



**ONE
HOUSE
AT A
TIME**

Receivership 101

**Understanding Vacant Building Receivership
and its role in Baltimore City**

4.11.2024

What is Vacant Building Receivership?

Vacant property receivership is a **code enforcement tool** that allows local governments to request a receiver to take temporary control of a **privately-owned** property that has been left vacant and abandoned.



What qualifies as “vacant”?

A structure that is open to casual entry, has boarded windows or doors OR lacks intact doors, windows, sashes, walls, or roof to protect against the elements.

- Baltimore City’s Building, Fire, and Related Codes

In Baltimore, buildings that are statutorily defined as vacant are **nuisance** per se.

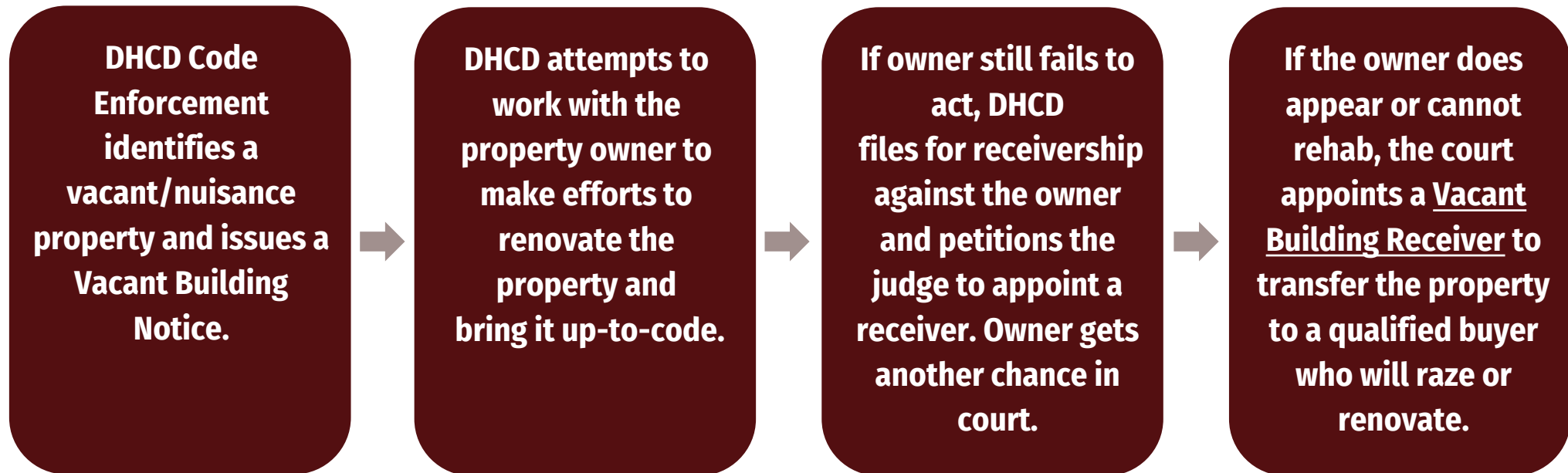
Receivership has long been recognized as a valid governmental exercise of police power in the abatement of public nuisance.

- **Mugler v Kansas 123 U.S. 623 (1887)**

Vacant Building Receiver

A Vacant Building Receiver is a court-appointed, impartial party who facilitates the transfer of vacant properties to qualified buyers. Receivership is a code enforcement tool.

Here's how the receivership process begins:



What Does One House At A Time Do?

Let's look at our process:

Prepare for Auction

Prequalify Bidders

Conduct Auctions

Transfer Property

Disburse Proceeds

Preparing for Auction



- **Setting an auction date** - We post the information on our website and comply with all the legal advertising requirements.
- **Securing the property** - Property is boarded and secured. If the property is deemed safe enough to enter, we install combination locks that allow qualified bidders to visit.
- **Announcing the property** - We advertise to our mailing list, on our website, and via our auctioneer, A.J. Billig & Co. (sign up for our mailing list at www.onehousebaltimore.org).

