

Regular Meeting

Agenda Item #	2
Meeting Date	February 9, 2015
Prepared By	Linda S. Perlman Assistant City Attorney
Approved By	Suzanne Ludlow Acting City Manager

Discussion Item	Resolution Approving the City of Takoma Park's Purchase of 2.68 ± Acres of Land, Known as Parcel 3, of the Washington-McLaughlin School Property at the Internal Revenue Service Public Auction Sale on January 22, 2015.
Background	<p>The Internal Revenue Service ("IRS") seized property of the Washington-McLaughlin Christian School, Inc. for nonpayment of internal revenue taxes and scheduled a public auction sale of the property on January 22, 2015.</p> <p>The property seized by IRS consists of 2.68 ± acres of land, known as Parcel 3, and is located in the back of the former school building, Woodland Avenue, Takoma Park, Maryland. Parcel 3 is zoned R-60 for moderate density residential use. It is an undeveloped wooded area, with steep slopes, and containing a diversity of mature trees, birds, and other wildlife, and adjoins a residential neighborhood.</p> <p>Numerous members of the Takoma Park community supported the City bidding on Parcel 3 at the IRS public auction sale (including many members of the 'Plan B' Citizens Group who donated funds towards the City's purchase of Parcel 3) and for Parcel 3 to be preserved as open space in its natural wooded state.</p> <p>On January 12, 2015, the Council adopted Resolution 2015-3 identifying preservation of the urban forest, spring, and natural topographic features of Parcel 3 as an important public purpose and authorizing the City to submit a bid for the purchase of Parcel 3. In accordance with this authorization, the City bid at the IRS auction and was successful in purchasing the property for a bid of \$253,000.00.</p>
Policy	Sections 401(b)41. and 1301 of the Takoma Park Municipal Charter authorize the City to acquire by conveyance or purchase real property within the City for any public purpose. The Council has also found that it is in the interest of the citizens of the City to protect, preserve, and promote the City's urban forest (<i>see</i> Takoma Park Code §12.12.010 <i>et seq.</i>).
Fiscal Impact	\$253,000.00 for the purchase price for Parcel 3 (includes citizen donations of \$53,000.00). Additional amounts are expected to be required to clear encumbrances against the property.
Attachments	IRS Certificate of Sale of Seized Property, Notice to Purchaser or Purchaser's Assignee, Notice of Encumbrances Against or Interests in Property Offered for Sale.
Recommendation	Review and vote on the attached Resolution.
Special Consideration	

Introduced by: _____

Resolution Date: _____

**CITY OF TAKOMA PARK, MARYLAND
RESOLUTION 2015-__**

**Approving the City of Takoma Park's Purchase of 2.68 ± Acres of Land,
Known as Parcel 3, of the Washington-McLaughlin School Property
at the Internal Revenue Service Public Auction Sale.**

WHEREAS, the Internal Revenue Service ("IRS") seized property owned by the Washington-McLaughlin Christian School, Inc. for nonpayment of internal revenue taxes and scheduled a public auction sale of the property on January 22, 2015; and

WHEREAS, the property seized by IRS consists of 2.68 ± acres of land, known as Parcel 3, located in the back of the former school building, Woodland Avenue, Takoma Park, Montgomery County, Maryland; and

WHEREAS, Parcel 3 is an undeveloped wooded area, with steep slopes, and containing numerous mature trees, birds, and other wildlife, and a natural spring, adjoining a residential neighborhood; and

WHEREAS, numerous members of the Takoma Park community expressed support for the City's acquisition of Parcel 3 and for the preservation and maintenance of Parcel 3 in a natural forested state; and

WHEREAS, the City Council, on January 12, 2015, passed Resolution 2015-3 endorsing the preservation of the urban forest, spring, and natural topographic features of Parcel 3 in its natural state and authorizing the City to submit a bid for the purchase of Parcel 3 at the IRS public auction sale; and

WHEREAS, the City was the successful bidder at the IRS public auction sale of Parcel 3 and acquired the property for a purchase price of \$253,000.00; and

