

OBCDC Contractor Partnership Program

1/27/10 (final)

OBCDC may take title to single-family houses with the intent of entering into a partnership with a contractor. Board approval of individual acquisitions is not required where all of the following apply:

1. OBCDC has received notice of a specific, identified house that is available to the CDC. These houses will be through the land bank or will be available through the agreement the City of Cleveland has with HUD.
2. OBCDC has identified a contractor that is interested in purchasing the house from OBCDC with the intention of completing renovations for resale.
3. OBCDC has entered into a Purchase Agreement and a Development Consultant Agreement with the identified contractor. These agreements will provide for the following:
 - a. Purchase Agreement
 - i. Details the scope of work and timeline to complete the work
 - ii. Contains a reverter clause, which states that if the work is not completed per the purchase agreement OBCDC reserves the right to take possession of the house and ownership shall transfer back to OBCDC.
 - iii. Contains a clause that the contractor will sell and not rent the home.
 - b. Development Consulting Agreement
 - i. Allows, but does not require, the contractor to obtain assistance from OBCDC with regard to marketing, locating subcontractors, obtaining permits, etc.
 - c. The contractor will pay OBCDC a fee of not less than \$3,000 for the purchase of the house, which will be held in escrow at the title company until the house transfers to the contractor's name. Fees may be adjusted to incorporate any fees that OBCDC will incur.
4. OBCDC takes title to the house, and remains the owner of record for up to 60 days in order for all paperwork to be recorded and finalized. During this time, OBCDC is responsible for the costs of the house, which may include taxes and insurance costs (which are prorated for the time OBCDC is the owner). These costs will be paid from the fee paid to OBCDC by the contractor.
5. Upon the sale of the house from OBCDC to the contractor, OBCDC will pay the costs mentioned above (if any) and the contractor is responsible for all other title, recording or any other closing costs.