Qualifying Bidders

Since most receivership properties are in hazardous conditions, we must transfer them to experienced buyers who can successfully rehabilitate and secure a Use & Occupancy permit (U&O) within **one year**.

To bid at our auctions, you must submit an application and supplemental documents that demonstrate experience purchasing and rehabilitating properties. ([Apply here.](#))

We qualify bidders based on:



Financial Ability

Proof of a minimum of \$90,000 in funds for each property.



Development Experience

Demonstrated experience rehabilitating similar properties.



Good Standing

Good standing as a property owner in Baltimore and the State of Maryland.

Auction Day



- One House, with A.J. Billig & Co., hosts auctions every two months.
- Each auction includes between 25 and 50 properties.
- Only qualified bidders can bid. Applications must be received at least 7 days before an auction.
- Registration is required.

Auction Process & Logistics:

- Gallery auctions are held at Delta Hotels Baltimore North (5100 Falls Rd, Baltimore, MD 21210). Auction dates are posted on our website and are typically held on Tuesday mornings earlier in the month. Bidding starts promptly at 11:00 AM.
- Bidding starts at \$5,000 for all properties.
- \$3,000 deposit is required for each property by certified or cashier's check (NO CASH).
- Contracts are signed and deposits collected at the conclusion of the auction.

Transfer of Property

You've purchased a vacant property, now what?

- Following the auction, One House submits a **Report of Sale** to the District Court for approval. This can take up to 75 days from the date of the auction to complete. This includes a 30-day appeal process for the owner.
- You select a settlement company and notify us as soon as possible. Buyer pays all settlement fees.
- If using a lender, contact them immediately to determine their requirements.
- Once sale is ratified (approved), we work with the City to clear liens and respond to any legal issues.
- All property titles are transferred, clear of all liens.
 - One House refunds the bidder's deposit in full if liens cannot be cleared.
- **You have 12 months from the date of settlement to obtain a Use and Occupancy permit, or you may face violations/fines OR receivership action.**

Receiver's Contract



Read It.

- Interest on unpaid balance starts once One House is ready to settle. This can be after ratification of the sale OR once we clear title/resolve legal issues.
- Properties are sold AS-IS, WHERE IS, and WITH ALL FAULTS.
- You may take physical possession of the property once under contract. (i.e. You may secure the property as you see fit but at your own risk and cost.)

Contracts cannot be assigned, unless:

- Personal name to an LLC name only if they are the sole member.
- LLC to LLC if membership is the same. (LLC must be registered in Maryland)

WHOLESALE IS PROHIBITED.

Disburse Funds



After Settlement

- One House researches and verifies all claimants and lien holders and submits a **Final Accounting** to the District Court.
- One House disburses the proceeds from the sale according to the ratified court order. One House is dismissed as receiver.

Buyers

- Ensure the property is registered with the City. All non-owner-occupied properties must be registered to avoid fines.
- All work must be properly permitted. A use and occupancy permit must be obtained within 12 months from the settlement date or risk additional fines or receivership.

What Should Interested Bidders Consider?

You should prepare for:

Average Costs

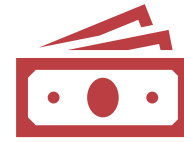
Timelines

Expectations

Bidder Renewal

Unanticipated Issues

Average Costs & Timelines



Purchasing and renovating vacant properties is a long, expensive, and laborious process. We need to make sure our buyers have what it takes to take on the challenge, persevere, and ultimately improve our communities.

Here's the typical cost and timeframe :

- **Average costs:** Average acquisition price is around \$30,000. Renovation cost average \$150/sq. ft.
- **Time Frame:** Expect a LONG process. A straightforward case can average as follows:
 - 30 days from receivership appointment to auction
 - 75 days from auction to ratification
 - 30 days from ratification to settlement (if no lien removal is needed)
 - 12 months from settlement to U&O
- **NOTE:** City processes can add significant length to these timeframes.

