

**INGHAM COUNTY
LAND BANK AUTHORITY**

PRIORITIES, POLICIES AND PROCEDURES

As approved by the Board of Directors on April 20, 2007

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1. Policies Governing the Acquisition of Properties

The acquisition and disposition of properties acquired by the Treasurer of Ingham County through tax foreclosure procedures in accordance with 1893 P.A. 206, as amended by 1999 P.A. 123, MCL §211.1 et. seq., and properties that are owned by the Ingham County Land Bank Fast Track Authority (the "LBA"), shall be governed by the following basic priorities and policies.

The acquisition, use, and disposition of such properties shall at all times be consistent with the authority granted by the Constitution of Michigan, the laws of the state of Michigan, the Land Bank Agreement by and between Ingham County, Michigan and the State of Michigan dated September 7, 2005, the articles of incorporation and bylaws of the Ingham County Land Bank Fast Track Authority, and the public purposes set forth therein.

1.A. Policies Governing the Acquisition of Tax-Foreclosed Properties

In determining which, if any, properties shall be acquired by purchase or bundling that become available through the tax foreclosure processes for acquisition by Ingham County or by the Land Bank Authority, the Treasurer shall give consideration to the following factors:

1. Proposals and requests by nonprofit corporations that identify specific properties for ultimate acquisition and redevelopment.
2. Proposals and requests by governmental entities that identify specific properties for ultimate use and redevelopment.
3. Residential properties that are occupied or are available for immediate occupancy without need for substantial rehabilitation.
4. 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.
5. Vacant properties that could be placed into the Side Lot Disposition Program.
6. Properties that would be in support of strategic neighborhood stabilization and revitalization plans.
7. Properties that would form a part of a land assemblage development plan by the Land Bank Authority.
8. Properties that will generate operating resources for the functions of the Land Bank Authority.

The Treasurer may combine properties from one or more of the foregoing categories in structuring the terms and conditions of the statutorily required auctions of the tax foreclosure properties, and may acquire any such properties prior to auctions, at such auctions, or subsequent to auctions as authorized by law. In determining the nature and

extent of the properties to be acquired the Treasurer shall also give consideration to underlying values of the subject properties, the financial resources available for acquisitions, the operational capacity of the LBA, and the projected length of time for transfer of such properties to the ultimate transferees.

1.B. Policies Governing the Acquisition of Non Tax-Foreclosed Properties

The Land Bank Fast Track Act, 2003 PA 258, MCL 124.755 et seq allows for the direct purchase of property. While the foundation of the Land Bank property is acquired through the tax foreclosure process, there will be opportunities for direct purchase of mortgage foreclosed, redevelopment project, "red tagged", and other properties that represent the mission of the Land Bank. Policies and Procedures to carry out these Priorities are:

1. Accumulate property information including assessment data, map location, photos, code violation information and other pertinent information regarding the property.
2. Personal inspection of the interior/exterior of the property.
3. Contact the local jurisdiction and receive a written evaluation of the property relative to their community/neighborhood plan.
4. Conduct a rehabilitation evaluation including a cost analysis estimate or a vacant land redevelopment analysis.
5. Request a rehabilitation/redevelopment appraisal or market value estimate from professional service staff.
6. Professional staff will prepare a financial and policy analysis, and present the information to the chairman or executive director to establish purchase price and approval. If board approval is required, professional staff will prepare a Resolution and Resolution Staff Review Form for presentation to the board.
7. If purchase price is over \$100,000, board approval is required.
8. All commercial property acquisition requires board approval.
9. If executive director is directly involved in the acquisition, chairman of board approval is required.

