

KANSAS CITY, MISSOURI HOMESTEADING AUTHORITY

POLICIES AND PROCEDURES

DEFINITIONS

Property costs: Property costs are those costs associated with the acquisition of a parcel of property.

Project costs: Project costs include the cost of acquisition and costs associated with rehabilitation and/or redevelopment of the parcel(s) for the completion of the proposed project.

Slivers: Small pieces of property that are under 2,500 square feet in size, do not have a property line that front a public street (landlocked), or have a configuration that prevents them from being used for any reasonable purpose.

1. POLICIES GOVERNING THE ACQUISITION OF PROPERTIES

- A. In determining which, if any, properties shall be acquired by the Homesteading Authority the Homesteading Authority shall give consideration to the following factors:
1. Proposals and requests by nonprofit corporations that identify specific properties for ultimate acquisition and redevelopment.
 2. Proposals and requests by governmental entities that identify specific properties for ultimate use and redevelopment.
 3. Residential properties that are occupied or are available for immediate occupancy without need for substantial rehabilitation.
 4. Improved properties that are the subject of an existing order for demolition of the improvements and properties that meet the criteria for demolition of improvements.
 5. Vacant properties that could be placed into the Side Lot Disposition Program.
 6. Properties that would be in support of strategic neighborhood stabilization and revitalization plans.
 7. Properties that would form a part of a land assemblage development plan.
 8. Properties that will generate operating resources for the functions of the Homesteading Authority.
- B. In determining the nature and extent of the properties to be acquired the Homesteading Authority shall also give consideration to:
1. Underlying values of the subject properties,
 2. The financial resources available for acquisitions,
 3. The operational capacity of the Homesteading Authority, and
 4. The projected length of time for transfer of such properties to the ultimate transferees.

- C. In addition to the factors listed above, the Homesteading Authority may accept offers from property owners who wish to donate property to the Homesteading Authority when:
1. The property owner does not have the resources to properly care for the property or to comply with orders to correct code violations that are present and evidence of the hardship has been presented.
 2. There are either:
 - a) no delinquent taxes owed for the property, or
 - b) arrangements are made to pay the taxes by a purchaser of the property following demolition or abatement actions, or
 - c) Land Clearance for Redevelopment Authority has agreed to receive the property to eliminate the delinquent taxes with subsequent transfer to the Homesteading Authority.
 3. There is a written agreement with an owner of an adjoining property to purchase the property from the Homesteading Authority, generally following demolition, nuisance abatement or similar actions.
 4. The property is located in an area targeted for redevelopment efforts.
 5. The City of Kansas City has agreed to fund the demolition, nuisance abatement, or similar action that may be needed.
 6. The donation offer is accompanied with a cash donation to provide funding for repair or demolition.
 7. The Land Bank of Kansas City, Missouri is not yet operational or there is a strategic benefit to the Homesteading Authority to accept the property instead of the Land Bank.
 8. A phase I environmental assessment is completed prior to the donation if deemed warranted.
- D. The Director is authorized to accept offers of donated property following the criteria described above. Communication regarding offers to donate property that describes the offer and satisfaction of the factors will be distributed to the full Board at least one week prior to the acceptance of the offer. If during this period a Board member questions the acceptance of the offer, the decision will be deferred until the offer can be discussed and approved or rejected at the next Board meeting. A variation of this authorization has been approved by Resolution No. 12001 for offers that are in conjunction with the Bank of America expanded donation program.

2. PRIORITIES CONCERNING THE DISPOSITION OF PROPERTIES

The disposition of properties shall be based upon a combination of three different factors. The first factor involves the intended or planned use of the property. The second factor considers the nature and identity of the transferee of the property. The third factor addresses the impact of the property transfer on the short and long term neighborhood and community development plans. The disposition of any given parcel will be based upon an assessment of the most efficient and effective way to maximize the aggregate policies and priorities. The Board and Staff of the Homesteading Authority shall at all times retain flexibility in evaluating the appropriate balancing of the priorities for the use of property, priorities as to the nature of the transferee of properties, and priorities concerning neighborhood and community development.

