

THE RURAL MUNICIPALITY OF PINEY

“Lot Agreement Default Fee Policy”

Subject: Agreement Default on Lot Purchases

Effective Date: July 27, 2011

Replaces Policy: New

Resolution No.: 284 Resolution Date: July 26, 2011

A. PURPOSE:

This policy provides for compensation to be paid to the Rural Municipality of Piney by purchasers of Residential/Recreational Lots that want to default on their Residential/Recreational Offer to Purchase Agreement.

The policy is being implemented to apply fees and costs associated with the default of the Residential/Recreational Offer to Purchase Agreements relative to the lost tax revenue potential, realtor costs and administration time of the agreements.

B. POLICY:

The following terms are intended to provide the Municipality with basic guidelines to default fees that the Rural Municipality of Piney will assess for Residential/Recreational Offer to Purchase Agreement defaults.

The RM of Piney has set three basic options for agreement holders to consider in their evaluation in meeting the terms of the agreement. This policy reflects that the RM of Piney entered into the agreement in good faith and is not the party initiating a change to the terms of the agreement, nor presenting bearers to meeting the terms.

The three basic options are as follows:

i) AGREEMENT EXTENSION

An agreement may be extended for a term not to exceed one year under the following conditions:

- A new Residential Improvement Agreement be signed
- That the terms of Schedule “A” of the current Residential/Recreational Offer to Purchase Agreement are met within the one year period
- A fee of \$750.00 be pre-paid in lieu of taxes
- The forfeiture of the 75% return clause of the original agreement.

ii) FEE FOR TITLE

The RM of Piney will allow the release of title prior to default of a Residential/Recreational Offer to Purchase Agreement and outside of the conditions of Schedule “A” of the Agreement with the payment of a fee for title. The conditions for the release of this title are as follows:

- The RM returns 75% of the original purchase price as per the original Residential/Recreational Offer to Purchase Agreement
- The Purchaser pays the new retail price set for the development area
- The RM assess an additional fee in lieu for default of 10% of the purchase price

iii) PAY PURCHASE PRICE

The RM of Piney will place a property that has completed the Quit Claim process back on the market at the new lot pricing. A Purchaser may wait for the land to become available and purchase the property upon the completion of the default process. The sale of the property will be based on a first come basis; the original purchaser does not have first right to the property.

The Chief Administrative Officer of the RM of Piney is authorized to proceed with any of the three options upon written application by the registered purchaser and receipt of applicable fees.

Any deviation from these three options must be done in writing to the RM of Piney Council. The letter is to state the reason for the deviation and a full breakdown of details. Only a resolution passed at a regular council meeting of the RM of Piney will be considered as approval to deviate from the three approved options.