TOWN OF BALDWIN, MAINE
OFFICE OF THE SELECTMEN
534 PEQUAWKET TRAIL, WEST BALDWIN, ME 04091

Policy for Management and Disposition of Tax-Acquired Property

If you don't pay your taxes, you can lose your property to the town. If you get behind in your taxes, inaction is not a good policy. Ignoring the problem won't make it go away. It makes it worse.

The primary concern of the Baldwin Select Board is to obtain equitable payment of taxes by those capable of contributing to the public charge. The Select Board and the Town of Baldwin have no interest or benefit to own real estate property obtained by foreclosure. It is preferred to have real-estate in private, taxpaying hands. Also, the Town of Baldwin does not benefit from the sale of tax acquired properties other than the recoupment of past taxes and expenses. Excess proceeds from the sale, if any, are returned to the prior owner.

Background

A tax lien mortgage sometimes has been referred to as a "self-foreclosing mortgage" because no court action is required on the part of the municipality. Mere passage of time, non-payment of taxes by the owner, and the provision of required notices to the owner is sufficient to cut off the taxpayer's right of redemption and transfer title to the municipality. If the statutory process has been followed correctly, the tax lien forecloses automatically at the end of the 18-month redemption period, and the taxpayer's right to redeem the property expires. This policy assumes that the Town Tax Collector has properly issued the notice of the tax lien, properly recorded the tax lien certificate, and the tax lien certificate has foreclosed due to the expiration of the 18-month redemption period.

Also, no “foreclosure” document like one from a mortgage holder is recorded in the registry of deeds when the tax lien has expired.

It is not necessary for the municipality to take physical possession of the property or perform any other act upon foreclosure. Under state law, the former owner is not entitled to repurchase or to continue to occupy the property, but may remain at the municipality's "sufferance" (discretion) and may continue to be assessed as the "person in possession." See 36 M.R.S. § 553. If the taxpayer wishes to regain title after foreclosure, he or she must buy the property back from the municipality. After foreclosure, the Select Board becomes responsible for the management of the property, subject to the direction of the Town Meeting. The 2024 Town Meeting passed Article 12. "TAX-ACQUIRED PROPERTY: To see if the Town will vote to authorize the Selectmen on behalf of the Town to sell or dispose of any real estate acquired by the Town for nonpayment of taxes on such terms as they deem advisable and to execute quit-claim deeds for such property." There are Maine statute limitations on the process spelled out in 36 MRS §943-C.

<u>This policy should be reviewed annually to confirm the Select Board has received authority to sell tax-acquired properties</u>.

Policy
Management and Administration

1. The Town Treasurer is requested to annually provide the Select Board with an inventory of all tax-acquired property within 45 days of the date of foreclosure of tax liens. The inventory shall include all tax-acquired property from prior years in which the municipality continues to retain an interest. The purpose of the inventory is to advise the Baldwin Select Board of that real estate in which the municipality has acquired an interest.

2. The Baldwin Select Board should obtain fire loss insurance for tax-acquired property that includes buildings in a dollar value not less than all outstanding taxes, liens, costs and other attendant expenses. (See also MMA Municipal Liens Manual pages 49 and 50 concerning liability insurance.)

3. The Select Board should determine on a case-by-case basis whether to request a quitclaim deed from the foreclosed prior owner. Alternatively, the Baldwin Select Board may pursue an action for equitable relief in accordance with the provisions of 36 M.R.S.A. §946, as amended, as a means of securing a "Quiet" or clear title to any tax-acquired property, whether it is to be sold or retained. This should only be pursued in cases where the Select Board seeks to sell the property at market value or to retain it for municipal purposes.

4. The Baldwin Select Board should determine when and if any occupants of tax-acquired property shall vacate the same. The Town of Baldwin will not charge a monthly rental fee to occupants of tax-acquired property or establish payment plans for redemption of the property. (See MMA Municipal Liens Manual on advice against payment plans and rental agreements with occupants of tax-acquired properties).

5. The Maine Tort Claims Act 14 M.R.S.A. 8104-A specifically provides that municipalities are immune from tort liability for damages arising out of the ownership, maintenance or use of any building acquired for non- payment of taxes until the former owner (or his lessee or licensee) has given up possession for a period of 60 days. Because this immunity only applies while the property is occupied and for 60 days after it becomes vacant, the Select Board shall act promptly to sell any property, which is or becomes vacant, or to insure it for $400,000.00, the current cap on damages under the MTCA (see 14 M.R.S.A. §8105). Buildings shall be padlocked and a signed posted on the door indicating the property is Foreclosed Town Owned Property.

Disposition of Tax-acquired Property.

1. For a thirty-day period following the date of foreclosure, the Town Treasurer may accept payment from the prior owner for ALL due taxes (including the Just Value for the Current Year Taxes Not Assessed), accrued interest and costs associated with the tax lien foreclosure process if offered

by the prior owner. Following acceptance of payment, the municipality shall deliver a municipal quitclaim deed to the prior owner releasing the municipality's interest in the property.

2. The Baldwin Select Board shall upon receipt of the inventory of foreclosed properties, determine whether a tax-acquired property is to be retained for municipal use, retained as tax-acquired property, or disposed of in accordance with the terms of this policy. The Select Board will generally attempt to work with the prior owner to help them redeem the property.

3. If the Select Board decides to dispose of the foreclosed property, they will do so in accordance with 36 MRS §943-C. They will consult the latest version of MMA legal Services Guidance on sale procedures for tax-acquired properties.

Sincerely,
Baldwin Select Board

Date 8-26-2025

James Dolloff

Robert B Flint
Robert Flint

Dale Miner