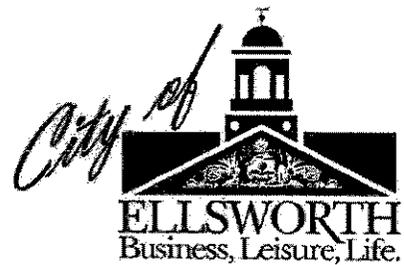


**CHAPTER 10**  
**MAINTENANCE, ADMINISTRATION AND DISPOSITION OF**  
**TAX ACQUIRED PROPERTY**  
**CITY OF ELLSWORTH, MAINE**

A true copy –

Attest: Heidi-Noel Grindle  
City Clerk



*Adopted 6/17/1985*  
*Amended 12/16/1996*  
*Repealed/Replaced 04/19/2010*  
*Amended 08/16/2010*

**CHAPTER 10**  
**ORDINANCE FOR THE MAINTENANCE, ADMINISTRATION AND**  
**DISPOSITION OF TAX ACQUIRED PROPERTY**

ARTICLE I. GENERAL

Section 1. Short Title

This ordinance is hereby adopted in accordance with the provisions of Title 30-A MRSA, Section 3001, as amended and shall be known as and may be cited as the "*Ordinance for the Maintenance, Administration and Disposition of Tax Acquired Property for the City of Ellsworth*" and shall be referred to herein as the "Ordinance".

Section 2. Purpose

The purpose of this Ordinance is to establish and dictate a procedure whereby real property, <sup>1</sup>recently acquired in accordance with 36 MRSA, Sections 942 and 943, as amended, shall be managed, administered and disposed of by the City of Ellsworth. <sup>2</sup>This ordinance does not dictate procedure of City Property which may be disposed of by the City Council as they deem advisable.

Section 3. Definitions

For the purpose of this Ordinance, the following terms shall have the following definitions:

- <sup>3</sup>a. **"City Property"** shall mean all property owned by the City except for tax acquired property as defined below.
- b. **"Foreclosed Tax Lien"** shall mean a tax lien mortgage that has automatically foreclosed pursuant to the provisions of 36 MRSA, Section 942 and Section 943, as amended.
- c. **"Mail"** shall mean regular, first class mail, postage prepaid.
- d. **"Municipality"** shall mean the City of Ellsworth.
- e. **"Prior Owner"** shall mean the person or persons, entity or entities, heirs or assigns to whom the property was most recently assessed for municipal tax purposes.
- f. **"Quit Claim Deed"** shall mean a signed, legal instrument releasing the municipality's right, title or interest in the real estate property, acquired by virtue of foreclosed tax liens, to an individual or individuals, entity or entities without providing a guarantee or warranty of title to same.

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<sup>1</sup> Amended August 16, 2010

<sup>2</sup> Amended August 16, 2010

<sup>3</sup> Amended August 16, 2010

**g. "Real Property"** shall mean all land or lands and all structures, buildings, dwellings, tenements and hereditaments, including manufactured homes, located or relocated upon any land or lands connected therewith and all rights thereto and interests therein.

**h. "Tax Acquired Property"** shall mean that real property acquired by the municipality by virtue of a foreclosed tax lien as defined above <sup>4</sup>within five (5) years of the date of foreclosure. Following expiration of five years of City ownership, tax acquired property shall be deemed to be City Property.

**i. "Tax Lien"** shall mean the statutory lien created by 36 MRSA, Section 552, as amended.

## ARTICLE II. MANAGEMENT AND ADMINISTRATION

Section 1. Following statutory foreclosure of a tax lien mortgage, title to the real property automatically passes to the municipality. The management of this property rests exclusively with the City Council, subject to the applicable statutes, ordinances and regulations.

Section 2. The City Council may obtain fire loss insurance for tax acquired property with structures in a dollar value not less than all outstanding taxes, liens, costs and other attendant expenses.

Section 3. The City Council shall determine when and if any occupant of tax acquired property shall vacate the same.

Section 4. The City Council shall determine whether a tax acquired property is to be retained for municipal use or disposed of in accordance with the provisions of this ordinance.

Section 5. Should the City Council decide to retain tax acquired property for use by the City, it may take all actions necessary to establish clear title to the property.

Section 6. The City Council may charge a monthly rental fee to any and all occupants of tax acquired property. If a rental fee is charged the City Council shall obtain sufficient insurance coverage for the tax acquired property.

Section 7. The City Council shall obtain insurance coverage for tax acquired property at such time as the prior owner, his lessee or licensee, has ceased to occupy the same for a period of 60 days.

