

Post-Closing Next Steps: Satisfying TCLB's Enforcement Mortgage



The Agreement of Sale incorporates the TCLB Property Assessment Report. As part of the Agreement of Sale the buyer agrees to abide by the terms outlined in the Renovation Enforcement Note and Mortgage. This mortgage is in the amount of \$25,000 for properties sold for less than \$50k, \$50,000 for properties sold for \$50k-\$100k, and \$100,000 for properties sold for \$100k +. The Enforcement Mortgage is held against the property until the renovation work outlined in the Agreement of Sale has been satisfactorily completed. This mortgage doesn't require the buyer to make any payments, nor does it accrue interest; it is a safeguard to make sure that the property conveyed is renovated in accordance with the Agreement of Sale and in a manner that complies with local and state laws. Upon completion of renovation work, and a successful final inspection with TCLB, the Land Bank will record a Satisfaction of Mortgage releasing the Enforcement Mortgage from the property.

Obligations of TCLB's Enforcement Mortgage:



Begin renovation work within 180 days of closing.



Complete progress inspections with TCLB every six months for duration of renovation.



Renovations cannot stop for longer than 180 days at a time.



Finish renovation work within 36 months of closing.



TCLB will **conduct final inspection** upon completion of renovation work to verify that the renovations were completed according to the Agreement of Sale.

Frequently Asked Questions:

What if I need an extension to commence or complete renovation work?

An extension of time to start or complete renovation work may be requested in writing. Extensions may be granted on a case-by-case basis based on the reasons for the request and the length of the time extension.

What are the progress inspections?

A representative of the TCLB will schedule progress inspections every 6 months to briefly tour the property, take progress pictures, and ensure that work is moving ahead as detailed in your Work Plan and in accordance to the Property Assessment Report.*

What about the final inspection?

Upon completion of renovation work, a representative of the TCLB will schedule a final inspection (typically after the local occupancy inspection) to briefly tour the property, take final pictures, and ensure that work has been completed according to the Property Assessment Report and your Work Plan.*

What are the pictures that are taken during TCLB inspections used for?

Pictures taken during TCLB inspections will be used for internal reporting purposes (provided to TCLB Advisory Committees and Board of Directors) and verification of work completed, or to support TCLB marketing and fundraising activities.

What happens if I don't complete renovations on time, or if I fail to follow stipulations included in my Enforcement Mortgage?

If you fail to abide by the obligations described above, the TCLB reserves the right to declare a default and foreclose on the property. In such an event, you will return the property back to the TCLB. Any outstanding charges or money due during your ownership must be paid by you even if the TCLB reclaims the property.

*Even if used only internally, these pictures might be publically available due to public meetings and Right to Know Laws.

RENOVATION ENFORCEMENT NOTE

U.S. \$ _____, _____

THIS RENOVATION ENFORCEMENT NOTE (hereinafter referred to as this “**Note**”) is made by and between the TRI-COG LAND BANK, a nonprofit public body and a body corporate and politic organized under the provisions of Act 153 of 2012, codified at 68 Pa.C.S.A. § 2101 et. seq. with an address of 1705 Maple Street, Homestead, PA 15120 (hereinafter “**Seller**”) and _____ (hereinafter referred to as “**Buyer**”).

WHEREAS, on _____, Buyer and Seller entered into an Agreement of Sale (“**Agreement**”) for certain real property located in the [municipality] of _____, County of Allegheny and Commonwealth of Pennsylvania, as more particularly described in Exhibit “**A**” attached hereto (the “**Property**”); and

WHEREAS, a material component of the consideration for the purchase of the Property included Buyer’s agreement to renovate the Property pursuant to a Property Assessment Report attached to the Agreement as Exhibit “**B**”; and

WHEREAS, to secure Buyer’s obligations under the Agreement and the Property Assessment Report, Buyer and Seller attached to the Agreement an Addendum in which Buyer agreed to execute a Renovation Enforcement Note and Mortgage granting Seller a security interest in the Property in the amount of _____ AND NO/100 (\$_____.00) DOLLARS until such time as all of Buyer’s obligations under the Agreement and under the related Property Assessment Report are satisfied; and

