



Legislation Text

File #: 17-235, **Version:** 1

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SUBJECT: Parsons Avenue Corridor Project No. 107023 - Quitclaim Deed to Laura Pasley and Richard S. Gonzalez for 2300 Andregg Avenue

REPORT IN BRIEF

Consider approving a Quitclaim Deed to Laura Pasley and Richard S. Gonzalez for 2300 Andregg Avenue, as originally purchased for the Parsons Avenue Corridor Project.

RECOMMENDATION

City Council - Adopt a motion:

- A. Approving the Quitclaim Deed to Laura Pasley, a single women and Richard S. Gonzalez, a married man as his sole and separate property for 2300 Andregg Avenue, and;
- B. Authorizing the City Manager or Assistant City Manager to execute the necessary documents.

ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, subject to other than recommended by staff; or
3. Deny; or,
4. Refer to staff for reconsideration of specific items (specific items to be addressed in the motion);
or
5. Continue to a future meeting (date and time to be specified in the motion).

AUTHORITY

Charter of the City of Merced, Section 200

CITY COUNCIL PRIORITIES

As provided for in the 2015-16 Adopted Budget.

DISCUSSION

The City of Merced entered into a Purchase and Sales Agreement with Antonio Perez Meraz ("Meraz") on October 7, 2013, to purchase his property located at 2300 Andregg Avenue for \$45,000 (the "Property"). The Property consists of 0.29 acres in the Parsons Avenue Corridor.

The close of escrow was extended several times at the seller's request, but by September 4, 2014 the City had deposited a total \$46,032.62 into an escrow account at TransCounty Title Company for

the purchase of the Property. On September 8, 2014 TransCounty recorded a Grant Deed from Meraz to the City as Document No. 2014-027707, Merced County Records. The City also received a refund from the title company of \$110.62 the same day.

On August 6, 2013 the County of Merced recorded a Notice of Power to Sell Tax-Defaulted Property in Document No. 2013-028632, Merced County Records. Though staff knew of this notice we did not know when the tax sale was to occur and it is not uncommon to purchase property in tax default. Also unknown to staff, was that the right of redemption for the Property expired on September 4, 2014. The Property was placed on auction roll by the Merced County Tax Collector per the Revenue and Taxation Code and was ultimately sold at auction on September 8, 2014 to Laura Pasley and Richard S. Gonzalez.

As a result of the tax sale, Meraz was no longer the owner of the property and therefore could not convey legal title of the Property to the City. Fortunately, the title company still held the \$45,922 purchase money deposited by the City in escrow. However, the title company could not return the funds to the City unless both parties agreed in writing to cancel the purchase agreement, terminate the escrow, and return the purchase money to the City. The title company and the City were unsuccessful in obtaining Meraz's written agreement to cancel the purchase agreement, and Meraz subsequently passed away on September 19, 2015.

TransCounty Title Company filed an interpleader with the Merced County Superior Court on June 6, 2016, and deposited the \$45,922 with the Court. The City Attorney's Office handled the litigation on behalf of the City and a trial was held on March 20, 2017. The Court entered Judgment in favor of the City and directing the full amount of the funds deposited, \$45,922.00, less \$6,809.60 in attorneys' fees awarded to TransCounty Title, be paid to the City. The City expects to receive the net funds of \$39,112.40 from the Court in the next 30-60 days.

The Grant Deed transferring title of the Property to the City, which was recorded on September 8, 2017, still appears in the chain of title to the Property and creates a cloud on title for the people who purchased the Property at the tax default sale. Accordingly, a Quit Claim Deed is necessary to extinguish any interest the City may have in the Property and ensure Laura Pasley and Richard S. Gonzalez receive clear title.

IMPACT ON CITY RESOURCES

The funding received from the Courts for \$39,112.40 will be returned to Project 107023 - Parsons Avenue Corridor.

ATTACHMENTS

1. Meraz Interpleader Final Judgment
2. Purchase and Sales Agreement
3. Deed to Pasley and Gonzalez
4. Deed to City from Meraz
5. Notice of Power to Sell Tax-Defaulted Property