WHEREAS, in accordance with the IRS Notice of Public Auction Sale, the sale of Parcel 3 to the City is subject to any prior valid outstanding mortgages, encumbrances, or other liens in favor of third parties against the taxpayer, Washington McLaughlin Christian School, Inc., that are superior to the lien of the United States; such encumbrances being listed on the IRS Notice of Encumbrances Against or Interests in Property Offered for Sale.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND, that the City of Takoma Park's purchase of 2.68 ± acres of land, known as Parcel 3, at the IRS Public Auction Sale for the high bid price of \$253,000.00 is hereby approved and ratified.

BE IT FURTHER RESOLVED that the City Manager, or his or her designee, is authorized to take all actions and sign all documents deemed necessary to accomplish the purchase of Parcel 3 and then to obtain and record a Deed conveying title to Parcel 3 to the City of Takoma Park in the Land Records of Montgomery County, Maryland.

THIS RESOLUTION IS ADOPTED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND, THIS _____ DAY OF FEBRUARY, 2015.

ATTEST:

Jessie Carpenter, CMC
City Clerk

Form **2435**
(Rev. January 2003)

Department of the Treasury — Internal Revenue Service

Certificate of Sale of Seized Property

I certify that I sold at public sale the property described below, seized for nonpayment of delinquent Internal Revenue taxes due from:

Taxpayer's name

WASHINGTON MCLAUGHLIN CHRISTIAN SCHOOL INC.

Date of sale

01/22/2015

Sale held at: 6501 POPLAR AVE TAKOMA PARK, MARYLAND

in the county of MONTGOMERY COUNTY.

Description of property sold (If you need more space, please attach a separate sheet. If property listed includes motor vehicles, airplanes, and/or boats, see information under Notice of Encumbrances.)

2.68 Acres of land, more or less. known as Parcel 3 located in back of school, Woodland Ave. Takoma Park Montgomery County MD.
MAP Prince Georges Plat Book 7 Page 30 PT. 510

Beginning for the same at an iron pin found at the northernmost corner of Lot 11, Block "C", George A. Gude's Addition to Takoma Park as shown on a plat of subdivision recorded among the aforesaid Land Records in Plat Book BB 7 at Plat No. 30; thence from said Point of Beginning and binding on the south lines of Lots 46-54, Block 16, B.F. Gilbert's Addition to Takoma Park, recorded in Plat Book A at Plat No. 2

1)
N 76° 21' 19" E a distance of 441.97 feet to a point on the west line of Woodland Avenue, variable width, passing in transit an iron pipe found a distance of 9.39 feet from the end thereof; thence,

2)
S 12° 23' 41" E a distance of 284.45 feet; thence,

3) S 43° 08' 11" W a distance of 224.58 feet to a point at the easternmost corner of Lot 19, Block "C", thence binding on the northeast lines of Lots 11-19

4)
N 44° 57' 49" W a distance of 476.90 feet to the Point of Beginning. Subject to and Together with any and all easements and/or rights of way of record.

The above property was sold at the highest bid received, and receipt of the bid amount is acknowledged. The sale was conducted as provided by Subchapter D, Chapter 64, of the Internal Revenue Code and related regulations.

Sale amount

\$ 253,000.00

Purchaser's name

CITY OF TAKOMA PARK

Purchaser's address

7500 MAPLE AVENUE TAKOMA PARK, MARYLAND 20912

Signature of IRS employee



Area Office / Territory Office

BALTIMORE MARYLAND

Office address of IRS employee

60 QUAKER LANE WARWICK, RHODE ISLAND 02886

Date

01/26/2015

Notice to Purchaser or Purchaser's Assignee

Personal Property

This certificate transfers to the purchaser all right, title, and interest of the taxpayer in and to the personal property described.

Real Property

If the real property is not redeemed within the time prescribed in section 6337 of the Internal Revenue Code, a deed will be issued _____ as _____ soon in and to the real property. Instructions for obtaining a deed are given below.

