C. Land Banking Policies and Procedures.

Section 12.1. Scope. These policies and procedures for a land banking program of the Fulton County/City of Atlanta Land Bank Authority have been adopted by the Board of Directors of the LBA in accordance with and pursuant to the laws of the State of Georgia, O.C.G.A. § 48-4-60, et. seq, (the “LBA Statute”) and the Interlocal Agreement dated as of January 9, 1994.

As set forth in these policies and procedures, the land banking program consists of transactions in which a grantor transfers real property to the LBA and the property is held by the LBA pending a transfer back to the original grantor, to a grantee identified in a banking agreement, or to a third party selected by the LBA.

The goals of this land banking program include but are not limited to the acquisition of real property for or on behalf of a governmental entity or a not-for-profit corporation in order to:

(a) Permit advance acquisition of potential development sites in anticipation of rapidly rising land prices;
(b) Facilitate pre-development planning, financing, and structuring;
(c) Minimize or eliminate violations of housing and building codes and public nuisances on properties to be developed for affordable housing; and
(d) Hold parcels of land for future strategic governmental purposes such as affordable housing and open spaces and greenways.

The LBA is not required to enter into a Banking Agreement with any person or entity, and at all times retains full discretion and authority to decline to enter into a Banking Agreement. These policies and procedures are applicable only to real property of the LBA which is acquired by the LBA in accordance with an executed Banking Agreement and are not otherwise applicable to real property acquired by the LBA pursuant to any other agreements or procedures.

Section 12.2. Definitions. As used in these policies and procedures the following terms shall have the definitions set forth:

(a) “Banking Agreement” shall mean a written agreement between a Grantor and the LBA which identifies the property, the length of the banking term, the potential Grantee or Grantees, the range of permissible uses of the Property following transfer by the LBA, the permitted encumbrances on the Property, the rights and duties of the parties, the responsibility of the Grantor for the Holding Costs, the possible advance funding of Holding Costs, the forms of the instruments of conveyance and such other matters as appropriate.

(b) “Grantor” shall mean the party that transfers or causes to be transferred to the LBA a tract of Property pursuant to a Banking Agreement. An eligible Grantor shall be an entity described in Section 12.4.
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(d) Conveyance by the LBA to a Grantee shall be by quitclaim deed.

Section 12.8. Transfer at Request of LBA. At any time and at all times during the term of a Banking Agreement the LBA shall have the right, in its sole discretion, to request in writing that the Grantor or its designee accept a transfer of the Property from the LBA.

(a) A transfer by the LBA pursuant to this Section 12.8 shall be subject to the same terms and conditions as set forth in Section 12.7.

(b) In the event that the Grantor (or its designee) is unwilling or unable to accept a transfer of the Property from the LBA, and reimburse the LBA in full for the Holding Costs, then and in that event the LBA shall have the right to terminate in writing the Banking Agreement and the Property shall become an asset of the LBA and subject to use, control and disposition by the LBA in its sole discretion subject only to the provisions of the LBA Statute and the Interlocal Agreement.

Section 12.9. Banking Agreement Closing. Within a time period specified in a fully executed Banking Agreement a closing of the transfer of the Property to the LBA shall occur. At such closing the fully executed instrument of conveyance and other closing documents shall be delivered by the appropriate party to the appropriate parties. The appropriate documents shall be immediately recorded, and a title insurance policy shall be issued. All costs of closing shall be borne by the Grantor.

Section 12.10. Holding Costs. Holding Costs shall be paid as a condition precedent to a transfer of Property from the LBA. Either the Grantor or the Grantee can request in writing at any time a statement of the Holding Costs, which statement will be provided by the LBA within fifteen (15) business days of receipt of the request. The LBA shall also have the right to request in writing that the Grantor or Grantee reimburse on written demand the LBA for Holding Costs. In the event that the LBA is not timely reimbursed for its Holding Costs in response to its written request for reimbursement the LBA may request a transfer pursuant to Section 12.7.

Section 12.11. Public Purpose Restrictions. All Property held by the LBA and transferred by the LBA pursuant to a Banking Agreement shall be subject to covenants and conditions providing that the Property is to be used for the following goals: (a) the production or rehabilitation of housing for persons with low incomes, (b) the production or rehabilitation of housing for persons with low or moderate incomes, (c) community improvements, or (d) other public purposes. Each Banking Agreement will specify the range of permissible uses and the manner in which such use restriction is secured. Such restrictions and conditions may be imposed either in the form of contractual obligations, deed covenants, rights of reacquisition, or any combination thereof.

Section 12.12. Delegation of Authority to Executive Director. The Executive Director, in conjunction with an officer of the Board of Directors, shall have full power and authority to enter into and execute Banking Agreements having form and content consistent with the LBA Statute, the Interlocal Agreement, and these policies and
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title at the time of such closing if and only if such liens are expressly acceptable to the LBA and are subject to waiver or discharge by the governmental entity holding such liens without cost to the LBA.

