

**TOWN OF FREEPORT
REAL ESTATE & PERSONAL PROPERTY TAX
POLICY**

Article 1. General

1.1 The purpose of this policy is to establish procedures for the management, administration and collection of real estate and personal property taxes of the Town of Freeport in accordance with Title 36 M.R.S.A. Sections 942 and 943, as amended. Nothing in this policy shall be interpreted to give additional substantive or procedural rights to owners of properties forfeited for non-payment of taxes.

Article 2. Collection of Personal and Real Estate Property

2.1 Payment will be in the form of cash, checks, money orders, bank drafts, ~~pre-authorized payment plans~~, and internet banking made payable to the Town of Freeport. Payment of taxes will be accepted at the Town of Freeport Town Office, on our website (www.freeportmaine.com) or via mail to:

Town of Freeport
30 Main St.~~reet~~
Freeport, ME 04032

2.2 Change will not be returned for checks or credit cards accepted in excess of the amount due on the tax account. Should a credit appear on the tax account as a result of the payment, it will be applied to subsequent installments not yet due in the current year. However, at the written request of the taxpayer, a refund check will be requisitioned, after allowing sufficient time (15 business days) for the taxpayer's check to clear their financial institution. The minimum amount for a refund request to be processed will be \$25, unless the amount is in excess of the next tax installment that is yet to become due.

2.3 If two checks are returned N.S.F. on a ~~taxpayer's~~taxpayer's account, personal checks from that taxpayer, for any financial transaction within the municipality, will no longer be accepted unless they are certified. This restriction will be placed on the individual for a period of one year on the first restriction, and if there is a ~~reoccurrence~~recurrence of two more NSF payments, checks will no longer be accepted.

2.4 Should payment of a tax account be tendered in Canadian funds, it will be accepted at the exchange rate established by the financial institution holding the accounts of the municipality on the ~~due~~ transaction date.

2.5 In some circumstances ~~there remains~~a balance remains oweding on a ~~taxpayer's~~taxpayer's account after a payment is received, which is often a result of interest being added to the account after a payment amount was agreed upon and mailed in. ~~When the remaining amount is small enough that the additional cost of collection would not be deemed worthwhile, it may be expedient to write off the amount. The Town authorizes the~~In this circumstance, the Tax Collector or Treasurer is authorized to approve such write-offs for outstanding amount of less than

Commented [SW1]: Due date or transaction date?

Commented [GU2R1]: Transaction

Formatted: Header, Indent: Left: -0.08"

Formatted: Header, Centered

Formatted: Header, Right, Right: -0.08"

Formatted Table

Formatted: Footer

**TOWN OF FREEPORT
REAL ESTATE & PERSONAL PROPERTY TAX
POLICY**

\$5.00.

Article 3. Management of Tax-Acquired Property Pending Final Disposition

- 3.1 Following the foreclosure of the tax lien mortgage, the municipal Treasurer shall notify the last known owner of record that his or her right to redeem the property has expired. The notification shall advise the last known owner of record that the property will be disposed of in accordance with policy, a copy of which shall be included with the notification.
- 3.2 Thirty (30) days after notifying the landowner of record, the municipal Treasurer shall prepare a list of properties acquired and forward a copy to the Town Council, the Planning Board, the Bustin's Island Planning Commission (if applicable), the Freeport Sewer District and any other department or committee the Treasurer ~~believes should be informed~~ deems advisable.
- 3.3 The responsibility for the management of tax-acquired property rests with the Town Council. Pending the Town Council's decision regarding the final disposition of property, the Town Council and Town Manager shall:
 - 3.3.1 Determine in light of potential liabilities inherent in owning the property whether the Town's best interest would be served by immediately disposing of the property or disposing the property on such terms as the Town Council and Town Manager deem advisable without regard to any other provisions of this policy.
 - 3.3.2 Determine and obtain, if necessary, insurance in the amount required to protect the Town's interest in the property and to protect the Town from liability; and
 - 3.3.3 Determine if and when any occupants of tax-acquired property shall be required to vacate the property.
- 3.4 In the event the property is vacated for sixty (60) consecutive days, the Town Manager shall obtain liability coverage for the property.

