



MARION COUNTY BOARD OF COMMISSIONERS
WORK SESSION

Finance Update
Minutes

Wednesday, June 17, 2026, 11:30 a.m. – 1:00 p.m.
Commissioners' Boardroom
Courthouse Square, 555 Court St. NE, Suite 5231
Salem, Oregon 97301

ATTENDANCE:

Commissioners: Kevin Cameron, Colm Willis and Danielle Bethell.

Board's Office: Jonathan Sanford, Matt Lawyer, and Chris Eppley.

Legal Counsel: Scott Norris, Steve Elzinga, and Michelle Teed.

Finance: John Carlson, and Jeff White.

Commissioner Colm Willis called the meeting to order at 11:30 a.m.

1. Welcome & Introductions

-Commissioner Colm Willis

2. Item #1 – Policy 809 Updates

-All

- Overarching county policy governing all tax-foreclosed property sales:
 - Updates align with Supreme Court decision and subsequent state legislation.
- The updated structure:
 - Policy 809 is the umbrella policy.
 - Procedure 809-A is the pre-2017 foreclosures - old rules.
 - Procedure 809-B is the post-2023 foreclosures - new rules.
- Properties now fall into three buckets:
 - Foreclosed before 2017 – governed by existing 809-A.
 - Foreclosed between 2017 and 2023:
 - Subject to class action litigation and settlement.
 - Largely handled through separate legal processes.
 - Foreclosed 2023 onward:
 - Governed by new state legislation.
 - Procedures captured in 809-B.
- Updated language in Policy 809 clarifies:
 - Applicable dates and which properties follow 809-A versus 809-B.
 - Pre-2017 properties remain under 809-A:
 - Often small, low value.
 - These will continue to be sold as much as possible.
- Policy notes remaining pre-2017 sale proceeds should repay prior draws on risk fund:
 - There is intent to add this explicitly into 809-A language.
- Required annual auction removed to not mandate when inventory unavailable.

3. Item #2 – Procedure 809-A Updates

- All

- Covers foreclosures that occurred prior to statutory cut-off pre-2017:
 - Explicitly defines which foreclosure dates fall under 809-A.
 - Cross references 809-B to distinguish pre-and-post 2017 property treatment.
- New board flexibility clause - section 7.5:
 - Board authority to move from standard procedure when circumstances arise.
 - Board actions must comply with state statutory limitations.
- Administrative fee change:
 - Current 10% administrative fee on sale proceeds to cover staff and overhead.
 - Propose increase to 15% to cover overhead and help tax title fund and repay risk fund:
 - Consistent with other counties
 - Unlikely this will over-recover relative to actual long-term costs.
- Use of excess funds if/when tax title fund balance grows:
 - If fund exceeds comfortable reserve level of about \$1M, Board can consider:
 - Reducing administrative fee; and/or
 - Distributing required surpluses to taxing districts:
 - Which county receives roughly 16–17%.
- Practical sale/auction process updates:
 - Removed bidder registration requirement of at least 30 minutes before auction:
 - Unnecessarily rigid.
 - Extended payment deadline after auction from 1 hour to 1 day.
 - Moving to second and third highest bidders process if winner fails to pay:
 - Avoid reauctioning.

4. Item #3 – New Procedure 809-B

-All

- General Framework:
 - Adds state's response to Supreme Court Tyler decision and related class action.
 - Governs properties foreclosed after new law's effective date - 2023 onward.
 - Foreclosure policy now must:
 - Protect prior owners' equity.
 - Define surplus proceeds and how they are returned.
 - Impose new appraisal and sale requirements:
 - Especially for residential properties and prior owner homes.
- Priority Order for Disposition:
 - Reaffirm priority sequence which unchanged in concept, but restated in 809-B:
 - Retention by county for county or public use.
 - Sale back to prior owner.
 - Sale to adjacent property owners.
 - Sale at public auction or via real estate agent.
 - Sale by private sealed bid.
- Board Involvement & Circulation to Agencies:
 - Before any property is listed or acted on:
 - Staff must bring list to Board for direction.
 - Properties are circulated to:
 - Internal departments, especially Public Works.
 - Incorporated cities where properties lie.
 - Interested cities to respond by written requests for specific properties.