WHEREAS, Buyer acknowledges that Seller would not have entered into the Agreement of Sale without Buyer’s commitment to fully renovate the Property in accordance with the Property Assessment Report; and

WHEREAS, Buyer further acknowledges that this Renovation Enforcement Note and the accompanying Renovation Enforcement Mortgage is intended to ensure that Buyer follows through on Buyer’s renovation obligations, and Buyer pledges the Property as security until such time as Buyer fulfills its obligations under this Note.

NOW THEREFORE, in consideration of the foregoing, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Renovation Enforcement Note. For value received, Buyer promises to pay to Seller the principal sum of the indebtedness, without interest, upon the demand of Seller and subject to the conditions of this Renovation Enforcement Note.
2. Buyer’s Obligations; Mortgage. Buyer, in consideration for the sale of the Property by Seller, grants the Property to Seller with mortgage covenants to secure completion of the renovation work pursuant to the terms of the Agreement and related Property Assessment Report. This Note is secured by a Renovation Enforcement Mortgage on the Property,

which is issued concurrently with the sale of the Property to Buyer. All of the terms, covenants, provisions, conditions, stipulations and agreements contained in the Agreement are made part of this Note.

3. Renovation Obligations. Buyer shall commence work within 180 days from the date of Closing. Once work has commenced, Buyer shall not cease its work on the Property for more than 180 days. Buyer must complete all necessary and agreed to renovation work within 36 months from the date of Closing. However, Buyer, for just cause, may be granted an extension of time to commence or complete all necessary and agreed to renovation work, but only if a written request is made to Seller and Seller approves an extension of time in writing. Buyer agrees to complete all renovation work on the Property in accordance with the Agreement and Sale and related Property Assessment Report and in a manner so as to comply with local and state laws regarding renovations, repairs and new construction, as outlined in, but not limited to, the International Property Maintenance Code and the Pennsylvania Uniform Construction Code. Upon completion of all required renovation work, Seller shall perform a final inspection of the Property. Upon final inspection, if Seller finds that Buyer has satisfied all obligations under the Agreement of Sale and Property Assessment Report, complied with all local, state and federal laws with respect to the Property as applicable, and is not otherwise in default of the Agreement of Sale and Property Assessment Report, Seller shall certify that the Property is safe and habitable, evidencing completion of any required renovation work.
4. Term. Seller's Renovation Enforcement Mortgage shall commence on the date of Closing and shall terminate at such time as Seller issues a certification certifying that Buyer has passed the final inspection and that the Property is safe and habitable.
5. No Transfer. Any sale, conveyance, further encumbrance, or other transfer of legal or equitable title to the Property, or, if Buyer is a corporation, limited liability company, or partnership ("Business"), the transfer of a controlling interest in the Business, prior to the termination of Seller's Renovation Enforcement Mortgage pursuant to section 4 above without Seller's prior written consent, which consent may be withheld in Seller's sole discretion, shall constitute an Event of Default, as defined hereunder, and Seller shall have the right to declare a default pursuant to section 7 below.
6. Events of Default. The following shall constitute events of default hereunder and are hereinafter referred to as an "**Event of Default**" or "**Events of Default**": (a) Failure of Buyer to pass final inspection of the Property within the time frame set forth herein, or within any extension of time granted by Seller; (b) any violation of the Agreement of Sale or the Property Assessment Report; and (c) any violation of the terms set forth in this Note.
7. Indebtedness; Default. Upon the occurrence of any Event of Default, Buyer shall be notified by Seller in writing of the Event of Default and will be given 30 days to cure such default ("**Notice of Default**"). If Buyer fails to cure the Event of Default within 30 days after Notice of Default, Seller shall have the right to declare a default under this Note and corresponding Renovation Enforcement Mortgage.