Redemption Rights

The rights of redemption of real estate after sale, as specified in Code Section 6337(b), are quoted below:

(b) Redemption of Real Estate After Sale.

(1) Period. —The owners of any real property sold as provided in section 6335, their heirs, executors, or administrators, or any _____ person _____ having sold, or any particular tract of such property, at any time within 180 days after the sale thereof.

(2) Price. —Such property or tract shall be permitted to be redeemed upon payment to the purchaser, or in case he cannot be found in the county in which the property to be redeemed is situated, then to the Secretary, for the use of the purchaser, his heirs, or assigns, the amount paid by such purchaser and interest thereon at the rate of 20 percent per annum.

How to Obtain a Deed

If the real estate is not redeemed within the 180-day period, the purchaser or assignee may obtain a deed by surrendering this certificate of sale, either by personal delivery or mail, to:

- (1) The Area Director of Internal Revenue for the area in which the property is located, marked for the Attention, Technical Support Manager; or
- (2) The address of the Internal Revenue Service office shown on the front of this certificate.

Applicable Sections Under The Internal Revenue Code

SEC. 6338. CERTIFICATE OF SALE: DEED OF REAL PROPERTY

(a) Certificate of Sale.—In the case of property sold as provided in section 6335, the Secretary shall give to the purchaser a certificate of sale upon payment in full of the purchase price. In the case of real property, such certificate shall set forth the real property purchased, for whose taxes the same was sold, the name of the purchaser, and the price paid therefor.

(b) Deed to Real Property.—In the case of any real property sold as provided in section 6335 and not redeemed in the manner and within the time provided in section 6337,

in which such real property is situated pertaining to sales of real property under execution) to the purchaser of such real property at such sale, upon his surrender of the certificate of sale, a deed of the real property by him, reciting the facts set forth in the certificate.

(c) Real Property Purchased by United States.—If real property is declared purchased by the United States at a sale pursuant to section 6335, the Secretary shall at the proper time execute a deed therefore, and without delay cause such deed to be duly recorded in the proper registry of deeds.

SEC. 6339. LEGAL EFFECT OF CERTIFICATE FOR SALE OF PERSONAL PROPERTY AND DEED OF REAL PROPERTY.

(a) Certificate of Sale Property Other Than Real Property.—In all cases of sale pursuant to section 6335 of property (other than real property), the certificate of sale—

(1) As evidence.—Shall be prima facie evidence of the right of the officer to make such sale, and conclusive evidence of the regularity of his proceedings in making the sale; and

(2) As conveyances.—Shall transfer to the purchaser all right, title, and interest of the party delinquent in and to the property sold; and

(3) As authority for transfer of corporate stock.—If such property consists of stocks, shall be notice, when received, to any corporation, company, or association of such transfer, and shall be authority to such corporation, company, or association to record the transfer on its books and records in the same manner as if the stocks were transferred or assigned by the party holding the same, in lieu of any original or prior certificate, which shall be void, whether canceled or not; and

(4) As receipts.—If the subject of sale is securities or other evidences of debt, shall be a good and valid receipt to the person holding the same, as against any person holding or claiming to hold possession of such securities or other evidences of debt, and

(5) As authority for transfer of title to motor vehicle.—If such property consists of a motor vehicle, shall be notice, when received, to any public official charged with the registration of title to motor vehicles, of such transfer and shall be authority to such official to record the transfer on his books and records in the same manner as if the certificate of title to such motor vehicle were transferred or assigned by the party holding the same in lieu of any original or prior certificate, which shall be void, whether canceled or not.

(b) Deed of Real Property.—In the case of the sale of real property pursuant to section 6335—

(1) Deed as evidence.—The deed of sale given pursuant to section 6338 shall be prima facie evidence of the facts therein stated; and

(2) Deed as conveyance of title.—If the proceedings of the Secretary as set forth have been substantially in accordance with the provisions of law, such deed shall be considered and operate as a conveyance of all the right, title, and interest the party delinquent had in and to the real property thus sold at the time the lien of the United States attached thereto.