Our Expectations for Buyers



Here's what we ask of our buyers:

- **Communicate** with us. Keep the city informed as well and maintain property registration.
- **Read** your contract of sale carefully and other instructions we send to you.
- **Abate** the VBN by obtaining a U&O within one year.

Non-Performance



If a Bidder:

- **Fails to Settle:** Revocation of bidder rights, forfeiture of deposit, and prohibited from bidding for one year per property.
- **Fails to Sign Contract/Submit Deposit:** Revocation of bidder rights and prohibited from bidding for three years.
- **Transfers without abating the VBN by demo or U&O:** Property remains attached to bidder qualifications and counts against performance until VBN is abated.

Bidder Approval Renewal

Bidder approval is only valid for one year. You must renew your status as a bidder after the year is up to ensure that you still qualify.

You'll need to submit a NEW application and, again, prove your:

- Financial Ability
- Development Experience
- Good Standing as a Property Owner

Unanticipated Issues

Sometimes, unexpected problems arise. Buyers should be prepared for conflicts such as:

- Tangled titles (e.g. deceased owners holding the title to vacant properties)
- The auction sale price may be less than the government liens on the property (lien removal adds time).
- Damage can occur before property transfer (e.g. fire, building collapse)
- Every property is unique, and each takes a different path to getting a U&O.

A photograph of a brick building under renovation, overlaid with a dark red tint. The building features several windows with shutters. Scaffolding is visible on the right side of the building, indicating ongoing construction or repair work. The sky is overcast.

Final Thoughts

Why is Receivership Important?

Receivership is just one tool to remove blighted properties. But this work is not possible without the investment and work of our qualified developers.

- The City can initiate legal action on nuisance properties without the need to show tax delinquency.
- Full property title is transferred free and clear, unlike tax lien certificate or rights to foreclose.
- Properties are in targeted enforcement areas and on blocks with market activity. Helps build the housing market in underserved neighborhoods while stabilizing middle neighborhoods.
- Facilitates public-private sector cooperation, working with city agencies, grant makers, public-private financing.
- Supports neighborhoods and strengthens community involvement.
- Frees municipal acquisitions dollars for other uses and recovers delinquent liens and taxes owed.
- Transfers properties that are owned by dead people, defunct corporations, and absentee or noncompliant owners by legally forcing a change in ownership.

Misconceptions About Receivership

The receivership process can be difficult to understand. Let's clear up some of the popular misconceptions people have about our role:

- **We are NOT a city agency.** One House is an independent agent of the District Court of Maryland, appointed to streamline vacant property transfer.
- **We are a NEUTRAL party** who serves the interests of all parties involved. Receivers cannot select or advocate for receivership on specific properties and must report all their activity to the Court.
- **We CANNOT control the outcome of a property.** We do not determine who the property goes to or what the buyer does with it. Our purpose is to transfer properties to qualified buyers who will get it up to code.
- **We are REQUIRED by constitutional law to sell to the highest bidder.** We must remain fair and impartial. Receivers cannot choose whom to sell the property to based on any preferences (company size, composition, etc.) or proposed end-use.
- **We are a NONPROFIT.** All money made at the auction goes into clearing lien fees, paying legal bills, auction fees, and reimbursing the original owner and other lien holders. Our receivership fee is capped at \$5,000.
- **We do NOT own the property.** Receivership is a tool used to transfer the property from a neglectful owner to an experienced rehabber.



To Recap:

- Receivers are appointed by the court to facilitate the transfer of vacant properties to qualified rehabbers.
- We qualify bidders to ensure their ability to rehab.
- We auction the properties.
- We transfer the property title to the new owner.

To learn more about receivership, visit:

www.onehousebaltimore.org

“

There is nothing more satisfying than seeing a house that has been vacant for 25 years, burned out and an eyesore, become a vibrant place with people enjoying it...It's a great feeling to do work that is useful and purposeful.”

—Mark Reed, Developer of 2100 block East Chase Street



**Rebuilding
Baltimore.**

www.onehousebaltimore.org

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