

TAB 1

**Scott Properties Foreclosure
Point Paper
May 19, 2008**

Problem: Staff needs additional direction from Commission to ensure a successful outcome to the foreclosure of liens on two properties within the City.

Background: In late 2007, Commission authorized staff to move forward with foreclosure action against three properties within the City. More specifically, properties located at 810 Parkway Drive and 811 7th Street West and 818 Parkway Drive in Palmetto, FL (see attached maps). The City retained Attorney Bob Schermer to assist with foreclosing outstanding liens associated with these properties. The attached Status Report prepared by Mr. Schermer includes information about the amount of the liens. The liens are associated with demolition and clean-up on the respective properties. The City received an offer of settlement from the property owner, which offer was discussed with Commission during a shade meeting. As a result of the shade meeting, Commission instructed staff and counsel to make a counter offer to settle the claim. The City has not received a response to our counter offer. More recently, the City just received a notice of application for tax deed sale on both properties. The sale is scheduled for June 19, 2008.

Alternatives:

There are several courses of action the City may consider with respect to the pending sale. Mr. Schermer will be present at the workshop meeting to discuss these options in detail with the Commission.

Recommendation:

Commission to discuss and advise staff.

Budget Impact:

Depending on the advice of Mr. Schermer, the City may want to pay the past due taxes to secure our liens and ensure a successful foreclosure action. This equates to approximately \$5,000.

STATUS REPORT

Re: *CITY OF PALMETTO v. SAMUEL P. SCOTT AND BONNIE SCOTT,
individually and d/b/a SABO FUTURES and S & B MANAGEMENT*

This action is a foreclosure of two (2) demolition liens, one each against Lots 10 and 12 of J.C. McNabbs Subdivision and foreclosure of a maintenance code enforcement lien against Lot 3, J.C. McNabbs Subdivision. The approximate lien amounts owed are as follows Lot 10 - \$28,300.00; Lot 12 - \$11,300.00; and Lot 3 - \$5,300.00. These amounts do not include the court costs and legal fees, which will total another \$3,000.00.

In response to the foreclosure, the Scotts' attorney, Blake Melhuish, Esq., filed an answer which denied certain allegations, but raised no defenses to the entry of a foreclosure judgment. I have prepared a Motion for Summary Judgment, and we are in the process of obtaining the necessary affidavits to support it. Upon filing, we can then get a hearing time, which hearing should be 30 – 60 days in the future. A settlement offer has been extended to the Scotts by the Board, and their attorney has indicated to me they are attempting to raise the funds to meet that offer. We are continuing to move forward with the foreclosure, though, as stated above.

Last week I received a call from the Clerk of Court who does title searches for the Tax Collector when a party has applied for a tax deed sale to satisfy outstanding tax certificates that they hold. The Clerk saw that I was foreclosing on the Scotts' property and called me as a courtesy to see if the lien holder might not pay off the certificates because it is the Clerk's objective to get the certificates paid. The certificate holders on Lot 3 are owed approximately \$2,500.00, and the certificate holder on Lot 12 is owed approximately \$2,300.00. A tax deed sale is scheduled and advertised for June 19, 2008. Although it is somewhat of a grey area, I believe the code enforcement liens would either be paid from proceeds of the sale, if there are sufficient funds, or would survive the issuance of the tax deed.

Under Florida Statute §702.05, the City could pay the taxes and add it to the amount of the outstanding liens, but this obviously becomes a financial decision based on the value of the lots. In a typical tax deed sale situation, the lender would be notified and step in to pay the taxes, adding the payment to the balance owed to protect their interest, but these lots are unencumbered. The Scotts should pay this if they intend to protect these lots.

Respectfully submitted,

Robert C. Schermer

A black and white photograph of a residential street. The foreground is a paved road with some shadows cast by trees. In the middle ground, there is a row of large, mature trees with dense foliage. Behind the trees, several houses are visible, including a prominent white house on the right. The overall scene is a quiet residential neighborhood.