## ARTICLE III. DISPOSITION OF TAX ACQUIRED PROPERTY

Should the City Council decide to dispose of tax acquired property, the following provisions shall be followed unless Article III-A applies:"

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<sup>4</sup> Amended August 16, 2010

<sup>5</sup>Section 1. As soon as possible following the automatic foreclosure, the Treasurer will mail a 30-day redemption notice by certified mail, return receipt request, to the person or entity against whom taxes were most recently assessed. The prior owner may redeem the property within 30 days from the date of the letter by paying all taxes in full including interest, costs, and current tax year. Payment must be made by cashier's check, postal money order, or cash.

<sup>6</sup>Section 2. The City Council shall solicit sealed bids for the sale of tax acquired property and shall receive bids on a date to be determined by the City Council.

Section 3. The City Council shall cause a public notice of the impending public sale of tax acquired property to be posted within the city building and to be advertised for two consecutive weeks in the <sup>7</sup>newspaper of general circulation, the last notice to be published at least seven days prior to the advertised sale date.

Section 4. The City Council shall require the following for proper submission of bids:

- a. A bid sheet containing the Tax Map and Lot number(s) of the property being bid upon and the bid price.
- b. A certified cashier's check or postal money order in an amount not less than 10% of the bid price must be included as a deposit on the bid. Failure to submit a deposit shall cause the bid to be automatically rejected.

Section 5. The City Council shall require that those bid items cited above in Section 4, subsections a) and b), be sealed in a single plain envelope marked only "Tax Acquired Property Bid" on the exterior and either be hand delivered to the City Manager or, if mailed, to be enclosed within a second envelope addressed to the City Manager, City of Ellsworth. All bids must be received by the municipality on the date and time determined by the City Council in Section 2 above.

Section 6. The City Council shall not accept any bid that is less than the total outstanding taxes, interests and costs, current year taxes not assessed, and public notice costs and insurance costs.

Section 7. The City Council shall retain the right to accept or reject any and all bids submitted. Should the City Council reject all bids, the property may be offered again for public sale without notice to any prior owner or owners.

Section 8. The City Council shall notify by mail any successful bidder.

Section 9. The City Council shall, as a credit to payment, retain the submitted bid price deposit of any successful bidder and shall return all other submitted deposits.

Section 10. The City Council shall require payment in full from a successful bidder within 30 calendar days following the date when bids are opened and read. Should the bidder fail to pay

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<sup>5</sup> Amended August 16, 2010

<sup>6</sup> Amended August 16, 2010

<sup>7</sup> Amended August 16, 2010

the balance within 30 days the municipality shall retain the bid price deposit and title to the proffered property.

Section 11. The City Council may, subject to a show of good cause on the part of the bidder, extend the time limit in which full payment must be received by 20 additional days.

Section 12. The City Council shall convey title to tax acquired property by Quit Claim Deed.

Section 13. The successful bidder shall be responsible for the removal of any and all occupants of tax acquired property purchased by him and shall, in writing, forever indemnify and save harmless the municipality from any and all claims arising out of the sale of the tax acquired property by the occupants of the purchased property, their heirs or assigns. A signed, written document giving effect to the provisions of this section shall be delivered to the municipality with the balance of the purchase price.

#### **\*\*ARTICLE III-A SALE TO PRIOR OWNERS RESIDING ON THE PREMISES**

Section 1. This Article applies only to prior owners who personally reside on the premises of the tax-acquired property at the time the tax lien matured and continuously thereafter up to and including the time of the petition for repurchase noted below.

Section 2. Within thirty (30) days of the maturation of the oldest property tax lien encumbering the immediate prior owner of the tax acquired property may petition the City Council to repurchase the property.

Section 3. The City Council may, at its discretion, allow such repurchase if it deems the repurchase to be in the best interest of the City. The City Council shall establish the terms of the repurchase at the time it decides whether to allow such repurchase.

Section 4. In the event the City Council votes to allow the immediate prior owner to repurchase the property, the City Treasurer shall prepare a repurchase agreement. This agreement shall allow the immediate prior owner to repurchase the property upon payment of all back taxes, interest, charges and fees and all attorneys' fees incurred by the City in the repurchase process, plus any taxes and interest accrued during the term of the repurchase agreement. The repurchase agreement shall generally conform to the model found at Appendix A of this Ordinance.

Section 5. A repurchase agreement is not binding upon the City until it is reviewed by the City Attorney and signed by the City Council after a vote thereon.

Section 6. The City Council shall only give a Quitclaim Deed to convey title to the property. There shall be no transfer of title of the property until the repurchase agreement is satisfactorily performed by the repurchaser.