A. Priorities for Use of Property

1. Neighborhood revitalization.
2. Homeownership.
3. Return of the property to productive taxpaying status.
4. Land assemblage for economic development.
5. Long term “banking” of properties for future strategic uses.
6. Provision of financial resources for operating functions of the Homesteading Authority.
7. Supports the objectives of the City’s 5-year Consolidated Plan and similar City plans.

B. Priorities as to the Nature of the Transferee

1. Qualified nonprofits corporations that will hold title to the property on a long-term basis (primarily rental properties) or hold title to the property for purposes of subsequent reconveyance to private third parties for homeownership.
2. Governmental entities.
3. Nonprofit institutions such as academic institutions and religious institutions.
4. Entities that are a partnership, limited liability corporation, or joint venture comprised of a private nonprofit corporations and a private for-profit entity.
5. Individuals who own and occupy residential property for purposes of the Side Lot Disposition Program.
6. Demonstration of capacity and resources to complete the project proposed for the property in question. For entities, this may include copies of financial audits and similar records demonstrating the necessary financial strength. For individuals, this may include evidence of access to financing or funding available for the project.
7. The transferee must not own any real property that is subject to any unremediated citation of violation of codes and ordinances.

8. The transferee must not own any real property that is tax delinquent or be delinquent in other taxes.
9. When required, entities must possess a Kansas City Business License.
10. Has not been convicted of crimes involving the sale of illegal drugs, prostitution, operating a nuisance business, and is not required to be registered as a sex offender.

C. Priorities Concerning Neighborhood and Community Development

1. The preservation of existing stable and viable neighborhoods.
2. Neighborhoods in which a proposed disposition will assist in halting a slowly occurring decline or deterioration.
3. Neighborhoods which have recently experienced or are continuing to experience a rapid decline or deterioration.
4. Geographic areas which are predominantly non-viable for purposes of residential or commercial development.
5. Within and among each of the first four priorities shall be a concurrent priority for targeted geographic areas for which a qualified strategic development plan has been approved.

3. SIDE LOT DISPOSITION PROGRAM

Individual parcels of property may be acquired by the Homesteading Authority, and transferred to individuals in accordance with the following policies. The transfer of any given parcel of property in the Side Lot Disposition Program is subject to override by higher priorities as established by the Homesteading Authority.

A. Side Lot Disposition Policies

1. **Qualified Properties.** Parcels of property eligible for inclusion in the Side Lot Disposition Program shall meet the following minimum criteria:
 - a. The property shall be vacant unimproved real property.
 - b. The property shall be physically contiguous to adjacent owner-occupied residential property, with not less than a 75% common boundary line at the side.
 - c. The property shall consist of no more than one lot capable of development. Initial priority shall be given to the disposition of properties of insufficient size to permit independent development.
 - d. No more than one lot may be transferred per contiguous lot unless an exception is granted by the Board.
2. **Transferees.**
 - a. All transferees must own the contiguous property, and priority is given to Transferees who personally occupy the contiguous property.
 - b. The transferee must not own any real property (including both the contiguous lot and all other property in Kansas City) that is subject to any unremediated citation of violation of local codes and ordinances.
 - c. The transferee must not own any real property (including both the contiguous lot and all other property in Kansas City) that is tax delinquent.
 - d. The transferee must not have been the prior owner of any real property in Kansas City that was transferred to the Land Trust of Jackson County as a result of tax foreclosure proceedings unless the Homesteading Authority approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.
3. **Pricing**
 - a. Parcels of property that are less than 6,000 square feet in size may be purchased for \$75. Parcels that are over 6,000 square feet may be purchased for \$.08 per square foot (6,000 sq ft = \$480).