2. Priorities Concerning the Disposition of Properties

The disposition of properties shall be based upon a combination of three different factors. The first factor involves the intended or planned use of the property. The second

factor considers the nature and identity of the transferee of the property. The third factor addresses the impact of the property transfer on the short and long term neighborhood and community development plans. Within each factor is a ranking of priorities. The disposition of any given parcel will be based upon an assessment of the most efficient and effective way to maximize the aggregate policies and priorities. The Board and Staff of the LBA shall at all times retain flexibility in evaluating the appropriate balancing of the priorities for the use of property, priorities as to the nature of the transferee of properties, and priorities concerning neighborhood and community development.

Priorities for Use of Property

1. Homeownership and affordable housing.
2. Neighborhood revitalization.
3. Return of the property to productive tax paying status.
4. Provision of financial resources for operating functions of the LBA.
5. Land assemblage for economic development.
6. Long term “banking” of properties for future strategic uses.

Priorities as to the Nature of the Transferee

1. Qualified nonprofit corporations that will hold title to the property on a long-term basis (primarily rental properties) or hold title to the property for purposes of subsequent reconveyance to private third parties for homeownership.
2. Governmental entities.
3. Entities that are a partnership, limited liability corporation, or joint venture comprised of a private nonprofit corporations and a private for-profit entity.
4. Individuals who own and occupy residential property for purposes of the Side Lot Disposition Program.
5. Nonprofit institutions such as academic institutions and religious institutions.

Individuals and entities that were the prior owners of property at the time of the tax foreclosure which transferred title to the Treasurer shall be ineligible to be the transferee of such property from the Treasurer.

Priorities Concerning Neighborhood and Community Development

1. The preservation of existing stable and viable neighborhoods.
2. Neighborhoods in which a proposed disposition will assist in halting a slowly occurring decline or deterioration.
3. Neighborhoods which have recently experienced or are continuing to experience a rapid decline or deterioration.
4. Geographic areas which are predominantly non-viable for purposes of residential or commercial development.
5. Within and among each of the first four priorities shall be a concurrent priority for targeted geographic areas for which a qualified strategic development plan has been approved.

Neighborhood Community Development plans work within the local community staff and their adopted master plan.

3. Factors in Determining Consideration Due Upon Transfers

The following factors shall constitute general guidelines for determination of the consideration to be received by the LBA for the transfer of properties. In each and every transfer of real property the LBA shall require good and valuable consideration in an amount determined by the LBA in its sole discretion. The LBA will consider both the fair market value of the property and the Property Costs in its determination of consideration for each property. "Property Costs" shall mean the aggregate costs and expenses of the LBA attributable to the specific property in question, including costs of acquisition, maintenance, repair, demolition, marketing of the property and indirect costs of the operations of the LBA allocable to the property.

The consideration to be provided by the transferee to the LBA may take the form of cash, deferred financing, performance of contractual obligations, imposition of restrictive covenants, or other obligations and responsibilities of the transferee, or any combination thereof.

1. Transfers to Nonprofit entities for affordable housing.

- (a) Transfers of property to nonprofit entities for the development, operation or maintenance of affordable housing shall require consideration not less than the Property Costs.
- (b) Consideration shall be established at a level between the Property Costs and fair market value of the property. To the extent that the consideration exceeds the Property Costs, such amount shall be reflected by a combination of contractual obligations to develop, maintain, or preserve the property for specified affordable housing purposes. Such amount may be secured by subordinate financing in which amortization of the obligation occurs by virtue of annual performance of the required conditions.
- (c) The dominant priority in determining the amount of and method of payment of the consideration shall be to facilitate the development of affordable housing and simultaneously to ensure that the property is dedicated over an appropriate period of time for affordable housing.

2. Transfers to Governmental Entities.

- (a) To the extent that transfers of property to governmental entities are designed to be held by such governmental entities in perpetuity for governmental purposes, the aggregate consideration for the transfer shall be based upon deed restrictions upon the use of the property.
- (b) To the extent that transfers of property to governmental entities are anticipated as conduit transfers by such governmental entities to third parties, the consideration shall consist of not less than Property Costs, to be paid in cash.

