



HANDBOOK

Ohio County Commissioners

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CHAPTER 81

COUNTY LAND UTILIZATION CORPORATIONS: LAND BANKS

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81.01 INTRODUCTION

This Chapter of the *Handbook* will discuss *county land reutilization corporations*, commonly referred to as *county land banks*. A *county land bank* is one of two types of community improvement corporations (CIC's) that may be organized under ([ORC 1724.01\(A\)\(1\)](#)).

Either type of CIC is a tax exempt non-profit corporation organized under Ohio's Non-Profit Corporation Law, ORC Chapter 1702. Both may also apply to become tax exempt for federal purposes. While county land banks can file for an Internal Revenue Code (IRC) Section 501(c)(3) tax status, an IRC Section 115 also has been used and appears to be preferable. IRC Section 115 organizations are commonly referred to as

“instrumentalities of government” and do not have to file federal tax returns as do “C-3” organizations.

The other type of CIC that can be organized under ORC Chapter 1724 is referred to as an *economic development corporation* ([ORC 1724.01\(A\)\(2\)](#)). Economic development CIC’s were, until recently, the only type of CIC that could be organized. The original CIC law was enacted by the Legislature in the early 1960’s (S. B. 299, effective August 17, 1961) to promote economic development and to serve as the agent of the county to assist in providing low cost capital to business and industry through the issuance of tax exempt industrial development bonds under ORC Chapter 165. In most cases today, reference to a CIC means an *economic development corporation*, and in this *Handbook* where the term CIC is used it refers to what is now legally defined as an *economic development corporation*. For more information on economic development CIC’s refer to Chapter 80 of this *Handbook*.

81.02 WHAT COUNTY LAND BANKS DO AND HOW DO THEY DO IT

County land banks have very broad powers and may perform a number of functions that can be tailored to the needs of individual counties, and their municipalities and townships.

The primary function of county land banks is as a facilitator for the return of vacant, abandoned, and tax foreclosed property to productive tax paying economic uses or to beneficial public uses. County land banks are becoming important players in the fight against the ravages of blighted and deteriorating properties, and are playing a vital role promoting urban revitalization, renewal, and community pride. Blighted properties in a neighborhood can impact the value of other properties and can result in a downward spiral of disrepair, foreclosure, and vacancy in a neighborhood. In such cases, the land bank can help restore favorable real estate markets by stabilizing properties through acquisition, demolition, repair, and other programs, thus putting the brakes on further neighborhood decay.

County land banks may also acquire property in a variety of ways. Property can be acquired through the tax foreclosure process. There are two primary approaches to tax foreclosure in Ohio. The traditional judicial foreclosure process, which goes through the court of common pleas, is used in most counties that have established land banks. The so-called “expedited” tax foreclosure process, which goes through the board of revision instead of the court and is of more recent origin, is used in a few counties. While a comprehensive survey has not been conducted to determine the counties that are using the expedited process, a recent study by Policy Matters Ohio reveals that the process was apparently used in 2014 in Allen, Cuyahoga, Hamilton, Lucas, Montgomery, Stark, Summit and Trumbull counties.¹ Both of these approaches will be described in this

¹ Schiller, Zach & Whipple, Sam. *Home Insecurity 2015: Foreclosures and Housing in Ohio*. Policy Matters Ohio, June, 2015

Chapter. Both approaches allow for direct transfer of property to a county land bank if the impositions, including taxes, penalties, special assessments and costs, are greater than the value of the property. For additional information on new foreclosure filings in all counties from 1995 to 2014 refer to the table prepared by Policy Matters Ohio at the following link: <http://www.policymattersohio.org/foreclosure-tables-5-6-may2015> .

County land banks also can acquire property that has been forfeited to the state by simple written request to the county auditor and by simply paying for the cost of an “auditor’s deed” for the property. Tax foreclosed property which is not sold at a public auction conducted by the sheriff “escheats” to the State of Ohio without a deed if the property is not desired by a municipality or township in the county. The property is held by the state though the county auditor as the agent of the state.

In addition, a county land bank can obtain property from private individuals and entities. For example, the law allows for the transfer of property from private individuals and probate estates when the owner no longer desires the burden of owning worthless property. This process is referred to as a transfer to a county land bank “in lieu of foreclosure” and requires the approval of the county auditor. Likewise, as a result of the number of tax delinquent parcels of land resulting from recent predatory and other loan practices, lending institutions and agencies like Fannie Mae and HUD have transferred property to county land banks. County land banks can also accept non-delinquent properties by donation.

One of the critical issues in the acquisition of property is to obtain property with clear title. When property is obtained through a foreclosure process or when the land has been forfeited to the state, clear title is assured. In the case of property obtained by “deeds in-lieu of foreclosure” the title is only cleared of delinquent taxes; other liens on the property remain with the property. It is thus essential that the land bank require clear title from the donor, or is willing to accept the other liens.

As a general rule, a land bank primarily acquires vacant property and can only acquire property if a municipality or township does not want the property. Property acquired by a county land bank is exempt from taxes as a matter of law and is not required to have the exemption approved by the Tax Commissioner as is the case for most other tax exempt property. Unlike other political subdivisions and entities that may acquire property through tax foreclosure or land that has been forfeited to the state, property owned by the land bank is exempt immediately upon acquisition. The land remains exempt until the year following the transfer of the land to an end user.

After a property is acquired the land bank inspects and assesses it to determine if it is beyond repair and if it constitutes a safety hazard. If it is determined that structures on the property need to be demolished an environmental assessment is conducted before demolition, which is generally done by contract. Demolition can be an expensive proposition, especially if environmental remediation is required. In some cases lending institutions and Fannie Mae have also provided demolition funding for property donated

to a county land bank. Other recent sources of demolition funding are described in the next section of this Chapter.

After demolition county land banks have the following options for productive use of property:

1. Transfer the properties to adjoining property owners in what is referred to as “side-lot programs”
2. Transfer the property to private sector for-profit entities for productive re-use
3. Convert property to public uses such as parks, playgrounds, urban agriculture or community gardening and beautification projects.
4. Transfer the property to non-profits, like community development corporations (CDCs), which may be assembling land for new development and/or maintain the property for community beautification goals.

If the property inspection and assessment determines that the property has the potential for renovation or re-use, county land banks can facilitate renovation. County land banks have considerable flexibility in developing programs to encourage the renovation of homes. For example, a property can be sold to a purchaser for a minimal price with the condition that the deed will not be transferred until renovations, under minimum county specifications, are completed. Other programs require the purchaser of a property to live in the home for a minimum period of time after completion of the renovations. Yet other county land banks assist purchasers in financing a portion of the cost of renovations through loan programs. Other financial support is available in the form of a write-down of principal on a loan, down-payment assistance, and other types of financial assistance.

County land banks have also been involved in assembling property, demolishing structures and providing conduit financing for multi-family housing projects and for business expansion. Land assembly has great potential for a variety of private sector economic development initiatives. Land assembly can help private developers select sites within cities, as the scarcity of environmentally remediated sites with clear title are common issues which encourage developers to prefer “greenfield sites.”

Finally, property not subject to demolition or renovation and reuse needs to be protected, maintained, and monitored so that further deterioration and destruction does not occur. For property where demolition or renovation is not currently possible because of funding limitations or logistics, there is a need for the property to be winterized, boarded up, and for trash to be removed and grass to be mowed. Such activities will stabilize the property and benefit the community and neighborhood.

81.021 RECENT STATE FUNDING PROGRAMS FOR DEMOLITION

County land banks have made extensive use of demolition of residential structures as an important element of their programs. Some residential structures are so badly dilapidated that they are beyond repair. The cost of needed rehabilitation is often three times more expensive than demolition. Research has shown that “residential demolition activity lessens the mortgage foreclosure rate across comparable neighborhoods.”² Research has also revealed that home equity is positively impacted by demolition, but the “majority of home equity benefits derived from demolition activity congregate in higher functioning markets.”³ The conclusion of this empirical research is that “demolition is a preventive measure for future mortgage-foreclosure.”⁴

Another reason for the extensive use of demolition by county land banks is the availability of funding programs. Demolition funding for residential demolition was provided by Attorney General Mike DeWine beginning in 2010 and concluding in 2014. The source of funding was from a national mortgage settlement with five major lenders, Ally/GMAC, Bank of America, Citi, JP Morgan Chase, and Wells Fargo, over foreclosure abuses, fraud, and unacceptable nationwide mortgage practices. This program was referred to as “Moving Ohio Forward.”

The program provided \$75 million for demolition and was used in all 88 counties. The program also required that for any county to receive more than \$500,000 that additional local matching dollars had to be provided. As a result of this requirement, an additional \$47 million in local dollars were used for demolition. This investment of \$122 million resulted in the removal of 14,500 vacant and abandoned structures. In counties that had an established land bank, it was the preferred agent for the receipt of such funds. Unfortunately, no funding remains from the settlement.

Additional demolition funding has been provided by the Ohio Housing Finance Agency (OHFA). The funding is from the U. S. Treasury Department as a part of funding from the Hardest Hit Fund (HHF), a program of the Troubled Asset Relief Program (TARP). TARP was authorized during the financial crisis of 2008 by the enactment of the Emergency Economic Stabilization Act of 2008, the same legislation which assisted the auto industry, the bailout of AIG, and helped to stabilize the banking system.

Under this federal legislation, another element of the Act involved investments in housing to modify mortgages and to prevent avoidable mortgage foreclosures. The best known housing program, the Making Homes Affordable Program, included

² Griswold, Nigel G. Griswold Consulting Group for the Western Reserve Land Conservancy, Thriving Communities Institute. *Estimating the Effect of Demolishing Distressed Structures in Cleveland, OH, 2009-2013: Impacts on Real Estate Equity and Mortgage-foreclosure*. Available at: <http://bigdataecon.com/wp-content/uploads/2014/02/Final-Report-with-Exec-Summary.pdf> .

³ Ibid

⁴ Ibid

initiatives to permanently reduce mortgage payments to affordable levels. The other housing program was the Hardest Hit Fund (HHF) which was distributed to 18 states, including Ohio, that had been particularly hit hard by the mortgage crisis. This funding was distributed to the Ohio Housing Finance Agency (OHFA) for administration primarily of foreclosure prevention initiatives.

Initially HHF funds could not be used for demolition, but under the leadership of Jim Rokakis, who worked with many other people and organizations, the U. S Treasury changed its position following the empirical studies referred to above which concluded that residential demolition was an effective foreclosure prevention technique. This change in policy resulted in the distribution of nearly \$66 million to county land banks, or entities that had a cooperative agreement with a county land bank, through the OHFA Neighborhood Initiative Program (NIP). The goal of NIP is to stabilize property values by removing and greening vacant and abandoned homes in targeted areas in an effort to prevent future foreclosures.

This program is no longer taking new applications (i.e. new land banks) and will conclude in 2016.

81.03 GENERAL BACKGROUND ON LAND BANKING IN OHIO

While land banking by Ohio local governments has been authorized since the mid-1970's in a conventional form, the General Assembly, in 2009, enacted a law authorizing a new modern type of land bank. At the urging of then Cuyahoga County Treasurer Jim Rokakis, in the wake massive foreclosure activity during the Great Recession, the Legislature allowed the establishment of modern independent *county land banks* through amendments to ORC Chapter 1724 and other sections of law dealing with tax foreclosure and forfeiture processes.

Counties were experiencing high property tax delinquency rates and an increase in mortgage and property tax foreclosure filings in the courts. This was occurring not only in Cuyahoga County, but statewide. For example, in 2008 nearly 86,000 foreclosures were filed in Ohio courts, an increase of over 45% since 2004.⁵ It was also reported that foreclosure actions had increased in urban counties since 2004 as follows: Cuyahoga (42%); Franklin (56%); Hamilton (47%); Montgomery (29%); and, Summit (22%).⁶

Vacancy rates also were on the climb. Twenty-seven Ohio counties reported vacancy rates above 9%. In nine of those counties, the rate exceeded 11%. The data overwhelmingly showed the need for new approaches to tackle the foreclosure and vacant land and property abandonment problem. Past experience has revealed that tax

⁵ Fitzpatrick IV, Thomas J. Testimony before the Ohio House of Representatives Housing and Urban Revitalization Committee on H. B. 323. December 2, 2009

⁶ Ibid

delinquent property was a precursor to vacant property; the next step was for vacant property to become abandoned.

As others have reported, “vacant and abandoned buildings are magnets for criminal activity and that reducing vacancy suppresses criminal activity. Thousands of fires are also reported in vacant structures each year causing tens of millions of dollars in damage. Vacant and abandoned properties which are subject to delinquent taxes also lower the value of surrounding properties, further eroding the real property tax base. Perhaps most significantly, vacant properties signal that a neighborhood is on the decline. They undermine a neighborhood’s sense of community and discourage further investment.”⁷ Vacant properties also become subject to invasion by “scrappers” who strip the vacant homes of copper pipe and wiring, often damaging structures beyond repair.

HB 353, effective April 7, 2009, allowed for the establishment of a modern *land bank* in Cuyahoga County, as the legislation limited its applicability to counties with a population of 1.2 million or more. The Act also contained a two-year sunset clause which applied to many of the significant new powers granted in the law, making the initiative truly a time-limited “pilot program.” Along with the authority to establish a modern county land bank, the Act also modified a series of tax foreclosure statutes, some of which have been characterized as both cumbersome and time consuming.

Following the enactment of HB 353 in 2009, the law was amended to remove the two-year sunset provisions (HB 1, effective 10-16-09); to allow land banks to be organized in any county with a population of more than 60,000 (HB 313, effective 7-7-10); to further modify tax foreclosure processes and make other modifications to the modern land bank law to make it a more useful tool (SB 172, effective 9-4-14); and, to remove the 60,000 population threshold (HB 64, effective 9-29-15) for the establishment of a land bank, meaning that land banks can now be established in any county.

All of this followed major changes in Ohio law in 2006 which established an expedited administrative tax foreclosure process using the county board of revision, instead of the courts, to foreclose on “abandoned land.” These non-judicial tax foreclosure procedures were authorized in HB 294 (effective 9-28-06) which enacted ORC Sections 323.65-323.78. In many respects, these administrative tax foreclosure procedures provided the foundation for the enactment of a modern land banking statute.

While the number of foreclosure filings have reduced substantially since “the stratospheric levels of 2006-2010, the problem remains worse than in the early 2000’s.”⁸ During 2013 foreclosures dropped by 25% from the previous year, but there were still

⁷ Fitzpatrick IV, Thomas J. *Understanding Ohio’s Land Bank Legislation*. Policy Discussion Paper, Federal Reserve Bank of Cleveland, January 2009.

⁸ Schiller, Zach. *Home Insecurity 2014: Foreclosure and Housing In Ohio*. Policy Matters Ohio, May. 2014: <http://www.policymattersohio.org/foreclosure-may2014>

over 53,000 filings in common pleas courts. During 2014 foreclosure filings fell to slightly less than 44,000. Yet, these figures include foreclosures filed in common pleas court and do not include expedited foreclosures processed through the board of revision for which accurate statewide data is not available. This is in comparison to the decade of the 1990's where the number of filings "averaged 21,075 a year."⁹ And Ohio's foreclosure problem is not only a problem in urban counties, it is also a major issue in suburban and rural counties. In 2013 the top 10 counties for foreclosure filings, based on the number of filings per 1,000 of county population, included Cuyahoga, Erie, Preble, Richland, Mahoning, Lake, Jackson, Brown, Hamilton, and Clinton counties in that order. The range of filings were from 6.99 per 1000 population in Cuyahoga County to 5.29 in Clinton County¹⁰ During 2014 the top 10 counties included Richland, Cuyahoga, Erie, Mahoning, Coshocton, Ashtabula, Franklin, Summit, Trumbull, and Brown counties. The range of filings in 2014 were from 6.32 per 1000 of county population in Richland County to 4.24 in Brown County.¹¹

While the law allows a single CIC to be organized for the purposes of both a *county land reutilization corporation*, and an *economic development corporation*, or later merged or consolidated by amending the articles of incorporation, various provisions of ORC Chapter 1724 make this cumbersome and practically difficult to accomplish. This Chapter is thus written from the perspective that a *county land bank* is a separate legal and corporate entity performing only *land bank* functions and powers.

81.04 SHORT HISTORY OF LAND BANKING IN OHIO

Prior to the enactment of HB 353 in 2009, Ohio's tax foreclosure and related laws allowed for the establishment of what some commentators refer to as "passive land banks."¹² A "passive land bank" is often referred to as a "conventional land bank." A conventional or passive land bank is one generally associated with the government of a county, a municipality, or a township and whose primary purpose is to hold property for future use. Historically, "passive land banks" date from 1976 when the General Assembly enacted HB 1327 (effective 9-27-76) to address high tax foreclosure rates in Ohio, many of which resulted from high mortgage interest rates prevalent in the 1970's and 1980's.

"In the early 1970s, rates hovered in the 7% range and spiked up above 9% in late 1975, late 1976 and most of 1978. At the end of the decade and throughout the 1980s, mortgage interest rates rarely dipped lower than 10%. In the early 1980s, mortgage

⁹ Ibid

¹⁰ Ibid

¹¹ Schiller, Zach & Whipple, Sam. *Home Insecurity 2015: Foreclosures and housing in Ohio*. Policy Matters Ohio, June 2015: <http://www.policymattersohio.org/wp-content/uploads/2015/06/052615-DRAFT-Foreclosure-report-Amy%E2%80%99s-MacBook-Air-2s-conflicted-copy-2015-05-28.pdf>

¹² Fitzpatrick IV, Thomas J. *Understanding Ohio's Land Bank Legislation*: Policy Discussion Paper, Federal Reserve Bank of Cleveland, January, 2009.

interest rates brushed the stratospheric highs of 18% and even 19%.¹³

Passive land banks were originally authorized in ORC Chapter 5722 for municipalities. The law was later amended to allow counties and townships to establish passive land banks, and this authority continues to exist today. This Chapter of the Ohio Revised Code is entitled “Land Reutilization Program.” ORC Chapter 5722 allows what the law refers to as “electing subdivisions” to acquire, manage, and dispose of certain tax delinquent properties and other delinquent properties forfeited to the state by establishing a land reutilization program. “Electing subdivisions” include municipalities, townships, counties and, with changes in the law, county land banks. The purpose of the program is to facilitate the effective reutilization of “non-productive land” and to return it to a tax paying status.