- b. The value of planned improvements and/or past maintenance can be credited towards the dollar value of the offer. A scope of work to be performed, schedule for completing the work, and dollar value of the work must be provided with the offer. The purchaser in this situation must agree to covenants to be contained in a deed of trust to ensure the work is completed as described in the offer.
- c. Parcels of property that are less than 2,500 square feet, landlocked, or otherwise determined to be “slivers”, may be transferred at no cost.

4. Additional Requirements

- a. As a condition of transfer of a lot the transfer must enter into an agreement that the lot transferred will be consolidated with the legal description of the contiguous lot through replatting or other acceptable method, and not subject to subdivision or partition within a five year period following the date of the transfer. A reversionary provision will be included in the transfer documents to ensure this condition is satisfied.
- b. The transferee must also agree to a legal review of the succession plan for the property to determine the need for a beneficiary deed to ensure the deed to the property can be transferred to a responsible party upon the death of the current owner. The objective is to ensure the property does not later become abandoned.
- c. In the event that multiple adjacent property owners desire to acquire the same side lot, the lot shall either be transferred to the highest bidder for the property, or divided and transferred among the interested contiguous property owners.

B. Side Lot Disposition Procedures

1. The prospective buyer must submit the following documents to the Homesteading Authority:
 - a. List of property address(es)
 - b. Project Description – property use must be consistent with current zoning requirements
 - c. A Picture Identification
 - d. Proof of Social Security Number
 - e. Evidence of compliance with all Homesteading Authority Side Lot Disposition Policies
2. Within a 30-day period of receiving a complete request packet, staff will complete a basic analysis and present it the Homesteading Authority Director or such other persons as designated by the Director for approval.

3. Once the project has been approved, staff will compile the closing documents for property transfer and complete the transaction with the buyer. The buyer is responsible for the cost of recording the necessary documents and will pay the required amount at closing using cash, money order or cashiers check.

4. RESIDENTIAL LAND TRANSFERS

These policies pertain to transfers whose future use is residential. At time of transfer the property may be vacant, improved or ready to occupy.

A. Residential Land Transfer Policies

1. The transferee must not own any real property that has any unremediated citation of violation of local codes and ordinances.
2. The transferee must not own any real property that is tax delinquent.
3. The subject property must not have been used by the transferee or a family member of the transferee as his or her personal residence at any time during the twelve (12) months immediately preceding the submission of application (except in rental cases).
4. The transferee must not have been the prior owner of any real property that was transferred to Land Trust as a result of tax foreclosure proceedings unless the Homesteading Authority approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.
5. All development projects should be started and completed within a time frame negotiated with Homesteading Authority.
6. A precise narrative description of future use of the property is required.
7. Transactions shall be structured in a manner that permits the Homesteading Authority to enforce recorded covenants or conditions upon title pertaining to development and use of the property for a specified period of time. Such restrictions may be enforced, in certain cases, through reliance on subordinate financing held by the Homesteading Authority.
8. The transferee must agree to pay future property taxes from time of transfer.
9. If code or ordinance violations exist with respect to the property at the time of the transfer, the transfer agreements shall specify a maximum period of time for elimination or correction of such violations, with the period of time be established as appropriate to the nature of the violation of the anticipated redevelopment or reuse of the property.
10. The proposed use must be consistent with current zoning requirements or a waiver for non-conforming use is a condition precedent to the transfer.
11. Staff will provide a copy of the proposal to the registered neighborhood organization and allow 10 days for comments regarding the proposal to be provided. The Board may consider the proposal at the next meeting following the expiration of the 10 days, or sooner if comments from the neighborhood organization are received before the meeting.

