the transferring Not-for-Profit Entity.

7.3 Documentation of Lot Purchase. The applicant must document the purchase process extensively. This documentation should include, but is not limited to, the following information per parcel:

- (a) The total purchase price for the property, including the net proceeds paid or payable to the seller;
- (b) The total amount spent to acquire the property (e.g., legal counsel, administrative costs);
- (c) The development costs impacting the final sale price; and
- (d) The total amount of delinquent ad valorem taxes (County, City, School District), special assessments, and other liens and encumbrances against the property and the length of delinquency for each.

7.4 Maximum Costs. The total of these costs should exceed the maximum allowable lot cost (i.e., the cost that will permit the production of low-to-moderate income housing) before the LAND BANK may consider the waiver of back taxes in total or in part on properties on a case-by-case basis.

7.5 LAND BANK Discretion. Some properties may present unusual or extenuating circumstances to the developer due to lack of funding for housing production or related costs. The LAND BANK reserves the right to evaluate and consider these properties case-by-case.

Section 8. Collaboration with For-Profit Entities.

8.1 Transactions with For-Profit Entities. The LAND BANK is willing to enter into conduit transfers with for-profit corporate entities as outlined in this section. The corporate entities would secure donations of or purchase tax delinquent properties from owners, transfer these properties to the LAND BANK for waiver of taxes, and “buy back” these properties for use in affordable housing development.

8.2 Eligibility. Eligibility for this option will be based on certain criteria. These shall include the geographical location of the property. The corporate entity must first identify and consult with any active non-profit entities that may have an interest in developing the property. If an interest exists, the non-profit and for-profit must forge an agreement for joint development.

8.3 Documentation of Lot Purchase. The applicant must document the purchase process extensively. This documentation should include, but is not limited to, the following information per parcel:

- a) The total purchase price for the property, including the net proceeds paid or payable to the seller;
- b) The total amount spent to acquire the property (e.g., legal counsel, administrative costs, etc.);
- c) The development costs impacting the final sale price; and
- d) The total amount of delinquent ad valorem taxes (County, City, School District), special assessments, and other liens and encumbrances against the property and the length of delinquency for each.

8.4 Maximum Costs. The total of these costs should exceed the maximum allowable lot cost (i.e., the cost that will permit the production of low-to-moderate income housing) before the LAND BANK may consider the waiver of back taxes in total or in part.

8.5 LAND BANK Discretion. Some properties may present unusual or extenuating circumstances to the developer due to lack of funding for housing production or related costs. The LAND BANK reserves the right to evaluate and consider these properties case-by-case.

Section 9. Property for Community Improvements.

9.1 Community Improvement Property. The LAND BANK is willing to accept donations of property to be transferred into a non-revenue-generating, non-tax-producing use that is for community improvement or other public purposes. Under the provisions of the governing documents of the LAND BANK, the LAND BANK is permitted to assemble tracts or parcels of property for community improvement or other public purposes.

9.2 Eligibility. Properties can be conveyed to the LAND BANK for waiver of delinquent taxes and then reconveyed by the LAND BANK to be utilized for community improvement purposes including but not limited to community gardens, parking for non-profit functions such as a school or cultural center, or a playground for after-school or day care. The application must demonstrate that the proposed community improvements are consistent with the area redevelopment plans and community revitalization.

9.3 Transferee. The application must identify and be signed by the ultimate transferee of the property from the LAND BANK. The transferee should be a governmental entity, a not-for-profit property entity, or in rare cases a for-profit entity that is capable of holding and maintaining the property in the anticipated conditions and for the anticipated purposes.

9.4 Restrictive Covenants. The LAND BANK, in the conveyance of the property to the transferee, will impose covenants, conditions and restrictions as necessary to ensure that the property is used for community improvement or other public purposes.

Section 10. Conduit Transfers - Reasonable Equity Policy.

10.1 Purpose. In order to prevent benefits accruing to owners of property that is tax delinquent by virtue of the exercise of the tax extinguishment power of the LAND BANK, the LAND BANK establishes this reasonable equity policy.

10.2 Definitions. The reasonable equity policy is based on the value of the property and the equity of its owner. While any valuation of equity is subjective, it can be reasonably estimated.

- (a) "Fair Market Value" shall be determined by staff according to the tax assessor's valuation, in conjunction with the average sale price in a given community. In instances where multiple valuations unreasonably differ, the staff or Board shall have full authority to require a professional appraisal. This appraisal shall only be required for proposals that have significant variances in valuation and entail transactions in which the owner received in excess of \$20,000.
- (b) "Net Equity" shall mean the current fair market value, as determined by LAND BANK staff, less the total amount of all liens and encumbrances (tax liens, associated interest, and penalties; special assessments; mortgages; judgments, etc.).

