

**ELSMERE LAND BANK
MEETING MINUTES
DECEMBER 12, 2019
ELSMERE TOWN HALL
5:30 P.M.**

CALL TO ORDER: Chair John Jaremchuk called the meeting to order at 5:30 p.m.

PLEDGE OF ALLEGIANCE

ROLL CALL:

CHAIR	JOHN JAREMCHUK, JR	PRESENT
VICE CHAIR	RONALD RUSSO	PRESENT
SECRETARY	SALLY JENSEN	PRESENT
TREASURER	CHARLES MCKEWEN	PRESENT
DIRECTOR	LEON BACKER	ABSENT
DIRECTOR	CHRIS VARNEY	PRESENT
NON-VOTING MEMBER	ROBERT GOERLITZ	PRESENT
Solicitor, Edward McNally – Present		
Town Manager, John Giles – Present		

Chair John Jaremchuk requested to change the order of the meeting to start with a status report from Mr. McNally.

NEW BUSINESS:

1. Status report from Mr. McNally concerning 505 Junction St.

Solicitor, Edward McNally provided a brief synopsis of the history of 505 Junction St.

Since the last Land Bank meeting Mr. McNally has continued to negotiate receivership of the property with the mortgage company (Bayview). In May 2019, the mortgage company informed him that the beneficial owner of the mortgage, the Federal National Mortgage Association (FNMA), would not agree to the appointment of a receiver. Therefore, in May 2019 Mr. McNally moved to the Court of Chancery to have a default judgement entered on both the owner Mrs. Marshall and against the mortgage company. Simultaneously, the Town proceeded with monition sale of the property due to continuing code violations. Bayview was able to avoid the monition sale by paying all fines issued on the property. In August 2019, Bayview foreclosed on the property. The property was purchased in error and the purchaser refused to close on the sale. Mr. McNally went back to the court and requested a hearing for receivership. The mortgage company responded by rescheduling the mortgage foreclose to December 10, 2019. Mr. McNally scheduled a hearing on December 20, 2019. On December 10, 2019 the property did not receive a buyer. He stated the balance on the mortgage according to the mortgage companies' foreclosure statement is \$60,610.00, and the mortgage was issued

about 15-16 years ago. Mr. McNally stated the question today is if the Land Bank would like to proceed with the court hearing for receivership on December 20, 2019. In his most recent conversations with Bayview's lawyer, they will allow the Town to inspect the interior of the property and assess remediation costs to begin negotiation of the purchase of the property by the Town or Land Bank. The foreclosure sale will be confirmed roughly around January 10, 2020. It is not final until the sale is confirmed, and he cannot imagine why it wouldn't be considering no one bid on the property and the owner has left the state. Once this occurs, he is told Bayview intends to transfer the property to the FNMA. At this time, they are requesting the hearing for receivership be postponed and in return they will give the Town access to the property to determine the remediation costs and potentially make a bid on the property. He stated if the Town would agree to postpone the court hearing this would avoid roughly \$1,000.00 in legal fees.

Chair John Jaremchuk asked Mr. McNally for clarification, if the Land Bank is appointed receivership that this would not be the last hearing. Mr. McNally stated this is correct, once receivership is granted, the court has many detailed requirements. Any time the property has something significant performed the Land Bank will have to seek court permission, in addition if the receiver decides to sell the property this must be court ordered.

Chair John Jaremchuk stated he called the Sheriff's office today once he obtained the actual mortgage amount from Mr. McNally. He was told the sale price of the property at Tuesday's foreclosure was \$121,749.98 and doesn't understand where that comes from. Mr. McNally stated he believes that was the bid price made when the home was purchased in error, and thereby listed incorrectly. He added that he has no doubt that the current mortgage amount is \$60,610.00.

Chair John Jaremchuk would like to discuss postponing the receivership, proceeding with obtaining access to the property to assess remediation costs, and potentially outright purchase the property. He stated he is leaning toward purchasing the property to prevent being constrained to a court order and to avoid additional legal costs.

Director Chris Varney stated that he agrees with Chair John Jaremchuk. He believes the Land Bank should purchase the property to regain funds.

Mayor Eric Thompson, present in the public, asked if Bayview agreed to sell the property at cost. Mr. McNally stated they have not agreed to this.

The Land Bank proceeded with further discussion concerning the resale value of the home.

Director Sally Jensen asked Town Manager John Giles if he knew the amount of outstanding fees on this property owed to the Town. He stated he does not but there is surely a tax lien/outstanding fees on this property.

Town Manager John Giles stated he believes the Land Bank should proceed with receivership to move along this property, which has been vacant for 2 years and is a blight on the Town. Additionally, the Land Bank should proceed with potentially purchasing the home.

Further debate occurred between Town Manager John Giles and Chair John Jaremchuk.

Mr. McNally stated he believes the proper thing to do is to have the Land Bank make a recommendation to Mayor and Council, since they are the Plaintiff in this lawsuit.

Town Manager John Giles asked Mr. McNally if this should be discussed at this evenings council meeting because action is required to be taken prior to the next regular scheduled meeting. Mr. McNally agreed, although this is not an agenda item it should be discussed.

ACTION: A motion was made by Chair John Jaremchuk to request Mayor and Council ask for a continuance of the December 20, 2019 hearing in Sussex County Chancery Court. This is conditioned upon Mr. McNally obtaining assurance from the mortgage company that the Town will have access to the property for inspection by January 10, 2020. The motion was seconded by Director Chris Varney.

There were no questions or discussion requested at this time.

VOTE: 5-0 with 1 Absent, 1 Vacancy All-in-favor Motion carried

Discussion occurred between Chair John Jaremchuk, Town Manager John Giles and the Land Bank concerning funds available to the Land Bank or if there is possibility of purchasing a mortgage. Chair John Jaremchuk stated he believes we would be unable to find a bank that would issue the Land Bank a mortgage.

Chair John Jaremchuk stated at this time he will contact the Land Bank's Realtor. Additionally, a contractor will need to be selected to perform the inspection. Bob Goerlitz will reach out to the contractor and request a fee estimate for inspection services.

APPROVAL OF MINUTES:

Minutes of the March 14, 2019, Elsmere Land Bank Meeting

ACTION: A motion was made by Treasurer Charles McKewen to approve the minutes of the March 14, 2019 meeting with no corrections. The motion was seconded by Secretary Sally Jensen.

VOTE: 5-0 with 1 Absent, 1 Vacancy All-in-favor Motion carried

OLD BUSINESS:

None

ITEMS SUBMITTED BY BOARD MEMBERS:

None

Town Manager John Giles informed Chair John Jaremchuk the Mayor and Council were advised by the Attorney that this agenda item should be used with caution. There is concern it does not comply with FOIA. It is requested that any board members wishing to discuss items should submit this information prior to meeting, to have it listed as an agenda item.

PUBLIC COMMENT:

None

ADJOURNMENT:

ACTION: A motion was made by Director Chris Varney to adjourn. The motion was seconded by Vice Chair Ron Russo.

VOTE: 5-0 with 1 Absent, 1 Vacancy All-in-favor Motion carried

These minutes summarize the agenda and other issues discussed at this Land Bank Meeting. Votes are recorded accurately. The audio recordings of this meeting will be available at Town Hall for a period of two years from the date these minutes are approved. The audio recordings may be reviewed at Town Hall by appointment and in accordance with the Freedom of Information Act.

JOHN JAREMCHUK
CHAIRMAN

SALLY JENSEN
SECRETARY