12. Where rehabilitation of a property by the transferee is a condition of the transfer, the requirement for such rehabilitation shall be in accordance with rehabilitation standards as established by the Homesteading Authority and adequate completion of such rehabilitation shall be a condition to the release of restrictions or lien securing such performance.
13. The owner-occupant must complete renovations and move into the structure within a time frame negotiated by the Homesteading Authority.
14. The property may be used as rental property, provided the purchaser agrees to a condition to ensure the property is occupied within 30 days of completion of rehabilitation and that the purchaser immediately complies with the City's requirements for registering rental property. A condition will also be included to ensure the property is maintained in compliance with the City's codes and ordinances for at least a 5-year period.
15. Because owner-occupants receive a preference when selecting from offers received for a property, the owner-occupant must reside in the property as his or her primary residence for at least a 5-year period. If the property is sold prior to the 5-year period the transferee must sell the property for no more than the purchase price from the Homesteading Authority plus all cost of property improvements plus a 5% annual inflation rate.
16. The value of planned improvements and/or past maintenance can be credited towards the dollar value of the offer. A scope of work to be performed, schedule for completing the work, and dollar value of the work must be provided with the offer. The purchaser in this situation must agree to covenants to be contained in a deed of trust to ensure the work is completed as described in the offer.

B. Residential Land Transfer Procedures – Individual Transferees

1. The prospective transferee must submit the following documents to the Homesteading Authority:
 - a. List of property address
 - b. Rehabilitation / Improvement Specifications
 - c. Time Line for Rehabilitation / Improvement Completion (if applicable)
 - d. Project Financing (Pre-Qualification Letter for Lender)
 - e. Development Budget (if applicable)
 - f. A Picture Identification
 - g. Proof of Social Security Number
2. Within a 30-day period of receiving a complete request packet, staff will complete a basic analysis and present it to the Homesteading Authority Board for approval.

3. Once the project has been approved, staff will compile the closing documents for property transfer and complete the transaction with the transferee.

C. Residential Land Transfer Procedures – Corporate Transferees

1. Required Application Documentation. The prospective buyer must submit the following documents to the Homesteading Authority.
 - a. List of property address(es)
 - b. Project Description
 - c. Development Team Description, including complete information on the following parties:
 - 1) *Developer:*
 - 2) *Co-developer/Partner:*
 - 3) *Owner:*
 - 4) *General Contractor:*
 - 5) *Consultants:*
 - 6) *Architect:*
 - 7) *Project Manager (during construction):*
 - 8) *Lead Construction Lender:*
 - 9) *Marketing Agent:*
 - 10) *Project Management (post-construction):*
 - d. Market Information / Plan
 - e. Project Financing
 - f. Development Budget
 - g. All Rental Transactions Must Attach an Operating Budget
 - h. Most Recent Audited Financial Statement
 - i. Evidence of compliance with all applicable Homesteading Authority policies
2. Following receipt of a completed application, staff will complete a basic analysis and present it the Homesteading Authority Board for approval.
3. Once the project has been approved staff will compile the closing documents for property transfer, and complete the transaction with the buyer.

5. COMMERCIAL LAND TRANSFERS

These policies pertain to transfers of real property for which the intended future use is non-residential. At time of transfer the property may be vacant, improved or ready to occupy.

A. Commercial Land Transfer Policies

1. The transferee must not own any real property that has any unremediated citation of violation of local codes and ordinances.
2. The transferee must not own any real property that is tax delinquent.
3. The transferee must not have been the prior owner of any real property in Kansas City that was transferred to Land Trust as a result of tax foreclosure proceedings unless the Homesteading Authority approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.
4. All development projects should be started and completed within a time frame negotiated with the Homesteading Authority.
5. A precise narrative description of future use of the property is required.
6. Transactions shall be structured in a manner that permits the Homesteading Authority to enforce recorded covenants or conditions upon title pertaining to development and use of the property for a specified period of time. Such restrictions may be enforced, in certain cases, through reliance on subordinate financing held by the Homesteading Authority.
7. The transferee must agree to pay future property taxes from time of transfer.
8. If code or ordinance violations exist with respect to the property at the time of the transfer, the transfer agreements shall specify a maximum period of time for elimination or correction of such violations, with the period of time be established as appropriate to the nature of the violation of the anticipated redevelopment or reuse of the property.
9. The proposed use must be consistent with current zoning requirements, or a waiver for non-conforming use is a condition precedent to the transfer.
10. Staff will provide a copy of the proposal to the registered neighborhood organization and allow 10 days for comments regarding the proposal to be provided. The Board may consider the proposal at the next meeting following the expiration of the 10 days or sooner if comments from the neighborhood organization are received before the meeting.