To establish a land reutilization program, the electing subdivision must adopt an ordinance or resolution stating that the existence of “non-productive land” within the boundaries of the electing subdivision is such that the implementation of a land reutilization program is necessary to “foster either the return of such non-productive land to tax revenue generating capacity or the devotion thereof to public use (ORC 5722.02(A)).” The ordinance or resolution also must specify that the electing subdivision is adopting and implementing the land reutilization program activities and procedures for the acquisition, management and disposition of the “non-productive lands” as detailed in [ORC Sections 5722.02-5722.15](#).

“Non-productive lands” include any parcel of delinquent vacant land that contains no buildings or structures and for which foreclosure proceedings had been instituted. Non-productive land is also defined to include delinquent parcels of land with unoccupied buildings and structures if a municipality or township has instituted proceedings to remove or demolish the buildings or structures because they are insecure, unsafe or structurally defective ([ORC 5722.01\(F\)](#)), see also ORC [505.86](#) and [715.26](#)). Non-productive lands also includes delinquent parcels of land with unoccupied buildings and structures where the jurisdiction makes an affirmative determination that the acquisition of the property is necessary to implement an effective land reutilization program, even if buildings or structures on the property are not structurally defective.

In addition to the passive land banking authority established in the legislation, another important change to law in HB 1327 was a modification of the basic nature of judicial foreclosure actions. This change in the law provided that execution of tax foreclosure actions by the county prosecutor on properties which had been delinquent for at least three years could be taken against the *parcel of property* instead of the *property owner*. This type of foreclosure action is referred to as “*in rem*” foreclosure proceedings. Under the former law “*in personam*” procedures were required to execute all tax foreclosure actions. These procedures required specific personal notice or service to the owner

¹³ Geffner, Marcie. *History of Mortgage Interest Rates*. Bankrate.com web site at: <http://www.bankrate.com/finance/mortgages/history-of-mortgage-interest-rates.aspx>

and other persons having a security interest in the property who had to be named as defendants in the foreclosure action.

The specific notice requirement made it virtually impossible to foreclose on some property because, at that time under Ohio law, “a property owner did not have to list his/her name on the general tax list.”¹⁴ The result was that the county prosecutor had to do a title search so that each party received personal notice. But even after doing an exhaustive title search, compliance with the personal notice requirement was often difficult because delinquent owners often left the county and could not be found.

The amendments to the law provided that service of process could be perfected with three newspaper notices when personal service was questionable. The law also provided that if a delinquent property did not sell after being offered at two public auctions, a passive land bank could acquire, manage, and convey the property to private persons or entities or use the property for public use.

The General Assembly again modified foreclosure laws in 1988 to exempt land bank owned properties from property taxation until sold. This legislation also created the Delinquent Real Estate Tax and Assessment Collection Fund (DRETAC), later renamed simply the Delinquent Tax Collection Fund (DTAC). This fund provided a dedicated revenue source to the county treasurer and county prosecutor to pursue delinquent taxpayers and to foreclose on delinquent properties (HB 603, effective 6-24-88). For an explanation of the revenue options created by this law, see [Section 81.19](#). The Act also modified tax foreclosure notice requirements to further streamline tax foreclosure procedures.

However, it became evident during the Great Recession of 2008 that passive land banking was inadequate given the magnitude of home foreclosures, many resulting from predatory sub-prime mortgages. In response, legislation was proposed to create a modern “active county land bank” statute. The primary purpose of a “passive land bank” was as a vehicle to assemble and hold property. The new “active county land bank” was to focus “on the conversion of vacant, abandoned and tax-delinquent properties into productive use.”¹⁵

The modern active county land bank is designed to work not only on property acquisition, but also was to focus on the reclamation, rehabilitation, and reutilization of vacant and abandoned lands in the county in collaboration with municipalities and townships. Under modern active land banking, the demolition of abandoned dilapidated structures is another strategy to stabilize and improve home values in neighborhoods and as technique to prevent further foreclosures.

¹⁴ Hemann, Patricia A. *Land Banking Tax Delinquent Property: Reform and Revitalization*. 27 Clev. St. L. Rev 517 (1978).

¹⁵ Alexander, Frank S. *Land Bank Strategies for Renewing Urban Land*. 14 *Journal of Affordable Housing* 147 (2005).

The new active county land bank law also is different from the old passive approach to land banking in a number of ways. Active county land banks are independent non-profit entities and do not reside within any specific local government. Passive land banks, on the other hand, “reside in government, the operations of which compete with other priorities such as police, streets, health, playgrounds, etc.”¹⁶ As such, active county land banks have a more concentrated focus than passive land banks that are a part of municipal, township or county government. In addition, an active county land bank has a countywide geographic perspective and, perhaps more importantly, has a number of dedicated revenue sources as will be described later in this Chapter.

Essentially, an active county land bank “is a legislatively intended marriage between very useful governmental powers under Revised Code Chapter 5722 land bank laws and private enterprise-like capabilities of a Revised Code Chapter 1724 private corporation.”¹⁷ Yet, while a county land bank is a non-profit entity, not a governmental entity, it must diligently coordinate activities with other local governments and a number of county officials and entities if it is to be successful. In the case of the county, direct interaction and coordination with the County Auditor, Treasurer, Prosecutor, Clerk of Courts, Sheriff, Courts, and the Board of Revision are essential because much of the property acquired by a county land bank is through delinquent tax foreclosure and tax forfeiture proceedings.

In summary, active county land banks “assist public and private redevelopment by actively identifying and strategically acquiring parcels otherwise unattractive or unobtainable by public or private markets, clearing their titles, and, where necessary, deciding how to remediate the property to make it attractive for future investment.”¹⁸ Active county land banks, as private non-profit corporations have been characterized as “capable of being highly flexible and transactionally efficient.”¹⁹ As such, county land banks designated to be a county’s agency for performing land reutilization functions under ORC Chapter 5722, avoid many of the legal requirements imposed upon passive or conventional land banks. The changes enacted in H. B. 353 have been referred to as “arguably the country’s most innovative land bank enabling legislation.”²⁰

¹⁶ Western Reserve Land Conservancy. Thriving Communities Institute. *Ohio Land Reutilization Corporations Under Chapter 1725 of the Ohio Revised Code: A Reference Guide to Land Bank Set-Up and Operations*. This reference guide is password protected and permission must be obtained at: http://thrivingcommunitiesinstitute.org/playbook_home.html

¹⁷ Ibid

¹⁸ Fitzpatrick IV, Thomas J. How Modern Land Banking Can Be Used to Solve REO Acquisition Problems. Federal Reserve Banks of Boston and Cleveland and the Federal Reserve Board. May 3, 2010.

¹⁹ Western Reserve Land Conservancy. Thriving Communities Institute. *Ohio Land Reutilization Corporations Under Chapter 1725 of the Ohio Revised Code: A Reference Guide to Land Bank Set-Up and Operations*. This reference guide is password protected and permission must be obtained at: http://thrivingcommunitiesinstitute.org/playbook_home.html

²⁰ FitzpatrickIV, Thomas J. *How Modern Land Banking Can Be Use to Solve REO Acquisition Problems*. Federal Reserve Banks of Boston and Cleveland and the Federal Reserve Board. May 3, 2010

81.05 PURPOSES FOR WHICH COUNTY LAND BANKS AND ECONOMIC DEVELOPMENT CIC'S MAY BE ORGANIZED

A county land bank may be organized, but is not limited to, any of the following statutory purposes (ORC 1724.01(B)(2)):

1. To facilitate the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, or other real property in the county for whose benefit the land bank is organized.
2. To efficiently hold and manage vacant, abandoned, or tax-foreclosed real property pending its reclamation, rehabilitation, and reutilization.
3. To assist governmental entities and other non-profit or for-profit persons to assemble and clear the title to property in a coordinated manner.
4. To promote economic and housing development in the county or region.

County land banks must also elect to adopt and implement the procedures in [ORC Sections 5722.02-5722.15 \(ORC 1724.04\)](#). These powers relate to the reutilization of non-productive land which generally includes parcels of land which are tax delinquent, vacant, or that have structurally defective structures on them and are subject to foreclosure proceedings. This will be explained in Sections 81.06 and 81.07 of this Chapter.

81.06 BASIC ELIGIBILITY CRITERIA FOR ESTABLISHMENT OF A COUNTY LAND BANK

Two basic requirements apply to the establishment of a county land bank (ORC 1724.04):

1. The county commissioners must adopt and implement land reutilization procedures authorized under ORC Sections 5722.02-5722.15 in order for a county land bank to be established. These land reutilization procedures will be discussed in greater detail in Section 81.07 and also in [Table 81-1](#).
2. Only the county treasurer may be the original incorporator of a land bank.

81.07 DELINQUENT TAX FORECLOSURE, FORFEITURE, AND REDEMPTION PROCESSES

As described in Section 81.06, one of the requirements for the establishment of a county land bank is that the county commissioners must establish a land reutilization program and implement the procedures specified in ORC Sections 5722.02-5722.15.

But for a better understanding of county land banks, it is necessary to have a basic appreciation of various laws on property tax foreclosure and forfeiture of land to the state because a significant amount of the property acquired by county land banks is through the foreclosure of tax delinquent property or from delinquent property forfeited to the state.

While this Chapter of the *Handbook* will not provide a detailed explanation of various tax foreclosure proceedings specified under Ohio law, [Table 81-1](#) at the end of this Chapter includes a summary of the various procedures. A basic understanding of the various tax foreclosure options, and procedural requirements, is necessary for a better understanding of the complexity of land banking.

While tax foreclosure is a detailed and complex process, in its simplest form, a tax foreclosure begins with the county auditor's certification of the delinquency to the county treasurer. The treasurer then transmits the certification to the county prosecutor who files a foreclosure action with the clerk of courts for both judicial foreclosures and for an expedited administrative foreclosure proceeding before the board of revision. Next, the clerk of courts notifies those that own or have a security interest in the property. After an order for foreclosure is journalized by the court or board of revision, the clerk prepares an order for sale by the sheriff or for transfer of the property to a political subdivision or a county land bank.

Generally speaking the expedited administrative process through the board of revision, for vacant and abandoned properties is less time consuming than the traditional judicial process. In addition, for vacant and abandoned property, a technique referred to as an "alternative right of redemption" (ARR) can be invoked by the county treasurer. Invoking the ARR eliminates the need for a sheriff's sale and allows for direct transfer of the property to a political subdivision or county land bank, although the property owner is guaranteed a 28 day period to redeem the property before its transfer. The use of ARR also requires notice that this technique will be used when the complaint is filed by the prosecutor on behalf of the county treasurer.

Tax foreclosure procedures are designed to comply with the constitutional guarantee that private property will not be taken without due process of law. The procedures generally include a number of detailed personal notices; publication in newspapers of general circulation; and, proof of service requirements to owners of record and others that have a security interest in the property, all of which are designed to address constitutional due process guarantees.

Ohio law provides for a number of different types of foreclosure processes in addition to the land reutilization procedures under ORC Sections 5705.02-5705.15. The following table generally shows the major options under Ohio law. At the end of this Chapter [Table 81-1](#) provides more detail on these types of foreclosure, forfeiture, and redemption provisions. For additional information also refer to [Chapter 14](#) of this *Handbook*, Sections 14.28-14.285.

**GENERAL SUMMARY OF OHIO TAX FORECLOSURE, FORFEITURE,
REDEMPTION, & RELATED LAWS**

Popular Name of Type of Action	Primary ORC Reference(s)
Foreclosure by County Treasurer	323.25
Expedited Foreclosure Through County Board of Revision	323.65-323.79
Foreclosure & Forfeiture Proceedings Against Delinquent Lands by the County Prosecutor	5721.14
Foreclosure Proceedings by County Prosecutor on Lien of the State	5721.18
Redemption of Foreclosed Delinquent Lands	5721.24-5721.26
Lands Forfeited to the State	Chapter 5723
Tax Certificate Lien Sales & Foreclosures	5721.30-5721.43
Reutilization of Non-Productive Lands	5722.02-5722.15

81.08 ORGANIZATION OF COUNTY LAND BANKS

A county land bank, as a type of community improvement corporation (CIC), is a non-profit corporation organized under the provisions of ORC Chapter 1724 following the requirements and procedures of Ohio's Non-Profit Corporation Law, ORC Chapter 1702. The provisions of the non-profit corporation law are applicable to land banks to the extent they are not inconsistent with ORC Chapter 1724, which take precedence in its organization and structure ([ORC 1724.08](#)).

The articles of incorporation and the appointment of the original statutory agent, which must be signed by a majority of the incorporators, must be filed with the Secretary of State. It should be noted that only one incorporator is required by the Secretary of State. In all cases, the county treasurer must be either the sole incorporator or must be one of the incorporators, but not necessarily the statutory agent.

The form of the articles of incorporation of a county land bank must be approved by resolution of the county commissioners ([ORC 1724.04](#)). This resolution generally also authorizes the county treasurer to file the articles with the Secretary of State. In addition, a code of regulations must be adopted; books, records and meeting minutes must be maintained; a verified statement of continued existence of the county land bank must be filed periodically; and the land bank must comply with other requirements of the law. In addition, the law allows a county land bank to amend its articles of incorporation and to merge or consolidate with other corporations.

Upon receipt of the articles of incorporation by the Secretary of State, they are sent to the Attorney General for a legal compliance review. If the Attorney General finds compliance with applicable legal requirements, the articles are endorsed and returned to the Secretary of State who files and records the articles of incorporation and notifies the land bank. This same process is followed in the case of an amendment to the articles of incorporation and for any merger or consolidation with other corporations ([ORC 1724.04](#)).

81.09 ORGANIZATIONAL MEETING AND GOVERNANCE OF A COUNTY LAND BANK

After notification of incorporation by the Secretary of State, an organizational meeting of the land bank is generally conducted to elect a permanent board of directors, officers, and to adopt a code of regulations ([ORC 1702.11](#)) for the governance of the land bank and how it will conduct its affairs and manage its property ([ORC 1724.03\(A\)](#)).

81.10 MEMBERSHIP OF THE BOARD OF DIRECTORS OF A COUNTY LAND BANK

The board of directors of a county land bank is composed of five, seven or nine members and statutorily includes:

1. The county treasurer.
2. At least two county commissioners.
3. One representative of the largest municipality in the county.
4. One representative of a township with a population of 10,000 or more in the unincorporated area of the township, if there are at least two townships in the county having a population in excess of 10,000. The township representative is selected by a majority of the townships with a population over 10,000
5. Any other members appointed to the board by the commissioners and the county treasurer.

At least one member must have private or non-profit experience in rehabilitation or real

estate acquisitions. Both the county treasurer and the commissioners can appoint an individual to represent them and to act on their behalf at meetings. All board members serve without compensation, unless the code of regulations of the corporation provides for compensation, and all are reimbursed for actual and necessary expenses. The population requirement referenced above is based on the last decennial census.

Membership on the county land bank board does not constitute the holding of a public office under any section of the Ohio Revised Code. Membership on the board does not constitute either a direct or an indirect interest in a contract between the land bank and any county, municipality, township, or other political subdivision for the purpose of Ohio's ethics and related conflict of interest laws. Also, the expenditure of money by any political subdivision for land bank purposes does not constitute a conflict of interest when the official of the political subdivision also serves on the county land bank board.

Likewise, membership on the land bank board does not disqualify any official from holding any public office or employment, or requiring forfeiture of an existing office or position. However, in other situations, such as the county land bank selling property, there could be a conflict of interest if the member of the land bank board has a direct or indirect individual or corporate interest in the transaction. This will be discussed in more detail in the Section 81.11 of this Chapter

Since state law includes only minimal details on the governance and conduct of the affairs and management of the property of a county land bank, many of these issues are also established in the code of regulations, which is subject to the non-profit corporation law, [ORC Section 1702.11](#).

The code of regulations also often specifies various details for the operation of the county land bank. This includes such items as how directors may be removed; the place and time for holding meetings; how meetings are called; voting and quorum requirements; and, provisions for the appointment of an executive and other committees and the authority of committees. The "Cuyahoga County Land Reutilization Corporation Amended and Restated Code of Regulations" which was revised in December, 2014 is included in this Handbook Chapter as [Exhibit 1](#).

81.11 POTENTIAL CONFLICTS OF INTEREST IN LAND BANK REAL ESTATE TRANSACTIONS

County Commissioners and board members of a county land bank may have a potential conflict of interest as it relates to the sale of property and similar transactions to members of the board of a land bank.

While there are no reported Ethics Commission opinions related directly to county land banks, there is at least one opinion concerning a city passive land bank that seems relevant and applicable to county land bank board members. Ohio Ethics Commission Advisory Opinion [88-006](#) "held that a city's land reutilization program in which the city

sold vacant lots which it had acquired through real estate tax foreclosure proceedings to purchasers who agreed to pay a purchase price and construct improvements upon the lots, or otherwise utilize the property for a specific and useful purpose, was a 'public contract' for purposes of [ORC Section 2921.42](#). The Commission determined that under the program the city was acquiring community development and revitalization services from the purchasers through its sale of vacant lots (Ethics Commission Advisory Opinion [93-006](#))”.

In addition, there are a variety of Ethics Commission Opinions related to economic development CIC's that may have some applicability to county land banks. For further information refer to Sections [85.13](#) and [80.061](#) of this *Handbook*. It is always advisable to ask the [Ohio Ethics Commission](#) if there is any question *prior* to taking any action.

81.12 LIABILITY OF COUNTY LAND BANK BOARD MEMBERS AND EMPLOYEES OF A DESIGNATED LAND BANK

Under Ohio's Sovereign Immunity law, ORC Chapter 2744, urban renewal and the elimination of slum conditions is a governmental function, as opposed to a proprietary function. The law recognizes that this includes “the performance of any activity that a county land reutilization corporation is authorized to perform under Chapter 1724 or 5722 of the Revised Code ([ORC 2744.01\(C\)\(2\)\(g\)](#)).” As a result, with certain exceptions, a county land bank is not liable for damages in a civil action for a negligent act of an employee.

In addition, a county land bank that acquires property “is not liable for damages, or subject to equitable remedies, for breach of a common law duty, or for violation . . .” of a variety of environmental laws including leaking underground storage tanks, solid and hazardous waste laws, and other environmental laws as specified in [ORC Section 5722.22](#). Also, a land bank is not liable for certain actions after land has been forfeited to the state as specified in [ORC Section 5723.01\(A\)\(4\)](#).