10.3 Less than \$2,000 Net Equity. To ensure that an owner does not receive unwarranted benefit, the LAND BANK will not consider transactions in which the owner's net equity is less than \$2,000 and the owner receives more than nominal compensation for the sale of his property. Nominal compensation is hereby defined as \$2,000.

10.4 Equity in Excess of \$2,000. To ensure that the owner does not receive an unwarranted benefit, the LAND BANK will not participate in transactions in which the owner receives an amount greater than 75% of net equity.

10.5 Speculation. To ensure that speculators do not seek to take advantage of the LAND BANK, staff shall closely review instances in which the owner is receiving money far in excess of his investment while consistently ignoring his tax responsibility. Particular attention shall be given to properties purchased in the last three years.

10.6 Excessive Sales Price. In communities that are experiencing internal and surrounding redevelopment, it is unacceptable for an owner to seek a profit in excess of 75% of net equity. Such

an owner may believe that the market will bear more than is offered and would therefore be unwilling to sell the property for a reasonable amount. In such an instance, it would fall to the Tax Commissioner's Office to bring the property to the courthouse steps where the actual fair market value will be determined.

10.7 Non-Conforming Situations. To ensure the flexibility of the Board, the LAND BANK will reserve the right to modify or change this policy if a situation clearly warrants a change in an effort to protect the interests of the LAND BANK and the public.

10.8 Strategic Importance. To preserve the integrity of the LAND BANK's mission, all properties petitioned to the LAND BANK Board of Directors must pass the test of strategic importance. The LAND BANK may receive proposals that may pass other criteria but which may not be crucial to the redevelopment of a neighborhood. Staff must be able to assure the LAND BANK Board that the transaction is not simply allowable but a necessary component of the comprehensive redevelopment of a neighborhood. Such a transaction must be evaluated in terms of neighborhood redevelopment and ensure a long-term tax benefit to the City and County.

Section 11. Owner Occupant Policy.

11.1 Scope. This section is applicable to those situations in which an individual (as opposed to a corporate not-for-profit or for-profit entity) contemplates conveying to the LAND BANK real property that is encumbered by delinquent property taxes, having the taxes extinguished by the LAND BANK, and the property re-conveyed by the LAND BANK to the individual for occupancy by that individual following construction of new housing or rehabilitation of existing housing.

11.2 Purpose. This policy is based on the opportunity for an individual to participate in the benefits derived from the authorization of tax extinguishment by the LAND BANK where the individual applicant did not amass the tax delinquency, but desires to construct or rehabilitate housing in order to use the subject property as his or her own primary residence. Owner-occupant developers shall be required to meet the established LAND BANK Board Petitioning Requirements which include the following:

- (a) Developer Profile,
- (b) Development Proposal,
- (c) Funding Commitment Letter,
- (d) Development Cost Estimate,
- (e) Site Control, and
- (f) Title Report.

11.3 Primary Residence. "Primary Residence" shall mean that upon completion of the construction or rehabilitation, the owner-occupant must reside in the property for a minimum of five (5) years and shall pay all tax obligations which become due and payable after the execution of the Sale and Disposition Contract. At the expiration of the five-year term, where an owner-occupant may seek to sell the property, the owner must offer the property for a sale price not to exceed the current Fair Market Value.

11.4 Requirements and Conditions.

- (a) The applicant must either rehabilitate unoccupied substandard existing housing or create new housing where housing does not exist.
- (b) The subject property must not have been used by the applicant as his or her personal residence at any time during the twelve (12) months immediately preceding the submission of the application.
- (c) The owner-occupant shall enter into a Sale and Disposition Contract with the Authority and shall be responsible for the completion of the construction or rehabilitation within the three (3) year time limit as prescribed in the covenants of the Contract.
- (d) The LAND BANK will extinguish no delinquent taxes which were the responsibility of the applicant. This would include any taxes which the applicant was responsible for either as owner of the subject property or as a result of any contractual obligation. Such taxes, if any, must be paid prior to the LAND BANK extinguishing any other taxes.
- (e) The owner-occupant shall provide evidence of clear title and the financial ability to perform said Contract with the expressed obligation to reside in the property for a minimum of five (5) years or the delinquent taxes will be reinstated.
- (f) During the term of the occupancy, the owner-occupant shall pay all ad valorem taxes which accrue and shall maintain the property in compliance with the required code enforcement ordinances of the governing jurisdiction.
- (g) The owner-occupant must meet the applicable household income standards established by the LAND BANK.
- (h) If the applicant fails to honor any portion of his or her Contract with the LAND BANK to provide new or rehabilitated housing, the applicant must make a payment of funds to the LAND BANK in an amount equal to the amount of all taxes extinguished by the LAND BANK pursuant to the Contract. These funds shall then be paid by the LAND BANK to the respective taxing authorities in the same proportion as the taxes were levied prior to the extinguishment.