#### **ARTICLE III-B – Other Sale and Disposition Procedures**

Section 1. Should the City Council determine that tax-acquired property shall be relinquished rather than retained by the City, and the provisions of Article III have been completed in full a minimum of one (1) time and the provisions of Article III-A do not apply thereto and if bids

are not received for tax acquired property under the terms and conditions of Article III, then the City Council may dispose of tax acquired property as they deem advisable.

Section 2. Any sale of tax-acquired property shall be through public sale. The Finance Director, under the directive of the City Manager, shall oversee the exact terms and conditions of such sale and use his/her best judgment to seek the best and most expedient method of sale and return on the sale for the City. The City Council will have the right to accept or reject any sale.

Section 3. The price of tax acquired property, sold pursuant to this Article must be no less than the total outstanding taxes, interest, costs including, but not limited to, public notice costs and insurance costs, and current year taxes. The City Council may waive this provision if it concludes that doing so would be in the City's best interest.

Section 4. A public notice of tax acquired property available for sale under Article III-B to be posted within the city building, on the City website, and to be advertised for two consecutive weeks in the<sup>8</sup> newspaper of general circulation.

#### ARTICLE IV. CONSTRUCTION AND ADOPTION

Section 1. The various Articles and Sections of this Ordinance are severable. Should any article or provision of this ordinance be declared invalid, such decision shall not invalidate any other Article or Section of this ordinance.

Section 2. The provisions of this ordinance shall not be deemed applicable to a release given by the City Council to any person or persons, entity or entities, the sole purpose of which is to remove any cloud upon title to property arising from defective or unrecorded discharges of tax liens.

Section 3. This ordinance shall become effective immediately upon adoption by the City Council.

Adopted 6/17/85 Amendments through 8/16/2010

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<sup>8</sup> Amended August 16, 2010

APPENDIX A

CITY OF ELLSWORTH

Land Installment Contract

This Land Installment Contract (hereinafter referred to as the "Agreement") is made this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between the City of Ellsworth, One City Hall Plaza, Ellsworth, Maine 04605 (hereinafter referred to as the "City"), and \_\_\_\_\_, whose post office address is \_\_\_\_\_, (hereinafter referred to as the "Purchaser").

WITNESSETH:

1. SALE AND PREMISES. The City agrees to sell and convey to Purchaser and the Purchaser agrees to purchase, on the terms and conditions hereinafter set forth, the following described property (hereinafter referred to as the "Property"):

(a) Certain property described as Map#\_\_\_\_\_, Lot #\_\_\_\_\_, on the Ellsworth Tax Assessor's Maps for 20\_\_\_, which are on file at the Ellsworth City Hall, being the same premises as described in a City of Ellsworth tax lien dated and recorded in the Hancock County Registry of Deeds in Book\_\_\_\_\_, Page\_\_\_\_\_, which lien foreclosed on\_\_\_\_\_. A copy of said deed is attached hereto as **Exhibit A.**

(b) The described property is sold "as is" without any warranties or representations whatsoever.

2. SALES PRICE. The total sales price for the property is \$\_\_\_\_\_, which shall be paid as follows:

(a) Down payment of \$\_\_\_\_\_ to be paid upon execution of this Agreement, receipt of which is hereby acknowledged by the City;

(b) The remaining principle balance of \$\_\_\_\_\_ together with interest at the rate of \_\_\_\_\_ percent ( %) per year, to be paid in \_\_\_\_\_ consecutive monthly installments of \$\_\_\_\_\_, each due the third day of each month, starting on the month after this Agreement is executed. An amortization schedule showing the foregoing is attached hereto as **Exhibit B.**

2.1. CHARGES OR FEES. In addition to the sales price, and other matters stated herein, the Purchaser agrees to pay the following charges or fees for services:

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3. PREPAYMENT. The buyer has the right to accelerate or prepay any installment payments without penalty, unless agreed to the contrary.

4. TAXES AND ASSESSMENTS. The Purchaser shall be responsible for the payment of taxes and any other fees, charges or assessments made under the law on the said property from the date of this Agreement, and any interest thereon, which is computed at a rate set by the City Council for the tax year(s) in question. These taxes, fees, charges or assessments shall be paid in full, in addition to the Sales Price, before a deed is delivered to the Purchaser by the City.

5. DELIVERY OF DEED. When the total amount of the obligations of the Purchaser under this Agreement have been paid in full, the City shall forthwith convey the property and transfer title to the Purchaser, by good and sufficient Municipal Quitclaim Deed Without Covenant. The property is to be sold "as is" without any warranties or representations whatsoever.