Article 4. Review of Tax-Acquired Property

- 4.1 The Planning Board, and any interested Department or Committee shall make recommendations to the Town Manager regarding the disposition of property within thirty (30) days of the Town Council's receipt of the list of tax-acquired properties from the Town Treasurer. The Town Manager shall coordinate and summarize those recommendations for each acquired property and categorize the recommendations as follows:

Formatted: Header, Indent: Left: -0.08"

Formatted: Header, Centered

Formatted: Header, Right, Right: -0.08"

Formatted Table

Formatted: Footer

**TOWN OF FREEPORT
REAL ESTATE & PERSONAL PROPERTY TAX
POLICY**

a. to sell the property with or without conditions; or
b. to retain the property for a specified purpose; or
c. to retain the property or -an ~~interim-basis~~interim basis if it is a ~~single-family~~single-family residence occupied by the taxpayer and if the sale of the property would require the taxpayer to request public assistance. If this recommendation is offered, the Town Manager shall present a written plan under which the taxpayer is to pay outstanding taxes, interests, and costs associated with the tax lien process; and outstanding sewer rates, assessments and ~~other-lawful~~other lawful charges. The plan must provide that the Town will receive payment on a reasonable schedule. Costs to be paid will include all costs incurred by the Town outside of the tax process including but not limited to insurance costs and attorney's fees. The taxpayer must sign the written plan and acknowledge in writing that the title to the property belongs to the Town and shall remain with the Town until the taxpayer completes payment under and in strict compliance with the plan and that the owner will strictly comply with the plan. Failure to strictly comply with the plan will result in the property being retained by the Town or sold under other provisions of this policy unless other prior written arrangements have been approved by the Town. The term "occupied" as used in this paragraph, includes persons in a nursing facility who intend to return to theirhome.

Commented [SW3]: I don't think that this option is advisable given the new statute.

Commented [GU4R3]: I'd be fine if the choice is to remove this - but I think the new statute is not applicable to that decision... If they do not elect or notify us to use the new sale process, we are fine to do our "normal" review/process

4.2 If the Town Council chooses to sell to someone other than the former owner, the Town Manager, or their designee, shall notify the former owner of the right to require the Town to use the sale process listed under Title 36 M.R.S.A. Section 943-C subsection 3. "Former owner" means the owner or owners of record at the time of the foreclosure or, if deceased, the former owner's heirs, devisees or personal representatives. Notice must be sent by USPS certified mail, return receipt requested, and first-class mail to the last known address of the former owner as detailed in Title 36 M.R.S.A. Section 943-C subsection 2.

If the Town agrees to sell the property back to the former owner, the alternative sale process under Title 36 M.R.S.A. Section 943-C subsection 3 does not apply.

4.3 If the former owner submits a written demand within 90 days after the notification in section 4.2 is sent that the sale process of Title 36 M.R.S.A. Section 943-C subsection 3 be used, the Town shall:

A. List the property for sale with a real estate broker licensed under Title 32 M.R.S.A. Chapter 114 who does not hold an elected or appointed office in the Town and is not employed by the Town.

B. Sell the property via quitclaim deed to the successful buyer at the highest price at which the property is able to sell, or the price at which the property is anticipated by the real estate broker to sell within 6 months after listing; and

C. Pay to the former owner any sale proceeds in excess of:

Formatted: Header, Indent: Left: -0.08"

Formatted: Header, Centered

Formatted: Header, Right, Right: -0.08"

