AD HOC COMMITTEE ON RENTAL AND LAND CONTRACT HOUSING CONDITIONS
Thursday, March 24, 2016 @ 8:30 a.m.

Council Member Brown Clarke called the meeting to order at 8:39 a.m.

Councilmember Kathie Dunbar, Chair-arrived at 8:42 a.m.
Councilmember Judi Brown Clarke, Member –left at 9:30 a.m.
Councilmember Tina Houghton, Member
Councilmember Carol Wood, Member.

Others Present:
Sherrie Boak, Council Office Manager
Scott Sanford, Code Compliance
Mark Dotson, Deputy City Attorney
Teressa Bowers, Assessing
Robin Wright, Assessing
Eric Schertzing, Ingham County Treasurer
Derrick Quinney, Ingham County Register of Deeds
Angie Bennett, City Finance Director
Gary Caulkins

Minutes
MOTION BY COUNCIL MEMBER HOUGHTON TO APPROVE THE MINUTES FROM OCTOBER 2, 2015 AS PRESENTED. MOTION CARRIED 3-0.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE MINUTES FROM NOVEMBER 5, 2015 AS PRESENTED. MOTION CARRIED 3-0.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE MINUTES FROM DECEMBER 14, 2015 AS PRESENTED. MOTION CARIED 3-0.

MOTION BY COUNCIL MEMBER HOUGHTON TO APPROVE THE MINUTES FROM JANUARY 14, 2016 AS PRESENTED. MOTION CARRIED 3-0.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE MINUTES FROM FEBRUARY 11, 2016 AS PRESENTED. MOTION CARRIED 3-0.

DISCUSSION
Multi-Unit Maintenance & Facility Operations
No discussion.

Land Contract Process and Registration Process

The discussion continued on processes taken by the Ingham County Register of Deeds and City Assessing on Land Contracts. Ms. Bowers started by stating Assessing informs buyers they should register their land contract, however they aren't required and they do accept unregistered deeds. Ms. Bennett confirmed from the last meeting that the City does download information from the County Register of Deeds every two weeks. Mr. Quinney reiterated what was stated when the Deputy Register presented to the Committee, which was that Michigan does not required it to be recorded but if they do, there are guidelines they do have to follow. If the buyer seeks advice or guidance they are encouraged to seek legal consultation to what covers them in the provisions of the document they want to record. The Register of Deeds does not look at the content of the document; it is record the submission itself. Council Member Brown Clarke asked who can present the document, and what identification is needed to ensure they can present it. Mr. Quinney stated that if it is notarized and they have the ID's of the parties. Mr. Schertzing added to the conversation stating that there could be multiple land contracts, and Mr. Quinney agreed noting that it is the sequence they are recorded in that is the priority. Council Member Dunbar asked if anyone at the Register of Deeds checks the land contract or document before the buyer leaves to make sure there are no other land contracts on file. Mr. Quinney stated it could take 2-3 days before it is recorded. And then if there are issues the buyer is referred to seek their own legal consultation. It was stated again, the Register of Deeds only records, does not provide advice. Mr. Schertzing reminded the Committee that the difference between a land contract vs a mortgage is consumer protections on mortgages. Council Member Brown Clarke asked if the County had a way to flag the property for reconciliation. Mr. Quinney stated no. Council Members acknowledged they are aware no jurisdiction does because Michigan is a non-recording state. Mr. Quinney agreed and added that if they record something it does have to meet the required recordable form.

The Committee then discussed what occurs at the Assessing office, noting that they do not receive any information when a land contract is in default. They do have a field that notes LC (Land Contract) WD (Warranty Deed), etc. Also, since they do not know when a land contract goes into default and new land contract is signed immediately it is best for them to use 0% homestead exempt, then once they turn in paperwork for 100%. Ms. Wright noted they have been told by the State it is better to deny then to give.

Council Member Houghton went back to the comment by Ms. Wright about the field where it is noted land contract and warranty deed, and if that can be required to be completed. Ms. Wright stated she would have to inquire with the software provider because the program is purchased and updated from them, but not sure if they would customize. Ms. Wright did admit that in the notes area staff can see they can make notes of "unrecorded or no document". Council Member Wood stated she would provide examples to Assessing for interpretation to the Committee.

Council Member Dunbar asked if someone goes to county and not City how is information referred. Ms. Wright noted they do not have the information until they download the deeds. The City is current/live and the County tax side is the prior year. Mr. Schertzing added that if it is a land contract recorded at the Register of Deeds, which is recommended it has to have a tax certificate showing there are no outstanding taxes owed.

Mr. Caulkins added to the conversation stating it is not unusual to have multi land contracts on property. Ms. Wright informed him that BSA does not have room for both land contracts.

Council Member Brown Clarke encouraged the Committee to work on a tool kit to put in the hands of people signing land contract. Mr. Sanford stated that as part of housing, we require them to file with the County or file a transfer affidavit with the City

Mr. Schertzing informed the Committee that Clark Hill is currently working with the County on a County wide ordinance that would cover every municipality in the County that would require them to record the land contract at the Register of Deeds if they want a principal residential exemption. If the Ad Hoc Committee and Council could endorse that, then Mr. Schertzing stated he could take that to the County board to pass a County wide ordinance. Council Member Wood encouraged Mr. Schertzing to speak to Eaton County and the southwest corner of the City to make sure the whole City is taken care of.

Council Member Dunbar handed out the draft County brochure and asked for recommendations at the next meeting and then the Committee will send to council. Council Member Brown Clarke noted there appeared to be a lot of text, and it should be designed with less text and include check boxes so they can determine what they have done as buyers. The Committee was encouraged to forward suggestions to Council staff before the next meeting and they will then provide to the County.

Council Member Wood noted that by the next meeting she will accumulate examples for Assessing so they can pull them up and explain.

Council Member Houghton asked Mr. Quinney if his office has an option for a computer for the public to see, and if Council puts something together would the Register of Deeds hand it out. Mr. Quinney reminded the Committee that they encourage residents to seek legal counsel, and the provide legal resources, information, if we see something questionable, offer legal aid, 60 plus, legal law options.

Council Member Dunbar set the next meeting for April 12th, 2016 at 8:30 a.m. in the 3rd Floor Conference Room, and Mr. Schertzing was invited to attend.

Council Member Houghton asked what else can be down at the County, and Mr. Schertzing confirmed that the buyer would have to file the entire land contract to get the exemption, and Council Member Wood added that if the City changes the City Ordinance to requires they have to file the land contract not the memorandum to be a rental it would help.

ADJOURN

Adjourn at 9:41 a.m.
Submitted by,
Sherrie Boak, Recording Secretary
Lansing City Council
Approved by the Committee on December 7, 2016