The Attorney General Opinion has opined that a county designated CIC, members of the governing board of the CIC, and any other employees that perform functions on behalf of the county are all deemed to be "employees" of the county for purposes of the sovereign immunity law (OAG 87-024). As such, the CIC board members were accorded limited immunity from liability as provided under the law. This opinion appears to also be applicable to land banks organized under ORC Chapter 1724.

Thus, it appears when the commissioners have designated a land bank as the agent of the county then the county is obligated to defend and indemnify the land bank, any members of the governing board, and other employees in any civil action arising from county land bank functions, provided the acts or omissions alleged to have caused injury occurred while the land bank and its employees were acting in good faith and within the scope of their official responsibilities. However, this obligation does not include judgments for punitive and exemplary damages ([ORC 2744.07\(A\)\(2\)](#)). For

additional information refer to [Chapter 8](#) of this *Handbook*.

81.13 POWERS OF A COUNTY LAND BANK

The powers of a land bank, as specified in [ORC Section 1724.02](#), are broad. These powers can only be used “for the purposes enumerated under [ORC Section 1724.01\(B\)\(2\)](#), as detailed in Section 81.06 above and in [Exhibit 81-4](#).

Nothing in [ORC Section 1724.02](#), however, limits the right of a county land bank to become a member or a stockholder in a community development corporation established under ORC Chapter 1726 ([ORC 1724.02\(G\)](#)). Likewise, the powers specified in ORC Chapter 1724 are not to be “construed to limit the general powers” of a land bank, and “the powers granted under this chapter are in addition to those powers granted by any other chapter of the Revised Code.”

In addition to the powers specified in [Exhibit 81-4](#), a land bank may obtain certain other powers pursuant to an agreement with the county or other political subdivision, under [ORC Section 1724.10](#), if the county land bank is designated as the agent of the county or other political subdivision. These additional powers are described in Section 81.15.

81.14 DESIGNATION OF COUNTY LAND BANKS BY COUNTY COMMISSIONERS AND OTHER POLITICAL SUBDIVISIONS

A county land bank may be designated by resolution of the county commissioners as “the agency (of the county) for the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, or other real property in the county ([ORC 1724.10\(A\)\(2\)](#)).” The land bank also is designated as the agency of the county for the exercise of land reutilization powers under ORC Chapter 5722. Once a land bank is designated by the commissioners an agreement or contract may be executed between the land bank and the commissioners as will be described in [Section 81.15](#).

Any other political subdivision in the county, if the county commissioners have designated the county land bank as its agent, also may designate the land bank “as the agency (of the political subdivision) for the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, or other real property within the political subdivision (ORC 1724(A)(3)).” In this case the designation requires the adoption of a resolution or ordinance by the political subdivision and the law similarly permits an agreement or contract to be executed between the county land bank and the political subdivision as described in [Section 81.15](#).

81.15 AGREEMENTS OR CONTRACTS WITH DESIGNATED LAND BANKS AND ADDITIONAL POWERS OF DESIGNATED LAND BANKS; PLANS FOR THE RECLAMATION, REHABILITATION, AND REUTILIZATION OF TAX DELINQUENT VACANT AND ABANDONED PROPERTY

A land bank, when designated by a county, may enter into an agreement with the county commissioners, and may from time to time amend or supplement the agreement. The agreement must specify that the land bank is designated as the agency of the county to promote the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, or other real property in the county. Any actions taken by a designated land bank must be in conformance with applicable planning and zoning regulations.

Under an agreement or contract between the designated land bank and the commissioners, in addition to the powers of a land bank pursuant to ORC Section 1702.02 and other sections as described in [Section 81.13](#) and [Exhibit 81-4](#), the following additional powers may be specified in the agreement ([ORC 1724.10](#)):

1. Preparation of Reclamation, Rehabilitation, and Reutilization Plan - This plan is for the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, or other real property. The plan will show how the land bank will participate as the agency of the county in carrying out the plan and in implementing the land reutilization provisions of ORC Chapter 5722. The terms of the plan must be approved, or confirmed, by resolution of the county commissioners and incorporated into an agreement signed by the county and the land bank prior to the time the land bank can act as the agent of the county with respect to the plan ([ORC 1724.10\(B\)\(1\)](#)).

In accordance with such a plan a land bank may:

- a. Insure mortgage payments required by a first mortgage on any industrial, economic, commercial or civic property for which funds have been loaned by any person, corporation, bank, or financial or lending institution upon such terms and conditions as the land bank may prescribe.
- b. Incur debt, mortgage its property and issue its obligations, for the purpose of acquiring, constructing, improving and equipping buildings, structures and other properties and acquiring related sites for lease or sale by the land bank. As a general rule, debt issued by a county land bank is considered solely debt of the land bank and cannot be secured by the pledge of tax monies received, or to be received, by the county. There is one exception to this rule. Pursuant to [ORC Section 307.78\(C\)](#) the commissioners may pledge as security delinquent tax and assessment fund (DTAC) money under [ORC Section 321.261](#). This is elaborated further in [Section 81.18](#).

2. Authority for the County Land Bank to sell county owned property (ORC 1724.10(B)(2)) - Pursuant to an agreement, the county may authorize the land bank, as its agent, to sell or lease property or interests in lands owned by the county. The land bank can sell or lease such property without advertising or bidding and may execute deeds and leases conveying title or leases to accomplish the sale or lease. A copy of this agreement must be recorded with the county recorder before any deed or lease authorized by the agreement can be recorded. Regular fees charged by the county recorder do not apply to such transactions ([ORC 317.32](#)). In addition, the following additional provisions of law apply to the sale and lease of property under such an agreement:
 - a. The board of county commissioners must determine that the property owned by the commissioners is land *not* required for county purposes.
 - b. The land to be sold by the land bank will be for uses specified by the commissioners. These uses will promote the welfare; stabilize the economy, provide employment, promote the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, or other real property; and, will provide additional opportunities for gainful employment of county residents.
 - c. The price and other terms or considerations of the sale or lease of the property by the land bank.
3. Authority to convey county owned property to a County Land Bank for sale by the Land Bank and for the Land Bank to otherwise acquire real property (ORC 1724.10(B)(3)) - Pursuant to an agreement, the county may sell or lease county owned property to the land bank. The agreement also may authorize the land bank to otherwise acquire real property and interests in property as the county agency for the reclamation, rehabilitation, and reutilization of specified properties. The sale or lease is not subject to advertising or bidding requirements.

Unlike the authority granted under number 2 above, the county actually transfers title of county owned property to the land bank and the land bank is also authorized to obtain property from entities other than the county. Likewise, in this case, the agreement need not be recorded by the county recorder prior to the sale or lease of county owned property to the land bank under the agreement.

As it relates to county owned property, prior to conveying it to a land bank under this provision of the law (ORC 1724.10(A)(3)) the following additional provisions apply:

- a. The board of county commissioners must determine that the property owned by the commissioners and to be conveyed to the CIC is *not* required for county purposes.

- b. That the property to be conveyed to the land bank will promote the welfare; stabilize the economy, provide employment, promote the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, or other real property; and, will provide additional opportunities for gainful employment of county residents. Note that under this provision of law, the commissioners may not specify the use for which the property must be used by the land bank, unlike when agreements are executed under number 2 above.
- c. The price and other terms or considerations of the transfer of the property by the county to the land bank.

Finally, an agreement executed under [ORC Section 1724.10\(B\)\(3\)](#) provides that if the land bank sells property conveyed to a land bank by the commissioners at a higher price than the sale price, then the excess must be paid to the commissioners. Any excess is calculated by deducting the costs of acquisition and sale, taxes, assessments, costs of maintenance, cost of improvements to the real property, service fees, and any debt service charges. After these deductions are made in this case, any excess is paid only if and to the extent the agreement specifically requires the payment of the excess.

It should be noted that the provisions included in this Section also apply to other political subdivisions that may designate the county land bank as their agent. In the case of a township, the designation of a land bank requires a unanimous vote of the trustees ([ORC 505.701](#)).

81.16 COUNTY LAND BANK AGREEMENTS WITH MUNICIPALITIES AND TOWNSHIPS

Working effectively with municipalities and townships is central to the success of a county land bank. As described in the previous two sections, a municipality or township may enter into an agreement with a land bank in conjunction with the designation of a county land bank as its agency for the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, or other real property within the municipality or township ([ORC 1724.10\(A\)\(3\)](#)). Also, a municipality or township that adopts land reutilization procedures under ORC Chapter 5722 may enter into an agreement with a county land bank to serve as their agent to implement the procedures specified in [ORC Section 5722.02-5722.15](#). The county land bank may also be involved with municipalities and townships in a number of additional ways.

For example land banks also often enter into agreements with municipalities and townships relating to the acquisition of property. The law provides two situations where a municipality or township has a priority right to acquire property over the land bank, and while both are required under state law, an agreement is the preferred way to establish operating procedures and establish a consistent and good working

relationship.

The first situation is when a municipality or township has determined to adopt and implement the land reutilization provisions of ORC Sections 5722.02-5722.15. In this case they are eligible to receive tax foreclosed properties whether these properties are obtained by judicial or non-judicial foreclosure through the board of revision, or from an owner of delinquent property in lieu of foreclosure. If both a municipality or a township and the county land bank express interest in the same property subject to foreclosure, the municipality or township has the first right to acquire the property prior to a county land bank.

The second situation is when a county land bank acquires properties other than through tax foreclosure, such as direct acquisition from lenders or others. In this case, the municipality or township has 30 days from the date of acquisition by the county land bank to express its interest in the property if it pays the county land bank the costs associated with the acquisition (ORC 5722.02(D)).

Agreements with municipalities and townships can also establish procedures and protocols concerning the demolition, maintenance, rehabilitation, and disposition of properties by the county land bank or under a land reutilization program.

Another area where agreements with municipalities and townships may be helpful is for the county land bank to meet the jurisdictional requirement for proceeding under the ORC Chapter 5722 land reutilization procedures on behalf of the municipality or township. Specifically, before the county prosecutor may pursue foreclosure proceedings, when the municipality or township has invoked the land reutilization process, it is necessary for the municipality or township to certify that the land is non-productive pursuant to the definition in [ORC Section 5722.01\(F\)](#). A contract for the land bank to perform this responsibility is one way to perform this statutory responsibility. Under such a contract the land bank would inspect the property to assure it meets the definition for non-productive land and would certify an affidavit to the prosecutor to this effect.

A municipality also may enter into a contract with a county land bank to act as its agent in connection with building, housing, and other nuisance types of ordinances and regulations. This includes removing, repairing, or securing insecure, unsafe, structurally defective, abandoned, deserted, or open and vacant buildings or other structures, making emergency corrections of hazardous conditions, or abating any nuisance, including high weeds, overgrown brush, and trash and debris from vacant lots. The costs incurred by the land bank are a lien on the property that generally is superior to all liens, except for tax liens (ORC [715.26](#) & [715.261](#)). Refer to [ORC Section 505.86](#) in the case of townships.

A final area that municipalities and land banks may want to address in an agreement deals with delinquent water bills and costs associated with the abatement of nuisances

on properties that have been certified to the county auditor for collection. The resulting liens often make it difficult to obtain free clear title by county land banks and to rehabilitate or demolish structures. An agreement can establish a framework for the resolution of such issues. A sample agreement between the Cuyahoga County Land Reutilization Corporation and a city is included in this Handbook Chapter as [Exhibit 2](#).

81.17 TOWNSHIP AND MUNICIPAL CONTRIBUTIONS TO COUNTY LAND BANKS

Township trustees may contribute general fund monies, not otherwise appropriated, and other services to a land bank to defray administrative expenses of the land bank. This requires a unanimous vote of the township trustees ([ORC 505.701](#)).

Township trustees also may purchase real property for the purpose of transferring the property to a land bank. To finance the purchase of the real property, trustees may issue general obligation bonds for which the full faith and credit of the township can be pledged.

Municipalities also may make contributions to a land bank if the municipality determines that the contributions constitute a public purpose. The authority for municipalities is based on Constitutional home rule powers and not statutory law (See OAG 91-071, but note it was issued prior to the land bank law).

81.18 FUNDING FOR COUNTY LAND BANKS

The law allows for a variety of funding sources for land bank administration, staffing, and programs. The law allows for the land bank to contract with the county commissioners, county auditor, or county treasurer to provide staff instead of, or in addition to, land bank staff ([ORC 1724.02\(O\)](#); See also ORC [307.07](#), [319.10](#), & [321.49](#)).

Counties are also authorized to provide or lease offices to the land bank, either at or below market rates, if the commissioners find that the provision of space will promote economic development or the general welfare of the people of the county through a plan of providing affordable housing, land reutilization, and community development (ORC 307.01(D)).

Counties may also grant leases and easements to a land bank ([ORC 307.09](#)) and may transfer real property to a land bank without competitive bidding ([ORC 307.10\(B\)](#)). Likewise, the county may sell or donate personal property, regardless of its value, to a land bank without advertisement ([ORC 307.12\(D\)](#)). A county director of economic development can also purchase property to convey to a land bank ([ORC 307.07\(B\)\(9\)](#)). Land banks may also charge fees and costs when they are disposing of property and still others apply for and manage state, federal, and non-profit foundation grants.

Following is a summary of other provisions of law relating to financing of land bank programs and operations:

1. Monies from the Delinquent Tax Assessment Collection Fund (DTAC) - While the primary purpose of the DTAC fund is to provide funds in connection with the collection of real and manufactured home taxes and special assessments and to assist with foreclosure actions, the law allows the use of this fund for the purposes of a land bank.

The DTAC fund is generally comprised of 5% of all delinquent taxes collected, with half allocated to the treasurer and the other half to the prosecutor. Out of the 2.5% allocated to the treasurer, the treasurer is allowed to allocate monies in the fund to the land bank (ORC 321.261(A)(2)).

In addition to the ability for the treasurer to use a portion of the 2.5%, the law allows the commissioners to increase the amount withheld from delinquent tax collections by an additional amount of up to 5% (a total of 10%). If the commissioners use this authority, any additional funds are for the exclusive use of the county land bank, subject to appropriation by the commissioners. Once these funds are appropriated for use of the land bank and are transferred to the land bank, the funds are then under the control of the land bank board. This has become a major source of funding for county land banks.

If requested by resolution of the land bank board, commissioners also may pledge, as security for the repayment of moneys borrowed by a land bank, revenue appropriated to a county treasurer in the DTAC fund (ORC 307.78(C) & 1724.02(A)(2)(a)).

The law also allows either the treasurer or prosecutor to use their DTAC fund to prevent residential mortgage foreclosures in the county and to address other problems associated with foreclosed real estate. The funds can be used to provide loans to borrowers in default of mortgages and can be used to help in the payment of late fees, to eliminate arrearages on loans, and to supplement county foreclosure prevention initiatives. Funds can also be used for various nuisance abatement activities. In all cases there are statutory limits on how much money can be used for such purposes as detailed in [ORC Section 321.261](#). For additional information on the DTAC fund refer to [Chapter 14](#) of this *Handbook*, Section 14.284.

2. Penalties and Interest Payments When Current Unpaid and Delinquent Taxes Are Paid if the County Has Made Advances to Taxing Districts - Counties may make advance payments to taxing districts for current unpaid and delinquent taxes. Such advances are made through the issuance of delinquent tax anticipation notes, by draws on a line of credit, or from taxes collected in the 120 day period after first or second half collection of taxes. When the delinquent taxes are paid, the penalties and interest payments are not distributed to the political subdivisions that received the advances. The penalties and interest are instead retained by the county treasurer to the credit of the county land reutilization fund to be used to repay any borrowing for the advances and

thereafter for land bank expenses ([ORC 321.341\(C\)](#)).

The county treasurer may enter into an agreement with the land bank to pledge the penalties and interest on current year unpaid and delinquent taxes to repay debt of the land bank. The treasurer may pledge and grant a security interest in the penalties and interest to debt incurred by the land bank. This agreement may include a covenant that the treasurer will continue to make advances to taxing districts if there is outstanding land bank debt and the penalty and interest revenue is needed to service the land bank debt ([ORC 321.343](#)).

3. Proceeds of Sale of Property Held by Land Bank - If a land bank holds property, all of the proceeds from the sale of the property are retained by the land bank with no distributions to other political subdivisions. The proceeds are for the purposes for which the land bank was organized and “without further reporting or accounting to the taxing districts ([ORC 5722.08](#)).”
4. County General Fund Contributions - County commissioners may contribute general fund money to a land bank and also may contribute supplies, equipment, office facilities and other personal property and services to a land bank. The land bank may use the board's contributions for any authorized purpose under ORC Chapter 1724 (ORC 307.78(A), (B)). Commissioners also may spend general fund monies for the housing purposes of a land bank (ORC 307.698).

The law also specifically allows counties to use inside property tax millage “for the operation and maintenance and the acquisition, construction, or improvement of permanent improvements, including, without limitation, the acquisition and improvement of land and buildings owned or used by a county land reutilization corporation (ORC 5705.05(E)).”

5. Permissive 5% Allocation to County Land Bank When Foreclosed Property is sold - When foreclosed property is sold pursuant to [ORC Section 5721.19](#), after deductions for the costs of foreclosure and the deduction for the DTAC fund, an additional 5% may be directed to the county land reutilization fund for the use of the land bank. In order for this additional 5% to be directed to the land bank, a resolution of the commissioners is required. It should be noted that this percent is in addition to any monies going to the DTAC fund, as this money goes directly to the county land reutilization fund ([ORC 5721.19\(D\)\(2\)](#)).
6. Economic Development Property Tax Levy - Counties may submit to the voters a property tax levy for economic development purposes. The statute allows levy proceeds to be used “for the creation and operation of an office or joint office of economic development, for any economic development purpose of the office, and to otherwise provide for the establishment and operation of a program of economic development pursuant to sections 307.07 and 307.64 of the Revised Code, or to the extent that the expenses of a county land reutilization

corporation. . . are found by the board of county commissioners to constitute the promotion of economic development, for the payment of such operations and expenses. (ORC 5705.19(EE)).”