Formatted Table

Formatted: Footer

**TOWN OF FREEPORT
REAL ESTATE & PERSONAL PROPERTY TAX
POLICY**

1. The sum of all taxes owed on the property
2. Property taxes that would have been assessed on the property during the period following foreclosure when the property is owned by the Town.
3. All accrued interest
4. Fees, including property listing and real estate broker's fees
5. Any other expenses incurred by the Town in selling or maintaining the property, including but not limited to, an administrative fee equal to 10% of the property taxes owed and reasonable attorney fees.
6. The cost to the Town of the lien and foreclosure process, including but not limited to reasonable attorney fees.
7. Unpaid sewer charges imposed by the Freeport Sewer District

D. As a condition of disbursement of excess sale proceeds to the former owner, the Town requires the former owner to execute a quitclaim deed without covenant conveying any interest of the former owner in the property to the Town and to deliver that deed before conveyance by the Town to the Buyer. Receipt of such excess sale proceeds by the former owner is deemed to be a waiver of any right of the former owner to commence any action pursuant to section Title 36 M.R.S.A. Sections 946-B

4.4 If the Town is unable to list or sell the property under the requirements of this section, or if the property taxpayer does not request that the property be sold according to the sale process in this section, the Town may sell the property in any manner authorized by the remainder of this policy.

4.5 The Town Manager and Municipal Facilities Committee shall forward the recommendations to the Town Council which shall make the final determination regarding the final disposition of tax acquired property. The Town Council shall also determine the conditions, if any, for sales of tax acquired property.

Article 5. Property to be Retained

- 5.1 If the Town Council deems it to be in the Town's best interest, it may order that the tax acquired property is retained by the Town for a specified purpose. By way of example, but not limitation, the Town Council may deem it to be in the Town's best interest to retain the property where:

Formatted: Header, Indent: Left: -0.08"

Formatted: Header, Centered

Formatted: Header, Right, Right: -0.08"

Formatted Table

Formatted: Footer

**TOWN OF FREEPORT
REAL ESTATE & PERSONAL PROPERTY TAX
POLICY**

- a. the property has or will have recreational value or economic value to the Town; or
 - b. the property has or will have potential use as a public facility or as an addition to the public facility.
- 5.2 If the property is retained, the Town Council ~~may~~must pursue an action for equitable relief and in accordance with the provisions of Title 36 M.R.S.A. Section 946, ~~if desirable~~.
- 5.3 The Town Council shall cause the tax acquired property retained to be managed and insured as it would other municipal property.
- 5.4 If retained, the Town shall pay to the Freeport Sewer District the then outstanding unpaid sewer rates, assessments or other lawful charges associated with the services and operations of the Freeport Sewer District.

Article 6. Property to be Sold

- 6.1. For those tax acquired properties the Town Council determines will be sold the Town Council shall determine the method of sale. Methods may include but are not limited to brokerage sale, negotiated sale, or public bid process. If the public bid process is used, the Town Manager shall cause to be published advanced notice of the sale of the tax acquired property in a local newspaper. The notice shall also be posted in a conspicuous place within the Municipal Building. The notice shall also be sent to the person from whom the property was acquired and the property owners whose property immediately abuts the property to be sold. The notice shall specify the time and date bids are due, the general terms of the sale and information useful to prospective bidders.
- 6.2. All bids shall be submitted on forms prescribed by the Town Manager in an envelope clearly marked "Tax Acquired Property Bid" and accompanied by a cashier's or certified check equal to the bid deposit. Bids shall be publicly opened and read on the date and at the time specified under the terms of the sale.
- 6.3. The Town Manager shall review all bids and make recommendations to the Town Council. The Council shall determine the successful bidder.
- 6.4. The Town Council, in its sole discretion, reserves the right to reject any or all bids, ~~except accept~~ other than the highest bid, and waive any of the requirements of this policy as it determines as being in the best interest of the Town, should the Town Council, in its sole determination, judge such actions to be in the best interest of the Town. Instances where this right may be invoked include, but are not limited to: Examples of this right include, but are not limited to, selling the property to an

Formatted: Header, Indent: Left: -0.08"

Formatted: Header, Centered

Formatted: Header, Right, Right: -0.08"

Formatted Table

Formatted: Footer

**TOWN OF FREEPORT
REAL ESTATE & PERSONAL PROPERTY TAX
POLICY**

~~abutting owner or for a purpose other than that proposed by the highest bidder.~~

- ~~a. The Town Council may wish to sell the property to an abutting property owner rather than the highest bidder; and~~
- ~~b. The Town Council may determine a use other than the use proposed by the highest bidder that is in the best interests of the Town.~~

6.5. ~~Should~~In the event the Town Council reject all bids; the property may again be offered for sale.

