

W.S.L.1.

AGENDA COVER MEMORANDUM

Memorandum Date: March 5, 2008

Agenda Date: March 19, 2008

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**TO:** Board of County Commissioners

**DEPARTMENT:** Management Services

**PRESENTED BY:** Jeff Turk, Property Management Officer 2

**SUBJECT:** ORDER/IN THE MATTER OF AUTHORIZING THE SALE OF SURPLUS COUNTY OWNED REAL PROPERTY PURSUANT TO A LAND SALES CONTRACT FOR \$6,000 TO CLAYTON JAMES RICHARDSON, FORMER OWNER OF RECORD, (MAP NO. 19-01-06-00-02900, 37891 WHEELER RD., DEXTER)

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1. **PROPOSED MOTION:** MOVE TO AUTHORIZE THE SALE OF SURPLUS COUNTY OWNED REAL PROPERTY PURSUANT TO A LAND SALES CONTRACT FOR \$6,000 TO CLAYTON JAMES RICHARDSON, FORMER OWNER OF RECORD, (MAP NO. 19-01-06-00-02900, 37891 WHEELER RD., DEXTER)

2. **AGENDA ITEM SUMMARY:**

Mr. Richardson was the owner of record of the subject property at the time it was acquired by the County due to tax foreclosure. Mr. Richardson wishes to purchase the property back from the County. The \$6,000 sale price represents all taxes, interest and penalties that were owing, taxes that would be due this year plus an additional 10% added to the total amount owing. Mr. Richardson is requesting to purchase the property pursuant to a 30 month land sale contract.

3. **BACKGROUND/IMPLICATIONS OF ACTION:**

A. **Board Action and Other History**

The property was foreclosed upon in October, 2007. The property consists of an 816 sq. ft. house residing on a ¼ acre lot. The house was built in 1928 and is in poor condition. The property has an assessed value of \$49,000 and a real market value per the Assessor of \$125,000. Mr. Richardson acquired the property in 2002 upon the passing of his parents (the house has been his home since his birth).

Mr. Richardson has requested to purchase the property pursuant to a land sale contract. The proposed terms are a \$600 down payment (which has been remitted) with monthly payments of \$478 for 30 months with an interest rate of 10.5%.

B. **Policy Issues**

ORS 275.180 provides for selling foreclosed property back to the owner of record at any time but for not less than the amount of taxes, interest and penalties owing on the property at the time the County acquired title plus 6% interest thereon until the time the property is sold.

Lane Manual 21.425(4) qualifies ORS 275.180 by requiring one of three conditions to exist for a sale to the former owner of record. Those conditions are that: (a) the property was the residence of the former owner at the time of the foreclosure; (b) an error was made by the Assessor in placing the property on the foreclosure list; (c) the former owner was physically or mentally incapacitated during the foreclosure period.

ORS 275.190 provides for selling county property pursuant to an installment contract. The minimum terms required are a 10% down payment, term not to exceed twenty years with the interest rate determined by the Board.

**C. Board Goals**

The sale of the property would be consistent with the Board's goals to return tax foreclosed property to the tax roll.

**Financial and/or Resource Considerations**

The \$6,000 purchase price includes taxes that would have been paid this year (the foreclosure removed the property from this year's tax roll) and an additional 10% above the statutorily required minimum to cover the county's cost for processing the sale.

Revenue from the sale of foreclosed property is disbursed to all the taxing districts in a manner similar to the disbursement of property taxes.

**E. Analysis**

The Board is not obligated to sell a foreclosed property back to the former owner. Additionally, the Board is not obligated to sell the property for the minimum required by statute but can sell for any amount above the required minimum. In the past, the Board has sold property back to the former owner when the requirements of Lane Manual have been met and has done so for the minimum required by statute, plus an additional 10%, plus taxes which should have been paid for the current tax year.

**F. Alternatives/Options**

1. Sell the property for the minimum amount pursuant to ORS. 275.180 plus taxes which would have been owed for the current year plus 10% thereon. A total of \$6,000.
2. Sell the property for an amount greater than #1 above.
3. Reject selling the property back to the former owner and offer the property at a Sheriff's sale which would yield greater consideration (\$100,000 +). Pursuing this option would require evicting Mr. Richardson.