7. Land Bank Property Tax Levy - Counties may submit to the voters a property tax levy specifically for the establishment and operation of a land bank and for any land bank programs or activities which are consistent with its purposes (ORC 5705.19(UU)).
8. One Mill Conveyance Fee on Property Transferred to Land Bank - The one-mill statewide conveyance fee charged on real estate transfers that generally goes to the county general fund is instead paid to the county land reutilization corporation fund from any properties transferred to the land bank. In addition, it should be noted that when the land bank transfers property to a third party it is entirely exempt from the conveyance fee ([ORC 319.54\(G\)\(3\)\(y\)](#)) and any permissive real estate transfer tax ([ORC 322.01\(D\)](#)).
9. Use of Surplus Money in Tax Certificate Fund - If the county has sold tax lien certificates, there are two funds in the county treasury relating to the certificates, the Tax Certificate Administration Fund and the Tax Certificate Redemption Fund. The county treasurer may use any surplus money in the Tax Certificate Administration Fund and any interest earnings or unclaimed overpayments in the Tax Certificate Redemption Fund to pay for land bank expenses. Generally interest and overpayments from this fund go to the county general fund (ORC [5721.31\(E\)](#) & [5721.38](#)).

A tax lien certificate is sold at the discretion of the county treasurer to the public, county land reutilization corporations and others as a method to collect delinquent property taxes. The proceeds from the sale of tax lien certificates are primarily used to make distributions to political subdivisions entitled to delinquent taxes. The cost of a tax lien certificate includes an amount equal to delinquent taxes charged against the parcel, any interest accrued on the certificate purchase price, any fee charged by the county treasurer to the purchaser of the certificate, and any fee charged by any county office for the recording of tax lien certificates. Tax lien certificates, which usually include multiple “bundled” properties, may be sold through negotiated sale or transfer or through a competitive bid process. Tax lien certificates may be in the form of a physical certificate, although certificates are often also issued in electronic book entry form. ([ORC 5721.30](#)). When a tax lien certificate is sold the property owner no longer owes the county for the delinquent taxes as the delinquents taxes, interest, and other charges are now owed to the purchaser of the tax lien certificate. If the delinquent property owner does not pay the tax lien holder for the delinquent taxes, interest and other charges within one year, the tax lien certificate holder may foreclose on the property. For additional information refer to [Chapter 14, Property Taxes](#), Section 14.285.

10. County Investments in Land Bank Bonds - The county treasurer may purchase or invest the county's inactive monies in bonds or other obligations of the land bank. It may also invest in delinquent tax anticipation notes (DTAN's) issued by the county at the request of the land bank ([ORC 135.35](#)).

Some land banks receive revenue from the purchase, development, and sale of property and facilities it owns or leases. Another option, pursuant to an agreement with a county or political subdivision that has designated the land bank its agent, is to sell publicly owned land for development purposes. In this case, the agreement with the county or other political subdivision could provide for a fee to the land bank, similar to a real estate commission, when land is sold. For more information, refer to [Section 81.15](#).

Another option is for the commissioners to enter into a contract, for up to three years, with the land bank if the county does not hire a county director of economic development. The contract would provide for the land bank to serve as the director of the county office of economic development pursuant to [ORC Section 307.07\(C\)](#). Such an agreement also must include the procedure by which the land bank will obtain approval of the commissioners for various economic development actions authorized by statute.

81.19 ADVANCES OF CURRENT UNPAID AND DELINQUENT TAXES TO TAXING DISTRICTS; LINES OF CREDIT; ISSUANCE OF DELINQUENT TAX ANTICIPATION NOTES (DTAN)

In counties that have established county land banks the county treasurer has the authority to advance the payment of current year unpaid and delinquent taxes to taxing districts within 120 days of the due date for first and second half taxes. The advance payments may be from: (1) collection of taxes during the 120 day period; (2) a line of credit; (3) from the issuance of delinquent tax anticipation notes (DTAN) by the commissioners; or (4) from any other lawfully available source.

County commissioners are authorized, at the request of the county treasurer, to borrow money through either the issuance of DTAN's or by the establishment of a line of credit to advance borrowed funds to taxing districts for current unpaid and delinquent taxes and special assessments.

Current real estate taxes that are not paid at the end of the first half collection are considered to be late and a penalty of 10% is charged. If those first half current taxes are still unpaid at the end of the second half collection they become delinquent and an additional 10% penalty is charged on the total current unpaid first and second half taxes. Interest charges begin to accrue on new delinquent taxes on the first day of the month after the end of the second half collection. The collection of penalties and interest is ratably distributed to taxing districts when the unpaid current and delinquent taxes are collected.

Generally, the annual interest rate is the federal short term rate plus 3%, rounded to the nearest percentage point, as determined by the Tax Commissioner pursuant to [ORC Section 5703.47](#). Given the low rates during recent years, this rate is 3% in 2015, as it has been since 2012; it has been as high as 11% during 1989-1991.

In counties that have established land banks the county treasurer may establish an annual interest rate of 12% ([ORC 323.121\(B\)\(2\)\(a\)](#)) or a monthly rate of 1% (ORC 323.121(B)(2)(a)). In this case, when delinquent taxes are paid, the penalties and interest are paid into a county land reutilization fund which can be used to repay any borrowing needed to make the advances and to fund land bank operations. It needs to be stressed that penalties and interest payments to a land bank are contingent upon the county treasurer making advance payments to political subdivisions, otherwise penalties and interest are distributed to benefitting political subdivisions.

If DTAN's are issued by the commissioners in anticipation of the eventual collection of the current unpaid and delinquent taxes and special assessments, conservative financial forecasting of the amount to be issued is vital and needs to be based on historical county collection patterns. DTAN's are issued to enable the county to advance the borrowed money to taxing authorities to replace the unpaid current and delinquent taxes and special assessments. The provision of advance payments is at the discretion of the county treasurer, but the commissioners must issue the DTAN's.

DTAN's may be issued to make such advance payments pursuant to [ORC Section 133.082](#). The debt is not general obligation debt, is not subject to ORC Chapter 133, and is secured solely by a pledge of the collection of current unpaid and delinquent taxes and special assessments. They are also not considered as bonded indebtedness of the county or a pledge of the general credit or taxing authority of the county. The securities must be issued by December 1 of the year the taxes became due and must mature not later than December 31 three years later. DTAN's can be purchased by financial institutions or by the county as a part of its investment portfolio, although it may be necessary to first amend the county investment policy.

There are two lines of credit that may be established, one with monies in the county treasury and another with a financial institution that is eligible to be a depository of public funds. In the case of a line of credit through the county treasury, it may not be for more than 15% of the total average county investment portfolio. The maximum term of the line of credit may be for not more than five years. Once the line of credit is opened, draws may be made and repayments of the draws must be made by the last day of the calendar year when the draw was made to make the advances.

In the case of a line of credit with a financial institution the amount cannot exceed 90% of the amount of the unpaid or delinquent taxes and assessments for the current collection year. After the line of credit is opened, draws may be made, provided any draw must be repaid within five years from the date of the draw.

For a complete understanding of these advances and for the issuance of DTAN's or the establishment of lines of credit to provide funds for the advances refer to ORC Sections [133.082](#), [135.341\(G\)](#), [135.35](#), [307.781](#), [321.341](#), and [321.36](#).

81.20 LAND BANK REQUESTS FOR COUNTIES AND MUNICIPALITIES TO USE TAX INCREMENT FINANCING (TIF) TO FINANCE PUBLIC INFRASTRUCTURE IMPROVEMENTS

A land bank has the authority to adopt a resolution, directed either to the county commissioners or a municipality, requesting that either subdivision use their tax increment financing (TIF) authority to construct public infrastructure improvements. County TIF authority is authorized under ORC Sections 307.082 and 5709.78-5709.82. Municipal TIF authority is authorized pursuant to ORC Sections 5709.40-5709.43. For additional information on TIF's refer to Chapter 15 of this *Handbook*.

81.21 ESTABLISHMENT OF COUNTY LAND REUTILIZATION FUND

In any county where a land bank has been established, a county land reutilization fund must be established if the county treasurer makes advance payments of current unpaid and delinquent taxes and assessments as described in [Section 81.19](#). A number of sources of revenue go into this fund, including penalties and interest on current year unpaid and delinquent taxes that would normally be paid to taxing districts by the county treasurer.

Monies in the fund are subject to appropriation by the commissioners. Any amount appropriated is paid to the land bank, upon its written request. At the end of the year immediately following the year in which monies were deposited in the county land reutilization fund any balance is encumbered to repay money borrowed for advance payments, whether from the issuance of debt or through a line of credit. The amount encumbered cannot be greater than the county liability for borrowed monies used for advance payments.

If, in the future, the balance in the fund will not be reserved for appropriation to the land bank the monies are transferred to the undivided general tax fund and distributed to taxing districts.

81.22 LAND BANK PROPERTY EXEMPT FROM REAL PROPERTY TAXATION

Property held by a land bank, or a wholly owned subsidiary of a land bank, is exempt from real property taxation. If a land bank obtains property from an entity that was exempt, but was subject to recoupment by the previous owner upon transfer, the recoupment also is waived ([ORC 5709.12\(D\) & \(F\)](#)). Generally, properties must file a form with the Tax Commissioner to become tax exempt. In the case of land bank properties, however, this is not required as they are deemed real estate tax exempt by statute. In the case of land bank properties some land banks have designed a form

cooperatively with the county auditor which administratively acknowledges that the land bank properties are exempt from taxation beginning on the date the title is transferred to the land bank. A copy of such a form is included in the *Land Bank Playbook* published by The Thriving Communities Institute and provided as [Exhibit 3](#).

80.23 PUBLIC RECORDS LAW, CONFIDENTIALITY OF INFORMATION, AND SUNSHINE LAW

A land bank is generally subject to Ohio's public records and open meeting laws. As such the land bank must establish its own records commission and must establish a public records policy and a records retention schedule. The following provisions of the public records and open meetings law apply specifically to county land banks:

1. Financial and Proprietary Information Exemption – Any financial and proprietary information, including trade secrets, submitted by or on behalf of an entity or held or kept by a land bank in pursuit of any purpose of the land bank as specified in [ORC Section 1724.01\(B\)](#) is confidential information and is not subject to [ORC Section 149.43 \(ORC 1724.11\(A\)\(1\)\)](#). This exemption to the public records law also applies to counties and other political subdivisions if the land bank has been designated by the county or other political subdivision. The provisions of [ORC Section 149.431](#) relating to non-profit corporations that have contracts with governmental entities also apply.
2. Other Information Exemption – Any other information submitted by or on behalf of an entity to a land bank in connection with the relocation, location, expansion, improvement, or preservation of the business of that entity that is held or kept by that land bank, or by a political subdivision for which the land bank is acting as agent, is confidential information and not a public record, *until* the entity commits in writing to proceed with the relocation or other locational activity. Once the business or other entity commits in writing to the business relocation, location, expansion, improvement, or preservation of the business, then the previously confidential information ceases to be exempt for the public records law.

Concerning Ohio's Open Meetings Law, under [ORC Section 121.22](#), a land bank is generally subject to the law unless the meeting of the land bank is to consider information which is not a public record as indicated above. In this case, the land bank board, or any committee or subcommittee, may vote to close the meeting during the consideration of the confidential information. In order to close the meeting, a vote must be taken and a majority must vote to close the meeting if a quorum is present. In addition, the board, committee or subcommittee is prohibited from considering any other information during the closed session.

Finally, it needs to be stressed that any meeting where a decision or determination of the land bank board is required concerning one of its statutory purposes, that meeting cannot be closed and must be open to the public.

81.24 COUNTY LAND BANK REPORTS TO THE OHIO GENERAL ASSEMBLY

Uncodified Section 3 of SB 353, the legislation that established the active land banking statute, requires reports be submitted to the Ohio General Assembly during the early stages of land bank operation. The first report must be submitted for the initial six month period after the articles of incorporation are filed with the Secretary of State. This report must be submitted not later than the end of the seventh month. A second report must be submitted for the first year of operation not later than the thirteenth month after the articles of incorporation are filed. Copies of the report are filed with the Clerk of the House of Representatives, the Clerk of the Senate, the Speaker of the House of Representatives, the President of the Senate, and the leaders of the minority caucus of each chamber.

Both reports are to summarize land bank activities and include the following:

1. Revenue and receipts from any source, itemized as to the source
2. Expenses
3. Number of parcels of real property acquired and how the property was acquired
4. Disposition of real property
5. Number of parcels of abandoned land against which the land bank requested foreclosure proceedings under the board of revision expedited foreclosure process pursuant to ORC Sections [323.65](#) to [323.79](#)
6. Value of any tax lien certificates acquired
7. Summary of any nuisance abatement or code enforcement activities
8. Number of employees and officers of the corporation, and compensation paid to officers of the corporation

81.25 ANNUAL FINANCIAL REPORT

Each land bank must prepare and file an annual financial report in the form specified by the State Auditor no later than 120 days after the end of the fiscal year of the land bank, unless the State Auditor grants an extension. The report must be prepared according to generally accepted accounting principles (GAAP). It must be certified by the board of the land bank or its treasurer or chief fiscal officer. It also must be published on the land bank's web site if it has its own website, or on the county web site if the land bank does not have a web site ([ORC 1724.05](#)). The State Auditor must analyze the annual financial report to determine if the activities of the land bank are in compliance with law.

81.26 PENALTY FOR FAILING TO FILE AN ANNUAL FINANCIAL REPORT

If a land bank does not prepare the required annual financial report and file it with the State Auditor within 210 days after the end of the land bank's fiscal year, the State Auditor certifies this fact to the Secretary of State. The Secretary of State then records the certificate and cancels the articles of incorporation of the land bank. This action rescinds any rights, privileges, and franchises conferred upon the land bank by the articles of incorporation.

Likewise, if the State Auditor determines that the land bank cannot be audited and declares it un-auditable and the land bank fails to prepare and file the annual financial report within 90 days after the land bank was declared to be un-auditable, the State Auditor also certifies this fact to the Secretary of State who then cancels the articles of incorporation.

Reinstatement of the land bank can be made within two years if all delinquent annual financial reports are filed and approved by the State Auditor. If this occurs, the Secretary of State receives a certificate from the State Auditor. This certificate is then recorded in the corporate records of the Secretary of State, having the effect of reinstating the articles of incorporation.

The filing to achieve reinstatement can be made by any officer, member, creditor, receiver, lessee, or sub-lessee of the land bank. Such persons must be granted access to the books and records of the land bank so that they may file for reinstatement. The rights, privileges, and franchises of a land bank, whose articles of incorporation have been reinstated, are subject to [ORC Section 1702.60](#) ([ORC 1724.06](#)).

81.27 AUDITS OF LAND BANKS

Each land bank is also required to submit to audits by the State Auditor either annually or every two years as if the land bank is a public office subject to [ORC Section 117.11](#). Likewise, a land bank may request that the audit be performed by an independent CPA, or a firm of certified public accountants, pursuant to [ORC Section 115.56](#) ([ORC 1725.05](#)).

81.28 DISTRIBUTION OF ASSETS IF A LAND BANK IS DISSOLVED

If a land bank is either voluntarily or involuntarily dissolved, liquidated, or the articles of incorporation are not reinstated any assets remaining after the cancellation of the articles of incorporation are distributed as directed by the county commissioners, with the written approval of the county treasurer.

If the land bank has been dissolved and the commissioners have not yet made a decision on how the assets will be distributed, the assets are transferred to the county general fund. There the assets are accounted for in a separate account until the

commissioners and county treasurer finalize the decision on distribution of the assets ([ORC 1724.07](#)). For other information on the dissolution of non-profit corporations see ORC Sections [1702.47](#) and [1702.52](#).

81.29 OTHER SOURCES OF INFORMATION ON COUNTY LAND BANKS AND ACKNOWLEDGEMENT

While the preparation of this Chapter of the *Handbook* involved intensive research into the Ohio Revised Code, law journal articles and other sources, the best source of information came from materials provided by the Cuyahoga County Land Bank and the non-profit Thriving Communities Institute (TCI), a program of the Western Reserve Land Conservancy.

The web site of the Thriving Communities Institute (TCI) contains a wealth of information about county land banks. In particular, TCI has prepared a *Land Bank Playbook* entitled: *Ohio's Land Reutilization Corporations Under Chapter 1724 of the Ohio Revised Code: A Reference Guide to Land Bank Set-Up and Operations* which is available on their website at: <http://thrivingcommunitiesinstitute.org/>. The "Playbook" is the authoritative source of information on county land banks and includes an extensive series of forms, summaries of land bank and related land reutilization and foreclosure laws, and other information concerning the organization and management of land banks.

Other good sources of information, also available on the web, have been published by the Greater Ohio Policy Center and Policy Matters Ohio. Greater Ohio's May, 2015 report, *Taking Stock of Ohio County Land Banks: Current Practices and Promising Strategies* includes information on how current Ohio county land banks are staffed, financed, and summaries on various programs land banks have undertaken. Greater Ohio's report is available at: <http://greaterohio.org/files/policy-research/greaterohiolandbankreport5-15-15.pdf>. The May, 2014 and June, 2015 *Home Insecurity 2014* report by Policy Matters Ohio analyzes foreclosure trends and discusses how land banks work to demolish and reuse abandoned and tax delinquent property. These reports are available at: <http://www.policymattersohio.org/foreclosure-may2014> and <http://www.policymattersohio.org/wp-content/uploads/2015/06/052615-DRAFT-Foreclosure-report-Amy%E2%80%99s-MacBook-Air-2s-conflicted-copy-2015-05-28.pdf>.

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Comments and content provided by Zach Schiller, Research Director for Policy Matters Ohio also improved the accuracy and information included within this *Handbook* Chapter. Any errors or omissions, however, are the sole responsibility of CCAO.

EXHIBIT 81-1

CUYAHOGA COUNTY LAND REUTILIZATION CORPORATION AMENDED

AND RESTATED CODE OF REGULATIONS

ARTICLE I

CORPORATION

Section 1.1. Corporate Name. The name of the Corporation shall be "Cuyahoga County Land Reutilization Corporation" (hereinafter referred to as the "Corporation").

Section 1.2. Principal Office. The place in the State of Ohio (the "State") where the principal office of the Corporation is located is the city of Cleveland, Cuyahoga County, Ohio.