6.6. ~~Should the~~If an awarded bidder fails to complete the terms of the sale, the Town shall retain the bid deposit. The Town Council may therefore offer the property to the next highest bidder, if the Town Council determines that such an offer is in the best interest of the Town.

6.7. Title to tax acquired property shall be transferred only by means of a Municipal Release Deed.

6.8. Unless the property is vacant at the time of sale, the successful bidder shall be responsible for the process and expenses of removing occupants and contents from the property in a manner according to law.

6.9. The proceeds of the sale shall be distributed in the following manner to the extent that funds are received from the sale. First, all taxes, interest, and costs under the tax lien process shall be ~~paid~~paid in accordance with State of Maine law with the Town and public utilities (water and sewer) retaining the maximum funds allowed.~~TO THE Town, including all costs incident to the sale of the property. Second, all outstanding sewer rates, assessments or other lawful charges incurred by the Freeport Sewer District in providing services to the property shall be paid. Third, a~~Any balance remaining after repayment of taxes, interest, penalties, and user fees shall be placed in a Town reserve account for future capital expenditures.

6.10. Rules and Qualifications for Repurchase by Prior Owners

Property which, at the time of foreclosure of the municipal tax lien ~~mortgage~~, was used as an owner-occupied primary or seasonal residence may be repurchased by the person or persons who owned the property immediately prior to the foreclosure (the Prior Owners) or by a person or persons who have acquired an interest in the property as a result of the death of the Prior Owner ("Successors"), for a repurchase price equal to ~~three (3) times~~ the sum of outstanding real estate taxes, interest, ~~and all costs incurred by the Town related to the tax collection and foreclosure process~~fees due as of the date of repurchase.

~~To qualify for such repurchase, the Prior Owners or Successors must meet the following qualifications:~~

Formatted: Header, Indent: Left: -0.08"

Formatted: Header, Centered

Formatted: Header, Right, Right: -0.08"

Formatted Table

Formatted: Footer

**TOWN OF FREEPORT
REAL ESTATE & PERSONAL PROPERTY TAX
POLICY**

- a. ~~A tax lien other than the lien which resulted in foreclosure cannot have previously matured on the property; and~~
- b. ~~The Municipal Facilities Committee must determine that foreclosure of the tax lien mortgage is directly attributable to a significant hardship experienced by the prior Owners. The Prior Owners or Successors shall have the burden of proving significant hardship. The Municipal Facilities Committee may require the applicant to provide documentation such as medical, financial, household expenses and other records as deemed appropriate. Examples of hardship might include loss of employment, death in the family and serious medical problems. The confidentiality of medical and financial records shall be protected as authorized by State Law.~~
- c. ~~The Prior Owners or Successors shall have thirty (30) days to make a hardship application once a notice of mature lien has been received.~~
- d. ~~Should the Town Council approve a hardship application, the applicant shall have sixty (60) days from the decision to pay the sum of back taxes and interest and fees in full.~~

~~If hardship cannot be proven, a sale can be negotiated at the Town's assessed value or 70% of true market value, whichever is greater, as determined by the Town Assessor.~~

~~The Town Council may negotiate a repurchase on other terms if the Council determines that extraordinary circumstances exist that inhibit the Town's ability to sell the property to persons other than the Prior Owners or Successors.~~

The Town Council reserves the right to negotiate a repurchase on any terms it deems to be in the best interest of the Town.