**V. TIMING/IMPLEMENTATION**

The land sale contract will be executed by the County Administrator upon approval of the Board.

**VI. RECOMMENDATION**

It is recommended that option 1 be pursued.

**VII. FOLLOW-UP**

Upon the Board's approval, the Property Management Officer will proceed with closing the sale.

**VII. ATTACHMENTS**

Board Order  
Land Sale Contract  
Plat Map

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO.

IN THE MATTER OF AUTHORIZING THE SALE OF SURPLUS COUNTY OWNED REAL PROPERTY PURSUANT TO A LAND SALES CONTRACT FOR \$6,000 TO CLAYTON JAMES RICHARDSON, FORMER OWNER OF RECORD, (MAP NO. 19-01-06-00-02900, 37891 WHEELER RD., DEXTER)

WHEREAS this matter now coming before the Lane County Board of Commissioners and said Board deeming it in the best interest of Lane County to sell the following real property which was acquired through tax foreclosure, to wit:

See Attached Exhibit "A"

WHEREAS said real property is owned by Lane County and not in use for County purposes, and sale of said property would benefit Lane County by its return to the tax roll, and

WHEREAS Clayton James Richardson was the owner of record of said property at the time it was foreclosed upon and

WHEREAS said real property was the residence of Mr. Richardson at the time it was foreclosed upon

IT IS HEREBY ORDERED that pursuant to Lane Manual 21.425(4), ORS 275.180, ORS 275.190, and ORS 275.275 the above described real property be sold to Clayton James Richardson for \$6,000 pursuant to a land sales contract substantially similar to attached Exhibit "B"; that the County Administrator is authorized to execute said contract; that the Quitclaim Deed be executed by the Board upon fulfillment of the contract terms and that the proceeds be disbursed as follows:

Foreclosure Fund	(268-5570270-446120)	\$5,675
General Fund	(124-5570260-436521)	325

IT IS FURTHER ORDERED, that this Order shall be entered into the records of the Board of Commissioners of the County.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

APPROVED AS TO FORM \_\_\_\_\_  
Faye Stewart, Chair, Board of County Commissioners

Date 3-5-08 lane county.

  
\_\_\_\_\_  
OFFICE OF LEGAL COUNSEL

IN THE MATTER OF AUTHORIZING THE SALE OF SURPLUS COUNTY OWNED REAL PROPERTY PURSUANT TO A LAND SALES CONTRACT FOR \$6,000 TO CLAYTON JAMES RICHARDSON, FORMER OWNER OF RECORD, (MAP NO. 19-01-06-00-02900, 37891 WHEELER RD., DEXTER)

**EXHIBIT 'B'**

**LAND SALE CONTRACT**

**THIS AGREEMENT**, is made by and between **LANE COUNTY**, a political subdivision of the State of Oregon, hereinafter called **COUNTY**, and **CLAYTON JAMES RICHARDSON**, hereinafter called **PURCHASER**.

**WITNESSETH:**

In consideration of the terms and conditions hereinafter stated, the parties agree as follows:

1. The **COUNTY** agrees to sell to **PURCHASER** and **PURCHASER** agrees to purchase from **COUNTY** that certain tract of land, with improvements thereon, identified as Assessor's map No.19-01-06-00-02900 and more particularly described as follows:

Beginning at a point in Township 19 South, Range 1 West of the Willamette Meridian where the East line of the Jonathan Morgan Donation Land Claim No. 52 crosses the center line to the Military Road; thence run South 51° 30' East along the center line of said road 39.91 feet to the True Point of Beginning; thence North 38° 30' East 200 feet; thence South 51° 30' East 68 feet; thence South 38° 30' West 200 feet; thence North 51° 30' West 68 feet along the center line of said road to the True Point of Beginning, in Lane County Oregon. EXCEPTING THEREFROM any portions lying within the public right of way.

**BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 197.352. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352**

2. **PURCHASE PRICE AND TERMS:** The purchase price of the property which **PURCHASER** agrees to pay shall be the sum of SIX THOUSAND DOLLARS(\$6,000.00) payable as follows:

- a. The sum of SIX HUNDRED DOLLARS (\$600.00) paid upon execution of this document, receipt of which is hereby acknowledged.
- b. The balance of FIVE THOUSAND FOUR HUNDRED DOLLARS (\$5,400.00) shall be payable in **monthly** installments of FOUR HUNDRED SEVENTY-EIGHT DOLLARS (\$478.00). Said monthly installments are based on an amortization period of THIRTY (30) months with interest at the rate of 10.5% per annum. The first monthly payment of \$478.00 shall be due within thirty (30) days of full execution of this agreement. Subsequent payments of \$478.00 shall be due monthly thereafter until the contract balance plus all accrued interest is paid in full. Payments shall first be applied to interest accrued to the date of payment, then to amounts past due **COUNTY** under this agreement other than principal or interest, and then to the principal amount owing.

- c. A late payment fee of 5% of the delinquent payment amount will be charged on accounts more than fifteen days late.
- d. **PURCHASER** may at any time pay off without penalty the entire balance of the purchase price remaining due, together with interest due thereon at the above specified rate to the date of payment.
- e. At such time as **PURCHASER** has complied with all the terms of this contract, the **COUNTY** shall convey its interest only by a **Quitclaim Deed**.
- f. Unless otherwise directed by **COUNTY**, payments shall be sent to: Lane County, Property Management Division. 125 East Eighth Avenue, Eugene, OR 97401

3. **TAXES AND LIENS:** **PURCHASER** agrees to pay all taxes and liens hereafter levied upon the property and all public or private liens which may hereafter be imposed upon the property as the same become due and before they become delinquent. In the event **PURCHASER** defaults in the payment of any taxes or liens, the **COUNTY** may, but shall not be obligated to, pay said taxes or liens on behalf of **PURCHASER**, all of which sums so added to the principal balance shall bear interest at the rate of 12% compounded annually from the date of payment by the **COUNTY**.

4. **INSURANCE:** **PURCHASER** shall keep in force at all times a policy of fire insurance, with standard extended coverage endorsements, on a replacement cost basis covering all improvements on the property in an amount sufficient to avoid application of any coinsurance clause and with loss payable to **COUNTY** under a standard mortgagee's clause and **PURCHASER** as their respective interests may appear. Said insurance policy shall also include liability coverage of not less than \$500,000 per occurrence.

5. **INDEMNIFICATION:** **PURCHASER** shall defend and hold **COUNTY**, its Commissioners, officers, employees and agents harmless from all claims, losses, damages or liability of any kind arising out of or in any way connected with **PURCHASER'S** use or possession of the property.

6. **POSSESSION:** **PURCHASER** shall have the possession of, and the income from the premises so long as he/she is not in default in the performance of his/her agreement with **COUNTY**, but shall forfeit his/her rights under such agreement and to all payments made pursuant thereto if he/she fails to pay such purchase price or any part thereof, principal or interest, or to pay, before delinquency, the taxes thereafter levied against the premises, or commits or suffers any strip or waste of or on such premises, or violates any other reasonable provision of such agreement which the County Commissioners may see fit to require. The **PURCHASER** shall have the privilege of prepayment without penalty.

7. **ASSIGNMENT:** **PURCHASER** agrees that he/she may not assign this contract or his/her rights hereunder without the written consent of the **COUNTY**.

8. **DEFAULT:** In the event **PURCHASER** fails to make the payments provided for herein, or any of them, punctually and under strict terms and at the times above specified, or commits or suffers any strip or waste of or on such premises, or the other terms or conditions of this contract, time of payment and strict performance being declared to be the essence of this contract, then the **COUNTY** at its option, shall have the right:

- a. To cancel this contract in accordance with ORS 275.220 or other applicable laws.
- b. To foreclose this contract by suit, in equity, or any other right existing by law.

In either of such cases all of the right and interest herein created or then existing in favor of **PURCHASER** derived under this contract **PURCHASER** shall utterly cease and determine, and the right to possession of the real

property above described and all rights acquired by the **PURCHASER** shall revert to and revest in **COUNTY** without an act of reentry or any other act of **COUNTY** to be performed, and without any right of **PURCHASER** of return, reclamation or compensation for moneys paid on account of the purchase of said property, as absolutely, fully and perfectly as if this contract and such payments had never been made; and, in the event of such default, all payments heretofore made on this contract are to be retained by and belong to **COUNTY** as the agreed and reasonable rent of said premises to the time of such default.