IF A DEFAULT IS NOT CURED AFTER NOTICE AND A REASONABLE OPPORTUNITY TO CURE, BUYER'S FULL INDEBTEDNESS TO SELLER WILL BECOME DUE AND PAYABLE, AND SELLER WILL HAVE THE RIGHT TO FORECLOSE ON THE PROPERTY UNDER THE TERMS OF THIS NOTE AND CORRESPONDING RENOVATION ENFORCEMENT MORTGAGE, AND TO PURSUE ALL OTHER AVAILABLE REMEDIES.

In the event of a default and in lieu of foreclosure or payment of the indebtedness, Buyer may convey marketable title in the Property back to Seller, in which case Buyer will be responsible for payment of any third party liens, encumbrances, penalties, charges and assessments that have accrued against the Property during Buyer's ownership thereof. Buyer's obligations under this provision will be absolute and unconditional without defense or set-off by reason of default by Seller, or for any other reason. Buyer fully agrees to indemnify and hold Seller harmless for any and all penalties, assessments and costs, including attorney fees, that Seller may incur to repossess the Property, quiet title or evict tenants, whether or not such tenants are in the Property lawfully.

8. Severability. In case any one or more provisions of this Note shall for any reason be held to be invalid, unlawful or unenforceable in any respect, such invalidity, unlawfulness or unenforceability shall not affect any other provisions of this Note, and this Note shall be construed as if such invalid, unlawful or unenforceable provisions had never been contained herein.
9. Binding Effect. This Note and all of its terms and conditions shall extend to and be binding upon the parties hereto and upon their respective heirs, executors, administrators, permitted successors and permitted assigns.
10. Joint and Several Liability. If this Note is executed by two or more individuals, the signers shall be jointly and severally liable, and the terms and obligations of this Note shall apply to each and all of them.
11. Subordination. The Renovation Enforcement Mortgage secured by this Note shall be a lien of first priority. Seller may, at its sole discretion, subordinate the Renovation Enforcement Mortgage to any purchase money mortgage given by Buyer to a lender to finance the acquisition and/or renovation of the Property.
12. Governing Law. The terms of this Note shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania. Venue shall be in the state or federal court located in Allegheny County, Pennsylvania.

By signing and sealing this Note, I agree under seal to the terms set forth above.

WITNESS:

_____ [Seal]

EXHIBIT "A"

[LEGAL DESCRIPTION]

EXHIBIT “B”

[Remainder of Page Intentionally Left Blank – Property Assessment Report Follows]

RENOVATION ENFORCEMENT MORTGAGE

MADE the ___ day of _____, 2022,

BETWEEN

_____, a _____, (“Mortgagor”)

AND

TRI-COG LAND BANK, a nonprofit public body and a body corporate and politic organized under the provisions of Act 153 of 2012, codified at 68 Pa.C.S.A. § 2101 et. seq., (“Mortgagee”).

WHEREAS, Mortgagor executed and delivered to Mortgagee that certain Renovation Enforcement Note (“Note”) of even date herewith, in the principal sum of **AMOUNT** AND 00/100 (**\$XX**) DOLLARS, securing Mortgagor’s obligation to make any and all repairs to the premises described in Exhibit “A,” attached hereto and made a part hereof, as set forth in the Note, and containing certain other terms and conditions, all of which are specifically incorporated herein by reference; and

WHEREAS, this Renovation Enforcement Mortgage (“Mortgage”) is given as a condition of sale to ensure satisfaction of the terms and conditions of the Note; and

NOW THEREFORE, Mortgagor hereby grants Mortgagee, its successors and assigns, a security interest in the amount set forth herein against the premises described in Exhibit “A,” together with the buildings and improvements, now or hereafter erected thereon, the appurtenances, thereunto belonging and all streets, lanes, alleys, passages, rights, liabilities, privileges, hereditaments and appurtenances whatsoever thereto and the reversions, remainders, rents, issues and profits thereof and any other sums hereafter intended by the Mortgagor and Mortgagee to be secured hereby, until such time as all of Mortgagor’s obligations under the Note are satisfied and further, as security for the payment of costs incurred for the protection of the mortgaged premises or the lien of this Mortgage, and expenses incurred by the Mortgagee by reason of default by the Mortgagor under this Mortgage.

