LAKE COUNTY LAND REUTILZATION CORPORATION

RENOVATION GUIDELINES

The Lake County Land Reutilization Corporation (LCLRC) may acquire improved properties at the request of a governmental entity, a potential end user and/or may elect to acquire an improved property with the intention of rehabilitating the property for future disposition.

The LCLRC's resources are best used to identify an end-user who will take title to the property and return it to productive use. An important part of this process is ensuring that properties in need of renovation are brought up to code and/or standards established by the LCLRC. With this in mind, the LCLRC will attempt to achieve an appropriate balance between necessary maintenance and the efficient use of its resources.

The LCLRC will work with community groups, qualified contractors, individuals and others seeking to purchase and rehabilitate a structure in order to return the property to a private or public ownership as soon as possible. These guidelines include, but are not limited to, the following:

1. PROPERTY EVALUATION

A. The LCLRC will utilize a building inspector, certified contractor and/or internal staff to evaluate the condition of the structure, identify required repairs and estimate the cost of the repairs.

B. Minimum rehab requirements will be based on local building codes and repairs necessary to obtain a certificate of occupancy.

C. The LCLRC may establish specific quality housing standards that exceed minimum building code requirements.

2. PROPERTY SHOWING

A. The LCLRC may maintain a list of homes available for rehab. The list will include basic property information, such as parcel number, address, neighborhood, square feet and availability. Such list may be displayed in a manner determined by the LCLRC (i.e. website, hard copy maintained in LCLRC office, etc.).

B. Interested rehabbers and/or purchasers may submit an offer for the property along with their qualifications and rehab specifications. Rehab specifications will be reviewed for compliance with local building standards and/or standards established by the LCLRC.

3. VETTING REHABBERS

A. The LCLRC or designee will vet all rehabbers prior to entering into any contract or purchase agreement for a property.

B. The rehabber's company and its principal officer or officers will be vetted for chronic tax delinquency, chronic housing court problems, violent crime and chronic lawsuits involving Renovation and subcontractor disputes. This information is readily available on public data sites.

C. The LCLRC or designee may review verified, previous successful rehabs and, ideally, references from quality CDCs or city officials.

D. The LCLRC will consider the financial capacity of the rehabber in completing the required work.

E. Results of the vetting process may determine whether a property will be sold directly to the rehabber, rehabbed and sold to another purchaser, sold through a deed-in-escrow program, or the offer rejected and the property made available to other rehabbers.

F. The vetting process should be thorough enough to ensure that the LCLRC will not be viewed as "flipping" the property.

G. In cases where the rehabber has a well-known reputation and proven success in rehabbing properties, the improved property may be transferred directly to the rehabber. When a rehabber has no negative history, but also no verifiable history, the LCLRC will take steps to ensure that all rehab work is completed to an acceptable standard, normally a certificate of occupancy.

4. DEED-IN-ESCROW

A. When working with unproven contractors, community groups or individuals, the LCLRC must ensure that the distressed property is brought up to at least minimum standards.

B. The "deed-in-escrow" agreement simply involves the execution of a purchase agreement, but the deed is held in escrow until the rehabber secures a Certificate of Occupancy upon completion of the work. At that time, the rehabber pays the purchase price for the property. There are several obvious benefits to the deed-in-escrow agreement.

a. The LCLRC literally holds title to the property until the work is completed. If the rehabber fails to perform mid-stream, the rehabber forfeits all improvements and expenses made on behalf of the property;

b. This process is based on a predictable and objective standard, i.e., Certificate of Occupancy;

c. The property remains in a tax-free state while the rehab is being completed;

d. The rehabber is not required to pay the purchase price until the work is completed thereby not tying up his/her money.

C. Entry into a deed-in-lieu contract gives the buyer "equitable title" to the property (and thereby an insurable interest). If the rehabber's insurance agency or lender insists on the rehabber having actual title, then a "reverse deed-in-escrow" provides yet another alternative. In this situation, the deed is transferred to the rehabber for the purpose of procuring insurance and/or financing. Simultaneously, the rehabber contingently tenders a deed directly back to the LCLRC. If the rehabber fails to perform as promised, the LCLRC is free to file the deed back into its name.