



TROY COMMUNITY LAND BANK PROPERTY ENFORCEMENT PROCEDURES

SECTION 1. BACKGROUND.

The primary purpose of the Troy Community Land Bank (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 properties from the City of Troy 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 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 in a property sale. In some cases deed restrictions may be applied in conjunction with an enforcement note and mortgage.

SECTION 2. ENFORCEMENT TOOLS.

- 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 (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 complete, the Land Bank will discharge the mortgage and the property is considered to be back to productive use.

Pursuant to the 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 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 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 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 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 of properties does not always go as smoothly or as quickly as the Land Bank or the Buyer would like. In those cases, it is important to keep the lines of communication open. If the Buyer should require a good faith extension of time to complete the property improvements, Buyer may request an extension of time to complete the improvements. The Land Bank is under no obligation to grant an extension of time to complete the improvements to the property. 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. A deed restriction is a clause in a deed that limits 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.** Reverter, 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. Reverter occurs when the property owner transfers a vested estate of lesser quantum than he started with. Generally the Land Bank requires a right of reversion be granted to the Land Bank should the Buyer not improve the property per the redevelopment plan, or complete the redevelopment plan in the agreed upon timeframe. Reverter clauses are inserted in all Land Bank Deed along with other Deed Restrictions as they apply to each property. A right to 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 redevelopment plan. 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 reveter 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, 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 enforcement mortgage 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 an agreed upon timeline. Record of contact and outcome of engagement shall be recorded in the Land Bank's e-property database to document the outcome of each interaction. Nonresponsive Buyers are subject to all further actions available to the Land Bank.

The redevelopment projects, enforcement of the enforcement mortgage, deed restrictions and reverts is also monitored 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 community/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 extension to Buyer.
- E. **Project Completion.** Upon the completion of an agreed upon rehabilitation and/or action governed by a deed restriction Buyer must notify the Land Bank and provide satisfactory evidence of completion. In the event of a rehabilitation 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 Banks records. The project will be deemed complete upon discharge of the enforcement mortgage.