

Policy and Procedures for Acquiring Building Lots

- I. Donated Building Lots
 - A. If the expense to acquire the lot is estimated to be \$500 or less and that amount is less than the balance in the Site Selection Committee budget, if a majority of the Site Selection Committee (consisting of at least persons) approves the lot, and the Executive Director approves the lot, HFHK shall proceed to acquire the lot without bringing the matter to the Board.
 - B. If the expense to acquire the lot is estimated to be \$500 or more, the Board will be asked to approve proceeding to acquire the lot.
 - C. Have the donor sign the memorandum of understanding promising repayment of expenses incurred by HFHK if the offer is withdrawn
 - D. Have a 30/50 year title search performed
 - E. If there are no title problems or any title problem can be resolved, have our attorney provide a deed. The donors sign the deed and the Vendor's Affidavit, and the signature or signatures are notarized.
 - F. Record the deed.
 - G. Acquire a title insurance policy for the estimated total cost of the standard HFHK home and lot before the addition of the administrative fee. (This amount is currently \$55,000.)
 - H. Generally HFHK will pay closing costs and property taxes payable in the year of acquisition or in the following year if the acquisition date is after March 1, the due date for filing tax exemption forms. These items are subject to negotiation with the donors.
 - I. HFHK shall not pay past due property taxes or sewer liens.

Note that HFHK has been successful in having the city of Kokomo forgive weed cutting or demolition liens on vacant lots. We appear before the Board of Works and request that they commit to forgiving such liens when HFHK provides confirmation of acquisition of the property.

- II. Purchased Building Lots
 - A. Have the lot examined by the Site Selection Committee
 - B. Negotiate a purchase price for the lot.
 - C. Seek Board approval to proceed with the purchase.
 - D. Have a purchase agreement signed by all parties.
 - E. Have a 30/50 year title search performed

- F. If there are no title problems or any title problem can be resolved, proceed to closing including the acquisition of a title insurance policy for the estimated total cost of the standard HFHK home and lot before the addition of the administrative fee. (This amount is currently \$55,000.) Have our attorney prepare a deed and Vendor's Affidavit.
 - G. Record the deed.
 - H. Generally HFHK and the seller will split closing costs and prorate property taxes. These items are subject to negotiation with the seller.
 - I. HFHK shall not pay past due property taxes or sewer or other liens.
- III.** If a lot contains a home, members of the Construction Committee shall inspect the home and recommend whether the home should be demolished or rehabilitated. In either case the cost shall exceed \$500 and Board action to acquire the property is required. Upon acquisition, HFHK shall acquire a title insurance policy for the estimated total cost of the rehabilitated home and lot or the estimated total cost of the standard HFHK home and lot before the addition of the administrative fee.

Passed by the Board on May 20, 2014