11.5 **LAND BANK Discretion.** Applications shall be evaluated based on the long-term benefit to be derived from achieving the basic mandate of the LAND BANK which seeks to return non-revenue generating parcels to a productive and effective use that will put the property back in to an active tax revenue status.

Section 12. Side Lot Disposition Program.

12.1 **Side Lot Transfers.** Individual parcels of property may be acquired by the Tax Director or the LAND BANK, and transferred to individuals in accordance with the following policies. The transfer of any given parcel of property in the Side Lot Disposition Program is subject to override by higher priorities as established by the LAND BANK.

12.2 **Qualified Properties.** Parcels of property eligible for inclusion in the Side Lot Disposition Program shall meet the following minimum criteria:

- (a) The property shall be vacant unimproved real property;
- (b) The property shall be physically contiguous to adjacent owner-occupied residential property, with not less than a 75% common boundary line at the side;
- (c) The property shall consist of no more than one lot capable of development. Initial priority shall be given to the disposition of properties of insufficient size to permit independent development; and
- (d) No more than one lot may be transferred per contiguous lot.

12.3 Side Lot Transferees.

- (a) All transferees must own the contiguous property, and priority is given to transferees who personally occupy the contiguous property.
- (b) The transferee must not own any real property (including both the contiguous lot and all other property in the County) that is subject to any un-remediated citation of violation of the state and local codes and ordinances.
- (c) The transferee must not own any real property (including both the contiguous lot and all other property in the County) that is tax delinquent.
- (d) The transferee must not have been the prior owner of any real property in the County that was transferred to a local government as a result of tax foreclosure proceedings unless the LAND BANK approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.

12.4 Pricing.

- (a) Parcels of property that are not capable of independent development may be transferred for nominal consideration.
- (b) Parcels of property that are capable of independent development shall be transferred for consideration in an amount not less than the amount of the costs incurred in acquisition, demolition and maintenance of the lot.

12.5 Additional Requirements.

- (a) As a condition of transfer of a lot the transferee must enter into an agreement that the lot transferred will be consolidated with the legal description of the contiguous lot, and not subject to subdivision or partition within a five year period following the date of the transfer.
- (b) In the event that multiple adjacent property owners desire to acquire the same side lot, the lot shall either be transferred to the highest bidder for the property, or divided and transferred among the interested contiguous property owners.

**Americus/Sumter County Land Bank
Land Bank Depository Agreement Program**

Americus/Sumter County Land Bank Land Bank Depository Agreement Program

Section 1. Scope.

These policies and procedures for a Land Banking program of the City of Americus and Sumter County Land Bank have been adopted by the Board of Directors of the LAND BANK in accordance with and pursuant to Section 48-4-100 *et seq.* of the Official Code of Georgia Annotated (hereinafter the "Land Bank Act") and the City of Americus and Sumter County Intergovernmental Agreement dated April 17, 2017.

- 1.1** As set forth in these policies and procedures, the Land Banking program consists of transactions in which a grantor transfers real property to the LAND BANK and the property is held by the LAND BANK pending a transfer back to the original grantor, to a grantee identified in a banking agreement, or to a third party selected by the LAND BANK.
- 1.2** The goals of this Land Banking program include, but are not limited to, the acquisition of real property for or on behalf of a governmental entity or a not-for-profit corporation in order to:
 - (a)** Permit advance acquisition of potential development sites in anticipation of rapidly rising land prices;
 - (b)** Facilitate pre-development planning, financing and structuring;
 - (c)** Minimize or eliminate violations of housing and building codes and public nuisances on properties to be developed for affordable housing; and
 - (d)** Hold parcels of land for future strategic governmental purposes such as affordable housing and open spaces and greenways.
- 1.3** The LAND BANK is not required to enter into a Banking Agreement with any person or entity, and at all times retains full discretion and authority to decline to enter into a Banking Agreement. These policies and procedures are applicable only to real property of the LAND BANK which is acquired by the LAND BANK in accordance with an executed Banking Agreement and are not otherwise applicable to real property acquired by the LAND BANK pursuant to any other agreements or procedures.

