

144 SOUTH HARRISON STREET
STANDARD CONDITIONS OF SALE

“Schedule B”

I. PRE-REGISTRATION

Completed registration forms and supporting documentation shall be submitted to the Office of the Corporation Counsel no later than 4:30 p.m. on April 27, 2011to:

Auction Pre-Registration
c/o Office of Corporation Counsel
44 City Hall Plaza, 2nd Floor
East Orange, New Jersey 07019
Fax No. (973) 266-5464

Registration by mail or facsimile will not be accepted on the day of the auction and registration shall not be deemed complete without submission of One Hundred Thousand Dollars (\$100,000.00) to the tax collector as described in paragraph 1 below. Receipts for deposits shall be forwarded by the bidder to the Office of the Corporation Counsel. All registrations on the day of auction shall be completed in person at the registration site. Registration may be accepted before 11:00 a.m. on the day of the auction in the discretion of the City. Notwithstanding the aforementioned registration shall not be accepted after the auction begins and registration is a requirement to bid.

THE FOLLOWING ITEMS ARE NEEDED FOR REGISTRATION:

1. Each bidder MUST deposit 20% of the minimum bid equaling One Hundred Thousand (\$100,000.00) dollars in the form of a certified check, cashier's check and/or money order made payable to the City of East Orange. Deposits will be accepted by the Tax Collector. Personal or Business Checks will not be accepted for the above.

Deposits will be returned to all unsuccessful bidders at the close of the auction on the day of the auction. Should the successful bidder fail to comply with the provision contained in paragraph 18 and 19 he/she shall forfeit 15% of his/her deposit (\$15,000.00)

2. No bidder may submit a bid on behalf of another except (a) that a husband or wife may bid on behalf of both or (b) upon prior written consent of the Corporation Counsel's office with a duly notarized Power of Attorney.

IF YOU WILL BE BIDDING AS AN INDIVIDUAL YOU MUST HAVE:

- a. A copy of valid driver's license and/or picture identification.
- b. Certified funds representing One Hundred Thousand (\$100,000.00) dollars.
- c. Documents demonstrating the financial ability to fund the purchase, develop, design and construct all proposed improvements.

IF YOU WILL BE BIDDING ON BEHALF OF A CORPORATION, IN ADDITION TO ITEMS A, B AND C ABOVE, YOU MUST HAVE:

- d. A copy of the Certificate of Incorporation.
- e. A letter of Authorization from the Corporation.
- f. Names and addresses of owners having 5% or more interest.

IF YOU WILL BE BIDDING ON BEHALF OF A PARTNERSHIP, IN ADDITION TO ITEMS A, B AND C ABOVE, YOU MUST HAVE:

- g. A copy of the Certificate of Trade Name (partnership)
- h. A letter of Authorization from the other partner(s).

All bidders must appear in person at the auction. The auction will begin promptly at 11:00 a.m. You will not be able to bid unless you comply with the foregoing requirements.

II. RESTRICTIONS

a. Who may not bid

3. Anyone who had previously been selected as the successful bidder on the same property and who through no fault of the City of East Orange failed to close title to that property.

4. If a successful bidder is or has been a tenant of the City and is more than one (1) month in arrears for rent due or is indebted to the City as a result of a prior tenancy, then he/she shall be disqualified as a bidder and any deposit given by such unqualified bidder shall be forfeited to the City. In addition, the City may pursue all other legal remedies that it may have against the unqualified bidder.
5. A successful bidder who is currently in arrears in taxes and/or is currently in non-compliance with the Standard Conditions of Sale on previously purchased auctioned property and who as a result of said non-compliance and/or arrearage has forfeited his/her deposit and/or has been sanctioned by the Department of Property Maintenance, Building Division.
6. Except in such cases as permitted in Article V, Section C-23 of the Code of the City of East Orange, no sale shall be made to any elected or appointed officer of the City of East Orange. Any sale not in accordance with Article V, Section C-23 of the Code of the City of East Orange shall be null and void.

