

**Fahey Schultz
Burzych Rhodes**

EXPERT COUNSEL



REAL SOLUTIONS

Top 5 Insider Tips for Townships Buying or Selling Property

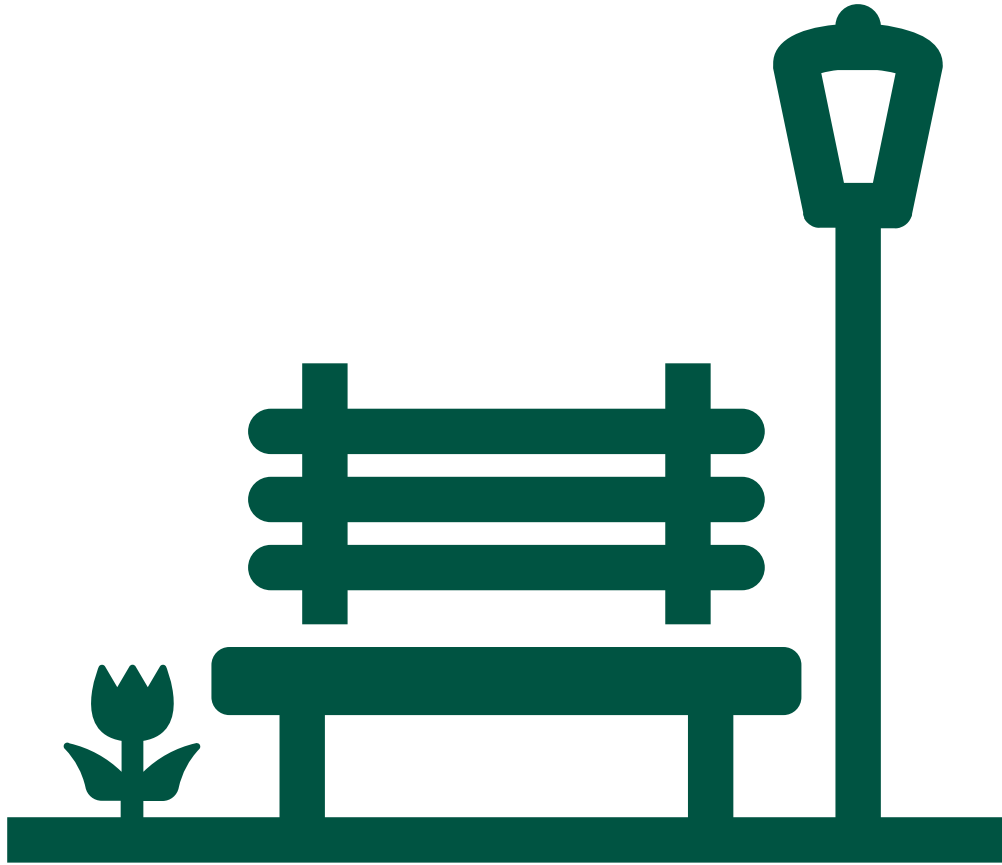
ATTORNEY CHRISTOPHER PATTERSON

DECEMBER 22, 2021



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- 13% of the land in the State of Michigan is owned by:
 - State Government
 - Local Government





- Townships engage in the purchase of property for the benefit of local communities, such as:
 - *Constructing or acquiring new Township halls*
 - *Expanding Township park systems*
 - *Preserving open space and farmland*
 - *Acquiring new property and buildings for new or expanding emergency services*





REAL ESTATE
TRANSACTIONS

can give rise to



SIGNIFICANT
RISK



-
1. Find the property for sale
 2. Dig into the details of the property
 3. Prepare offer terms/written purchase agreement
 4. Complete due diligence of the property
 - Environmental
 - Title
 - Survey
 5. Prepare final documents and close



1. Assemble a Team of Qualified Real Estate Professionals

TOP 5 INSIDER TIPS



Professional Assistance

- Real Estate Agent
- Attorney
- Appraiser
- Environmental Consultant
- Surveyor



Real Estate Agent

A buyer's agent can assist with:

- *Locating suitable properties*
- *Scheduling showings*
- *Initial negotiations of purchase agreement*

A seller's agent can assist with:

- *Assist with Marketing the property*
- *Advise on purchase price*
- *Guidance on the purchase agreement*





Attorney

The Township attorney can be vital to a successful real estate transaction when:

1. Executing the written purchase agreement
2. Verifying and resolving title issues
3. Confirming the accuracy of the final closing package



Appraiser

- Appraisers are licensed and trained to study and review a piece of property to determine its value using valuation methods.
- Appraisers can verify the purchase price of the property and assist the Township in setting a price or providing data to support a specific offer to purchase.
 - This avoids the pitfall of selling for too little or paying too much.
 - Creates a record for the Township as to the value of the asset acquired or disposed of.