Section 2. Definitions.

As used in these policies and procedures the following terms shall have the definitions set forth:

- (a)** "Banking Agreement" shall mean a written agreement between a Grantor and the LAND BANK which identifies the Property, the length of the banking term, the potential Grantee or Grantees, the range of permissible uses of the Property following transfer by the LAND BANK, the permitted encumbrances on the Property, the rights and duties of the parties, the responsibility of the Grantor for the Holding Costs, the possible advance funding of Holding Costs, the forms of the instruments of conveyance and such other matters as appropriate.
- (b)** "Grantor" shall mean the party that transfers or causes to be transferred to the LAND BANK a tract of Property pursuant to a Banking Agreement. An eligible Grantor shall be an entity described in Section 4.
- (c)** "Grantee" shall mean the party or parties identified in a Banking Agreement as the party to whom the Property is to be transferred from the LAND BANK. An eligible "Grantee" shall be an entity described in Section 4.
- (d)** "Holding Costs" shall mean any and all costs, expenses, and expenditures incurred by the LAND BANK, whether as direct disbursements, as pro rata costs, or as administrative costs, that are attributable to the ownership and maintenance of a tract of Property. The LAND BANK shall maintain records of the monthly Holding Costs for each Property.
- (e)** "Property" shall mean the real property and improvements (if any) located thereon identified in a Banking Agreement and transferred to the LAND BANK pursuant to a Banking Agreement, together with all right, title and interest in appurtenances, benefits and easements related thereto.

Section 3. Eligible Property.

Property which is eligible for Banking Agreement must either be (a) unimproved real property or (b) real property with unoccupied single family residences. At any given point in time no more than twenty (20) percent of the parcels of Property being held by the LAND BANK pursuant to Banking Agreements can be newly constructed unoccupied single family residences.

- (a)** In the event that a tract of Property contains improvements which are to be demolished or removed, such Property may qualify as eligible Property for a Banking Agreement so long as adequate and sufficient funds are placed in escrow at the time of the Banking Agreement closing so as to assure that all improvements will be demolished and removed within sixty (60) days of closing.
- (b)** Property that is ineligible for a Banking Agreement includes all other forms of improved real property, all real property which is occupied, and all real property that has been identified by the United States Environmental Protection Agency, the Environmental Protection Division of the State of Georgia or the Georgia Department of Natural Resources as containing hazardous substances and materials.

Section 4. Eligible Grantors and Grantees.

Parties eligible to be a Grantor or a Grantee are governmental entities and not-for-profit corporations defined as tax-exempt entities under Section 501(c) (3) of the Internal Revenue Code. A limited partnership entity is eligible to be a Grantor or a Grantee so long as a governmental entity or not-for-profit corporation has a controlling interest in such entity.

Section 5. Title.

Unless and except to the extent expressly authorized in a Banking Agreement, Property transferred to the LAND BANK pursuant to a Banking Agreement shall be fee simple title free and clear of all liens and encumbrances. A policy of title insurance must be issued in favor of the LAND BANK as the insured party at the closing pursuant to the Banking Agreement containing such exceptions on Schedule B-1 as are approved by the LAND BANK.

- (a)** Governmental liens for water and sewer, and governmental liens for nuisance abatement activities or code enforcement activities may exist as a matter of record title at the time of such closing if and only if such liens are expressly acceptable to the LAND BANK and are subject to waiver or discharge by the governmental entity holding such liens without cost to the LAND BANK.
- (b)** A deed to secure debt or security deed may encumber Property at the time of the transfer to the LAND BANK provided that the obligations secured by such security instrument do not require monthly or periodic payment of sums by the LAND BANK to the mortgagee. Under no circumstances will the LAND BANK have direct liability to a mortgage pursuant to a security instrument. It is anticipated that each Banking Agreement that contemplates the transfer of Property to the LAND BANK encumbered by a security instrument will require a separate written agreement between the mortgagee and the LAND BANK which provides, among other things, that
1. the mortgagee expressly consents to the transfer to the LAND BANK,
 2. the mortgagee expressly subordinates its interests to covenants, conditions and restrictions as may be required by the LAND BANK, and
 3. prior to the exercise of mortgagee rights under the security instrument, the mortgagee will request on behalf of the Grantor the re-conveyance of the Property to the Grantor and pay to the LAND BANK the Holding Costs attributable to the Property.