b. Auctioned Property

7. All prospective purchasers are put on notice that no employee, agent or officer of the City of East Orange has authority to waive, modify or amend any of the conditions of sale.
8. Bidders shall not rely on pictures and/or information on property found in the auction book. It is conclusively presumed that a bidder prior to making the bid has done the following: (a) checked the exact location including the correct street address and lot size of the property on the Official Tax Maps which are available at the Department of Public Works, City Hall, (b) checked the zoning restrictions to ascertain the legal use of the property (this information can be obtained from the City Zoning Office, 44 City Hall Plaza) and (c) made a personal inspection of the property's exterior prior to bidding on a piece of property. (d) checked the current assessment and potential taxes with the Tax Assessor's Office. Responsibility for failure to comply with the above-mentioned conditions and guidelines will be fully assumed by the bidder.

9. The sale is to be made subject to such state of facts as an accurate survey and/or title search may disclose, existing tenancies, rights of persons in possession, zoning ordinances, land use restrictions, easements, conditions, covenants and restrictions, codes and ordinances of the City of East Orange. No representations of any kind are made by the City of East Orange as to the condition of the property. Said premises are being sold in the present condition AS IS subject to the aforementioned.

All prospective purchasers are put on notice that the City of East Orange does not infer, claim or promise that they will receive any financial assistance from the City of East Orange for the development of the auctioned property. Prospective purchasers should contact the Housing Manager in the Neighborhood Housing and Revitalization Office on the lower level of City Hall if they would like to be directed to private, state or federal funding sources.

10. The City shall not be responsible for environmental remediation including the removal of gas or oil tanks. It is the responsibility of the successful bidder to abate all environmental hazards and violations.

Alf applicable, as directed by the City through the Office of the Corporation Counsel, the successful bidder shall be responsible for providing financial assurances to the City of its ability to cleanup any hazardous materials including but not limited to depositing funds in trust with the City, executing a Memorandum of Agreement with the New Jersey Department of Environmental Protection, posting a bond, developing a cleanup plan or reimbursing the City for any funds expended pursuant to the Environmental Cleanup Responsibility Act (ECRA) or other applicable statute, law, rule or regulation.

11. The sale price, as may result from this auction sale, may not be used before any County Board of Taxation, State Board of Tax Appeals, or in any other court of this State to challenge the assessment with respect to the subject property nor may same be used as a comparable sale to challenge assessment with regard to other properties.

12. This sale is also subject to the further conditions that if the State of New Jersey or any upland owner has any rights or claims to the land being sold herein by reason of a riparian interest or otherwise, any charges levied or so levied by the State of New Jersey or upland owner for said riparian interest or otherwise, are to be borne by the successful bidder in

addition to the sale price for said property.

13. If the Successful bidder was a member of a partnership, held an interest in a corporation or was the sole or part owner of the property to be sold at the time the City acquired title by a tax foreclosure, said bidder may only reacquire the property directly or indirectly by complying with the following condition: **PAY THE CITY, AT THE CLOSING OF TITLE, THE TOTAL AMOUNT OF TAXES, PLUS INTEREST AND PENALTIES DUE AT THE TIME THE FINAL JUDGMENT OF FORECLOSURE WAS ENTERED PLUS THE AMOUNT OF THE SUCCESSFUL BID.**

14. IT SHALL BE THE SOLE RESPONSIBILITY OF THE SUCCESSFUL BIDDER TO INITIATE ANY EVICTION PROCEDURES AGAINST PRESENT OCCUPANTS, TENANTS, TRESPASSERS OR SQUATTERS .

15. The contract of sale is not subject to the successful bidder obtaining or seeking a Long and/or Short Term Tax Abatement. Should the successful bidder desire to apply for an abatement of taxes, the bidder must do so pursuant to the appropriate statutory requirements and municipal ordinances. The City cannot guarantee the successful bidder that an application for tax abatement will be approved by the governing body of the City of East Orange.

