

AGREEMENT OF PARTICIPATION IN
HOMEOWNER CONVERSION TAX ABATEMENT PROGRAM

This Agreement made this ____ day of _____, ____, by and between the City of Salisbury (hereinafter "City") and _____ (hereinafter "Applicant").

WHEREAS, the Council of the City of Salisbury enacted Chapter 3.20 of the Salisbury Municipal Code, which established the Homeowner Conversion Tax Abatement Program, on January 10, 2005 to encourage the conversion of rental properties to owner-occupied residential use;

WHEREAS, Applicant desires to purchase residential real property within the city limits of the City of Salisbury and participate in said program.

NOW, THEREFORE, in consideration of the promises and mutual covenants and understandings of each of the parties, the parties hereby covenant and agree as follows, as of the effective date hereof.

1. Applicant has purchased residential real property located at _____, within the limits of the City of Salisbury (hereinafter "Property") and attached a copy of the HUD-1 settlement sheet hereto.

2. The property is a single-family detached dwelling arranged or designed for occupancy by only one family.

3. The Property has been used exclusively as a rental property for at least three years immediately prior to purchase by the applicant, or was purchased from a person or entity that rehabilitated the property after rental use for three consecutive years.

4. The Applicant agrees that, subsequent to purchase, he will convert the Property to use as an owner-occupied family residence.

5. The applicant intends to occupy the property within one year of purchase as an owner occupied family residence.

6. The owner agrees to use the Property as an owner-occupied family residence for nine years, or sell it only to a person who will use it as an owner-occupied family residence until the expiration of the property's participation in the Program, or pay the City for all taxes abated during the period of his ownership.

7. The City agrees to provide the following tax abatements as long as the property qualifies as stated herein:

a. The residence shall be exempt from city property tax for five years. If an Applicant purchases a qualified property on or before December 31st, the current tax year shall be the property's first year in the Program. If an Applicant purchased a qualified property on or after January 1st, the following tax year will be the property's first year in the Program.

b. In year six of participation in the program, the residence shall be taxed at a rate equal to 20% of the then-prevailing tax rate for residential real property in the City.

c. In year seven of participation in the program, the residence shall be taxed at a rate equal to 40% of the then-prevailing tax rate for residential real property in the City.

d. In year eight of participation in the program, the residence shall be taxed at a rate equal to 60% of the then-prevailing tax rate for residential real property in the City.

e. In year nine of participation in the program, the residence shall be taxed at a rate equal to 80% of the then-prevailing tax rate for residential real property in the City.

f. Thereafter, the residence shall be taxed at the then prevailing tax rate for residential real property in the City.

8. The Property's participation in the program shall terminate if any of the following events occur:

a. The Property ceases to be used as an owner-occupied family residence;

b. The Property is conveyed to a new owner, unless the new owner of the residence accepts the obligations of the agreement made herein; or

c. The Property otherwise fails to meet the criteria for a qualified residence under Chapter 3.20 of the City of Salisbury Municipal Code.

9. In the event that the applicant causes this contract to terminate by committing any of the acts described in the previous paragraph, a property tax shall be due within 30 days of written notice for each taxable year beginning with the first taxable year in which the applicant received a tax abatement under the program.

10. The applicant agrees to file a certificate of qualification with the Department of Finance of the City of Salisbury by April 1st of each year to maintain the Property's eligibility for the tax abatement program.

11. Applicant agrees and understands that qualifications in the first six months of the tax year (July – December) means that tax year is the first year in the Program. Qualification in the last six months of the tax year (January – June) means the next tax year is the first year in the Program.

IN WITNESS WHEREOF, the said parties hereto have hereunto set their hands and seals the day and year first above written.

_____	_____
Witness	City of Salisbury
_____	_____
Witness	Participant
_____	_____
Witness	Participant

STATE OF MARYLAND, COUNTY OF WICOMICO, TO WIT:

I HEREBY CERTIFY, that on this _____ day of _____, 2005, before me, the Subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____ to me known to be the person described herein, who executed the foregoing instrument, and acknowledged that (he/she) freely and voluntarily executed the same.

AS WITNESS my hand and Notarial Seal.

Notary Public

My Commission Expires: _____

STATE OF MARYLAND, COUNTY OF WICOMICO, TO WIT:

I HEREBY CERTIFY, that on this _____ day of _____, 2005, before me, the Subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____ to me known to be the person described herein, who executed the foregoing instrument, and acknowledged that (he/she) freely and voluntarily executed the same.

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