810 Parkway Dr.

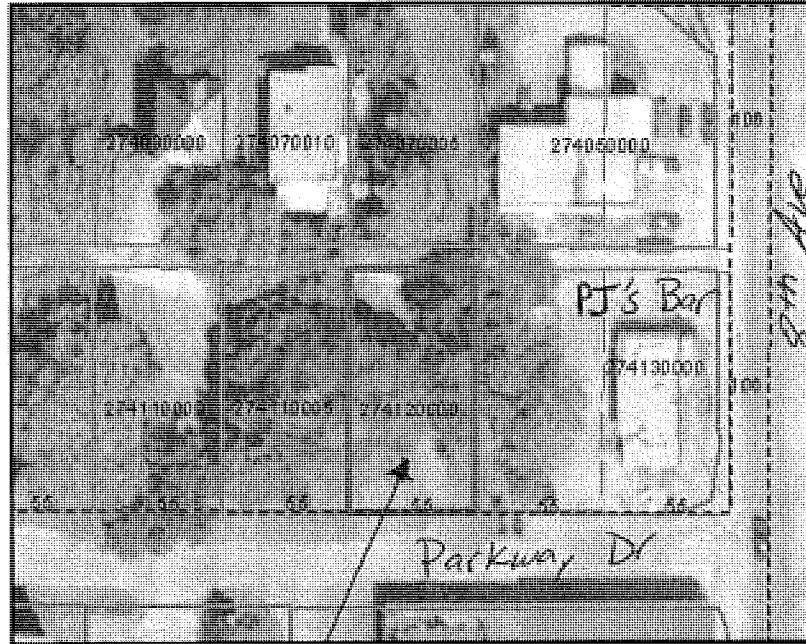
811 7th St

05/13/2008



PARID: 2741200006
S AND B MANAGEMENT

810 PARKWAY DR

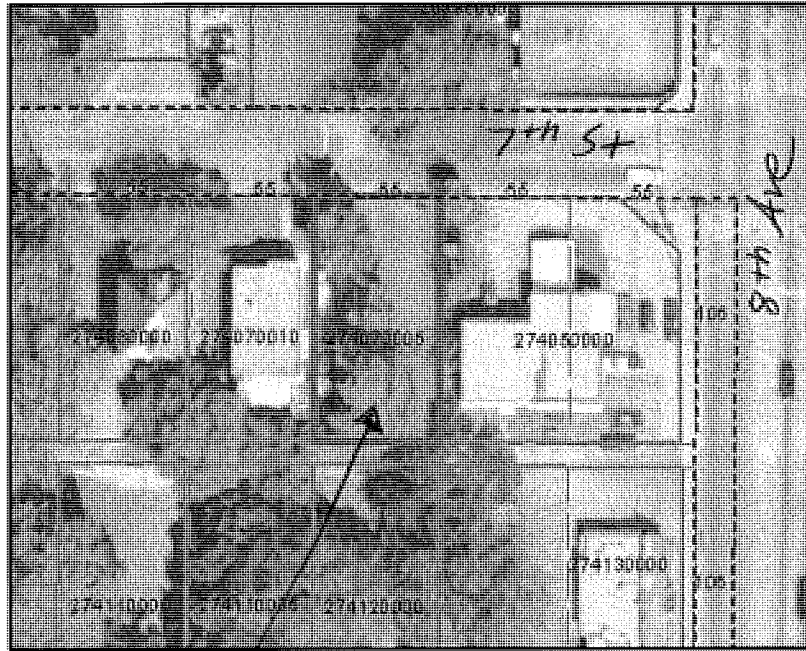


Manatee County

Lot #12
810 Parkway Dr

PARID: 2740700055
S AND B MANAGEMENT

811 7TH ST W



Manatee County

Lot #3
811 7th St W.

PARID: 2741100008
SABO FUTURES

818 PARKWAY DR



Manatee County

Lot #10
818 Parkway Dr