The difference between the Property Costs and the fair market value may be included in consideration depending upon the relationship between the anticipated uses and the governing priorities of the LBA.

3. Side Lot Disposition Program.

The pricing policies applicable to the Side Lot Disposition Program shall be as set forth in the policies and procedures applicable to the Side Lot Disposition Program.

4. Transfers of Property at Open Market Conditions.

- (a) Property that is transferred on the open real estate market, whether through auction or negotiated transfers, without restrictions as to future use shall be based upon consideration equal to the fair market value of the property. Such consideration shall be paid in full at the time of the transfer.

4. Side Lot Disposition Program

Individual parcels of property may be acquired by the Treasurer, the County, or the Land Bank Authority, 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 LBA.

A. Side Lot Disposition Policies

1. 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.
 - (d) No more than one lot may be transferred per contiguous lot.

2. Transferees.
 - (a) All transferees must own and occupy 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 Ingham County) that is subject to any unremediated 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 Ingham County) that is tax delinquent.
 - (d) The transferee must not have been the prior owner of any real property in Ingham County that was transferred to the Treasurer or to a local government as a result of tax foreclosure proceedings unless the LBA approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.

3. 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.

4. Additional Requirements

- (a) 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.
- (b) In the event that a contiguous property needs land for a driveway or other local code compliance issues this subsection will rule.

B. Side Lot Disposition Procedures

1. The prospective buyer must submit the following documents to the LBA Transaction Specialist:
 - (1) List of property address(es)
 - (2) Project Description – property use must be consistent with current zoning requirements
 - (3) A Picture Identification
 - (4) Proof of Social Security Number, if needed for identification and/or tax compliance
 - (5) Evidence of compliance with all LBA Side Lot Disposition Policies
2. Within a 30-day period of receiving a complete request packet, a basic analysis is completed and presented to the LBA Director or such other persons as designated by the Chairperson for approval.
3. Once the project has been approved, the closing documents for property transfer to complete the transaction with the buyer will be compiled. *Title insurance is not included.*

5. Residential Land Transfers

A. Residential Land Transfer Policies

These policies pertain to transfers whose future use is residential. At time of transfer the property may be vacant, improved or ready to occupy.

1. The transferee must not own any real property that has any unremediated citation of violation of the state and local codes and ordinances.
2. The transferee must not own any real property that is tax delinquent.
3. The subject property must not 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).
4. The transferee must not have been the prior owner of any real property in Ingham County that was transferred to the Treasurer or to a local government as a result of tax foreclosure proceedings unless the LBA approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.
5. The use of transferred property must give consideration to the Community/Neighborhood Plan (if one is in place) and received a letter of comment from the appropriate planning groups.
6. Parcels of property shall be transferred for consideration in an amount not less than the lower of the fair market value or the amount of the costs incurred in acquisition, demolition and maintenance of the lot/building.
7. All development projects should be started and completed within a time frame negotiated with LBA.
8. 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 LBA pertaining to property transfers.
9. A precise narrative description of future use of the property is required.
10. Transactions shall be structured in a manner that permits the LBA to enforce recorded covenants or conditions upon title pertaining to development and use of the property for a specified period of time. Such restrictions may be enforced, in certain cases, through reliance on subordinate financing held by the LBA.
11. The transferee must agree to pay future property taxes from time of transfer.

12. If code or ordinance violations exist with respect to the property at the time of the transfer, the transfer agreements shall specify a maximum period of time for elimination or correction of such violations, with the period of time be established as appropriate to the nature of the violation of the anticipated redevelopment or reuse of the property.
13. The proposed use must be consistent with current zoning requirements or a waiver for non-conforming use is a condition precedent to the transfer.
14. Where part or all of the consideration for the transfer is the prospective affordability of the housing units, affordability requirements may be set forth in the transfer agreement and enforceable through recorded covenants, conditions or limitations upon title.
15. Where rehabilitation of a property by the transferee is a condition of the transfer, the requirement for such rehabilitation shall be in accordance with rehabilitation standards as established by the LBA and adequate completion of such rehabilitation shall be a condition to the release of restrictions or lien securing such performance.