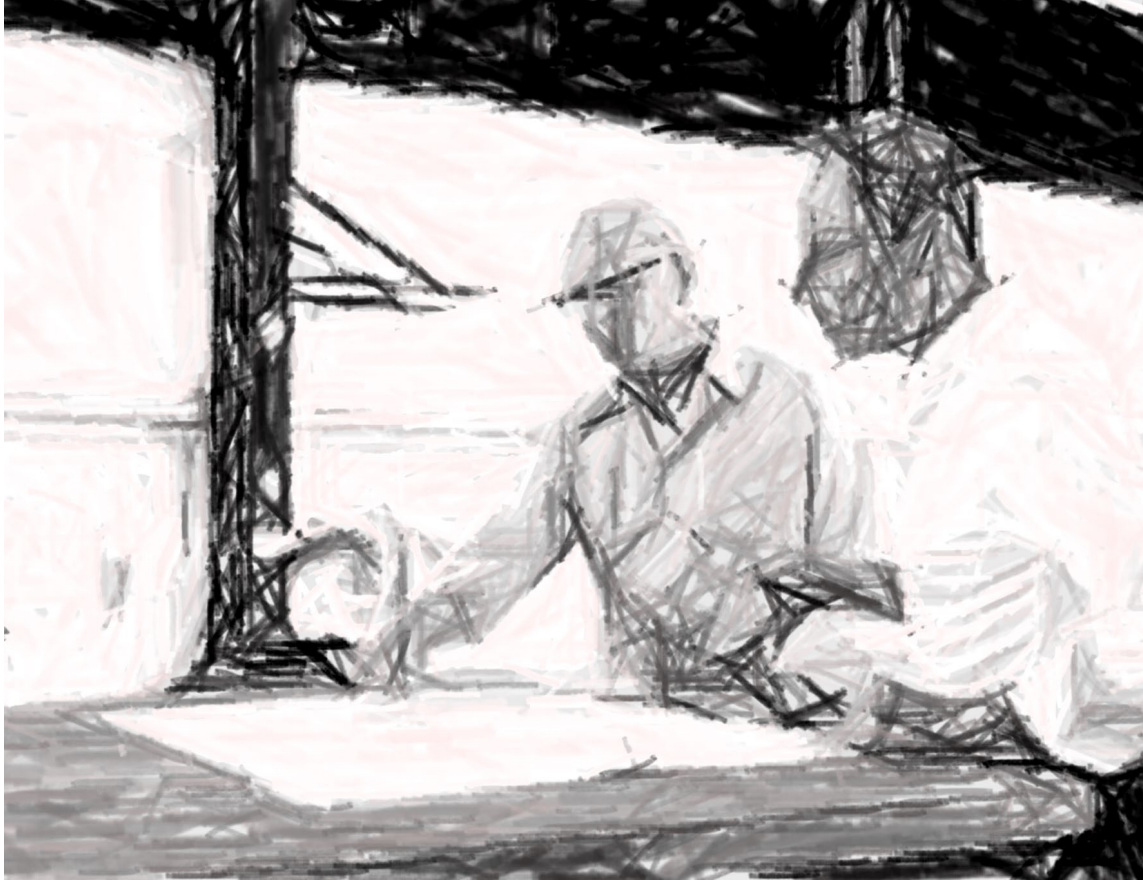




Environmental Consultant

- Environmental consultants are qualified individuals that verify contamination on a property and assist with recommendations on cleanup, mitigation, and due care.
- Environmental consultants can assist with the transfer of property that has known contamination.
- Environmental consultants are important in verifying if contamination exists prior to accepting title.





Surveyor

- A surveyor is qualified and licensed within the State to determine the legal boundaries of a property.
- Surveyors are well-equipped to review recorded easements and observe encroachments, verifying their location.
 - This can assist Township buyers in determining if any recorded easement will limit the use of the property.



2. Prepare Proper Resolutions for Approval to Buy or Sell in Advance of Closing

TOP 5 INSIDER TIPS



Components of a Proper Resolution

- By resolution of the Township Board, the Township may acquire property for public purposes by purchase, or otherwise convey property not needed for public purpose.
- The resolution should make one or more specific findings as to why the purchase or sale of a particular property is consistent with state law requirements.
 - Buying property must be for “public purposes.”
 - Selling property must only take place when property is “not needed for public purposes.”
- Within that same resolution, the Township can specifically authorize the purchase or sale of property and identify the Official(s) authorized to act on behalf of the Township.



3. Consider the Value of a Title Company and Purchasing Title Insurance

TOP 5 INSIDER TIPS





Third-party Claims

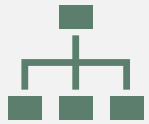
When buying property, there may be risks of third parties not involved in the transaction later raising claims against the Township's title to the property.

- Liens
- Encumbrances
- Easements
- Title claim





A title company will provide title insurance insuring the owner against certain third-party claims.



A title company can help identify title issues.



Beneficial for both a selling Township and buying Township.