B. Commercial Land Transfer Procedures

1. Required Application Documentation. The prospective buyer must submit the following documents to the Homesteading Authority:
 - a. List of property address(es)
 - b. Project Description
 - c. Development Team Description, including complete information on the following parties:
 - 1) *Developer:*
 - 2) *Co-developer/Partner:*
 - 3) *Owner:*
 - 4) *General Contractor:*
 - 5) *Consultants:*
 - 6) *Architect:*
 - 7) *Project Manager (during construction):*
 - 8) *Lead Construction Lender:*
 - 9) *Marketing Agent:*
 - 10) *Project Management (post-construction):*
 - d. Market Information / Plan
 - e. Project Financing
 - f. Development Budget
 - g. Operating Budget
 - h. Most Recent Audited Financial Statement
 - i. List of Potential Tenants and pre-lease agreements
 - j. Evidence of compliance with all applicable Homesteading Authority policies
2. Following receipt of a completed application, staff will complete a basic analysis and present it the Homesteading Authority Board for approval.
3. Once the project has been approved staff will compile the closing documents for property transfer, and complete the transaction with the buyer.

6. CONDITIONS THAT MAY BE PLACED ON SALES

A. Deed of Trust

1. A deed of trust gives the Homesteading Authority the right to foreclose on a property if the buyer does not fulfill obligations contained within the document. The form to be used must be approved by the Board.
2. A deed of trust may be used when title is transferred to the purchaser while requirements of the sale remain unsatisfied. For example, the buyer needs to have title in order to obtain private financing but the Homesteading Authority wishes to ensure that required repairs and improvements are completed as proposed. The deed of trust, which will be subordinate to the lender's deed of trust, will allow for the Homesteading Authority to foreclose and take back the property if the repairs are not completed. A deed of trust may also be used when a minimum period of owner occupancy is required.
3. A deed of trust may also be used when the Homesteading Authority is financing the acquisition or wants to ensure required repairs are completed before title is transferred. The buyer may be required to make a down payment, to pay installments towards an agreed upon purchase price, and/or complete agreed upon repairs or improvements. It may be used in situations where the buyer, who will occupy the property, cannot obtain conventional financing.
4. The term of the deed of trust shall not exceed 180 days when used to ensure repairs are completed, three (3) years for occupancy requirements, or 30 years for financing arrangements through the Homesteading Authority.

B. Reversion Clause

1. A reversion clause is language contained within the deed that provides for ownership to revert back to the Homesteading Authority if certain requirements are not satisfied. The language or form to be used must be approved by the Board.
2. A reversionary clause may be used when title to the property is being transferred to the buyer before required repairs are completed. The clause may contain an expiration date or the Homesteading Authority may file a document releasing the reversionary clause following completion of repairs. A reversionary clause may also be used in transfers of unimproved properties to ensure requirements associated with maintenance, construction, lot combination, etc. are satisfied.

3. The period specified in a reversionary clause shall not exceed 180 days, except when used to ensure continued maintenance of unimproved properties. In those situations, the period shall not exceed five (5) years.

7. APPROVALS OF LAND TRANSFERS

A. Transfers Requiring Board Approval

1. The Board of Directors must approve all transfers:
 - a. that require any exceptions to policies and procedures adopted by the Board of Directors.
 - b. in which the property in the hands of the transferee will be exempt from property taxes.
 - c. that involve more than one interested party.
 - d. for non-residential projects.
 - e. to governmental entities.