16. Each bid is subject to the rejection or acceptance by the Municipal Council, which shall occur no later than at its second regular meeting following the auction sale. The Municipal Council reserves the right to reject each bid. If action is not taken by the Council on a particular bid, that bid will be deemed to be rejected.

17. The purchaser may not convey property and/or transfer ownership interest ¹in the property for a period of two (2) years from the date of closing of title unless the following applies:
 - a. A new structure has been constructed on a vacant lot, or
 - b. An investment property has been rehabilitated and a Certificate of Occupancy, Certificate of Approval and/or a Certificate of Continued Occupancy has been issued by the City, and
 - c. City Council approves the sale by resolution.

¹ Transfer of ownership interest shall be defined as conveyance of the successful bidders interest in a property to another individual(s), partnership, limited liability corporation, corporation, company or other business entity.

III. CONTRACT OF SALE

18. Each person successfully bidding at the auction must be prepared on the date of the auction to execute the contract of sale immediately upon request.
19. In order to sign the contract of sale, the successful bidder must deposit 20% of the successful bid with the City. One Hundred Thousand (\$100,000.00) dollars payable to the City of East Orange must be in the form of a certified check or money order. The remaining balance, if any, may be in the form of certified check, money order, cash, personal or business check. Any checks accepted must be dated the date of the auction. The combined form of deposit must equal 20% of the total sale price. All monies so received will be credited to the total sale price.
20. Failure to execute the contract of sale and/or have the required 20% of the successful bid upon request shall result in rejection of the bid. The property shall then be re-auctioned immediately following the auction of the last property on the auction list or held to the next auction. The person whose bid is so rejected may not re-bid on the subject property. The next highest bidder shall have the first right of refusal at his/her last bid. Should he/she fail to exercise that right, he/she shall be precluded from bidding on the property at the auction and may not rebid unless the property is auctioned at a subsequent auction. The property will then be rebid at the minimum bid.
21. The 20% deposit made by the successful bidder is non-refundable. The purchaser is not entitled to a refund of this deposit in any case except where the City is unable to convey marketable title, as indicated in Paragraph 22 herein.
22. Notice of any alleged defect in title or claim of unmarketable properties shall be given to the City in writing no later than thirty (30) days after the date of confirmation of the sale by the governing body of the City of East Orange. If the title to this property shall prove to be unmarketable, the liability of the City shall be limited to the repayment to the purchaser of the deposit without any liability for costs, expenses, damages, attorney fees or claims. Failure to give such notice within the time stated shall be deemed conclusive evidence that the purchaser accepts the title in its then present condition. The aforementioned thirty (30) day time period may be extended at the discretion of the Corporation Counsel upon written application to the Corporation Counsel by the bidder prior to the expiration of said period.

23. The contract of sale is not subject to the successful bidder obtaining financing for the purchase of the auctioned premises. The deposit will not be refunded as a result of the successful bidder's failure to obtain a mortgage, unless the successful bidder adequately demonstrates that reasonable attempts have been made by the successful bidder to obtain such financing. A demonstration of such attempts shall include, but not be limited to, proof of rejection of financing from a minimum of three (3) financial institutions with the sufficient capitalization to support the contemplated financing for the proposed development. The City, in its sole discretion, may require additional information from the successful bidder to substantiate the successful bidder's attempts at obtaining such financing. The City in its sole discretion shall determine whether to refund the deposit. Notwithstanding the forgoing, a decision to refund the deposit must receive prior approval from City Council.