Section 1.3. Nonprofit Corporation. The Corporation has been organized as a county land reutilization corporation under Ohio Revised Code ("R.C.") Chapter 1724 (the "Community Improvement Corporation Law") and R.C. Chapter 1702 (the "Nonprofit Corporation Law"). The Corporation shall carry on only such activities as are consonant with the purposes set forth in Section 1.4 of this Code of Regulations and in its Articles of Incorporation and in the laws of the State applicable to the Corporation. It is intended that the Corporation shall have the status of an organization which derives its income from the exercise of essential governmental functions and the income of which, if not used by the Corporation for the continuance of its purposes, accrues to the County of Cuyahoga, Ohio (the "County") and is not included in gross income for federal income tax purposes under Section 115(1) of the Internal Revenue Code of 1986, and all regulations issued thereunder (the "Code"). All authority and activities of the Corporation shall be limited accordingly. Notwithstanding any other provision of the Corporation's Articles of Incorporation or this Code of Regulations, the Corporation shall not directly or indirectly carry on any activity which would prevent it from claiming or maintaining exemption from federal income taxation. The Corporation is not organized for profit and shall not have any authority to issue capital stock. The Corporation shall have perpetual existence. [Amended on 10/28/2011 by motion]

Section 1.4. Corporate Purposes: Powers. The Corporation is a county land reutilization corporation, as defined in R.C. 1724.01(A)(3), and shall be operated for the purposes of exercising the essential governmental purposes provided for under R.C. Chapters 1724 and 5722 (the "Land Reutilization Law"). [Amended on 10/28/2011 by motion]

In furtherance thereof, the Corporation shall have and may exercise all the powers granted to it in R.C. Chapters 1724 and 1702, including the enablements afforded to land reutilization corporations under Am. Sub. S.B. 353, 127* General Assembly, and any other section of the Ohio Revised Code in which it is expressly

given, whether specifically as county land reutilization corporation or a nonprofit corporation as principal or agent, the power to take any action or refrain from taking any action, including, but not limited to, the following powers: [Amended on 10/28/2011 by motion and on 3/18/2011 by Res. No. 2011-1]

- a. To borrow money for any of the purposes of the Corporation by means of loans, lines of credit and other financial instruments or securities, including the issuance of its bonds, debentures, notes, or other evidences of indebtedness, whether secured or unsecured, and to secure the same by mortgage, pledge, deed of trust, or other lien on its property, franchises, rights, and privileges of every kind and nature or any part thereof or interest therein.
- b. To request by resolution that the Cuyahoga County Executive, as defined and described in the Charter of the County, (hereinafter, the "County Executive") with the approval by resolution of the Council of the County, as defined and described in the Charter of the County, (hereinafter, the "County Council") pledge a specifically identified source or sources of revenue pursuant to division (C) of R.C. 307.78 as security for a borrowing of the Corporation. [Amended on 10/28/2011 by motion and on 3/18/2011 by Res. No. 2011-1]
- c. To make loans to any person, firm, partnership, corporation, joint stock company, association, or trust, and to establish and regulate the terms and conditions with respect to any such loans.
- d. To purchase, receive, hold, manage, lease, lease-purchase or otherwise acquire, and to sell, convey, transfer, lease, sublease, or otherwise dispose of real and personal property, together with such rights and privileges as may be incidental and appurtenant thereto and the use thereof, including but not restricted to, any real or personal property acquired by the Corporation from time to time in the satisfaction of debts or enforcement of obligations, and to enter into contracts with third parties, including the federal government, the State, any political subdivision or any other entity, except as otherwise limited in R.C. 1724.02(C).
- e. To acquire the good will, business, rights, real and personal property, and other assets, or any part thereof, or interest therein, of any persons, firms, partnerships, corporations, joint stock companies, associations, or trusts, and to assume, undertake, or pay the obligations, debts, and liabilities of any such person, firm, partnership, corporation, joint stock company, association, or trust; to acquire, reclaim, manage, or contract for the management of, improved or unimproved and underutilized real estate for the purpose of constructing industrial plants, other business establishments or housing thereon, or otherwise causing the same to occur, for the purpose of assembling and enhancing utilization of the real estate, or for the purpose of

disposing of such real estate to others in whole or in part for the construction of industrial plants, other business establishments or housing; and to acquire, reclaim, manage, contract for the management of, construct or reconstruct, alter, repair, maintain, operate, sell, convey, transfer, lease, sublease, or otherwise dispose of industrial plants, business establishments or housing, except as otherwise limited in R.C. 1724.02(D).

- f. To acquire, subscribe for, own, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of the stock, shares, bonds, debentures, notes, or other securities and evidences of interest in, or indebtedness of, any person, firm, corporation, joint stock company, association, or trust, and while the owner or holder thereof, to exercise all the rights, powers, and privileges of ownership, including the right to vote therein; provided, however, that no tax revenue, if any, received by the Corporation shall be used for such acquisition or subscription in violation of Article VIII, Section 6, Ohio Constitution.
- g. To mortgage, pledge, or otherwise encumber any property acquired pursuant to the powers contained in divisions d., e., or f. of this section.
- h. To serve as an agent for grant applications and for the administration of grants or to make applications as principal for grants for the Corporation.
- i. To exercise the powers enumerated under R.C. Chapter 5722. on behalf of the County or a county which contracts with the Corporation.
- j. To enter into agreements with a political subdivision that has designated the Corporation as its agency for reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, or other real property within the political subdivision.
- k. To engage in code enforcement and nuisance abatement, including, but not limited to, cutting grass and weeds, boarding up vacant or abandoned structures, and demolishing condemned structures on properties that are subject to a delinquent tax or assessment lien, or property for which a municipal corporation or township has contracted with the Corporation to provide code enforcement or nuisance abatement assistance.
- l. To charge fees or exchange in-kind goods or services for services rendered to political subdivisions and other persons or entities for whom services are rendered.
- m. To employ and provide compensation for an executive director who shall manage the operations of the Corporation and shall employ others for the benefit of the Corporation as approved and funded by the Board of Directors, as defined in Section 3.1 hereof.

- n. To purchase tax certificates at auction, negotiated sale, or from a third party who purchased and is a holder of one or more tax certificates issued pursuant to R.C. 5721.30 to 5721.43.
- o. To be assigned a mortgage on real property from a mortgagee in lieu of acquiring such real property subject to a mortgage, except as otherwise limited in R.C. 1724.02(N).
- p. To do all acts and things necessary or convenient to carry out the purposes of R.C. 1724.01 and the powers especially created for a county land reutilization corporation in R.C. Chapter 1724, including, but not limited to, contracting with the federal government, the State or any political subdivision thereof (including agreements pursuant to divisions (A)(3) and (B) of R.C. 1724.10), and any other party, whether non-profit or for-profit.

ARTICLE II

MEMBERS: AUTHORITY OF MEMBERS

Section 2.1. Designation of Members. The members of the Corporation ("Members") shall be those Directors prescribed in Article III hereof. [Amended on 10/28/2011 by motion and on 3/18/2011 by Res. No. 2011-1]

[Sections 2.2,2.3 and 2.4 repealed on 10/28/2011 by motion]

ARTICLE

DIRECTORS

Section 3.1. Number, Composition and Terms of Office of the Board of Directors: Representatives.

- a. Pursuant to and in accordance with R.C 1724.03(B), the Board of Directors of the Corporation (the "Board of Directors") shall be composed of nine (9) members, including, (1) the County Executive, (2) a member appointed by the County Council (the "County Council Director"), (3) the County Treasurer (the "County Treasurer"), (the County Executive, the County Council Director and the County Treasurer are hereinafter referred to as the "Statutory Directors"), (4) two representatives of the municipal corporation in the County with the largest population, based on the population according to the most recent federal decennial census (the "Municipal Directors") and (5) the remaining members selected unanimously by the Statutory Directors (said members hereinafter referred to as the "Appointed Directors").
- b. At least one of the Directors must have private sector or non-profit experience in

real estate rehabilitation or acquisition.

- c. The Statutory Directors, the Municipal Directors and the Appointed Directors, shall collectively be referred to as the "Directors."
- d. The Directors, by majority vote, may alter the number of Directors pursuant to and in accordance with R.C 1724.03(B), provided further that any decrease in the number of board Directors shall not, without the decision of a majority of Directors, operate to abrogate or terminate the existing unexpired term of any then-sitting Director. [Amended on 10/28/2011 by motion and on 3/18/2011 by Res. No. 2011-1 and on 10/29/2010 by Res. No. 2010-8, as substituted]

Section 3.1.1. Representatives of Statutory Directors.

- a. Each of the Statutory Directors may designate a representative, as a Director, to act for the Statutory Director at any meeting of the Directors that the Statutory Director would otherwise personally attend or participate.
- b. The designation of such a representative shall not prohibit such Statutory Director from personally exercising all the rights of a Statutory Director at any meeting of the Directors that the Statutory Director personally attends or otherwise participates.
- c. The term of such designation shall run until the earlier to occur of: (i) the expiration of the term of the designating Statutory Director or (ii) the designation of a successor representative by the designating Statutory Director.
- d. The term of office of each Statutory Director shall run concomitantly with the term of office of that public official.
- e. As used in this Code of Regulations, a duly appointed representative of any Statutory Director means a Director of the Corporation for purposes of a quorum and all other business of the Board of Directors.

[Amended on 10/28/2011 by motion and on 3/18/2011 by Res. No. 2011-1]

Section 3.1.2. Appointed Directors. Subject to the provisions of Sections 3.1.2.1 and 3.1.2.2 and 3.1.2.4 hereof, the term of office of each Appointed Director shall run from such Director's selection in accordance with Ohio law and acceptance thereof to the second anniversary of such Appointed Director's acceptance of selection and the selection of such Appointed Director's successor and such successor's acceptance of the selection. [Amended on 10/28/2011 by motion and on 3/18/2011 by Res. No. 2011-1 and on 10/29/2010 by Res. No. 2010-8, as substituted]

Section 3.1.2.1. Resignation of Appointed Director. An Appointed Director may, at any time with forty-five (45) days' prior written notice to the President or each of the Statutory Directors, resign from the office of Director of the Corporation.

Upon receiving the notice of resignation of an Appointed Director, the President shall call a meeting of the Statutory Directors for the purpose of selecting unanimously a replacement for the resigning Appointed Director.

Section 3.1.2.2. Removal of Appointed Director. Any Appointed Director may at any time be removed from office upon a majority affirmative vote of the Directors at a meeting called for such purpose.

Section 3.1.2.3. Vacancy in the Office of Appointed Director. If a vacancy occurs in one or more of the offices of Appointed Director, whether from death, disability or otherwise, the President shall notify all Statutory Directors and shall schedule a meeting of such Statutory Directors for the purpose of selecting a replacement to fill the vacancy or vacancies in accordance with Section 3.1.2.4. [Amended on 10/28/2011 by motion and on 3/18/2011 by Res. No. 2011-1]

Section 3.1.2.4. Upon the expiration of an Appointed Director's term, the Statutory Directors shall select unanimously the successor to such Director. [Added on 10/28/2011 by motion]

Section 3.1.2.5. For the purposes of selecting Appointed Directors upon notification from the President of an expired term, or a vacancy in such office, in addition to the procedure in Section 3.1.2.4, the Board of Directors of the Corporation shall post the position of a successor Director: a.) in the largest newspaper of general circulation; b.) on the Corporation's website; c.) at the offices of the Corporation; and, d.) at the offices of the Clerk of the County Council and County Executive. The posting shall solicit candidates for the position of successor directors along with any other information prescribed by majority vote of the Directors. Such selection of such successor shall formally be accepted at the next regular or special meeting of the Board of Directors whereat the Statutory Directors shall each execute a written acknowledgement evidencing their unanimous selection of any such newly-selected Appointed Director. Such newly-Appointed Director's term shall commence as prescribed in Section 3.1.2. [Added on 10/28/2011 by motion]

Section 3.1.2.6. Statutory Directors, in their sole discretion, may reappoint a currently seated Appointed Director to a new two-year term upon expiration of his or her term. [Added on 10/28/2011 by motion]

Section 3.1.2.7. The terms of all Appointed Directors shall expire on May 1 of each even numbered year. [Added on 10/28/2011 by motion]

Section 3.1.3. Municipal Director. The term of office of each of the two persons serving as a Municipal Director shall run until the first to occur of: (i) the replacement of either or both of such Municipal Directors pursuant to Section 3.1.3.1 hereof by the municipal corporation that appointed such Directors, provided that the appointing municipality shall at the time still be the municipal corporation with the largest population

in the County based on the population of the most recent federal decennial census, or (ii) the day on which the official results of a new federal decennial census are announced and such results evidence that the municipal corporation appointing the Municipal Directors is no longer the largest municipal corporation in the County based on the population. [Amended on 10/28/2011 by motion and on 3/18/2011 by Res. No. 2011-1 and on 10/29/2010 by Res. No. 2010-8, as substituted]

Section 3.1.3.1. Replacement of Person Serving as Municipal Director. The municipal corporation that appointed the two persons serving as the Municipal Directors pursuant to Section 3.1 hereof may replace either or both of such persons at any time with thirty (30) days' prior written notice signed by the chief executive officer, the chief legal officer, the president of council or other duly authorized public official of such municipal corporation and delivered to the President of the Corporation (which thirty-day notice period the President may, in his discretion, waive). Such notice shall include a statement that the municipal corporation is replacing either or both of the persons serving as the Municipal Directors and shall state the name of such persons' respective replacement. Except for such written notice as provided in this Section 3.1.3.1, the Board need not obtain any further evidence of the replacement of a Municipal Director and shall not have any power to veto or void such appointment. [Amended 10/28/2011 by motion and 10/29/2010 by Res. No. 2010-8, as substituted]

[Section 3.1.3.2 repealed on 10/28/2011 by motion]

Section 3.2. Authority and Duties of Directors. Except where the Community Improvement Corporation Law, the Nonprofit Corporation Law, the Land Reutilization Law, the Articles of Incorporation or this Code of Regulations (including the provisions of Article II) require that action be otherwise authorized or taken, all of the authority of the Corporation shall be vested in and exercised under the direction of, and by the affirmative vote of a majority of the Board of Directors acting at a meeting of such Board at which a quorum is present. The Board of Directors shall have authority to make, prescribe and enforce all rules and regulations for the conduct of the business and affairs of the Corporation and the management and control of its properties. Without limiting the generality of the foregoing, the Corporation acting through its Board of Directors shall employ and provide compensation for an executive director whose title shall be President of the Corporation (the "President") and who shall manage the daily operations of the Corporation and shall be responsible for performance of those other duties set forth in Section 6.3.1 hereof. The President shall have full authority to hire and employ other persons in such capacities as are necessary or appropriate for achieving the purposes of the Corporation and shall fix the compensation for such other persons, subject to the budgetary limitations fixed by the Board of Directors. [Amended on 10/28/2011 by motion and on 3/18/2011 by Res. No. 2011-1]

Section 3.3. Election of Chairperson and Vice-Chair of the Board of Directors. At the initial meeting of the Board of Directors at which this Code of Regulations is adopted, the Board of Directors shall elect a Chairperson and a Vice-Chairperson. The

Chairperson shall preside over all meetings of the Board of Directors. The Vice-Chairperson shall preside over all meetings of the Board of Directors in the absence of the Chairperson. At the first regular quarterly meeting of each fiscal year, the Board of Directors shall elect a new Chairperson and new Vice-Chairperson each of whom shall assume such role at the next succeeding regular quarterly or special meeting of the Board of Directors; provided that there shall be no prohibition on electing a member of the Board of Directors to successive terms as Chairperson or Vice-Chairperson. The term of the Chairperson and Vice-Chairperson shall run from, but excluding, the first regular quarterly meeting at which each was elected Chairperson or Vice-Chairperson or the subsequent meeting at which each was elected, whichever occurs first, to, and including, the first regular quarterly meeting occurring in the next succeeding fiscal year. If at the first regular quarterly meeting of each fiscal year the election of a new Chairperson or Vice-Chairperson is not held for any reason, such election shall be held at a succeeding regular quarterly or special meeting, and the Chairperson and Vice-Chairperson shall continue in their respective roles as such until the election of a new Chairperson and Vice-Chairperson who shall assume the roles of Chairperson and Vice-Chairperson immediately upon such election. Notwithstanding the foregoing, noncompliance with the provisions of this Section 3.3 shall have no legal effect on any actions taken by the Board of Directors at a meeting chaired by a Chairperson or Vice-Chairperson whose election or re-election was not held as provided in this Section. [Amended upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22, 2013; Amended on 10/28/2011 by motion and on 3/18/2011 by Res. No. 2011-1 and on 10/29/2010 by Res. No. 2010-8, as substituted]

ARTICLE IV

MEETINGS; NOTICES THEREOF

Section 4.1. Definitions of Words and Terms Used in Article IV. The following words and terms shall have the following meanings for purposes of their use in this Article IV:

- a. "Meeting," including when used in connection with the terms "regular meeting" and "special meeting," means any pre-arranged discussion of the Public Business of the Corporation (as hereinafter defined) by a majority of the members of the Board of Directors, or by any committee of the Board of Directors if there sits on such committee at least a majority of the Directors, and there is present at such meeting at least a majority of the Directors. [Amended upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22,2013]
- b. "Oral Notification" means notification given orally either in person or by telephone, directly to the person for whom such notification is intended, or by leaving an oral message for such person at the address, or if by telephone, at the telephone number (including any oral message left in the voice mail or similar recording device provided for messages at such telephone number), of such

person as shown on the records kept by the Secretary of the Corporation pursuant to this Article.

- c. "Public Business of the Corporation" means business of the Board of Directors which concerns the Corporation in its capacity as the designated agency of the County for purposes of exercising the powers given it in, among others, R.C. Chapters 1702, 1724 and 5722, and which business is conducted at a meeting at which a decision or determination of the Board of Directors is required in pursuit of any such purposes, but such business shall not include any business the information with regard to which is not a public record subject to R.C. 149.43 or pursuant to the provisions of R.C. 1724.11. [Amended on 10/28/2011 by motion and on 3/18/2011 by Res. No. 2011-1]
- d. "Written Notification" means notification in writing mailed by first class mail, faxed, telegraphed, electronically mailed ("e-mailed") or otherwise delivered to the address, including an e-mail address, of the person for whom such notification is intended as shown on the records kept by the Secretary of the Corporation under this Article IV, or in any way delivered to such person. [Amended on 10/28/2011 by motion]

Section 4.2. Regular Meetings. The Board of Directors shall hold at least one regular meeting per calendar quarter of each fiscal year of the Corporation on such dates and at such times as the Board of Directors shall determine. Notwithstanding the foregoing requirement, the regular meeting that otherwise would have been held in the first quarter of a fiscal year may be held in the month of April of such year for any purpose for which a regular meeting may be held; provided, however, that holding the first quarter's regular meeting in the month of April shall not dispense with the requirement to hold a regular meeting in the second quarter of such fiscal year. Notice of each regular meeting shall be given by the Secretary of the Corporation in accordance with the provisions of Section 4.4.1 hereof. The purpose of regular meetings of the Board of Directors shall be to receive reports from the President and other Officers, as defined in Section 6.1 hereof, and committees, if any, of the Board of Directors, to approve or disapprove actions, if any, by the Corporation requiring action by the Board of Directors, and to consider and act upon any other matter requiring action by the Board of Directors. [Amended and renumbered upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22, 2013; Amended on 10/28/2011 by motion]

Section 4.3. Special Meetings. The Chairperson of the Board of Directors, a majority of the Directors, a Statutory Director or the President may call a special meeting of the Board of Directors. Notice of any such special meeting shall be given in accordance with the provisions of Section 4.4.2 hereof. [Amended and renumbered upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22, 2013; Amended on 10/28/2011 by motion and on 3/18/2011 by Res. No. 2011-1]

Section 4.4. Notices to Directors of Meetings. Notice of each regular meeting and

special meeting of the Corporation shall be given to each Director in accordance with the provisions of this Section 4.4. [Amended and renumbered upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22,2013; Amended on 10/28/2011 by motion.]