6. RISK OF LOSS; INSURANCE. The Purchaser assumes all risk of loss or damage to the premises by fire or otherwise and all liability for personal injury or property damage related to the use or occupancy of the property. Purchasing casualty and liability insurance is the Purchaser's responsibility alone, and the City will not procure or maintain such coverage for the Purchaser or otherwise indemnify the Purchaser against any such loss or damage liability.

7. SELLER'S REMEDIES FOR DEFAULT; BUYER'S RIGHT TO CURE DEFAULT. If the Purchaser fails to make any payment or perform any covenant or obligation provided in this contract, then, at the City's option, the City may either:

(a) foreclose and terminate this Agreement in accordance with 14 M.R.S.A. § 6203-F, in which event the City may foreclose the rights of the Purchaser as provided therein following notice of a right to cure the default as stated in 14 M.R.S.A. § 6203-F(2), and upon such foreclosure and expiration of the redemption period, all rights of the Purchaser hereunder shall thereupon cease and terminate and all sums of money paid hereunder shall belong to and be retained by the City and treated as rent for the use and occupancy of the property and Purchaser shall immediately deliver to the City peaceful possession of said property, and City may forthwith re-enter said property and remove all persons therefrom; or

(b) The City may treat this Agreement as continuing, and may enforce the same either by specific performance or other appropriate remedy, including the right to declare the entire unpaid balance, together with accrued interest, at once due and payable without demand or notice, and the City shall also have the right to re-enter the property pending the payment thereof.

In addition to any other remedies, in case of failure of the Buyer to insure the property, make repairs, pay taxes or assessments, or make other payments required hereunder, the Seller may, at the Seller's option, insure the property, make the payments, or make the repairs

APPENDIX A

(it being agreed that for the purpose of making such repairs, the Seller may have free and uninterrupted access to the property) and all sums so paid shall be added to the amount due under this Contract, with interest accruing thereon at the same rate.

Failure to exercise any remedy shall not constitute a waiver of the City's right to exercise the same in the event of any subsequent default, nor shall Seller's election to treat the Agreement as continuing constitute a bar, upon the occurrence of future default or defaults, to elect again as to remedy. The Purchaser hereby waives presentment, demand, notice and protest, and agrees to pay all costs incurred by the City in pursuing the remedies provided in this paragraph 7, including reasonable attorneys' fees.

8. TITLE. The Purchaser acknowledges receipt from the City of a copy of the City's deed, or other evidence of the City's title to the property. The Purchaser shall pay the expense of any title search or title examination that Purchaser elects to procure. The Purchaser agrees that title to the property is satisfactory as of the date hereof.

9. LIENS AND ENCUMBRANCES. Purchaser acknowledges that the Property is subject to the following encumbrances against the property, further described in **Exhibit C**:

(a) If the City shall be in default with respect to the City's obligations under any mortgage on the property, the Purchaser may make any payments required by the terms of the mortgage, and all such payments made by the Purchaser shall be credited against the balance of the purchase price due under this Agreement.

10. NONASSIGNABLE. The Purchaser agrees not to assign this Agreement or lease the property. Any assignment of this Agreement or lease of the property by the Purchaser without prior written consent of the City shall be deemed a default and shall entitle the City to exercise the remedies provided in paragraph 7.

11. RECORDATION. Within twenty (20) days after the execution of this Agreement by the City and the Purchaser, the City shall cause a copy of this Agreement or a memorandum of this Agreement to be recorded in the Hancock County Registry of Deeds.

12. ENTIRE AGREEMENT. This instrument contains the entire agreement between the parties, supersedes all prior negotiations and understandings, and may be canceled, modified, or amended only by a written instrument executed by both the City and the Purchaser.

Signed, Sealed, and Delivered in the presence of:

\_\_\_\_\_ City Councilor, Date \_\_\_\_\_

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\_\_\_\_\_ City Councilor, Date \_\_\_\_\_

By placing my signature below, I agree to be legally bound by the foregoing terms and conditions and I also hereby acknowledge receipt of a copy of this contract as fully executed by all parties.

\_\_\_\_\_ Purchaser, Date \_\_\_\_\_

\_\_\_\_\_ Purchaser, Date \_\_\_\_\_

**APPENDIX A**

**EXHIBIT A**

**DEED**

APPENDIX A

**EXHIBIT B**

**AMORITIZATION SCHEDULE**

**APPENDIX A**

**EXHIBIT C**

**ENCUMBRANCES**