TO HAVE AND TO HOLD the same unto Mortgagee, its successors and assigns, forever.

PROVIDED, HOWEVER, that if Mortgagor shall complete all of Mortgagor’s obligations under the Note, then this Mortgage and the security interest hereby granted and conveyed shall become null and void and Mortgagee shall release and satisfy this Mortgage.

THIS RENOVATION ENFORCEMENT MORTGAGE is executed and delivered subject to the following covenants, conditions and agreements:

1. Mortgagor agrees to fully satisfy the terms and conditions of the Note within the time period set forth therein. Violation of the terms and conditions of the Note shall result in a default and shall trigger all rights and remedies contained therein. This Mortgage shall be governed by the laws of the Commonwealth of Pennsylvania.

2. In the event of Mortgagor's default, Mortgagee shall send written notice to Mortgagor stating the reasons for default, requesting that the default be cured within 30 days of the date of the written notice, and stating that if Mortgagor fails to cure the default within 30 days of the date of the written notice, Mortgagee will have the right to pursue all legal and equitable remedies available under law, including the right to foreclose this Mortgage.

3. The covenants, conditions and agreements contained in this Mortgage shall bind, and the benefits thereof shall inure to, the respective parties and their respective successors and assigns. Nothing in this provision shall be construed to permit Mortgagor to sell, convey, further encumber or otherwise transfer Mortgagor's legal or equitable title to the premises described in Exhibit "A" , or, if Mortgagor is a corporation, limited liability company, or partnership ("Business"), the transfer of a controlling interest in the Business, without obtaining Mortgagee's prior written consent, which consent may be withheld in Mortgagee's sole discretion, in accordance with the terms of the Note.

4. NOTICE--THIS DOCUMENT MAY NOT (DOES NOT) SELL, CONVEY, TRANSFER, INCLUDE OR INSURE THE TITLE TO THE COAL AND RIGHT OF SUPPORT UNDERNEATH THE SURFACE LAND DESCRIBED OR REFERRED TO HEREIN, AND THE OWNER OR OWNERS OF SUCH COAL MAY HAVE (HAVE) THE COMPLETE LEGAL RIGHT TO REMOVE ALL OF SUCH COAL AND, IN THAT CONNECTION, DAMAGE MAY RESULT TO THE SURFACE OF THE LAND IN ANY HOUSE, BUILDING OR OTHER STRUCTURE ON OR IN SUCH LAND. THE INCLUSION OF THIS NOTICE DOES NOT ENLARGE OR RESTRICT OR MODIFY ANY LEGAL RIGHTS OR ESTATES OTHERWISE CREATED, TRANSFERRED, EXCEPTED OR RESERVED BY THIS INSTRUMENT. (This notice is set forth in the manner provided in Section 1 of the Act of July 17, 1957, P.L. 984, as amended, and is not intended as notice of unrecorded instruments, if any).

By signing and sealing this Mortgage, I agree under seal to the terms set forth above.

WITNESS:

_____ [Seal]

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF ALLEGHENY)

On this, the ___ day of _____, 2022, before me a notary public, the undersigned officer, personally appeared _____ known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that she executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

NOTARY PUBLIC

My Commission Expires:

CERTIFICATE OF RESIDENCE

The Mortgagee hereby certifies that its precise residence is: 1705 Maple Street, Homestead, PA 15120.

WITNESS my hand this ___ day of Month, 2022

For Mortgagee

EXHIBIT "A"

MORTGAGE

From

_____,
a _____,

To

TRI-COG LAND BANK,

a nonprofit public body and a body corporate and politic organized under the provisions of Act
153 of 2012, codified at 68 Pa.C.S.A. § 2101 et. seq.,

Dated: _____, 2022

Prepared By:

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Mail To:

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