Commented [SW5]: I'm not sure we can do this

Commented [SW6]: Can we talk about this section?

Commented [SW7]: Not sure what this would be...

Article 7. Management of Personal Property

7.1 Following the end of the fiscal year, the Tax Collector and Treasurer will review the outstanding personal property taxes. A letter will be prepared and mailed by the Treasurer, notifying them of the outstanding status of their personal property tax account. This letter will urge their prompt payment to avoid further collection efforts. Thirty (30) days after the letters are mailed, the outstanding personal property tax listing will be reviewed by the Treasurer and again the following actions will be taken based on the amount of the respective outstanding balances:

- a. If the outstanding balance is greater than \$5,999 – the taxpayer will be taken to district court in order to receive a judgment. Prior to serving the taxpayer with district court, one more letter will be sent by the Treasurer extending them two weeks to pay the outstanding balance before pursuing district court. After two weeks, if no payment has been received and no contact has

Formatted: Header, Indent: Left: -0.08"

Formatted: Header, Centered

Formatted: Header, Right, Right: -0.08"

Formatted Table

Formatted: Footer

**TOWN OF FREEPORT
REAL ESTATE & PERSONAL PROPERTY TAX
POLICY**

been made by the taxpayer to set up payment terms, then the necessary papers will be filed for district court. If a judgment is received in favor of the Town and the taxpayer does not make payment, then a Writ of Execution will be filed and the Town will freeze the assets of the taxpayer until payment is received in full.

- b. If the outstanding balance is between \$500 and \$5,999 – the taxpayer will be taken to small claims court in order to receive a judgment. Prior to serving the taxpayer with small claims court, one more letter will be sent by the Treasurer extending them two weeks to pay the outstanding balance before pursuing small claims court. After two weeks, if no payment has been received and no contact has been made by the taxpayer to set up payment terms, then the necessary papers will be filed for small claims court. If a judgment is received in favor of the Town, and the taxpayer does not make payment, then a lien will be filed in the taxpayer's name, with the Registry of Deeds on all property owned by the taxpayer. This lien action will secure the Town's eventual collection of the outstanding personal property taxes.
- c. If the outstanding balance is between \$150 and \$500 – the Treasurer will file UCC liens on the personal property. Prior to the UCC lien preparation, one more letter will be sent by the Treasurer extending them two weeks to pay the outstanding balance before pursuing the UCC lien filing. After two weeks, if no payment has been received and no contact has been made by the taxpayer to set up payment terms, then the necessary papers will be filed to secure a UCC lien on the personal property. This lien action will affect the taxpayer's future credit rating and will secure the Town's eventual collection of the outstanding personal property taxes.
- d. If the outstanding balance is less than \$150 – the Treasurer will mail one last letter requesting payment of the outstanding personal property taxes.

7.5 On an annual basis, after all the above procedures have been completed, a report will be made to the Town Council as to the status of all the outstanding personal property tax accounts. All of those accounts which have been outstanding for at least three years and have an amount due of less than \$150, or from corporate businesses who have closed and are no longer in business within the Town will be requested by the Treasurer for write off by the Town Council. All those businesses, which are not incorporated but rather operating as a sole proprietor doing business as DBA, will be reviewed then the collection efforts outlined above will apply ~~in~~ in regard to the owner individually.

Adopted by the Freeport Town Council 4/15/97.

Formatted: Header, Indent: Left: -0.08"

Formatted: Header, Centered

Formatted: Header, Right, Right: -0.08"

Formatted Table

Formatted: Footer

**TOWN OF FREEPORT
REAL ESTATE & PERSONAL PROPERTY TAX
POLICY**

Amended by the Freeport Town Council 10/21/03.

Amended by the Freeport Town Council 12/05/17.

Formatted: Header, Indent: Left: -0.08"

Formatted: Header, Centered

Formatted: Header, Right, Right: -0.08"

Formatted Table

Formatted: Footer