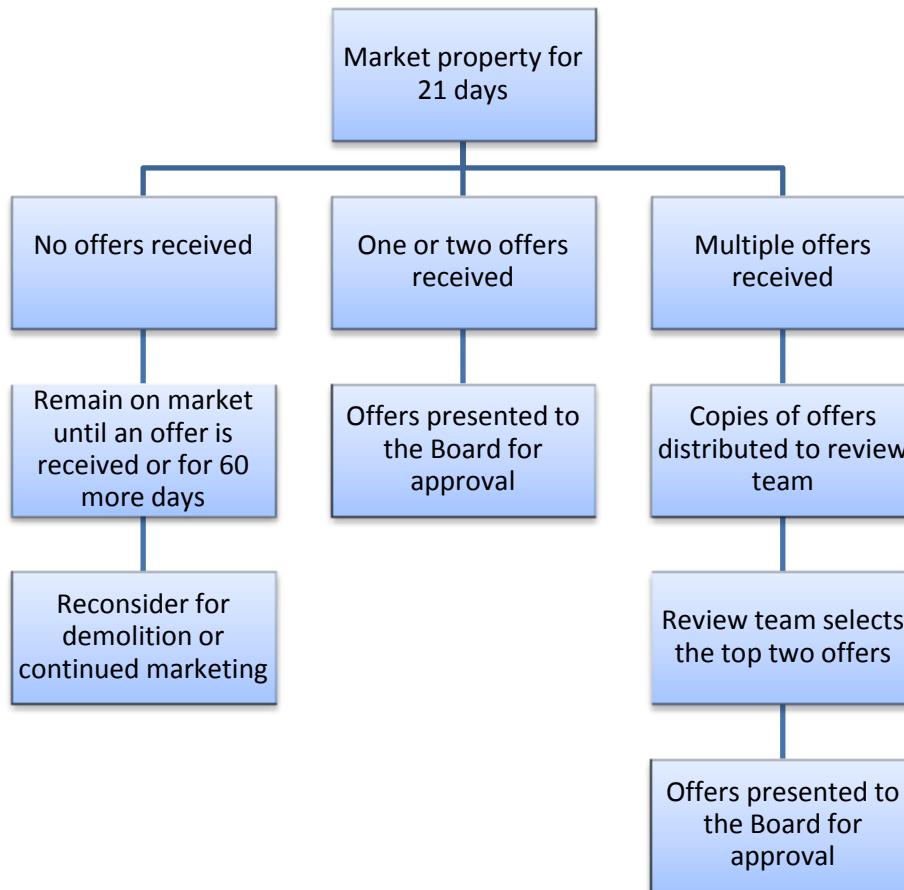
B. Transfers Requiring Director Approval

1. The Director may approve all transfers in the Side Lot Disposition Program.
2. The Director may approve all unimproved residential, single parcel land transfers to nonprofit corporations for uses that comply with priorities for the use of property and with priorities concerning neighborhood and community development. If a prospective transferee seeks to acquire more than three (3) properties at one time, the request must go to the Homesteading Authority Board for approval.
3. All transfers authorized by the Director must be reported in writing to the Board of Directors at the immediately following Board meeting.

C. Procedure for Marketing and Selling Houses

1. The Board may appoint a review team to consider offers when there are more than two offers submitted for the same property. The review team will review the offers and select the top two for presentation to the Board for final selection and approval.
2. The marketing and approval procedure is shown in the flowchart on the next page.