The following additional policies shall apply to properties to be transferred to individual transferees as part of a homeownership program.

16. The owner-occupant must complete renovations and move into the structure within a time frame negotiated by the LBA.
17. The property may not be used as rental property.
18. For properties transferred for cash consideration below full fair market value of the property, the owner-occupant must reside in the property as his or her primary residence for at least a 5-year period. If the property is sold prior to the 5-year period the transferee must sell the property for no more than the purchase price from the LBA plus all cost of property improvements plus a 5% annual inflation rate.

B. Residential Land Transfer Procedures – Individual Transferees

1. The prospective transferee must submit the following documents to the LBA:
 - (1) List of property address
 - (2) Rehabilitation / Improvement Specifications
 - (3) Time Line for Rehabilitation / Improvement Completion (if applicable)
 - (4) Project Financing (Pre-Qualification Letter for Lender)
 - (5) Development Budget (if applicable)
 - (6) Most Recent Tax Return
 - (7) A Picture Identification
 - (8) Proof of Social Security Number
2. Within a 30-day period of receiving a complete request packet, the staff will complete a basic analysis and present it to the LBA Director/Chairperson for approval.

3. Once the project has been approved, the staff will compile the closing documents for property transfer and complete the transaction with the transferee.

C. Residential Land Transfer Procedures – Corporate Transferees

1. Required Application Documentation. The prospective buyer must submit the following documents to the LBA.
 - (1) List of property address(es)
 - (2) Project Description
 - (3) Development Team Description, including complete information on the following parties:
 - (a) Developer:
 - (b) Co-developer/Partner:
 - (c) Owner:
 - (d) General Contractor:
 - (e) Consultants:
 - (f) Architect:
 - (g) Project Manager (during construction):
 - (h) Lead Construction Lender:
 - (i) Marketing Agent:
 - (j) Project Management (post-construction):
 - (4) Market Information / Plan
 - (5) Project Financing
 - (6) Development Budget
 - (7) All Rental Transactions Must Attach an Operating Budget
 - (8) Most Recent Audited Financial Statement
 - (9) Evidence of compliance with all applicable LBA policies
2. Following receipt of a completed application, the staff will complete a basic analysis and present it the LBA Director or such other persons as designated by the Director/Chairperson for approval.
3. Once the project has been approved the staff will compile the closing documents for property transfer, and complete the transaction with the buyer.

6. Commercial Land Transfers

A. Commercial Land Transfer Policies

These policies pertain to transfers of real property for which the intended future use is non-residential. At time of transfer the property may be vacant, improved or ready to occupy.

1. The transferee must not own any real property that has any unremediated citation of violation of the state and local codes and ordinances.
2. The transferee must not own any real property that is tax delinquent.
3. The transferee must not have been the prior owner of any real property in Ingham County that was transferred to the Treasurer or to a local government as a result of tax foreclosure proceedings unless the LBA approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.
4. The use of transferred property must give consideration to the Community/Neighborhood Plan (if one is in place) and received a letter of comment from the appropriate planning groups.
5. Potential tenants must give consideration to the Community/Neighborhood Plan (if one is in place) and received a letter of comment from the appropriate planning groups.
6. Parcels of property shall be transferred for consideration in an amount not less than the lesser of the fair market value or the amount of the costs incurred in acquisition, demolition and maintenance of the lot/building.
7. All development projects should be started and completed within a time frame negotiated with the LBA.
8. 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 LBA pertaining to property transfers.
9. A precise narrative description of future use of the property is required.
10. Transactions shall be structured in a manner that permits the LBA to enforce recorded covenants or conditions upon title pertaining to development and use of the property for a specified period of time. Such restrictions may be enforced, in certain cases, through reliance on subordinate financing held by the LBA.
11. The transferee must agree to pay future property taxes from time of transfer.
12. If code or ordinance violations exist with respect to the property at the time of the transfer, the transfer agreements shall specify a maximum period of time for elimination or correction of such violations, with the

period of time be established as appropriate to the nature of the violation of the anticipated redevelopment or reuse of the property.