(c) Effect of Junior Encumbrances.—A certificate of sale of personal property given or a deed to real property executed pursuant to section 6338 shall discharge such property from all liens, encumbrances, and titles over which the lien of the United States with respect to which the levy was made had priority.

(d) Cross References.—

(1) For distribution of surplus proceeds, see section 6342(b).

(2) For judicial procedure with respect to surplus proceeds, see section 7426(a)(2).

Form 2434-B (Rev. October 2003)	Department of the Treasury -- Internal Revenue Service Notice of Encumbrances Against or Interests in Property Offered for Sale
---	--

NOTE: The Internal Revenue Service does not warrant the correctness or completeness of the information listed and provides it solely to help the prospective bidder determine the value of the interest being sold. Bidders should, therefore, verify for themselves the validity, priority, and amount of the encumbrances against the property offered for sale. Each party listed below was mailed a notice of sale on or before (Date) 10/27/2014.

As of this date, the following are the encumbrances against or interests in the property (as described in the Notice of Public Auction or Notice of Sealed Bid Sale) that was seized for nonpayment of Internal Revenue taxes due from: (Name) Washington McLaughlin Christian School Inc.

Some of these encumbrances or interests may be superior to the lien of the United States.

Type of Encumbrance or Interest	Amount of Encumbrance or Interest	Date of Instrument Creating Encumbrance or Interest	Date and Place Recorded	Name and Address of Party Holding Encumbrance or Interest	Date of Information
Deed of Trust	\$37,000.00	11/18/1996	01/13/1997 Clerk of the Circuit Court of Prince George County	Office of the County Attorney Executive Office Building 101 Monroe Street 3 rd Floor Rockville MD 20850	10/27/2014
Deed of Trust	0	09/30/1998	10/01/1998 Circuit Court of Montgomery County	US Dept of Housing & Urban Development 451 7 th Street S.W. Washington DC 20410	10/27/2014
Financing Statement	0	09/30/1998	10/01/1998 Circuit Court of Montgomery County	U.S. Department of Housing & Urban Development 451 7 th Street S.W. Washington DC	10/27/2014
Montgomery County Property Tax	\$201,364.77	07/01/2014	Department of Finance Montgomery County	Department of Finance Montgomery County 101 Monroe St Rockville MD 20850	10/27/2014
Deed of Trust	\$186,533.28	12/28//2001	06/24/2002 Montgomery County Clerks Officer	Bank of America,N.A. CLSC-Small Business/Premier, NC1-014-13-02, 10 Light St Baltimore MD 21202	10/27/2014
Lien	\$5,573.80 \$2,870.67	2003-2009 2010-2011	12/29/2009 Circuit Court Montgomery County	State of Maryland,301 W Preston Street, Room 409, Baltimore MD 21201	10/27/2014
Notice of Federal Tax Lien	\$5,796.00 \$11,536.48 \$12,809.04 \$8571.48 \$411.55 \$3960.67	08/25/20008 03/23/2009 06/22/2009 08/31/2009 11/30/2009 03/15/2010	01/12/2010 Circuit Court Montgomery County 07/26/2010 Circuit Court Montgomery County	Internal Revenue Service 31 Hopkins Plaza Baltimore MD 21201	10/27/2014

Name	Timothy P Smith PALS	Signature 	Date 10/27/2014
Title	Property Appraiser & Liquidation Spec	Digitally signed by Timothy P. Smith DN: cn=US, o=U.S. Government, ou=Department of the Treasury, ou=Internal Revenue Service, ou=People, serialNumber=SM0905, cn=Timothy P. Smith Date: 2014.10.27 10:33:51 -0400	

Form **2434-B**
(Rev. October 2003)

Department of the Treasury -- Internal Revenue Service

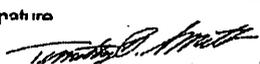
**Notice of Encumbrances Against or Interests in
Property Offered for Sale**

NOTE: The Internal Revenue Service does not warrant the correctness or completeness of the information listed and provides it solely to help the prospective bidder determine the value of the interest being sold. Bidders should, therefore, verify for themselves the validity, priority, and amount of the encumbrances against the property offered for sale. Each party listed below was mailed a notice of sale on or before (Date) 10/27/2014.