Section 4.4.1. Regular Meetings. Not less than seven (7) days nor more than fourteen (14) days prior to a regular meeting, notice stating the date, time, place of the meeting shall be given to the Directors by or at the direction of the Secretary of the Corporation. Such notice shall be given to the Directors in writing which shall be given by personal delivery, mail, facsimile, telegram, e-mail, or other written media addressed to the Directors at their respective email or business addresses as they appear on the records of the Corporation. [Renumbered upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22,2013; Amended on 10/28/2011 by motion]

Section 4.4.2. Special Meetings. At least twenty-four (24) hours prior to a special meeting of the Board of Directors, notice stating the date, time, place of the meeting shall be given to the Directors by or at the direction of the Secretary of the Corporation or of the person or persons calling the same. Such notice shall be given to the Directors in writing which shall be given by personal delivery, mail, facsimile, telegram, e-mail, or other written media addressed to the Directors at their respective email or business addresses as they appear on the records of the Corporation. [Renumbered upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22, 2013; Amended on 10/28/2011 by motion]

Section 4.5. Place of Meetings. All meetings of the Board of Directors shall be held at the principal place of business of the Corporation or at any other place within the boundaries of the County, as the Board of Directors shall determine and include in any notice given with respect to such meeting. [Renumbered upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22,2013]

Section 4.6. Quorum: Voting: Adjournment. Except as otherwise provided in this Code of Regulations, a majority of the Directors of the Corporation, including a majority of the Statutory Directors (or their representatives as prescribed in Section 3.1.1 hereof) of the Corporation, shall constitute a quorum for the transaction of business. The act of a majority of the Directors present and voting at a meeting at which a quorum is present shall be the act of the Board of Directors. After a quorum has been established at a meeting of the Board of Directors, the subsequent withdrawal of Directors from the meeting so as to reduce the number of Directors present at any meeting to fewer than the number required for a quorum shall not affect the validity of any action taken by the Board of Directors at the meeting or any adjournment thereof, if a quorum was present when the action was taken. A majority of the Directors present, whether or not a quorum exists, may adjourn any meetings of the Board of Directors to another time and place. [Renumbered upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22, 2013; Amended on 10/28/2011 by motion]

Section 4.7. Waiver of Notice by a Director. Notice of the time, place, and

purposes of any meeting of the Board of Directors may be waived by a Director in writing either before or after the holding of such meeting. The attendance of any Director at any such meeting, without protesting the lack of proper notice prior to or at the commencement of the meeting, shall be deemed to be a waiver by such Director of the requirement hereunder for notice of such meeting. [Renumbered upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22, 2013]

Section 4.8. Open Meeting Requirement. Except as otherwise provided in R.C. 1724.11(B)(1), all meetings of the Board at which a determination of the Board is required shall be open to the public. In connection with compliance with this provision, notice to the public, including the news media, of meetings of the Directors for the purpose of conducting the Public Business of the Corporation shall be given as provided in this Section 4.8, including Sections 4.8.1, 4.8.2, 4.8.3 and 4.8.4 hereof. [Amended and renumbered upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22,2013; Amended on 10/28/2011 by motion]

Section 4.8.1. In General. Any notification provided herein to be given by the Secretary may be given by any person acting on behalf of or under the authority of the Secretary. The Secretary shall maintain a record of the date and time, if pertinent under this Article, of all notices and notifications given or attempted to be given under this Article, and to whom such notifications were given or unsuccessfully attempted to be given. [Renumbered upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22,2013]

Section 4.8.2. Posted or Published Notice of Meetings. Notice of all meetings, specifying the time, place and purpose thereof, shall be given no later than twenty-four (24) hours in advance thereof (1) by posting at the office of the Corporation and (2) by publishing the notice on the publicly accessible website of the Corporation; and (3) by e-mail to the Cuyahoga County Clerk of Council. [Amended by Resolution No. 2014-5 adopted on December 19, 2014; renumbered upon repeal of prior "Section 4.2 Annual Meeting" by Resolution No. 2013-1 adopted on March 22, 2013; amended by motion on October 28, 2011; and amended by Resolution No. 2011-1 adopted on March 18,2011.]

Section 4.8.3. E-Mail Notice to News Media of Meetings. Any news media that desires to be given advance e-mail notification of meetings shall file with the Secretary a written request therefor. Notice pursuant to a request under this Section may be given only by e-mail. The request shall be effective until terminated by the Corporation in its discretion. Such requests may be modified or extended only by filing a complete new request with the Secretary. A request shall not be deemed to be made unless it is complete in all respects, and such request may be conclusively relied on by the Corporation and the Secretary. The written request shall specify the name of the news medium, the name and the e-mail address of the person to whom written notification to the medium can be e-mailed. [Renumbered upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22, 2013; Amended on 10/28/2011 by motion and on 3/18/2011 by Res. No. 2011-1]

Section 4.8.4. Posting of Agenda for Public Meetings of the Corporation.

The Secretary shall post or cause to be posted on the publicly accessible website of the Corporation the agenda for all meetings of the Corporation at least twenty-four (24) hours in advance of such meetings, provided, however, that nothing in this Section 4.8.4 shall be construed as prohibiting a change to such agenda, whether by way of addition of an item to or deletion of an item from such agenda. [Amended and renumbered upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22,2013]

ARTICLE V

COMMITTEES

Section 5.1. Appointment. The Board of Directors by a majority affirmative vote of Directors present at a duly constituted meeting of the Board may from time to time appoint certain of its members and officers of the Corporation to act as a committee or committees in the intervals between meetings of the Directors and may delegate to such committee or committees the powers that may be exercised under the control and direction of the Directors and in accordance with the applicable provisions of Ohio law. If any powers otherwise exercisable only by the Board of Directors are to be delegated to a committee pursuant to this Article, at least a majority of the Directors of the Board shall be appointed to such committee. Each such committee and each member thereof shall serve at the pleasure of the Directors. If no powers otherwise exercisable only by the Board of Directors are to be delegated to a committee pursuant to this Article, at least one (1) Director shall be appointed to such committee. [Amended on 3/18/2011 by Res. No. 2011-1]

Section 5.2. Executive Committee. In particular, the Board of Directors by a majority affirmative vote of Directors present at a meeting of the Board where a quorum is present may create and define the powers and duties of an Executive Committee consisting of three Directors at least one of which shall be a Statutory Director. During the intervals between meetings of the Board of Directors the Executive Committee shall possess and may exercise all of the powers of the Board of Directors in the management and control of the business of the Corporation to the extent that the exercise of such powers are expressly permitted by law or otherwise do not constitute an unlawful delegation of fiduciary responsibility. All action taken by the Executive Committee shall be reported to the Board of Directors at its first meeting after such meeting of the Executive Committee. All meetings of the Executive Committee shall comply with the provisions of Section 4.8 of this Code of Regulations. [Amended upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22, 2013; Amended on 10/28/2011 by motion and on 3/18/2011 by Res. No. 2011-1]

Section 5.3. Committee Action. Unless otherwise provided by the Board of Directors, a majority of the members of any committee created by the Board of Directors pursuant to this Article shall constitute a quorum at any meeting thereof and the act of a majority of the members present at a meeting at which a quorum is present shall be the

act of such committee. Any such committee shall prescribe its own rules for calling and holding meetings and its method of procedure, subject to any rules prescribed by the Directors and the provisions of Section 5.4 hereof. Each committee shall keep a written record of all actions taken by it. [Amended on 3/18/2011 by Res. No. 2011-1]

Section 5.4. Notice To Committee Members of Committee Meetings: Open Committee Meetings. If the number of Directors appointed to a committee do not constitute a quorum under and pursuant to Section 4.6 hereof, such committee may determine its own rules for notification of its members and, if it so determines, the general public, with regard to all of its regularly scheduled or special meetings. If the number of Directors appointed to a committee constitute a quorum under and pursuant to Section 4.6 hereof, the committee shall comply with the provisions of Article IV hereof regarding notification and other matters therein relating to meetings of Board of Directors. [Amended upon repeal of prior Section 4.2 Annual Meeting by Res. No. 2013-1 adopted on March 22,2013]

ARTICLE VI

OFFICERS

Section 6.1. Employment and Designation of Officers. The officers of the Corporation (each an "Officer") shall consist of: (i) a President and Executive Director (the "President") who shall be hired by the Board of Directors; (ii) a Secretary and a Treasurer who may also hold the office of Vice President if so designated by the President; and (iii) one or more Vice Presidents, as deemed necessary for accomplishing the purposes and mission of the Corporation. Pursuant to R.C. 1724.02(L), the Board of Directors shall provide for the compensation of the President. The employment of the President may be by contract or at will, as the Board in its sole discretion determines. The President shall have sole authority for the employment of all other Officers of the Corporation in accordance with Section 6.3.1 hereof. No Officer shall execute, acknowledge, or verify any instrument in more than one capacity, if such instrument is required to be executed, acknowledged, or verified by two (2) or more Officers. [Amended on 10/28/2011 by motion]

Section 6.2. Term of Office: Vacancies. The Officers shall hold office until their successors are employed by the Board of Directors in the case of the President or by the President in the case of the other Officers, except in the case of resignation, removal from office, or death of an Officer. Unless otherwise provided in a validly binding and enforceable employment contract between the Board of Directors and the President, the Board of Directors may remove the President at any time with or without cause by a majority vote of the Directors then in office. Unless otherwise provided in a validly binding and enforceable employment contract between the President and any other Officer, the President may remove any other Officer at any time with or without cause. [Amended on 10/28/2011 by motion]

Section 6.3. Authority. All Officers shall have such authority and perform such duties as customarily pertain to their respective offices and such additional authority and duties as may be prescribed by the Board of Directors or as prescribed herein. The enumeration of specific powers and duties set forth below shall not in any way limit the generality of the foregoing.

Section 6.3.1. Authority and Duties of the President. The President shall be the chief executive officer of the Corporation. Subject to the direction of the Board of Directors, the President shall be responsible for carrying out the directions and policies of the Board of Directors, shall have responsibility for the general management and administration of the daily operations and affairs of the Corporation and shall perform any other duties or functions that may be necessary in the best interests of the efficient operations of the Corporation within limits established by the Board of Directors. Subject to any budgetary limitation imposed by the Board of Directors, the President shall employ and provide for the compensation of all other Officers or employees of the Corporation, the funding of whose positions is provided by the Board of Directors. The President may delegate to any Officer such of his duties as such Officer may be qualified to perform, subject to any limitations on such delegation as the Board of Directors may expressly adopt by resolution. The President shall appoint in a written document delivered to each Director a Vice President who shall be authorized to act in the absence of the President or during the President's inability to act.

Section 6.3.2. Authority and Duties of the Corporate Treasurer or Finance Director. The Corporate Treasurer or Finance Director ("Treasurer") shall be the fiscal officer of the Corporation. Subject to the direction of the President, the Treasurer shall be responsible for all fiscal affairs of the Corporation, including, but not limited to, (a) preparing annually a budget estimating the revenues and expenditures of the Corporation for the next subsequent fiscal year and delivering a copy of such budget to the President and the Board of Directors in sufficient time for their review, revision and adoption of the same prior to the end of the fiscal year immediately preceding the fiscal year for which such budget will be effective, (b) opening demand deposit and other bank accounts in which all moneys of the Corporation will be deposited, (c) receiving and depositing and having charge over all money, bills, notes, bonds and similar property belonging to the Corporation, (d) keeping or causing to be kept under his/her supervision an accurate set of accounting books of all financial transactions and assets of the Corporation in accordance with generally accepted accounting principles and holding the same open for inspection and examination by the Directors and the Auditor of State or other independent public accountant or firm of accountants as required by law, (e) preparing interim and annual financial reports of the Corporation for the Board of Directors, (f) managing the investment of the moneys of the Corporation, (g) complying with applicable State public bidding requirements, and (h) establishing of fiscally sound internal control procedures. In addition, the Treasurer shall perform any other duties or functions that may be assigned or delegated to such Officer by the President, subject to any express limitations on such other duties and functions as may be adopted by the Board of Directors. [Amended on 10/28/2011 by motion]

Section 6.3.3. Authority and Duties of the Secretary. The Secretary shall be responsible for keeping the minutes of all meetings and proceedings of the Board of Directors and shall make a proper record of the same, which shall be attested by him or her. The Secretary shall keep such other books as may be required by the President or the Board of Directors and shall generally perform such other duties and functions as may be required or assigned by the President, subject to any express limitations on such other duties and functions as may be adopted by the Board of Directors.

Section 6.3.4. Authority and Duties of Vice Presidents. A Vice President shall have such powers as shall be necessary or convenient to perform the duties required by the description of the position for which such Vice President was hired and shall perform the duties so set forth in such position description. The Vice President appointed by the President pursuant to Section 6.3.1 hereof to act in the President's absence or during the President's inability to act shall generally have all the powers and authority of the President subject to any written limitations thereto from the President or the Board of Directors. Each Vice President shall also perform such other and further duties as may be assigned to him by the President or by Board of Directors.

ARTICLE VII

INDEMNIFICATION

Section 7.1. Rights of Indemnification. Each member of the Board of Directors, each Officer, and each employee or agent of the Corporation (and his or her heirs, executors and administrators) who is made a party to any litigation, action, suit or proceeding, whether civil, criminal, or administrative, by reason of his or her being or having been a Director, Officer, or employee or agent of the Corporation shall be entitled to be indemnified, to the fullest extent permitted by law, by the Corporation against the reasonable expenses actually incurred by him or her in connection with the defense of such litigation, except in relation to the following matters: (a) Those as to which he or she shall be finally adjudged in such litigation to be liable because of material dereliction in the performance of his or her duties as Director, Officer, or employee or agent of the Corporation or

(b) Those which have resulted in a judgment in favor of the Corporation and against him or her, or which are settled by any payment by him or her to the Corporation.[Amended on 10/28/2011 by motion] The right of indemnification shall not be exclusive of other rights to which such person, his or her heirs, executors or administrators, may be entitled.

Section 7.2. Purchase of Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, Officer or employee of the Corporation against any liability asserted against such Director, Officer or employee and incurred by him/her in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him/her against such liability under the provisions of this Article or of the Nonprofit Corporation Law. [Amended on

Section 7.3. Determination of the Directors in regard to Article VII. In connection with the provisions of Sections 7.1 and 7.2 hereof, the Board of Directors hereby determines that such provisions are necessary, or if a court of competent jurisdiction should find otherwise, then convenient, to carry out the purposes of R.C. 1724.01 and the powers especially created for a community improvement corporation in R.C. Chapter 1724.

ARTICLE VIII

COMPREHENSIVE ETHICS POLICY

Section 8.1. Adoption and Maintenance of a Comprehensive Ethics Policy. The Board of Directors, having duly adopted in Resolution 2009-22 a Comprehensive Ethics Policy, directs such Policy to be attached to this Code of Regulations as Attachment A and incorporated into this Article VIII as if fully written herein and further directs the Conflicts of Interest Policy attached to this Code of Regulations prior to the approval of the Comprehensive Ethics Policy shall be removed from this Code of Regulations and replaced by the Comprehensive Ethics Policy. The Board shall maintain as a part of this Code of Regulations for the life of the Corporation the Comprehensive Ethics Policy which may be amended from time to time in accordance with the provisions of Section 8.2 below. [Amended on 11/20/2009 by Res. No. 2009-22]

Section 8.2. Amendments to the Comprehensive Ethics Policy. The Board of Directors may, from time to time, amend the Comprehensive Ethics Policy at any meeting of the Board of Directors called for such purpose, among others. Upon any such amendment, a copy of the amended Policy shall be attached to the Code of Regulations held in the corporate minute book. The Secretary shall replace or caused to be replaced all prior versions of Comprehensive Ethics Policy by delivery of the amended Comprehensive Ethics Policy to all Directors, Officers, and employees of the Corporation who have received a copy of the Comprehensive Ethics Policy in their possession. From and after such amendment, any copies of the Code of Regulations, including a copy of the Code of Regulations posted on the Corporation's publicly accessible website, shall have affixed to them as Attachment A the amended Comprehensive Ethics Policy, and no further distribution of the form of the Policy prior to such amendment shall be made by any Director, Officer or employee of the Corporation. [Amended on 10/28/2011 by motion and on 11/20/2009 by Res. No. 2009-22]

ARTICLE IX

FISCAL MATTERS; CONTRACTS; RECORDS

Section 9.1. Fiscal Year End. The fiscal year of the Corporation shall begin on the same day of the year on which the fiscal year of the County begins and end on the

last day of each such year.