**COUNTY**, in the event of such default, shall have the right to immediately, or at any time thereafter, enter upon the real property aforesaid without any process of law and take immediate possession thereof, together with all improvements and appurtenances thereon or thereto belonging.

9. **ATTORNEY'S FEES:** In the event suit or action is instituted to enforce any of the provisions hereof, **PURCHASER** agrees to pay such sum as the trial court may adjudge reasonable for **COUNTY'S** attorney fees in said suit or action, and if an appeal is taken from any judgment or decree of the trial court, **PURCHASER** further agrees to pay such sum as the appellate court may adjudge reasonable as **COUNTY'S** attorney fees on appeal, together with all costs allowed by law.

10. **CONDEMNATION:** In the event of appropriation of said real property or any portion thereof by any public or private corporation under the laws of eminent domain, the sum or sums of money received by **PURCHASER** in payment of said appropriation shall be forthwith paid by **PURCHASER** on the purchase price of said property as an additional payment over and above the regular annual payments, and other payments due as herein expressed; provided, however, that in no event shall said payments be more than the full purchase price stated herein.

11. **WAIVER:** Failure by **COUNTY** at any time to require the performance by the **PURCHASER** of any of the provisions hereof shall in no way affect **COUNTY'S** right hereunder to enforce the same, nor shall any waiver by **COUNTY** of any breach be held to be a waiver of any succeeding breach or a waiver of this Non-Waiver Clause.

12. **SUCCESSOR INTEREST:** The covenants, conditions and terms of this Agreement shall extend to and be binding upon and inure to the benefit of the heirs, administrators, executors, and assigns of the parties hereto; provided, however, that nothing contained in this paragraph shall alter the restrictions hereinabove contained relating to assignments.

13. **TITLE POLICY:** **COUNTY** makes no warranties or guarantees, expressed or implied, as to the condition of title of the property subject to this agreement. Title insurance, if any, shall be purchased at **Purchaser's** election and at **Purchaser's** expense.

14. **DEVELOPMENT:** All actions and costs necessary to develop the property being sold under this agreement (the property) shall be borne by **PURCHASER**. **COUNTY** makes no warranties, expressed or implied, as to the ability to develop the property under current land use law. **COUNTY**, in **COUNTY'S** capacity as owner of the property, shall cooperate with **PURCHASER** in **PURCHASER'S** attempts to obtain necessary permits for development of the property. Any actions by **PURCHASER**, such as permit applications, further subdivision of the property or replatting of the property, which requires the consent of **COUNTY** due to **COUNTY'S** ownership of the property shall not be unreasonably withheld. Such consent shall be given in writing by the Administrator of Lane County or his/her designee.

15. **HEADINGS:** The headings herein contained are for reference only and are not to be construed as part of this Agreement.

**Land Sale Contract - Signature Page**

IN WITNESS PURCHASER WHEREOF, the parties have executed this Agreement on the day and year written below.

**DATED:**

**PURCHASER:**

\_\_\_\_\_

\_\_\_\_\_

Clayton James Richardson

**SOCIAL SECURITY OR TAX I.D. #**

\_\_\_\_\_

STATE OF OREGON   )  
                              ) ss  
County of Lane        )

On \_\_\_\_\_, 20\_\_\_\_, personally appeared \_\_\_\_\_, and  
\_\_\_\_\_ ,and  
acknowledged the foregoing instrument to be his voluntary act. Before me:

