NSP2 Acquisition Delivery System for Michigan State Land Bank and its City Partners

* Boxes in bold outline are “Decision Points” where City determines how to proceed

** Each week, when City and LB meet, both an “initial mtg” and “second mtg” will take place during that timeslot. This is a continuous timeline that various “batches” of properties will be reviewed.

1. Data Analysis and Mapping
   - City and LB gather data and give to mapping specialist
   - Gather information from community partners
   - LB analyses and selects properties to review

2. Information Sharing:
   - LB sends out list of available properties and maps to Cities to allow City representatives ample time to review potential properties before the initial meeting

3. Property Identification & Verification:
   - LB gathers following:
     - Zoning
     - Assessing data
     - Photo
     - Price (if known)
     - Ownership (Register Deeds search)
     - Occupancy
     - Site Specific Enviro. Checklist

4. Initial Mtg with City:
   - Review maps and initial info on property
   - Determine what possible activity (demo/rehab) based on location, condition, & price
   - City signs off on initial properties for more due diligence

5. Due Diligence Period:
   - City conducts for properties that are potential rehabs. LB conducts for ALL properties.
   - City:
     - Send inspector out
     - Complete Project Feasibility Analysis to determine target income & NSP2 subsidy needed
   - LB:
     - Gather information for MSHDA Required Document Checklist for OPAL Set-Up & Compliance

6. MSHDA OPAL Project Set-Up:
   - City and/or LB inputs project data for OPAL set-up
   - Consult with MSHDA CD Specialist for compliance reporting

7. Second Mtg with City:
   - A final list is generated of properties that will be acquired and which will be demolished and which will be rehabbed
   - Maximum allowable price is determined
   - City signs an individual consent letter for each property for land bank to acquire

8. Stages of Acquisition Process:
   - A. Appraisal / Inspection
     - Environmental Review
     - Building inspections: Code, Energy & Marketability
   - B. Negotiations / Pricing
     - Order Appraisal if FMV > $25,000
     - No Appraisal if FMV < $25,000, use SEV or in-house comparables
   - C. Required Documentation Gathering
   - D. Funding Flow
   - E. Legal Review / Closing
   - F. Post Closing HUD Reimbursement to MSHDA

A. Appraisal Inspection
   - Environmental Review
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   - Order Appraisal if FMV > $25,000
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B. Gather Required Documentation
   - LB ensures all documents from MSHDA Required Documentation Checklist are present
   - Clear title not necessary, but need assess ability to resolve title issues

C. Pricing Negotiation
   - LB sends voluntary acquisition letter
   - LB negotiates a price not to exceed maximum price determined w/city
   - Price at 1% discount if required
   - Try to set up blanket pricing structure with frequent sellers
   - If City-Owned Property, need City Council approval

D. Funds Flow for Closing
   - Land Bank inputs NSP2 funds needed for acquisition and closing costs into OPAL
   - MSHDA forwards payment advance to Land Bank
   - Land Bank brings check to settlement

E. Legal Review & Closing
   - Closing docs including deed, purchase agreement, PTA, settlement statement, and lead packet sent to LB for its review
   - Use Closing template with frequent sellers
   - Conduct closing & receive deed

F. Post-Closing
   - LB forwards settlement expenses and verification of Closing to MSHDA
   - MSHDA submits NSP2 reimbursement request to HUD