



FINANCE DEPARTMENT



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City of Westbrook Policy on Tax-Acquired Property

This policy is to define what the City will do with tax-acquired property, whether that is vacant land, commercial, multi-unit structures or single-family homes, after the City has acquired ownership of these properties through automatic foreclosure of property tax liens. This entire process, from placing a lien on a property, through automatic foreclosure takes approximately two years and is set forth in Title 36 of the Maine Revised Statutes. The goal of this policy is to establish clear and concise guidelines for the disposition of the property.

A Committee will be established to review all tax-acquired property no sooner than 60 days after the annual automatic foreclosure date and to make a recommendation to the City Council. A final decision on each property will be made by the Council. The Committee will be made up of the Tax Collector, Finance Director, Mayor (or Mayor's Designee), Director of General Assistance and Director of Planning and Code Enforcement. The Committee may include the Director of Economic and Community Development if a commercial property is at issue.

The Tax Collector, with assistance from the Assessor and Code Enforcement Officer, will provide the Committee with background information concerning the property, which will include the status of the building and/or land, names of prior owner(s), assessed value, current photos, history of the property, condition, neighborhood issues, and a list of any current occupants.. The Committee will then forward its recommendation to the City Council for review and approval. If the Council authorizes a sale of any property, a 60-day letter will be mailed out to the prior owner(s) as a last attempt for the prior owner(s) to redeem the property. The former owner will be permitted to repurchase the property for a price that is not less than all taxes, interest, associated costs and any other charges assessed thereon by the city. In the event the owner fails to redeem their interest within the 60-day time period, the City will proceed with disposal of the property.

There will be different procedures for the various types of tax-acquired property:

Any sale of the property should cover all outstanding taxes, interest, penalties and fees. Any net surplus proceeds of the sale will be designated to the Capital Reserve Fund, except as otherwise established for single-family residential property that is the principal residence of the homeowner at the time of the automatic foreclosure.

Tax-Acquired Vacant Land:

The Committee will determine how best to use the land. Depending on size and location, the recommendation may be to offer/sell it to the abutters, bid/proposal for sale, market it to specific groups, or remove it from the tax roll and preserve it as open space.

Tax-Acquired Commercial Property:

With the aid of the background information and input from the Director of Economic and Community Development, the Committee will determine what is in the best interest of the City on how to dispose of the property. The recommendation may include, but is not limited to, selling the property through a bid, auction or request for proposals.

Tax-Acquired Multi-Unit Property:

The Committee will determine what is in the best interest of the City on how to dispose of the property. The recommendation may include, but is not limited to, selling the property through a bid, auction or request for proposals.

Tax-Acquired Single-Family Residential Property: Each property will be evaluated on a case-by-case basis. The Tax Collector will provide any relevant information to the Committee and a decision will be made whether to evict a resident and sell the property, sell the property with the resident remaining in place (with the purchaser to decide whether the resident will remain after the sale), or retain the property and allow the resident to remain in the home as a party in possession if the City determines this is in their best interest. Property with a party in possession may continue to be taxed and lienied in accordance with State law.

If the City allows a resident to remain in a home because of the homeowner's lack of ability to pay, upon transfer of the property to a new owner or upon possession by any other person other than the former owner, all amounts due to the City must be paid in full. If the former owner ceases to be in actual physical possession of the residential tax acquired property, it may be offered for sale or otherwise disposed of as determined by the City, pursuant to established laws and local ordinances. In each case, the plan of action will be presented to the Council for final decision.

In the event that the City decides to sell a single-family residential property that is the principal residence of the homeowner at the time of the foreclosure, the City shall retain from the proceeds of the sale an amount equal to all outstanding taxes, interest, penalties, fees, and costs associated with the sale, including attorney's fees. If the proceeds from the sale exceed this amount, the excess shall be paid to the person who was the homeowner at the time of the foreclosure. For purposes of this provision the issue of whether something is the homeowner's principal residence shall be determined by a review of factors such as the existence of a homestead exemption, whether the owner is registered to vote at the address of the residence, and any other relevant and reliable evidence that the homeowner chooses to provide to the City.