



## MEMO

**TO:** Mayor and Town Council

**FROM:** Joseph A. Fivas

**DATE:** November 4, 2010

**SUBJECT:** Houser Property Purchase

---

### **Summary:**

In the spring of 2010, the Mayor and Town Council set goals for the Town to purchase a large community park. In public meetings Town Council selected possible properties to consider for purchase by the Town in the summer and fall of 2010.

The Council gave direction to staff to attempt to finalize the purchase of the Houser family property located at 304 Matthews-Indian Trail Rd. The Town Manager and Town Attorney has completed the negotiations with the Houser family, and met the criteria requested by the Town Council.

The Mayor and Town Council have a purchase agreement (attachment) to consider the purchase of the 51 acre parcel, plus the current home located on the property. The sale price is \$30,500 per acre per Exhibit B. The Town would have to allow for \$10,000 in earnest money to the seller. The Town would have until December 17<sup>th</sup>, 2010 to examine the property. Any time before, December 17<sup>th</sup>, 2010 the Town can terminate the purchase agreement. The Town has also agreed to a 'closing date' of December 30, 2010.

However, to meet these imposed deadlines the Town would need to get financing approval from the Local Government Commission and the Town Council. The NC Local Government Commission also requires an RFP process for developing financing options for the Town. The Town has completed its RFP process and the Town Council will be considering the terms of this financing in the business portion of this meeting.

**Process:**

On Oct 26th, 2010, the Town Council approved this purchase agreement in open session and then authorized the Town Manager to sign the purchase agreement, and allowed for any costs to do due diligence on the property purchase. The following steps will need to be completed:

- 1) Begin the appraisal process for the financing of the sale. This will take approximately 3-weeks. This will include an inspection of the rental property on the property.
- 2) Begin the Phase 1 Environmental Assessment process. This will take approximately 2-weeks.
- 3) Begin the RFP process for bank financing. This will take 1-week.
- 4) Review quotes from banks and selection of financing bank partner.
- 5) Begin attorney opinion and title search process. Cost to be determined.
- 6) Turn in LGC application by Nov 9th to get on Dec 7<sup>th</sup> meeting LGC docket and submit the LGC application fee of \$500.00
- 7) Complete annual audit for LGC consideration.
- 8) Post for a public hearing on the proposed property acquisition and for the public comment on the proposed financing mechanism. This public hearing could be on Nov 9<sup>th</sup>. We need to post 10 days prior to meeting.
- 9) LGC to approve/deny on Dec 7<sup>th</sup>.
- 10) Final Town Council approval in December. Close on property before Dec. 30, 2010, closing certificate with certified copy of resolution. We need: copy of Deed of Trust, Title insurance commitment, Title insurance policy, Complete IRS form 8038-G (2 copies) (To be provided at loan closing), Survey Flood Zone Certification/Insurance, Property and Casualty Insurance, and UCC financing statements.

Staff believes all of these time lines are possible. We have met with the LGC and they believe the timelines are practical as well. The possible hold-up in the process are things like an unclear title, environmental contamination, unknown easements, inspection issues with the current home located on the property, etc.

jf