Section 9.2. Annual Budget. At least thirty (30) days prior to the end of each fiscal year of the Corporation, the President shall present to the Board of Directors the annual budget of the Corporation for the next succeeding fiscal year. The Board of Directors shall, at a regular or special meeting, conduct a public hearing on such budget and shall, at such meeting or at another meeting called for the purpose, adopt the annual budget which shall govern the expenditures of the Corporation during the fiscal year to which such budget applies. On and after the commencement of a fiscal year, the annual budget adopted for such fiscal year may be amended or supplemented by the Board of Directors as circumstances warrant. No binding monetary obligation of the Corporation shall be entered into unless there exists at the time in the applicable budget line item an unencumbered balance in an amount no less than lesser of (a) the amount of the monetary obligation to be incurred without either the amendment or supplement of such budget and line item by the Board of Directors and (b) the amount of the monetary obligation that will be due and payable in the fiscal year in which the monetary obligation is incurred. Nothing in this Section 9.3 shall be construed as prohibiting the President from approving the transfer of an unencumbered balance from any line item, account or fund to a line item, account or fund with respect to which an insufficient unencumbered balance exists when it is in the best interests of the Corporation to enter into the binding monetary obligation. In the event that due to unforeseen circumstances the annual budget has not been adopted and is not ready for adoption by the last day of the fiscal year immediately preceding the year for which such budget is to be effective, the Board of Directors may adopt a temporary budget governing fiscal matters for the first three months of the new fiscal year. [Section 9.2, Initial Interim Budget, was repealed on 10/28/11 by motion and former Section 9.3 was renumbered Section 9.2 on 10/28/2011 by motion]

Section 9.3. Contracts. The President and any other Officer duly authorized by the President shall have the authority to execute contracts on behalf of the Corporation, subject to any limitations provided in this Section 9.3 and any other limitations adopted by resolution of the Board of Directors. Unless otherwise provided in the resolution of the Board approving the execution of the contract, any contract under which the Corporation incurs a liability in excess of (a) \$100,000 shall be executed by two Officers of the Corporation and (b) \$500,000 shall be executed by the President of the Corporation and any other Officer of the Corporation. In addition, the Board of Directors may authorize by resolution other Officers or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, with such authority being either general or confined to specific instances. Prior to the execution of any contract on behalf of the Corporation, the Treasurer shall certify that there is an unencumbered balance in the applicable budgetary account at least sufficient to pay in the fiscal year in which such contract is being signed all payments that are required to be made under the contract in such fiscal year. [Former Section 9.4 was renumbered Section 9.3 on 10/28/2011 by motion and amended on 8/28/2009 by Res. 2009-20]

Section 9.4. Loans and Indebtedness. No loans shall be contracted on behalf of

the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by the Ohio Revised Code and by a resolution of the Board of Directors with such authorization being either general or confined to a specific instance. When a line or lines of credit have been authorized by the Board of Directors, draw-downs upon the signature of the President or other authorized Officer are deemed authorized by the Board of Directors unless expressly prohibited by Board resolution. [Former Section 9.5 was renumbered Section 9.4 on 10/28/2011 by motion and amended on 8/28/2009 by Res. No. 2009-20]

Section 9.5. Signatories on Checks, Drafts, and Evidences of Indebtedness. All checks, drafts or other orders for the payment of money issued in the name of the Corporation or to the Corporation, shall be signed or endorsed by at least one Officer who shall be an authorized signatory on the account against which such check, draft or other order for the payment of money is drawn. All notes, bonds, or other evidences of indebtedness of the Corporation for borrowed money shall be signed by the President and the Treasurer, or other two Officers of the Corporation if so authorized in the resolution of the Board of Directors approving the borrowing of money and the issuance of notes, bonds, or other evidences of indebtedness. The signatures of such persons may be by facsimile where expressly authorized, but shall not be preprinted on the instrument. [Former Section 9.6 was renumbered Section 9.5 on 10/28/2011 by motion]

Section 9.6. Signatories on Deeds and Transfers of Real Property Interests. All deeds and other documents transferring an interest in real property of the Corporation shall be executed by the President or a Vice President or two Directors and shall otherwise be in compliance with the provisions of Ohio law applicable to disposition of real property. [Former Section 9.7 was renumbered Section 9.6 on 10/28/2011 by motion and amended on 3/18/2011 by Res. No. 2011-1]

Section 9.7. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the President may select after written solicitation to such banks, trust companies and other depositories for designation as a depository of the Corporation by the Treasurer. [Former Section 9.8 was renumbered Section 9.7 on 10/28/2011 by motion and amended on 3/18/2011 by Res. No. 2011-1]

Section 9.8. Maintenance of Records: Open Records. The Corporation shall keep accurate and complete books and records of account according to generally accepted accounting principles relating to any moneys received or expended in connection with its pursuit of its purposes and in such a manner as to facilitate compliance with the requirements of R.C 1724.05. Maintenance of such books and records of account shall be the responsibility of the Treasurer. The Corporation shall also keep minutes of the proceedings of its Board of Directors, and any committee created by and having any of the authority of the Board of Directors. Maintenance of such minutes of the proceedings of the Board of Directors, and any committee created by and having any of the authority of the Board of Directors, shall be the responsibility of the Secretary. To the extent provided in R.C. 149.431 and except as otherwise provided therein and in R.C.

1724.11, the books and records of the Corporation shall be public records, open for public inspection in accordance with the provisions of R.C. 149.43. [Former Section 9.9 was renumbered Section 9.8 and amended on 10/28/2011 by motion and amended on 3/18/2011 by Res. No. 2011-1]

Section 9.9. Internal Controls. In addition to the requirements of this Article IX regarding fiscal matters of the Corporation, the Treasurer may provide by written policy circulated to all Directors, Officers, employees and agents of the Corporation further internal controls and safeguards over the assets of the Corporation to ensure their safety and application consistent with all applicable law, regulations, the Articles of Incorporation and this Code of Regulations. [Former Section 9.10 was renumbered Section 9.9 and amended on 10/28/2011 by motion]

ARTICLE X

AMENDMENTS TO ARTICLES OF INCORPORATION AND CODE OF REGULATIONS

Except as otherwise provided by the Articles of Incorporation or this Code of Regulations and applicable Ohio law, the Articles of Incorporation of the Corporation and this Code of Regulations may be amended, altered, or repealed at any duly scheduled meeting of the Board of Directors called for that purpose by the affirmative vote of (i) a majority of the Directors of the Board and (ii) a majority of the Statutory Directors (or their representatives as prescribed in Section 3.1.1 hereof), provided that the notice of said meeting stated that consideration of the amendment of Articles of Incorporation or the Code of Regulations or both, as the case may be, is the purpose or a purpose of the meeting. Directors of the Board must be notified in written or electronic format of any proposed amendment, alteration, or repeal at least ten (10) days prior to the action on the amendment, alteration, or repeal. Notwithstanding anything to the contrary in this Code of Regulations or the Articles of Incorporation, the Articles of Incorporation and this Code of Regulations may not be amended if such amendment would be inconsistent with the status of an organization performing essential governmental functions and claiming exemption from federal income taxation pursuant to Section 115(1) of the Code. [Amended on 10/28/2011 by motion]

EXHIBIT 81-2

MEMORANDUM OF UNDERSTANDING

THIS MASTER COOPERATIVE LAND REUTILIZATION AGREEMENT (this "Agreement") is made and entered into and is effective as of this ___ day of _____, 20___ (the "Effective Date"), by and between the COUNTY LAND REUTILIZATION CLRC (the "CLRC"), and the CITY OF _____, OHIO (the "City"), under the following circumstances:

WHEREAS: A. The CLRC has been organized for the purposes of exercising the essential governmental purposes provided for under the Chapters 1724 and 5722 of the Revised Code and any ancillary purposes for which statutory authority has been given to the CLRC under the Revised Code within Cuyahoga County, Ohio (the "County"), including, but not limited to, the following purposes: (1) facilitating the reclamation, rehabilitation and reutilization of vacant, abandoned, tax-foreclosed or other real property within the county; (2) efficiently holding and managing vacant, abandoned or tax-foreclosed real property pending its reclamation, rehabilitation and reutilization; (3) assisting governmental entities, such as the City, and other non-profit or for-profit persons to assemble, clear, and clear the title of vacant, abandoned, taxforeclosed or other real property within the County in a coordinated manner; and (4) promoting economic and housing development of the county or region.

B. Notwithstanding that the CLRC may maintain, acquire, dispose of, rehabilitate and/or demolish properties within the City as it deems best constrained only by the City's applicable building, housing and Zoning Codes, and such other federal and state laws the CLRC, the City and CLRC never the less jointly desire to cooperate in the reclamation, rehabilitation and reutilization of vacant, abandoned, tax-foreclosed or other real property within the City's boundaries on the terms, conditions and provisions herein.

NOW THEREFORE, the CLRC and the City each agrees as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.1. Short Title. This Agreement, together with any and all Supplements hereto, are hereinafter sometimes referred to as the "Agreement".

Section 1.2. Definitions. In addition to the words and terms defined above, the following words and terms will have the meanings given such words and terms in this Section:

"Acquisition Protocols" mean the mutually agreed-upon procedures, as set forth in Exhibit A to this Agreement, to be followed by the CLRC and the City in connection with the acquisition of properties by either the CLRC or the City.

"Demolition Protocols" mean the mutually agreed-upon procedures, as set forth in Exhibit A to this Agreement, to be followed by the CLRC and the City in connection with the demolition of abandoned and vacant structures within the City.

"Disposition Protocols" mean the mutually agreed-upon procedures, as set forth in Exhibit A to this Agreement, to be followed by the CLRC and the City in connection with the disposition of properties within the City.

"Maintenance Protocols" mean the mutually agreed-upon procedures, as set forth in Exhibit A to this Agreement, to be followed by the CLRC and the City in connection with the maintenance of properties within the City.

"Protocols" mean, collectively, the Acquisition, Demolition, Disposition, Maintenance and Rehabilitation Protocols, and any Protocols that are required to be established pursuant to Article II hereof.

"Rehabilitation Protocols" mean the mutually agreed-upon procedures, as set forth in Exhibit A to this Agreement, to be followed by the CLRC and the City in connection with the rehabilitation of properties within the City.

"Statutory Protocols" means the acquisition protocols created pursuant to S.B. 353 passed by the 127th General Assembly and signed by the Ohio Governor on January 6, 2009.

ARTICLE I

STATUTORY PROTOCOLS

Pursuant to S.B. 353 passed by the General 127th General Assembly and signed by the Ohio Governor on January 6, 2009, certain preemptory rights apply to charter municipalities as it pertains to properties acquired by the CLRC. These are as follows:

1. Municipal Land Bank Preemption. Upon the tax foreclosure of properties by the County Treasurer, municipalities having their own land banks pursuant to R.C. 5722.01 et seq., as well as the CLRC, are eligible to receive such taxforeclosed properties. Whether such eligibility arises by virtue of: a.) deeds in lieu of foreclosure; b.) Board of Revision tax foreclosure; or, c.) judicial foreclosure, in the event both such municipality and the CCLRC both seek to acquire such property, the municipality shall preempt the CLRC and have first priority to acquire such property.

2. Right of First Acquisition. The parties acknowledge that the CLRC will acquire properties other than through tax foreclosure such as direct purchases and acquisitions from lenders, lender servicers, and Government Sponsored Enterprises. Upon any such acquisition, a municipality shall have thirty (30) days from the date such acquisition is posted on the CLRC's website to indicate its desire to acquire said parcel. In the event the Municipality provides written notice to the CLRC within such time of its intent to so acquire the property, then it shall acquire and close on such property within 30 days of said notice, and pay for all of the CLRC's associated holding costs, transactional costs and costs of acquisition. In such event, the CLRC shall convey by quit claim deed the property so requested by the municipality. The City shall be responsible for the costs of any title examination or title policies it desires, or any other studies and inspections it desires.

If the municipality does not provide notice of its intent to acquire the property within said thirty (30) days, or having given such notice fails to close on such acquisition as prescribed herein, then the municipality may acquire such property, but only on terms, conditions, costs and purchase price as the parties shall negotiate. In any such case however, the CLRC shall not be required to sell or convey such property to the municipality as a matter of right. Any conflict between the language set forth in this Article I and the statutory language in said S.B. 353 shall be governed by the statutory language.

ARTICLE II

LAND REUTILIZATION PROGRAM

Establishment of Acquisition, Demolition, Maintenance, Rehabilitation and Disposition Protocols. The CLRC and the City may jointly develop: (a) Acquisition Protocols for the purposes of acquisition of properties within the boundaries of the City by either the CLRC or the City under this Agreement; (b) Demolition Protocols for the purpose of demolition of any abandoned vacant structures within the City; (c) Maintenance Protocols for the purpose of maintaining properties within the City during the period of ownership by the CLRC or the City; (d) Rehabilitation Protocols for the purpose of rehabilitating properties within the City during the period of ownership by the CLRC or the City; and (e) Disposition Protocols for the purposes of disposing of properties within the City, all as set forth in Exhibit A.

ARTICLE III

ALLOCATION OF COSTS OF PROTOCOLS

Each of the CLRC and the City shall bear the costs of any of the Protocols utilized hereunder in accordance with the provisions set forth in each such Protocols.

ARTICLE IV

OTHER PROTOCOLS REGARDING LAND

Nothing in this Agreement shall prohibit the parties hereto from establishing from time to time or at any time additional Protocols regarding properties that come into the possession of either of the parties. In connection with the establishment of such other Protocols, the Protocols shall be attached to this Agreement and shall be designated as Exhibit A-1, A-2, etc.

ARTICLE V

MISCELLANEOUS

Section 5.1. Term of Agreement. This Agreement may be terminated by either of the parties hereto upon sixty (60) days' prior written notice of the terminating party to the other party; provided, however, that such a termination shall not be of any force and effect as to any monetary obligations of either of the parties hereunder or of any third party in effect at the time of such termination pursuant to any other agreement executed in connection with, but separate from this Agreement. In the event the parties dispute any amounts owing one to another at the time of the termination, then the parties shall work in good faith to provide one another with sufficient documentation to reasonably identify and resolve any remaining obligations. Failing such resolution the parties shall submit such dispute to a neutral arbitrator as they may agree upon, or failing such selection, to the American Arbitration Association upon 30 days of any request by either party.

Section 5.2. Amendment of Agreement. This Agreement, including the Protocols attached hereto, may be amended from time to time and at any time provided that such amendment is in writing and is executed by both of the parties hereto.

Section 5.3. Severability. If any covenant, agreement, waiver or part thereof contained in this Agreement be forbidden by any pertinent law, or under any pertinent law be effective to render this Agreement invalid or unenforceable, then each such covenant, agreement, waiver or part thereof shall itself be and is hereby declared to be wholly ineffective and this Agreement shall be construed as if the same were not included herein.

Section 5.4. Notices. All notices hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand or mailed by certified mail, postage prepaid and addressed as follows:

If to the CLRC: _____ County Land Reutilization (CLRC)

If to the City: City of _____, Ohio Attention: _____

Section 5.5. Successors and Assigns; Parties in Interest; Assignment. The covenants, agreements, conditions, promises and undertakings in this Agreement shall extend to and be binding upon the successors and assigns of the CLRC and the City and all of the covenants thereof shall bind such successors and assigns, and each of them, jointly and severally. All the covenants, conditions and provisions hereof shall be held to be for the sole and exclusive benefit of the CLRC and the City and no third party shall be deemed the beneficiary of such covenants, conditions and provisions without the written consent thereto of each of the parties hereto.

Each of the CLRC and the City may assign any part or all of its rights or obligations hereunder to a third party but only with the prior written consent of the non-assigning party.

Section 5.6. Governing Law. This Agreement shall is governed by Ohio law

Section 5.7. Effective Date; Counterparts. This Agreement shall take effect immediately upon delivery of an executed copy hereof to each of the parties hereto. This Agreement may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

IN WITNESS WHEREOF, each of the CLRC and the City has executed this Agreement as of the date first set forth above.

_____ COUNTY LAND REUTILIZATION

By:_____

Title:_____

CITY OF _____, OHIO

By:_____

Title:_____

EXHIBIT 81-3

**COUNTY LAND REUTILIZATION CORPORATION PROPERTY TAX EXEMPTION
REQUEST FORM**

Form V-1

NOTIFICATION OF ACQUISITION REQUEST FOR REMITTANCE REMOVAL FROM THE
TAX

DUPLICATE

The _____ County Land Reutilization Corporation (CCLRC) authorized by R.C. 5722.01 et seq. and 1724.01 et seq., is a nonprofit corporation ("LRC") authorized to acquire, hold and sell nonproductive property throughout Cuyahoga County. These properties may be received by direct transfer from the _____ County Sheriff, Conveyances in Lieu of Foreclosure, or acquisitions from other private parties. The County Auditor is then required, upon request and its consent, to remove from the county's tax lists and duplicates all taxes, assessments, charges, penalties and interest that are due and payable on the land effective on the date the LRC acquires title by filing of a deed. Wherefore, pursuant to R.C. 323.74(G), 5709.12(D)(2), 5709.12(F), 5722.15(A), 5722.21(E), and 5723.04(B), this instrument serves as the official request by the LRC to remove the following property(s) from the tax list and duplicates.

_____ Permanent Parcel Number

_____ Street Address

_____ Date of Transfer

Party from whom the property was transferred:

Requested by -CLRC Representative _____

_____ Date

Approved by

We, the undersigned do hereby consent to the requested remittance of taxes and removal from the taxduplicate of the property. This transfer is authorized by O.R.C. 5722.10

County Auditor _____ Date _____

Date of Removal from Tax Duplicate _____

Copy of Approved Form Sent to: __Prosecutor __DCCLRC

EXHIBIT 81-4

PRIMARY POWERS OF A LAND BANK UNDER OHIO LAW (As specified in ORC Section 1724.02 and various other ORC Sections)

- To borrow money for any purpose of the land bank by means of loans, lines of credit or other financial instruments including the issuance of bonds or other evidences of indebtedness. The debt may be secured or unsecured. Debt may be secured by a mortgage, pledge, deed of trust, or other lien on all or part of its property, franchises, rights, and privileges.

In this regard, a county land bank may adopt a resolution requesting the commissioners to pledge specifically identified revenue sources as security for the borrowing of the land bank. These revenue sources may be from revenue appropriated to the county treasurer from the delinquent tax assessment and collection fund (DTAC), subject to annual appropriation of specific amounts of DTAC funds, and other specified sources of revenue which are lawfully available for the purposes of the land bank. The use to DTAC funds for land banks will be discussed later in this Chapter (ORC 1724.02(A)(2)(a)).

Also, concerning land subject to reutilization, a county land bank may request the commissioners, for land in the unincorporated area of the county to issue notes and bonds for the construction of public infrastructure improvements and to take “other actions” the commissioners determine to be in their interest and authorized by county tax increment financing statutes. A request of this nature from a county land bank essentially proposes that county utilize tax increment financing (TIF) authorized under ORC Sections 5709.78-5709.82. The county land bank may make a similar request to a city or village for land located within a municipality. Municipal TIF authority is provided for in ORC Sections 5709.40-5709.43. For additional information refer to Section 81.21 of this Chapter and Chapter 15 of this *Handbook*.