(c) At the time of closing pursuant to a Banking Agreement, all ad valorem taxes which are due and payable on the Property must be paid in full. An exception to this requirement of no outstanding ad valorem tax liens may be granted

1. when the Grantor is acquiring the Property from a third party and immediately conveying the Property to the LAND BANK pursuant to a Banking Agreement and
2. the acquisition of the Property by the Grantor from the third party otherwise complies with the Reasonable Equity Policy of the LAND BANK.

Section 6. Length of Banking Term.

A Banking Agreement may permit a maximum banking term of thirty-six (36) months for transactions in which the Grantor is a not-for-profit entity, and sixty (60) months for transactions in which the Grantor is a governmental entity.

Section 7. Transfer at Request of Grantor.

A Banking Agreement shall authorize a Grantor to request a transfer of the Property by the LAND BANK to a Grantee at any time within the banking term.

- (a)** A conveyance by the LAND BANK to the Grantee identified pursuant to a Banking Agreement shall occur within thirty (30) days of receipt of a written request for a transfer.
- (b)** As a condition precedent to the transfer by the LAND BANK, the full amount of Holding Costs incurred by the LAND BANK attributable to the Property shall be paid to the LAND BANK. The LAND BANK shall provide to the Grantor in accordance with Section 10 a statement of the Holding Costs attributable to the Property.
- (c)** At the time of the transfer by the LAND BANK to the Grantee the LAND BANK shall impose such restrictions and conditions on the use and development of the property in accordance with Section 11 hereof and the applicable Banking Agreement.
- (d)** Conveyance by the LAND BANK to a Grantee shall be by quitclaim deed.

Section 8. Transfer at Request of LAND BANK.

At any time and at all times during the term of a Banking Agreement the LAND BANK shall have the right, in its sole discretion, to request in writing that the Grantor or its designee accept a transfer of the Property from the LAND BANK.

- (a)** A transfer by the LAND BANK pursuant to this Section 8 shall be subject to the same terms and conditions as set forth in Section 7.
- (b)** In the event that the Grantor (or its designee) is unwilling or unable to accept a transfer of the Property from the LAND BANK, and reimburse the LAND BANK in full for the Holding Costs, then and in that event the LAND BANK shall have the right to terminate in writing the Banking Agreement and the Property shall become an asset of the LAND BANK and subject to use, control and disposition by the LAND BANK in its sole discretion subject only to the provisions of the LAND BANK Statute and the Intergovernmental Agreement.

Section 9. Banking Agreement Closing.

Within a time period specified in a fully executed Banking Agreement, a closing of the transfer of the Property to the LAND BANK shall occur. At such closing the fully executed instrument of conveyance and other closing documents shall be delivered by the appropriate party to the appropriate parties. The appropriate documents shall be immediately recorded, and a title insurance policy shall be issued. All costs of closing shall be borne by the Grantor.

Section 10. Holding Costs.

Holding Costs shall be paid as a condition precedent to a transfer of Property from the LAND BANK. Either the Grantor or the Grantee can request in writing at any time a statement of the Holding Costs, which statement will be provided by the LAND BANK within fifteen (15) business days of receipt of the request. The LAND BANK shall also have the right to request in writing that the Grantor or Grantee reimburse on written demand the LAND BANK for Holding Costs. In the event that the LAND BANK is not timely reimbursed for its Holding Costs in response to its written request for reimbursement the LAND BANK may request a transfer pursuant to Section 8.

Section 11. Public Purpose Restrictions.

All Property held by the LAND BANK and transferred by the LAND BANK pursuant to a Banking Agreement shall be subject to covenants and conditions providing that the Property is to be used for the following goals:

- (a) the production or rehabilitation of housing for persons with low incomes,
- (b) the production or rehabilitation of housing for persons with low or moderate incomes,
- (c) community improvements, or
- (d) other public purposes. Each Banking Agreement will specify the range of permissible uses and the manner in which such use restriction is secured. Such restrictions and conditions may be imposed either in the form of contractual obligations, deed covenants, rights of reacquisition, or any combination thereof.

Section 12. Delegation of Authority to Executive Director.

The Executive Director, in conjunction with an officer of the Board of Directors, shall have full power and authority to enter into and execute Banking Agreements having form and content consistent with the Land Bank Act, the [*intergovernmental agreement*] and these policies and procedures. The Executive Director shall summarize for the Board of Directors on a regular basis the nature and number of Banking Agreements, the aggregate Holding Costs, and all transfers to and from the LAND BANK pursuant to Banking Agreements. Any provision of any Banking Agreement not consistent with these policies and procedures shall require the express approval of the Board of Directors.