As of this date, the following are the encumbrances against or interests in the property (as described in the Notice of Public Auction or Notice of Sealed Bid Sale) that was seized for nonpayment of Internal Revenue taxes due from: (Name) Washington McLaughlin Christian School Inc.

Some of these encumbrances or interests may be superior to the lien of the United States.

Type of Encumbrance or Interest	Amount of Encumbrance or Interest	Date of Instrument Creating Encumbrance or Interest	Date and Place Recorded	Name and Address of Party Holding Encumbrance or Interest	Date of Information
Notice of Federal Tax Lien	\$21.21	12/06/2010	08/23/2011 Circuit Court Montgomery County	Internal Revenue Service 31 Hopkins Plaza Baltimore MD 21201	10/27/2014
	\$1,958.10	12/10/2012	01/16/2013 Circuit Court Montgomery County		
	\$4,682.36	02/18/2013	03/27/2013 Circuit Court Montgomery County		
	\$14,504.83	02/18/2013			

Name	Timothy P Smith PALS	Signature  <small>Digitally signed by Timothy P. Smith DN: cn=US, o=US Government, ou=Department of the Treasury, email=Approval_Services, ou=People, serialNumber=2434BCL, c=Timothy P. Smith Date: 2014.10.27 10:23:17 -0400</small>	Date
Title	Property Appraiser & Liquidation Spec		10/27/2014

Authority and Effect of Sale

1. Condition of Title and of Property— Pursuant to authority contained in sections 6331 and 6335 of the Internal Revenue Code and the regulations thereunder, and by virtue of a levy issued by authority of the Area Director of Internal Revenue, the right, title, and interest (*in the property described in the notice of sale*) of the taxpayer (*whose name appears on Sheet 1 of this document*) will be sold.

Such interest is offered *subject* to any prior outstanding mortgages, encumbrances, or other liens in favor of third parties, which are valid against the taxpayer and are superior to the lien of the United States. Sheet 1 of this document provides information regarding possible encumbrances or interests which may be useful in determining the value of the interest being sold. All interests of record were mailed a notice of sale.

The property will be sold "**as is**" and "**where is**" and without recourse against the United States. The Government makes no guaranty or warranty, expressed or implied, as to the validity of the title, quality, quantity, weight, size, or condition of the property, or its fitness for any use or purpose. No claim will be considered for allowance or adjustment or for rescission of the sale based upon failure of the property to conform with any representation, expressed or implied.

2. Terms of Sale— Notice of sale has been given in accordance with legal requirements. If the property is offered by more than one method, all bids will be considered tentative until the highest bid has been determined. The property will be sold to the highest bidder, and the sale will be final upon acceptance of the highest bid in accordance with the terms of the sale.

3. Form of Remittance— Payment must be made by cash, certified check, cashier's or treasurer's check or by a United States Postal, bank, express, or telegraph money order. All checks or money orders must be made payable to the **United States Treasury**. A certificate of sale will be delivered to the successful bidder as soon as possible upon receipt of full payment of the purchase price.

4. Possession of Property— Section 6339(c) of the Internal Revenue Code states that a certificate of sale of personal property given or a deed to real property executed pursuant to section 6338 will discharge that property from all liens, encumbrances, and titles which are junior to the federal tax lien by virtue of which the levy was made. If real property is involved, section 6337 of the IR Code provides that the taxpayer, his or her heirs, executors, or administrators, or any person having an interest therein, or lien thereon, or any person in behalf of the taxpayer may redeem real property within 180 days from the date of its sale by the Internal Revenue Service. *The redemption price to be paid to the successful bidder is the successful bid price plus 20 percent per year interest from the date of payment by the successful bidder to the date of redemption.* If the property *is not redeemed within the 180-day period*, the Area Director shall, upon receipt of the certificate of sale, issue a deed to the purchaser, or his assignee.