(b) A deed to secure debt or security deed may encumber Property at the time of the transfer to the LBA provided that the obligations secured by such security instrument do not require monthly or periodic payment of sums by the LBA to the mortgagee. Under no circumstances will the LBA have direct liability to a mortgagee pursuant to a security instrument. It is anticipated that each Banking Agreement that contemplates the transfer of Property to the LBA encumbered by a security instrument will require a separate written agreement between the mortgagee and the LBA which provides, among other things, that (1) the mortgagee expressly consents to the transfer to the LBA, (2) the mortgagee expressly subordinates its interests to covenants, conditions and restrictions as may be required by the LBA, and (3) prior to the exercise of mortgagee rights under the security instrument the mortgagee will request on behalf of the Grantor the reconveyance of the Property to the Grantor and pay to the LBA the Holding Costs attributable to the Property.

(c) At the time of closing pursuant to a Banking Agreement all ad valorem taxes which are due and payable on the Property must be paid in full. An exception to this requirement of no outstanding ad valorem tax liens may be granted (i) when the Grantor is acquiring the Property from a third party and immediately conveying the Property to the LBA pursuant to a Banking Agreement and (ii) the acquisition of the Property by the Grantor from the third party otherwise complies with the Reasonable Equity Policy of the LBA.

Section 12.6. Length of Banking Term. A Banking Agreement may permit a maximum banking term of thirty-six (36) months for transactions in which the Grantor is a not-for-profit entity, and sixty (60) months for transactions in which the Grantor is a governmental entity.

Section 12.7. Transfer at Request of Grantor. A Banking Agreement shall authorize a Grantor to request a transfer of the Property by the LBA to a Grantee at any time within the banking term.

(a) A conveyance by the LBA to the Grantee identified pursuant to a Banking Agreement shall occur within thirty (30) days of receipt of a written request for a transfer.

(b) As a condition precedent to the transfer by the LBA, the full amount of Holding Costs incurred by the LBA attributable to the Property shall be paid to the LBA. The LBA shall provide to the Grantor in accordance with Section 9 a statement of the Holding Costs attributable to the Property.

(c) At the time of the transfer by the LBA to the Grantee the LBA shall impose such restrictions and conditions on the use and development of the property in accordance with Section 12.10 hereof and the applicable Banking Agreement.
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(c) “Grantee” shall mean the party or parties identified in a Banking Agreement as the party to whom the property is to be transferred from the LBA. An eligible “Grantee” shall be an entity described in Section 12.4.

(d) “Holding Costs” shall mean any and all costs, expenses, and expenditures incurred by the LBA, whether as direct disbursements, as pro rata costs, or as administrative costs, that are attributable to the ownership and maintenance of a tract of Property. The LBA shall maintain records of the monthly Holding Costs for each Property.

(e) “Property” shall mean the real property and improvements (if any) located thereon identified in a Banking Agreement and transferred to the LBA pursuant to a Banking Agreement, together with all right, title and interest in appurtenances, benefits and easements related thereto.

Section 12.3. Eligible Property. Property which is eligible for Banking Agreement must either be (a) unimproved real property or (b) real property with newly constructed unoccupied single family residences. At any given point in time no more than twenty (20) percent of the parcels of Property being held by the LBA pursuant to Banking Agreements can be newly constructed unoccupied single family residences.

In the event that a tract of Property contains improvements which are to be demolished or removed, such Property may qualify as eligible Property for a Banking Agreement so long as adequate and sufficient funds are placed in escrow at the time of the Banking Agreement closing so as to assure that all improvements will be demolished and removed within sixty (60) days of closing.

Property that is ineligible for a Banking Agreement includes all other forms of improved real property, all real property which is occupied, and all real property that has been identified by the United States Environmental Protection Agency or the Environmental Protection Division of the State of Georgia as containing hazardous substances and materials.

Section 12.4. Eligible Grantors and Grantees. Parties eligible to be a Grantor or a Grantee are governmental entities and not-for-profit corporations defined as tax-exempt entities under Section 501(c)(3) of the Internal Revenue Code. A limited partnership entity is eligible to be a Grantor or a Grantee so long as a governmental entity or not-for-profit corporation has a controlling interest in such entity.

Section 12.5. Title. Unless and except to the extent expressly authorized in a Banking Agreement, Property transferred to the LBA pursuant to a Banking Agreement shall be fee simple title free and clear of all liens and encumbrances. A policy of title insurance must be issued in favor of the LBA as the insured party at the closing pursuant to the Banking Agreement containing such exceptions on Schedule B-1 as are approved by the LBA.

(a) Governmental liens for water and sewer, and governmental liens for nuisance abatement activities or code enforcement activities may exist as a matter of record
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   procedures. The Executive Director shall summarize for the Board of Directors on a regular basis the nature and number of Banking Agreements, the aggregate Holding Costs, and all transfers to and from the LBA pursuant to Banking Agreements. Any provision of any Banking Agreement not consistent with these policies and procedures shall require the express approval of the Board of Directors.