- To make loans to persons, firms, partnerships, corporations, joint stock companies, associations, and trusts. The land bank must regulate the terms and conditions of such loans. This may include revolving loans to community development corporations, private entities, or any person if it is for a purpose contained in the plan of a county land bank, as will be described later in this Chapter.
- To purchase, receive, hold, manage, lease, lease-purchase or otherwise acquire real and personal property and rights and privileges associated with the property. A county land bank, however, cannot acquire an interest in real property if the acquisition causes the number of occupied real properties held by the land bank to exceed the greater of either 50 properties or 25% of all real property held by the land bank for reutilization, reclamation, or rehabilitation.

- To sell, convey, transfer, lease, sublease, or otherwise dispose of real and personal property and such rights and privileges associated with the property. This includes property acquired in satisfaction of debts or enforcement of obligations of the land bank.
- To enter into contracts relating for the purchase or sale of real or personal property with third parties, including the federal government, state government, any political subdivision, and any other public or private entity.
- To acquire the good will, business, rights, real and personal property, and other assets of persons, firms, partnerships, corporations, joint stock companies, associations, or trusts and to assume or pay the obligations, debts and liabilities of such entities.
- To acquire, reclaim, manage, or contract for the management of improved or unimproved and underutilized real estate for the purpose of constructing industrial plants, other business establishments, or housing. The land bank can also cause the same to occur for the purpose of assembling and enhancing the use of real property or to dispose of such property for the construction of industrial plants, other business establishments, or housing.
- To acquire, manage, contract for the management of, construct, reconstruct, alter maintain, operate, sell, convey, transfer, lease, sublease, or otherwise dispose of industrial plants, business establishments, or housing.
- To acquire, subscribe for, own, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of stock, shares, bonds, notes or other securities of persons, firms, corporations, joint stock companies, associations, or trusts. While these assets are held by the land bank it may exercise all rights associated with such ownership, provided no tax revenue may be used for the acquisition.
- To mortgage, pledge or otherwise encumber any property acquired by the land bank pursuant to Divisions C, D, or E of ORC Section 1724.02.
- To exercise the powers on behalf of a county that organizes or contracts with a county land bank relating to land reutilization under ORC Chapter 5722.
- To serve as an agent for grant applications and for the administration of grants.
- To engage in code enforcement and nuisance abatement on properties subject to a delinquent tax or special assessment lien or for other properties pursuant to a contract with a municipality or township. This includes such activities as cutting grass and weeds, boarding up vacant and abandoned structures, and demolishing condemned structures.

- To employ and compensate an executive director and others as approved and funded by the land bank board. Employees of the land bank are not deemed employees of the county or other political subdivision.
- To contract with the county commissioners under ORC 307.07 to perform the responsibilities of a county office of economic development if the commissioners have not appointed a county director of economic development.
- To contract with the county commissioners, the county auditor, or the county treasurer under ORC Sections 307.07, 319.10, or 321.49 to provide employees to the land bank. If such contracts for services by county staff are executed the employees remain employees of the county.
- To contract with a county microfilming board (ORC 307.806) or a county automatic data processing board (ORC 307.846).
- To purchase tax lien certificates at auction, by negotiated sale, or from another party who originally purchased and held a tax lien certificate issued under ORC Sections 5721.30-5721.43. For additional information on delinquent tax lien sales and certificates refer to Chapter 14, *Local Property Taxes*, Section 14.285.
- To charge fees or exchange in-kind goods or services for services provided to political subdivisions and other persons or entities.
- To be assigned a mortgage on real property from a mortgagee in lieu of acquiring the property which is the subject of a mortgage.
- To do all acts and things necessary or convenient to carry out the purposes of ORC Section 1724.01 and the powers especially created for a land bank in ORC Chapter 1724. This includes, but is not limited to, contracting with the federal government, the state, any political subdivision, of any other non-profit or for profit party.

TABLE 81-1

SUMMARY OF PROVISIONS OF OHIO LAW CONCERNING LAND REUTILIZATION, JUDICIAL FORECLOSURE, EXPEDITED FORECLOSURE THROUGH THE BOARD OF REVISION, FORECLOSURE & FORFEITURE TO THE STATE, AND REDEMPTION OF FORECLOSED DELINQUENT LANDS

Type of Foreclosure or Related Action	ORC Sections	Brief Description of the Foreclosure or Related Action
<p style="text-align: center;">Land Reutilization</p>	<p style="text-align: center;">ORC Chapter 5722</p>	<ul style="list-style-type: none"> • A <i>land reutilization program</i> under ORC Chapter 5722 includes procedures and activities relating to the acquisition, management, and disposition of delinquent lands as specified in ORC Section 5722.02-5722.15. • An “<i>electing subdivision</i>” includes a municipality, township, and county, if they adopt an ordinance or resolution to adopt and implement the procedures in ORC Sections 5722.02-5722.15. • A county land bank designated by the county to act on its behalf is also an “<i>electing subdivision</i>.” • If any municipality, township or the county elects to adopt and implement the procedures to facilitate the effective reutilization of <i>non-productive land</i> within its boundaries, the ordinance or resolution must declare that the existence of non-productive land necessitates the implementation of a land reutilization program to foster the return of non-productive land to tax revenue generating status or the devotion of the land to public use. • <i>Non-productive land</i> includes (1) any parcel of delinquent vacant land that contains no buildings or structures and for which foreclosure proceedings had been instituted (2) delinquent parcels of land with unoccupied buildings and structures if a municipality or township has instituted proceedings to remove or demolish the buildings or structures because they are insecure, unsafe or structurally defective, and (3) delinquent parcels of land with unoccupied buildings and structures where the electing subdivision makes an affirmative determination that the acquisition of the property is necessary to implement an effective land reutilization program, even if buildings or structures on the property are not structurally defective. • After the adoption of an ordinance or resolution by and electing subdivision, the foreclosure, sale, management, and disposition of all non-productive land situated within the electing subdivision's

		<p>boundaries are governed by the procedures in ORC Sections 5722.02-5722.15.</p> <ul style="list-style-type: none"> • Any county adopting a resolution may direct that a county land bank be organized to act on behalf of and cooperate with the county in implementing the land reutilization program. • A municipality or township may contract with the county or a county designated land bank to implement these procedures within a municipality or township. • A municipality or township has a 30 day period to obtain property acquired by a land bank other than property obtained through foreclosure. The municipality or township has a <i>“priority right of acquisition.”</i> • Non-productive land within an electing subdivision's boundaries which the subdivision wishes to acquire and that has either been advertised and offered for sale or is otherwise available for acquisition pursuant to a foreclosure proceeding, but is not sold because no minimum bid was submitted, is sold or transferred to the electing subdivision. • Electing subdivisions receive lists of delinquent lands from the prosecutor that are subject to foreclosure and can express interest in lands on the list. In the case of lands forfeited to the state the county auditor provides a list to the electing subdivisions and electing subdivisions may also obtain non-productive lands forfeited to the state. • An electing subdivision may sell acquired land as it determines necessary to assure the effective reutilization of the land <i>without competitive bidding</i>. Special provisions in ORC Section 5722.07 apply to county land banks. • The proceeds of the sale of non-productive lands by an electing subdivision includes some distribution of funds to various taxing districts after expenses are debited. However, in the case of a county land bank, the proceeds of any sale of land bank property remain with the land bank for further programs. • Electing subdivisions, including county land banks, may obtain delinquent property from the owner of the property <i>“in lieu of foreclosure”</i>; however, consent of
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		<p>the county auditor as the agent of the state is required.</p> <ul style="list-style-type: none"> Property acquired and held by an electing subdivision that is not sold or otherwise transferred within 15 years after acquisition must be offered for sale at public auction during the 16th year. If the property is not sold it may be disposed of or retained for any lawful purpose.
<p>County Treasurer Foreclosure</p>	<p>323.25</p>	<ul style="list-style-type: none"> <i>Foreclosure</i> commenced by the county treasurer in <i>common pleas court</i> if taxes are not paid within 60 days after the delivery of the <i>delinquent land duplicate</i>. <i>Foreclosure</i> action prosecuted in the same way as mortgage lien foreclosures are pursued. After filing the action, but prior to confirmation of sale, the owner may <i>redeem</i> the property by paying the impositions on the property including taxes, special assessments, penalties, interest, and other charges. Owner must also demonstrate that the property complies with local land use, building, safety, and health regulations. If <i>mineral rights</i> are shown on the delinquent tax list under ORC Sections 5713.04, 5713.05, and 5713.06, the county treasurer may enforce the tax lien against the mineral rights or proceed under ORC Section 5721.46.
<p>Board of Revision (BOR) Expedited Foreclosure</p>	<p>323.65-323.79</p>	<ul style="list-style-type: none"> This <i>administrative, non-judicial, foreclosure process</i> can be used in lieu of any of the statutory foreclosure processes specified elsewhere in the ORC. The <i>board of revision (BOR)</i> may initiate the process or the holder of a <i>delinquent tax lien certificate</i> may initiate the process if the county has sold delinquent tax lien certificates pursuant to ORC Section 5721.30-5721-43. The process can also be initiated by a county land bank. This process can only be used for <i>abandoned land</i> as defined in ORC Section 323.65. Under an "<i>alternative right of redemption</i>" (<i>ARR</i>) a sheriff's sale can be eliminated and transfers can be made directly to electing political subdivisions or a county land bank without reference to the county auditor's valuation. BOR may order the disposition of abandoned land by

		<p>either public auction or otherwise to a county land bank or to a county, township, municipality, school district, or to a non-profit community development organization. Notice of interest in acquiring the abandoned land must be given by the “electing” political subdivisions, non-profit, or county land bank, with the county land bank having the lowest priority in the acquisition.</p> <ul style="list-style-type: none"> • The county land bank or owner of a tax lien certificate is responsible to prepare a <i>list of abandoned lands</i> and conduct title searches. • Clerk of Courts serves notice on owner and others having a security interest in the abandoned land by following Civil Rules 4 and 5, except that service by publications must follow the procedures in ORC Section 5721.18. • Owners & others having a security interest in the land may <i>redeem</i> the abandoned land by paying the <i>impositions</i> on the land which includes taxes, special assessments, penalties, interest, and other charges. • If not redeemed the abandoned land is sold at public auction, or if the <i>impositions are less than the fair market value of the land</i>, the BOR may order the direct transfer on the land to the owner of a tax lien certificate, an “electing” political subdivision, a non-profit, or a county land bank without appraisal or auction. The right to acquisition of a county land bank is subordinate to that of political subdivisions or non-profits. • If abandoned land is offered at public auction and is not sold, the entities specified in the previous bullet point may request the abandoned land. Prior to acquiring the land the entity must agree to begin basic exterior improvements to the property to protect the property from further deterioration. • Such transfers terminate the <i>right of redemption</i> by property owners and other having a security interest in the abandoned land. It also has the effect of <i>extinguishing all liens</i>, assuring a clear and free title. • If no “electing” political subdivision, non-profit, or county land bank has requested title to the abandoned property it may otherwise be disposed of or <i>forfeited to the state</i>.
<p>Foreclosure & Forfeiture Proceedings Against</p>	<p>5721.14</p>	<ul style="list-style-type: none"> • County prosecutor institutes a <i>foreclosure & forfeiture</i> proceeding upon receipt from the county auditor of a

<p>Delinquent Lands by the County Prosecutor</p>		<p><i>delinquent vacant land certificate</i> or a <i>master list of delinquent vacant tracts</i>.</p> <ul style="list-style-type: none"> • As an alternative the county prosecutor may institute foreclosure proceedings under ORC Sections, 323.25, 323.65-323.79, or 5721.18, other legal options for foreclosure. • If <i>mineral rights</i> are listed under ORC Sections 5713.04, 5713.05, and 5713.06, <i>foreclosure & forfeiture</i> may be taken against the mineral rights so listed. • <i>The foreclosure & forfeiture</i> proceeding is an <i>action in rem</i> and is pursued in common pleas court in the name of the county treasurer by filing the action with the clerk of courts. The action is filed after the prosecutor conducts a title search and requests the delinquent vacant lands be <i>foreclosed & forfeited</i> to the state and offered for sale under ORC Section 5723.06. • The county prosecutor may file actions against an individual parcel for which a <i>delinquent vacant land certificate</i> has been filed by the county auditor, or for <i>multiple parcels</i> as listed on a <i>master list of delinquent vacant tracts</i>. • The clerk of courts publishes a notice of <i>foreclosure & forfeiture</i> in a newspaper of general circulation once a week for three consecutive weeks. The clerk also mails a copy of this notice to the owner of the delinquent vacant land and to each person having a security interest in the property. • Default judgment of <i>foreclosure & forfeiture</i> may be declared by the court if no answer to the action is filed. If an answer to the action is filed by the owner or other person having a security interest in the property, the court may remove such parcel from the default judgment order and the matter is then considered at trial. This allows the court to remove individual parcels if the action filed by the prosecutor was pursuant a master list of delinquent vacant tracts.
<p>Foreclosure Proceedings by the County Prosecutor on Lien of the State</p>	<p>5721.18</p>	<ul style="list-style-type: none"> • County prosecutor institutes a <i>foreclosure</i> proceeding under this provision of law (ORC 5721.18) after receipt from the county auditor of a <i>delinquent land or delinquent vacant land certificate or a master list of delinquent or delinquent vacant tracts unless a foreclosure or a foreclosure & forfeiture</i> action has been filed, or will be filed, under ORC Section(s)

		<p>323.25, 323.65-79, or 5721.14.</p> <ul style="list-style-type: none"> • The action is filed in the name of the county treasurer with either the <i>common pleas court</i> or the <i>BOR</i> with jurisdiction under ORC Section 323.66. • This process also applies to properties where buildings are in <i>receivership</i> under public nuisance laws pursuant to ORC Section 3767.41. • If <i>mineral rights</i> are shown on the certificate or list under ORC Sections 5713.04, 5713.05, and 5713.06, the county prosecutor may institute foreclosure proceedings against the mineral rights. • ORC Section 5721.18 proceedings actually include <i>three types of actions</i>. Pursuant to <i>Division A</i> of this Section, the action is prosecuted in the <i>same way as mortgage foreclosures are prosecuted</i> in a court. Both <i>Division B and C actions are in rem actions</i>. • <i>Division B in rem actions</i> can be instituted after the end of the second year from the date the delinquency was first certified by the county auditor. Prior to filing this type of action a title search is required and notice of foreclosure must be published by the clerk of courts in a newspaper of general circulation in the county once a week for three consecutive weeks. The clerk also must mail notice to the owner and other persons having a security interest in the property. • <i>Division C in rem actions</i> must comply with all the requirements of Division B in rem actions <i>except</i> (1) no title search is required to identify persons having a security interest in the property unless a title search is needed if the land is subject to receivership under the public nuisance laws, and (2) the names and addresses of those having a security interest in the property are not included when the action is filed and notices need not be sent unless there is a receiver. In addition, when foreclosure occurs under this procedure, it <i>does not extinguish</i> interests in the property other than the <i>receiver's lien</i> and the <i>lien for taxes</i> and other impositions. • In addition a similar process is provided for under the law for the foreclosure of <i>delinquent tax lien certificates</i> by holders of the certificates pursuant to ORC Sections 5721.37-5721.40. However, when a tax lien certificate does not sell at public auction the property is forfeited to the holder of the delinquent tax lien certificate, not the state.
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<p>Redemption of Foreclosed Delinquent Lands</p>	<p>5721.24-5721.26</p>	<ul style="list-style-type: none"> • All delinquent land may generally be <i>redeemed</i> before foreclosure proceedings have been instituted by paying the taxes, special assessments, penalties, interest and other charges, including the costs of foreclosure proceedings. • Once foreclosure proceedings have been instituted, but before the filing of a court entry confirming sale of the property, the property can still be <i>redeemed</i> by paying the items specified above and by demonstrating that the property is in compliance with local land use regulations and building, health and safety regulations. In lieu of making payments the property owner may enter into a <i>delinquent tax contract</i> with the county treasurer to make payments over a period of time pursuant to ORC Section 323.31. • If a payment is not made pursuant to a <i>delinquent tax contract</i> or if the contract is terminated because the property is not in compliance with local land use regulations and building, health, and safety regulations the court or the BOR shall order the property sold for the amount of taxes pursuant to ORC 5721.19 or 323.65-323.79 <i>without appraisal or sale</i>.
<p>Forfeited Lands</p>	<p>ORC Chapter 5723</p>	<ul style="list-style-type: none"> • Every parcel of land that has been advertised for sale and offered for sale at <i>public auction</i> on two separate occasions and not sold because there were <i>no bids</i> is <i>forfeited to the state</i> or to an “electing” political subdivision, school district, or a county land bank. • The county prosecutor certifies that the land has been offered for sale twice and not sold because no bids were tendered. The <i>forfeiture to the state</i> is effective when the court journalizes an entry to that effect. • The court notifies the “electing” political subdivisions, school districts, and the county land bank and offers the property to any of these entities. • If no political subdivision, school district, or land bank petitions the court expressing its interest in acquiring the land it is <i>forfeited to the state</i>. If one of these entities petition the court to acquire the forfeited property the transfer is effective when the court journalizes its entry. • Land <i>forfeited to the state</i> can be <i>redeemed</i> by the former owner prior to the time the state disposes of the forfeited land by paying back taxes, special assessments, penalties, interest and other charges, including the costs of foreclosure and forfeiture proceedings.

		<ul style="list-style-type: none"> • County auditor maintains a <i>list of forfeited lands</i> and must offer them for sale at least annually. However, if a county land bank requests <i>land forfeited to the state</i> it shall be transferred to the land bank. In these cases the land is deemed sold to the land bank for no consideration and any subordinate liens that may still attach to the property are fully discharged or extinguished.
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Note: *Italics* above is for emphasis and comparison purposes only.

Sources: Ohio Revised Code Chapters 323, 5721, 5722, 5723 and the Land Bank Playbook published by the Thriving Communities Institute entitled: *Ohio’s Land Reutilization Corporations Under Chapter 1724 of the Ohio Revised Code: A Reference Guide to Land Bank Set-Up and Operations* which is available on their website at: <http://thrivingcommunitiesinstitute.org/> . This publication also includes an extensive series of forms that can be modified for local use to implement county land bank and related tax foreclosure statutes.