\_\_\_\_\_  
Notary Public for Oregon  
My Commission Expires: \_\_\_\_\_

**LANE COUNTY:**

\_\_\_\_\_

**DATED:**

Jeff Spartz  
County Administrator

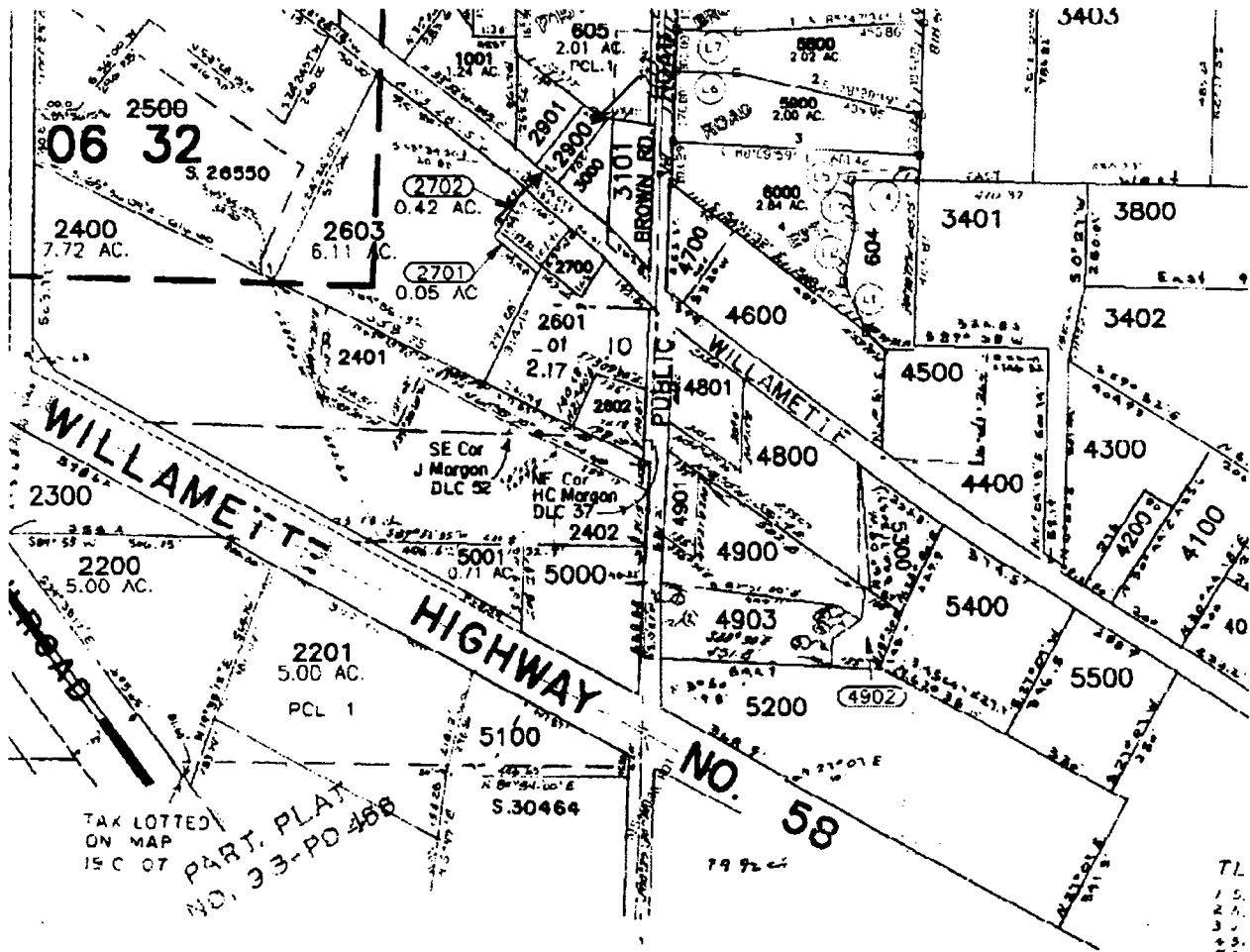
**Pursuant to Order No.** \_\_\_\_\_

STATE OF OREGON   )  
                              ) ss  
County of Lane        )

On \_\_\_\_\_, 20 \_\_\_\_, personally appeared the above-named **Jeff Spartz**, County Administrator for Lane County, and acknowledged the foregoing instrument to be his voluntary act. Before me:

\_\_\_\_\_  
Notary Public for Oregon  
My Commission Expires: \_\_\_\_\_





WENT  
 ION

SEE MAP 19 01 07