- End of Land Sale Contracts at Auction:
 - New statute requires full fair market value proceeds remitted to Treasury in 60 days:
 - Offering land sale contracts to third party auction buyers no longer viable as standard practice.
 - Marion County allowed buyers at auction to purchase on land sale contracts:
 - Expanded participation.
 - Provided ongoing revenue but delayed full payment.
 - Under 809-B:
 - Land sale contracts remain available for prior owner buybacks.
 - General auction purchasers will not be offered contracts by default.
 - Board may authorize exceptions for specific properties by board order.
- Fair Market Value & Appraisal Requirements:
 - For properties to be retained by county or moved to a city or eligible nonprofit:
 - Must get appraisal from unaffiliated, licensed real estate appraiser.
 - Higher independent appraisal or tax roll real market value becomes fair market value.
 - Fair market value must be paid to prior owner or claimants:
 - Minus allowed expenses.
 - Additional appraisal triggers:
 - If property was primary residence when foreclosed and zoned residential, appraisal required even if not retained.
 - If residence and zoned non-residential, can rely on real market value.
 - Possible Memorandum of Understanding (MOUs) with neighboring counties to share appraiser resources and avoid long procurement processes, as long as statutory “unaffiliated with the county” and licensure requirements are met.
- Realtor Listing & Difficult Title Issues:
 - For certain properties:
 - Former primary residences,
 - Residential zoned or
 - Over statutory value thresholds such as \$250,000:
 - Statute requires listing with licensed real estate agent.
 - On Multiple Listing Service (MLS) for 30 days before auction.
 - Offered for up to one year.
 - Up to three serious sale attempts.
 - Complications:
 - Foreclosure acquisitions usually result in quitclaim warranty deeds.
 - Title insurance is unlikely:
 - Banks may not lend on such properties, forcing cash sales.
 - Complicates value and marketability and may reduce real sale prices:
 - Despite statutory emphasis on fair market value.
 - If realtor cannot sell property:
 - It moves to public auction under county procedures.
 - If auction fails, next to have minimum bid of tax and allowed expense.
 - If unsold, property may be sold to adjacent owners or by sealed bid.
- Strips, Driveways, and Small Parcels:
 - New legislation made significant issues for non-buildable strips and driveways:
 - Previously small parcels could be sold directly to adjacent owners.
 - Now all properties must pass through prescribed auction process:
 - Even if only of marginal value.
 - Some strips are part of larger legal descriptions:
 - Costly surveys to create separate legal descriptions for sale.
 - Some need driveway or access strip that cannot be sold directly:

- Must go through auction where other buyers can purchase.
 - Gather examples of problem areas to support legislative bill cleanup advocacy.
 - Association of Oregon Counties (AOC) has work group for long session legislative fixes:
 - Work with AOC, explore representation, and advocate practical change.
- Surplus Calculation & Recoverable Costs:
 - Details how to determine surplus to be returned to prior owners after sale:
 - Surplus = sale price – (taxes owed + interest/penalties or reasonable fees and expenses).
 - Allowable expenses include:
 - Legal fees.
 - Notice delivery.
 - Staff time.
 - Court costs.
 - Appraisals.
 - Real estate commissions.
 - Auction fees.
 - Policy question:
 - Should county recover actual documented costs per property or
 - Charge flat percentage in lieu of itemized cost recovery.
 - Discussion points:
 - Actual more defensible legally and likely higher than flat percentage:
 - Especially complex properties.
 - Flat percentage easier but not expressly authorized by statute and more legally risky.
 - Tracking staff and expenses per property cumbersome but can be standard process:
 - May be partially automated through existing systems.
 - Tentative direction:
 - Defer decision on percent vs. actual until after pending Supreme Court case clarifies legal boundaries.
 - Make policy to proceed with processing but leave have to finalize method later.
 - Leaning to actual costs as more defensible approach:
 - High cost on low value properties may result in no surplus.
- Use by Cities and Nonprofits:
 - When local government or qualifying nonprofit requests property under 809 B:
 - Must pay fair market value minus allowable expenses.
 - Can not transfer property without covering prior owner payment.
 - Policy keeps public hearing process in ORS 271 for retaining property.
- Supreme Court Case (Punk v. Isabella County):
 - Supreme Court case is pending, seen as follow-up to Tyler v. Hennepin County.
 - Case may affect timing requirements:
 - For processing and selling properties.
 - How surplus and costs are treated.
 - County anticipates possible future tweaks to 809-B once decision issued:
 - Likely by end of June/early July.
 - Will reassess policy language at that time.