IV. TITLE CLOSING

24. All conveyances shall be by deed of bargain and sale. Title is to close within sixty (60) days after confirmation of the bid by the Municipal Council at the City's Office of Corporation Counsel, 44 City Hall Plaza, East Orange, NJ 07019, between the hours of 9:00 a.m. and 4:00 p.m. prevailing time. The Corporation Counsel or his designee shall set the exact closing date and time. Time is of the essence. NO POSTPONEMENT OF CLOSING IS PERMITTED UNLESS:

- a. The City's title is unmarketable in which event the City shall be allowed a reasonable time to perfect title and to close. If the unmarketability of title relates to a valid Federal lien against the purchaser's property, the City, after being timely notified of this defect by the purchaser, will endeavor to obtain within a reasonable time after such notification a release or discharge of such lien. If the City is successful in this regard, then part of the consideration to be paid by the successful bidder of said property shall be in the form of a certified check payable to the United States of America for the amount to be paid for such release or discharge;
or
- b. Upon written request containing the reasons therefore made by the purchaser within

fifteen (15) days after the confirmation of the sale by City Council. This request is subject to the approval of the Corporation Counsel or his designee; or

- c. The Corporation Counsel or his designee may postpone the closing date at his discretion.

Should the title fail to close within the above-mentioned sixty (60) days as a result of paragraph 24b above, the successful bidder shall forfeit his deposit monies and shall be required to bring at the time of closing of deposit to replace forfeited monies in addition to the remaining balance of the purchase price and closing costs.

Should the title fail to close within (90) days as a result of paragraph 24b above, the successful bidder shall forfeit his/her entire deposit money and shall be required to bring at the time of closing the entire deposit to replace forfeited monies in addition to the remaining balance of the purchase price and closing costs.

25. The successful bidder, prior to closing of title, will not be permitted to assign his bid, nor any right, title or interest in the property on which the bid was made unless approved by the Corporation Counsel or his designee in writing.

V. CLOSING COSTS

26. Payment in full shall be made to the City of East Orange upon final closing in the form of a certified check, cash, cashier's check and/or money order. **Personal or Business checks will not be accepted at closing.** In addition to the purchase price, the purchaser is required to pay the following closing costs:
 - a. Advertising fees (cost incurred to advertise the property for auction) not to exceed \$15,000;
 - b. Recording fees (Successful bidders agree that the deeds shall be recorded on behalf of the purchaser by the Corporation Counsel of the City of East Orange);
 - c. A flat fee of Five Thousand (\$5,000) to cover title closing fees and associated

costs including cost incurred with respect to foreclosure of the property;

- d. Change of document fee (cost incurred, if any, to change requested documents)
Three Hundred Fifty (\$350) dollars.

Note: Tax liability on any property purchased from the City of East Orange begins the date of acquisition of the property from the City.

VI. ESCROWS

- 27. The successful bidder shall also be required to deposit at the time of the closing five (5%) percent of the bid in a non-interest bearing escrow account of the City.
- 28. The escrow monies shall be held for a period of 19 months unless one of the following occurs:
 - a. The owner has complied with the Conditions of Sale and has obtained a Certificate of Occupancy, Certificate of Continued Occupancy or Certificate of Conformity and has requested same in writing to the Department of Property Maintenance with a copy to the Office of Corporation Counsel.
 - b. The owner has breached the contract prior to the expiration of nineteen (19) months and the Corporation Counsel and/or his designee has advised the Tax Collector to transfer escrow monies to general funds.

VII. COMPLIANCE *

The Property

- 29. The property must be fenced and graded (if applicable) no later than thirty (30) business days from the time of closing. At that time, the purchaser must request an inspection of the property to verify that pursuant to the conditions of sale said grading (if applicable) has been completed and the fence erected.
- 30. In cases where the Owner has elected to begin new construction and/or rehabilitation and/or demolition of the property, in addition to the thirty (30) days fencing notification, the

Owner shall give notice that construction/ rehabilitation/demolition has begun within ten (10) business days of issuance of permits.

