



The Chautauqua County Land Bank endeavors to stabilize neighborhoods by targeting blight and/or declining properties that negatively impact neighborhood property values or livability. The **Sales 4 Rehab** program is intended to insure reinvestment in the targeted properties to repair defects, bring homes up to code, and improve their curb appeal. In addition to repairing structural and mechanical defects and addressing code violations, successful rehabs will result in quality, safe and healthy housing, and purchasers are held by contract to performing the renovations that they propose.

*Please review the following to best assist your client and guide them through this process. The **Sales 4 Rehab** program works like this:*

- When the Land Bank acquires a property, we clean it out and have it appraised in “as-is” condition. Generally, *we set our asking price well below the appraised value*. Selling it at that reduced price, below market value, allows room for equity building and reinvestment in the required renovations.
- Working with the local code enforcement officer(s), a minimum scope of work is also created, to guide the purchaser in their renovation, and setting the requirement minimums to be included in the sales contract.
- Any NYS licensed realtor can show the properties, and the Land Bank pays 3% or a *\$1000 commission to realtors* who help facilitate a sale.
- The Land Bank is required to **market all of our properties for at least 30 days** before reviewing any proposals and applications.
- Prospective purchasers can visit the properties during those 30 days with their realtor and/or a home inspector/contractor to assess the work that needs to be done. Then they need to **complete a property proposal and application** (*please see attachments on listing*) to be submitted to our board for consideration. Interest in our properties can often be competitive, so we encourage purchasers to put their best foot forward and be as detailed as possible with their renovation plans and intent. Additionally, these proposals become a component of the sales contract, so the purchaser will be held to any proposed work and occupancy commitments.
- **Proposals are reviewed by a committee of the Land Bank’s Board**, who then recommend the purchaser for each home that they feel provides the best outcome for the home and neighborhood. It is a holistic review, balancing the purchase offer with the proposed reinvestment, end-use, and the proposal’s alignment with our mission, etc.
 - Generally, the timeline is about 2 weeks between the proposal deadline and final selection to allow for the Committee to review proposals, forward a

recommendation to the board, and board approval/authorization to negotiate the sale. *Please note that the Board reserves the right not to choose a purchaser if we are not satisfied with the proposals that we have received.*

- If/once a purchaser is identified, the Land Bank's attorney will draw up the contract and all other paperwork for the sale, stipulating the required renovations and reinvestment to be made in the property, as well as setting a timeline on its completion.
- In addition to the purchase price, there is a **performance escrow**, which is held as a safeguard to the reinvestment commitment. These escrows range from **\$2,500-\$7,500**, and is rebated in increments depending on the amount held. *(please see attachment on listing for more information about our performance escrow)*
- The Land Bank generally schedules **at least two inspections** – mid and late in the rehab process to ensure everything is done according to the commitment and the local building codes, etc. **Building Permits are required if necessary** – all purchasers are encouraged to **check in with your local code compliance office** to review your plan, and utilize these resources for the best outcomes. Oftentimes they are familiar with additional funding resources which may aid in your project! Once all the work is complete and we verify that the work has satisfied all requirements, the balance of the escrow is refunded to the purchaser.
- Sales Contracts include the detailed renovation plan that the purchaser has proposed; deviations from this must be reviewed with the Land Bank's Executive Director or Board. These homes are sold with an "enforcement mortgage", meaning that the Land Bank retains a lien on the home until all of the requirements are met. Once the renovation is complete, and the seller meets the requirements in the sales contract, all escrow is rebated and the lien is released.

Our goal is to turn a neighborhood liability into a neighborhood asset, not just to flip a house. Reselling a home for owner occupancy is acceptable. Purchasing/renovating a home for rental income is an accepted end-use in rental neighborhoods, however, we generally will not score this option highly in an established, owner-occupancy neighborhood. We strive to maintain and/or improve the integrity of the neighborhood.

PLEASE NOTE:

Our rehab properties will not qualify for a traditional mortgage, and therefore most sales are cash. If you have a client who is in need of financing and they are a first-time homebuyer who intends to be an owner-occupant, please have them call the Land Bank office at (716) 969-7843 and ask about our Rehab Loan Fund. This loan is offered through partnership with Home Headquarters, a CDFI lender out of Syracuse, NY, and can help your client cover the cost of acquisition and renovation if they qualify.