5. Item #4 – Other Foreclosure Notices

-All

- Templates being updated or made to comply with statute and align with 809-B:

- Notice of Surplus:
 - Two-page form sent to claimants and Treasury and posted on county website:
 - Page 1:
 - Required bold 14-point text per statute.
 - Summarizing sale price, surplus amount, and how to claim it.
 - Page 2:
 - In the five most common non-English languages in the county.
 - Includes an attached itemized accounting form showing:
 - Taxes, interest, penalties.
 - Legal and administrative expenses.
 - Auction, appraisal and other allowed costs.
 - Follows statutory language in ORS 312.540 and 312.530(4).
- Internal Expense Tracking Form:
 - Track all recoverable expenses per property for surplus calculations:
 - Includes line items for legal fees, staff time, notices, appraisals, real estate commissions, auctioneer fees, etc.
 - Designed to align exactly with ORS 312.530(4) categories.
 - Sent with Notice of Surplus so prior owners see surplus determination.
- Notice of Foreclosure - Pre-Judgment:
 - Existing template reviewed.
 - Used to notify owners that foreclosure is pending.
 - With statutory tax collector notices and usually followed by property visit.
 - Opens discussion encourages redemption, and makes sure timelines and options understood.
- Notice to Vacate – Post-Foreclosure:
 - Updated template specifies:
 - Time period to vacate is 30 days.
 - May pursue buyback if eligible, and process can start in same 30-day window.
 - Delivery by both certified and regular mail.
 - Enforcement process if occupants do not vacate:
 - County seeks court writ of assistance asking Sheriff to deliver to county possession.
 - On site enforcement includes Sheriff and locksmith.
 - Given small window to remove belongings before locks are changed.
 - Contact information on notices to use generic finance email not named person to reduce personal targeting and improve continuity.
- General Practices:
 - Multiple outreach attempts.
 - Resolve by voluntary compliance and buybacks instead of forced eviction.
 - Process is difficult for those affected:
 - Be helpful and humane also enforce laws and protect county interests.

6. Next Steps

-All

- Finalize Policy Language:
 - Explicit use of pre-2017 proceeds to repay risk fund debt.
 - Add subject to statutory limitations/guidelines to Board flexibility section:
 - Regarding contract terms and interest.
 - Minor textual and numbering adjustments across Policy 809, 809-A and 809-B.
- Bring final 809, revised 809-A, and new 809-B policies to board session for adoption.
- Expense Methodology Decision (Surplus Calculation):

- Monitor U.S. Supreme Court's decision in Punk/Isabella County case.
- After decision, revisit whether to:
 - Use actual, itemized expenses per property or
 - Consider legally defensible percentage framework.
- Until then, structure 809-B to allow actual cost tracking:
 - Defer any percentage-based approach.
- Legislative and Policy Advocacy:
 - Work with AOC on foreclosure/over collection cleanup bill for next long session.
 - Seek representation in work group and participate in professional associations.
 - List problematic properties to show unintended consequences of current law.
- Appraiser & Valuation Logistics:
 - MOUs with neighboring counties for cross jurisdiction appraiser support.
 - Ensure compliance with unaffiliated and licensure statutes.
 - Work with Procurement and Legal to hiring fee appraisers process:
 - Where MOUs are not feasible.
- Implementation of Notices & Communication:
 - Finalize notice of Surplus template and accounting form.
 - Finalize updated Notice of Foreclosure and Notice to Vacate templates.
 - Update contact fields to use generic finance contact information.
 - Train staff in consistent use of notices and tracking forms.
- Operational Practices & Training:
 - Continue to track properties by bucket and apply correct procedures:
 - Pre-2017, 2017–2023, post-2023.
 - Implement time expense tracking processes for each foreclosed property.
 - Provide internal training on new rules, especially:
 - Realtor use and MLS listing requirements.
 - Appraisal triggers and fair market value calculations.
 - Buyback options for prior owners and timing requirements.

Adjourned – time: 12:28 p.m.

Minutes by: Mary Vityukova

Reviewed by: Gary L. White