MARKETING AND OFFER APPROVAL PROCEDURE



8. AGREEMENTS FOR TEMPORARY USE OF LAND

A. Adopt-A-Lot

1. The Director may execute agreements for residents and organizations to participate in an Adopt-A-Lot program designed to encourage and support community-based greening and gardening of available vacant lots.
2. The agreements will expire on December 31 of the agreement year and renewable on March 1 of the next year if the lot has not been sold.
3. The lot will not be available to be sold during the term of the agreement.
4. There will be no fee for adopting a lot.
5. The agreements will specify that the lot must be kept clean and that grass is mowed, or otherwise maintained in compliance with the Nuisance Code of Kansas City.
6. Participants must sign liability release waivers or add the KCMHA to their insurance policies.
7. The agreements will not permit building on the lot (including fences).

B. Lease-A-Lot

1. The Director may execute lease agreements for residents and organizations to participate in a Lease-A-Lot program designed to encourage and support longer term community-based greening and gardening of available vacant lots.
2. The agreements will be for a 2-5 year term, with the option of purchasing the lot during the term of the lease.
3. The lot will not be available to be sold to another party during the term of the lease.
4. The cost of purchasing the lot during or at the end of the agreement may consider the value of maintenance of the lot provided during the lease period in accordance with policies of the KCMHA.
5. The agreements will specify that the lot must be kept clean and that grass is mowed, or otherwise maintained in compliance with the Nuisance Code of Kansas City.
6. Participants must sign liability release waivers or add the KCMHA to their insurance policies.
7. The agreements will permit minor building on the lot, which may include establishing a source of water, fences and small structures provided there is compliance with all zoning and building code requirements.

C. Suggested Uses of Property

1. The Guidebook for Infill Lot Improvement Strategies issued by the Neighborhoods and Housing Services Department provides examples for uses of vacant lots that will be acceptable under the above agreements.

9. HOMESTEADING AUTHORITY POLICIES REGARDING REQUESTS FROM NON-PROFIT ORGANIZATIONS

The Homesteading Authority is willing to receive title to properties from community development corporations and other entities, and hold title to such properties pending future use by the Homesteading Authority, by the transferor of the property, or by other third parties. The receipt by the Homesteading Authority of any and all conveyances of real property shall at all times be solely within the discretion of the Homesteading Authority, and nothing in this policy shall be deemed to require the Homesteading Authority to take title to any properties nor to limit the discretion of the Homesteading Authority in negotiating the terms of its acquisition of any property, whether as donative transfers or otherwise.

All conveyances received by the Homesteading Authority must comply with the requirements set forth below in Part A, and will be reviewed and considered by the Homesteading Authority in accordance with the procedures set forth in Part B. If the transfer is approved by the Homesteading Authority, the Homesteading Authority shall hold the subject property, and may use or convey the subject property or any interest in the subject project, subject only to the right of repurchase set forth in Part C.

Following the transfer of any properties to the Homesteading Authority in accordance with this policy, the Homesteading Authority shall have the right, but not the obligation, to maintain, repair, demolish, clean, and grade the subject property and perform any and all other tasks and services with respect to the subject property as the Homesteading Authority may deem necessary and appropriate in its sole discretion.

A. Requirements for Conveyances to the Homesteading Authority

1. Property that is intended to be conveyed to the Homesteading Authority and to be held by the Homesteading Authority in its Homesteading Authority capacity shall be clearly designated as such in the proposal for the transfer, and in the records of the Homesteading Authority.
2. No property shall be transferred to the Homesteading Authority pursuant to this Homesteading Authority policy unless the transferor is either a private nonprofit entity or a governmental entity.
3. The subject property must be located in Kansas City, Missouri.
4. The subject property must not be occupied by any party or parties as of the date of transfer to the Homesteading Authority.
5. The subject property must, as of the date of the transfer to the Homesteading Authority, be free of any and all liens for ad valorem taxes, special assessments, and other liens or encumbrances in favor of local, state or federal government entities.
6. The subject property must, as of the date of the transfer to the Homesteading Authority, be free of all outstanding mortgages and security instruments.