31. The Owner of commercial, industrial, mixed use, or five (5) or more family residential property shall complete the repairs, alterations and improvements and must apply for and obtain a Certificate of Occupancy, Certificate of Continued Occupancy, Certificate of Conformity or Certificate of Approval from the City within seventeen (17) months of issuance of permits.
32. Where this condition applies the Owner shall repair, alter, improve, and/or demolish the property in accordance with the requirements of the Revised Ordinances of the City of East Orange and the Uniform Construction Code of the State of New Jersey. Information for said requirements may be obtained by inquiry to the Department of Property Maintenance.
33. Where the successful bidder chooses to demolish the existing structure, it must be demolished, properly cleared of all debris and cleaned to the satisfaction of the Building Division and the premises graded and fenced within fifteen (15) business days of issuance of permits.
34. Upon compliance of paragraphs 29 through 33 (where applicable), the Owner of previously auctioned City Property shall notify the Department of Property Maintenance, Building Division, by Regular and Certified Mail Return Receipt and copy to the Office of Corporation Counsel of the City of East Orange.

Note: Upon compliance with paragraphs 29 through 34, the City shall return the applicable deposit held in escrow.

VIII. LIQUIDATED DAMAGES

The deposit held in escrow shall be applied as liquidated damages if any one of the following conditions occur:

- a. All Auctioned Properties

35. Owner fails to construct a fence within thirty (30) days of closing. In no case shall barbed wire, wood or similar material dangerous to children be used,² unless said requirement has been waived by the Department of Property Maintenance, Building Division upon written request by the owner.³
36. If taxes are 30 days or more delinquent during any period within eighteen (18) months of closing.
37. Owner fails to continuously maintain the fence, protect and clear the property of all debris, clean property to the satisfaction of the Department of Property Maintenance, during any period within eighteen (18) months of closing.
38. Owner fails to notify the Law Department by certified return receipt mail that all of the conditions herein have been met no later than nineteen (19) months of closing unless the owner has applied for and has received an extension of time in which to comply with the provisions herein

b. Rehabs/New Construction/Demolitions

39. Owner fails to apply and obtain from the Department of Property Maintenance, Building Division, the necessary building and/or construction and/or demolition permits within thirty (30) business days of closing.
40. Owner fails to begin construction and/or demolition and/or rehabilitation within ten (10) business days of issuance of permits.

² Fencing must be constructed as follows:
(1) Minimum height - 6ft; (2) Material - galvanized metal of a minimum #9 gauge galvanized wire with a 2 inch mesh; (3) line posts- minimum 2 inches outside diameter galvanized pipe; (4) terminal posts, gates, ends, and corner posts - minimum 2 1/2 inches outside diameter; (5) terminal posts must be set in concrete footings at a minimum of 30 inches from the ground; (6) line posts- must be driven a minimum 30 inches into the ground; (7) coil spring minimum #7 gauge wire to provide proper tension.

³ Waiver may only be obtained wherein the property already has a fence which meets the specifications contained herein.

41. Owner fails to apply for and obtain a Certificate of Occupancy, Certificate of Continued Occupancy or a Certificate of Approval from the City of East Orange within eighteen (18) months of closing.

IX. BREACH OF CONTRACT

42. A failure by the purchaser to fully comply with the terms, conditions, requirements and regulations of sale as herein contained shall be considered, at the option of the City of East Orange, as material breach of the condition of sale whereupon the City of East Orange may declare said contract or purchase terminated and at an end. All monies paid on behalf of the purchase price by way of deposit or otherwise may be retained by the City as its liquidated damages and it may thereafter resell the said property and/or pursue such other and further legal and/or equitable remedies as it may have and the defaulting purchaser shall continue to remain liable for all damages and losses sustained by the City of East Orange by reason of any such default.
43. RESERVATION: None of the provisions which require work to be performed subsequent to conveyance are intended to or shall be merged by reason of any deed transferring title to the property from the City of East Orange to the purchaser or any successor in interest and any such deed shall not be deemed to affect or impair said provisions and Conditions of Sale.
44. Each section of the Conditions of Sale is an independent section, and the holding of any section or part thereof to be unconstitutional, void or ineffective for any cause shall not be deemed to affect the validity or constitutionality of any other section or parts thereof.