4. Consider Environmental Concerns

TOP 5 INSIDER TIPS

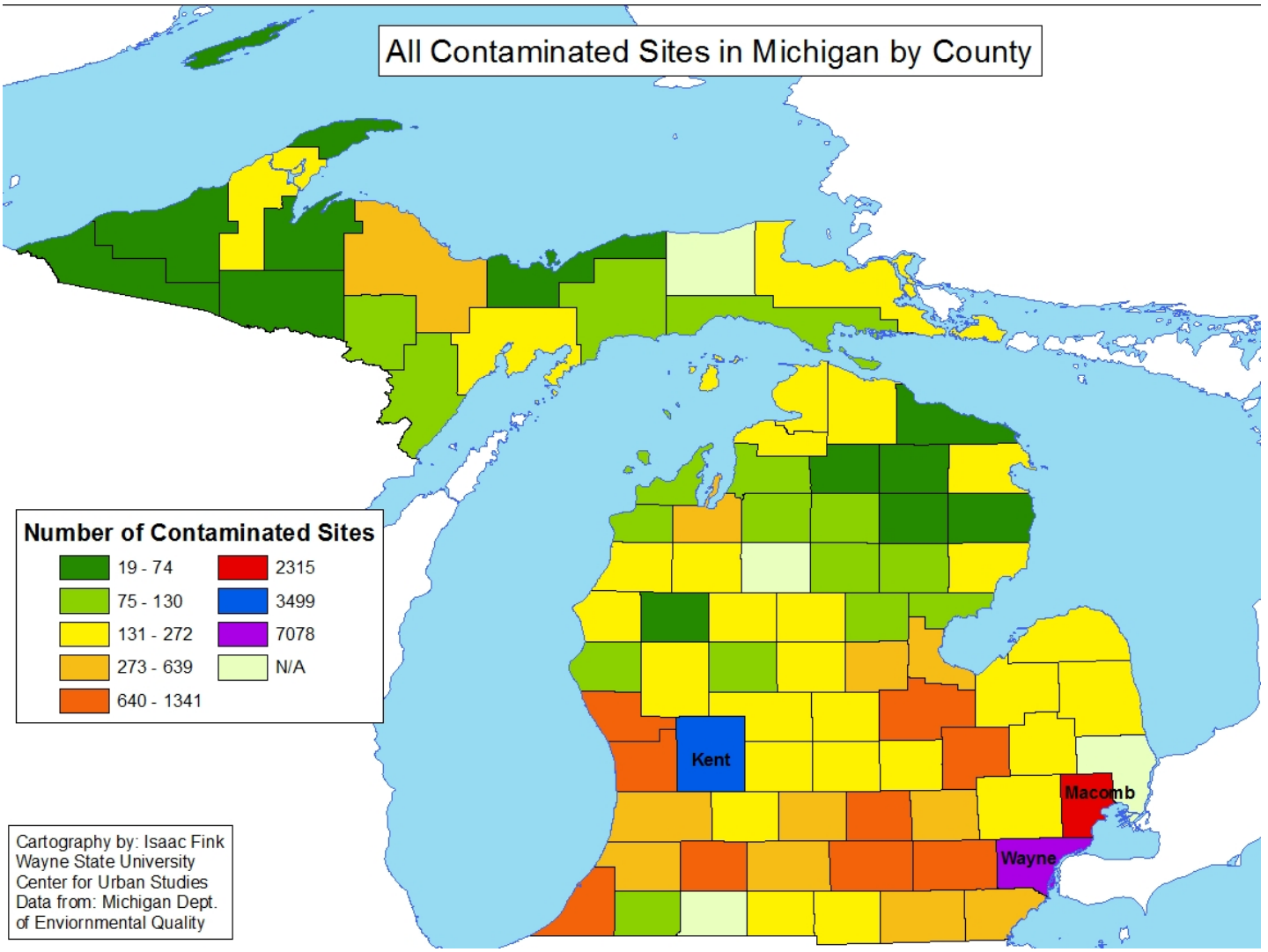


Environmental Contamination

- Contamination issues can arise when buying or selling property.
- Environmental consultants can provide information to Townships on conducting and submitting a baseline environmental assessment (“BEA”) to mitigate environmental liability after a purchase.



All Contaminated Sites in Michigan by County



Cartography by: Isaac Fink
Wayne State University
Center for Urban Studies
Data from: Michigan Dept.
of Environmental Quality

WEALTH MATTERS

Turning Polluted Properties Into Profits



Matthew Winefield inside a former industrial dry cleaning and laundry facility in Garden Grove, Calif. Emily Berl for The New York Times

By Paul Sullivan

Feb. 26, 2016

5. Request Receipt of the Township's Closing Package Days in Advance of Closing

TOP 5 INSIDER TIPS



A stack of brown folders is placed on a wooden surface. A calendar is visible in the background, showing the days of the week and some dates. The folders are stacked on top of each other, and the top folder has a tab labeled 'NOTES'.

Township
should arrange
to review
closing package
in advance

A detailed review of the closing package in advance is of great assistance to the title company and provides sufficient time to correct any noted errors, or at a minimum, allows the Township to know that everything will be in order on the day of closing.



Questions?

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