13. The proposed use must be consistent with current zoning requirements, or a waiver for non-conforming use is a condition precedent to the transfer.

B. Commercial Land Transfer Procedures

1. Required Application Documentation. The prospective buyer must submit the following documents to the LBA Transaction Specialist.
 - (1) List of property address(es)
 - (2) Project Description
 - (3) Development Team Description, including complete information on the following parties:
 - (a) Developer:
 - (b) Co-developer/Partner:
 - (c) Owner:
 - (d) General Contractor:
 - (e) Consultants:
 - (f) Architect:
 - (g) Project Manager (during construction):
 - (h) Lead Construction Lender:
 - (i) Marketing Agent:
 - (j) Project Management (post-construction):
 - (4) Market Information / Plan
 - (5) Project Financing
 - (6) Development Budget
 - (7) Operating Budget
 - (8) Most Recent Audited Financial Statement
 - (9) List of Potential Tenants and pre-lease agreements
 - (10) Evidence of compliance with all applicable LBA policies
2. Following receipt of a completed application, the staff will complete a basic analysis and present it the LBA Director or such other persons as designated by the Director/Chairperson for approval.
3. Once the project has been approved the staff will compile the closing documents for property transfer, and complete the transaction with the buyer.

7. Approvals of Land Transfers

A. Transfers Requiring Board Approval

1. The Board of Directors must approve all transfers that require any exceptions to policies and procedures adopted by the Board of Directors.
2. The Board of Directors must approve all transfers in which the property in the hands of the transferee will be exempt from property taxes.
3. The Board of Directors must approve all transfers with more than one interested buyer.
4. The Board of Directors must approve all transfers for non-residential projects.
5. The Board of Directors must approve all transfers to governmental entities.

B. Transfers Requiring Director/Chairperson Approval

1. The Director/Chairperson may approve all transfers in the Side Lot Disposition Program and may further delegate, by written policy, such approval authority.
2. The Director/Chairperson may approve all single parcel land transfers for residential use. If a prospective transferee seeks to acquire more than three (3) properties within a twelve month period, the request must go to the LBA Board for approval.
3. All transfers authorized by the Director/Chairperson must be reported in writing to the Board of Directors at the immediately following Board meeting.

8. Land Banking Policies

The LBA is willing to receive title to properties from community development corporations and other entities, and hold title to such properties pending future use by the LBA, by the transferor of the property, or by other third parties. The receipt by the LBA of any and all conveyances of real property shall at all times be solely within the discretion of the LBA, and nothing in this policy shall be deemed to require the LBA to take title to any properties nor to limit the discretion of the LBA in negotiating the terms of its acquisition of any property, whether as donated transfers or otherwise.

All conveyances received by the LBA in its land banking capacity must comply with the requirements set forth below in Part A, and will be reviewed and considered by the LBA in accordance with the procedures set forth in Part B. If the transfer is approved by the LBA, the LBA shall hold the subject property, and may use or convey the subject property or any interest in the subject project, subject only to the right of repurchase set forth in Part C.

Following the transfer of any properties to the LBA in accordance with this policy, the LBA shall have the right, but not the obligation, to maintain, repair, demolish, clean, and grade the subject property and perform any and all other tasks and services with respect to the subject property as the LBA may deem necessary and appropriate in its sole discretion.