B. Procedures for Conveyances to the Homesteading Authority

1. The transferor of any proposed conveyance to the Homesteading Authority in its Homesteading Authority capacity shall prepare a written proposal containing the following information:
 - a. A legal description of the property.
 - b. A title report, or other similar evidence, indicating that the property is free of all liens and encumbrances specified in Part A.
 - c. A description of the transferor's intended uses of the property and the time frame for use and development of the property by the transferor.
 - d. The initial term of the agreement will be no longer than three (3) years and may be extended as provided in C.1. below. A plan and agreement for the continued maintenance of the property by the transferor during the three (3) year period of the right of repurchase.
2. Following receipt of the proposal, the Homesteading Authority shall review the proposal and notify of the transferor of its approval or disapproval, and of any changes or additions that may be necessary as determined by the Homesteading Authority in its sole discretion.
3. The transferor is responsible for paying fees associated with the recording of deeds and documents associated with the transfer.

C. Right of Repurchase by the Transferor

1. The transferor shall have a right to repurchase the subject property from the Homesteading Authority at any time within a period of three (3) years from the date of transfer to the Homesteading Authority by giving notice to the Homesteading Authority. The right to repurchase may be extended in three (3) year increments upon request and approval.
2. The right of repurchase may be exercised by the transferor upon payment to the Homesteading Authority of the Purchase Price. The Purchase Price shall be an amount equal to:
 - a. all expenditures of the Homesteading Authority (whether made directly by the Homesteading Authority or through payments to a third party contractor) in connection with the subject property incurred subsequent to the date of conveyance to the Homesteading Authority, and
 - b. an amount determined by the Homesteading Authority as its average indirect costs, on a per parcel basis, of holding its portfolio of properties.

3. The Homesteading Authority shall have the right, at any time within the three year period following the date of the original transfer or subsequent extensions, to require the transferor to exercise its right of repurchase by giving written notice to the transferor of the requirement that it exercise its right of repurchase and the amount of the Purchase Price. The transferor must exercise its right of repurchase, and close the reconveyance of the property within sixty (60) days of receipt of such notice. Failure of the transferor to exercise and close upon its right of repurchase within such period of time shall result in a termination of all rights of repurchase with respect to the subject property.

10. TRANSFER OF REHABILITATED PROPERTIES

These policies apply to the disposition by the Homesteading Authority of improved real property which is rehabilitated by or on behalf of the Homesteading Authority prior to its disposition to a transferee.

A. Rehabilitation and Marketing

1. The Homesteading Authority shall undertake, in its sole discretion, rehabilitation of properties prior to the transfer to third parties. The nature and extent of any such rehabilitation shall be determined by the Homesteading Authority in its sole discretion.
2. At the commencement of rehabilitation a sign shall be placed on the property indicating that the property is owned by the Homesteading Authority.
3. A real estate agent, or realtor, may be selected in accordance with Homesteading Authority guidelines to assist in the marketing of the property. A listing agreement will normally be signed with such agent approximately two months prior to completion of the rehabilitation. Marketing of the property will normally commence at this point. The Homesteading Authority Office Manager will make available information on the property and on the procedures to be followed by parties interested in the possible acquisition of the property.

B. Sale of Rehabilitated Properties

1. A nonrefundable escrow deposit shall be required for all contracts for the disposition of property rehabilitated by the Homesteading Authority. Such deposit shall be in an amount established by the Homesteading Authority, but shall not be less than \$500 for a purchase price less than \$30,000, and \$1,000 for a purchase price greater than \$30,000.
2. A sales contract shall be submitted to the Homesteading Authority for review, and must comply with all policies and procedures of the Homesteading Authority. The sales contract shall not be binding upon the Homesteading Authority until approved by the Director, or by the Board of Directors if required by Homesteading Authority policies and procedures.
3. Closing of the transfer shall occur with the assistance of a title company selected and approved in accordance with the Homesteading Authority guidelines.