A. Requirements for Conveyances to the LBA in its Land Banking Capacity

1. Property that is intended to be conveyed to the LBA and to be held by the LBA in its land banking capacity shall be clearly designated as such in the proposal for the transfer, and in the records of the LBA.
2. No property shall be transferred to the LBA pursuant to this land banking policy unless the transferor is either a private nonprofit entity or a governmental entity.
3. The subject property must not be occupied by any party or parties as of the date of transfer to the LBA.
4. The subject property must, as of the date of the transfer to the LBA, be free of any and all liens for ad valorem taxes, special assessments, and other liens or encumbrances in favor of local, state or federal government entities.
5. The subject property must, as of the date of the transfer to the LBA, be free of all outstanding mortgages and security instruments.
6. The LBA shall not receive and hold, at any given time, in excess of ten (10) separate parcels of property from any given transferor.

B. Procedures for Conveyances to the LBA in its Land Banking Capacity

1. The transferor of any proposed conveyance to the LBA in its land banking capacity shall prepare a written proposal containing the following information:
 - (a) A legal description of the property.
 - (b) A title report, or other similar evidence, indicating that the property is free of all liens and encumbrances specified in Part A.
 - (c) A description of the transferor's intended uses of the property and the time frame for use and development of the property by the transferor.
2. Following receipt of the proposal, the LBA shall review the proposal and notify of the transferor of its approval or disapproval, and of any changes or additions that may be necessary as determined by the LBA in its sole discretion.

C. Right of Repurchase by the Transferor

1. The transferor shall have a right to repurchase the subject property from the LBA at any time within a period of three (3) years from the date of transfer to the LBA by giving notice to the LBA.
2. The right of repurchase may be exercised by the transferor upon payment to the LBA of the Purchase Price. The Purchase Price shall be an amount equal to (i) all expenditures of the LBA (whether made directly by the LBA or through payments to a third party contractor) in connection with the subject property incurred subsequent to the date of conveyance to the LBA, and (ii) an amount determined by the LBA as its average indirect costs, on a per parcel basis, of holding its portfolio of properties.
3. The LBA shall have the right, at any time within the three year period following the date of the original transfer, to require the transferor to exercise its right of repurchase by giving written notice to the transferor of the requirement that it exercise its right of repurchase and the amount of the Purchase Price. The transferor must exercise its right of repurchase, and close the reconveyance of the property within sixty (60) days of receipt of such notice. Failure of the transferor to exercise and close upon its right of repurchase within such period of time shall result in a termination of all rights of repurchase with respect to the subject property.

9. Transfer of Rehabilitated Properties

These policies apply to the disposition by the LBA of improved real property which is rehabilitated by or on behalf of the LBA prior to its disposition to a transferee.

A. Rehabilitation and Marketing

1. The LBA shall undertake, in its sole discretion, rehabilitation of properties prior to the transfer to third parties. The nature and extent of any such rehabilitation shall be determined by the LBA in its sole discretion.
2. At the commencement of rehabilitation a sign shall be placed on the property indicating that the property is owned by the LBA.
3. A real estate agent, or realtor, shall be selected in accordance with LBA guidelines to assist in the marketing of the property. A listing agreement will normally be signed with such agent approximately two months prior to completion of the rehabilitation. Marketing of the property will normally commence at this point. The LBA staff will make available information on the property and on the procedures to be followed by parties interested in the possible acquisition of the property.

B. Sale of Rehabilitated Properties

1. A nonrefundable escrow deposit shall be required for all contracts for the disposition of property rehabilitated by the LBA. Such deposit shall be in an amount established by the LBA, but shall not be less than \$500 for a purchase price less than \$30,000, and \$1000 for a purchase price greater than \$30,000.
2. A sales contract shall be submitted to staff for review, and must comply with all policies and procedures of the LBA. The sales contract shall not be binding upon the LBA until approved by the Director/Chairperson, or by the Board of Directors if required by LBA policies and procedures.
3. Closing of the transfer shall occur with the assistance of a title company selected and approved in accordance with the LBA guidelines.

