



The Little Compton Agricultural Conservancy Trust • P.O Box 937 • Little Compton, RI 02837

### **Annarumo Property Acquisition Process Description**

The Ag Trust purchase of 26 acres from Beverly Annarumo has been fraught with difficulties, errors, and public confusion.

The first attempt to purchase the property (formerly Plat 45 Lot 1-2) began in December of 2022. At that time the property was listed for sale by Residential Properties. On 12/23/2022 the Trust signed a Letter of Intent to purchase the property (Document 1). The same day a Purchase and Sales agreement was signed (Document 2). On Document 2 the seller was listed as "owner of record". On January 4, 2023 a new Purchase and Sales agreement was executed with the seller listed as Beverly Joy Annarumo with an address in South Africa (Document 3). Signatures were executed via Docusign and do not appear on the copy provided here. Because of the South African address and the seller being a foreign national there are a variety of withholding and verification processes that needed to be followed before closing. These steps were carried out by attorney Steve Hudek on behalf of the seller and attorney Joseph Marion for the Ag Trust. All required steps were followed including obtaining an affidavit signed by the seller being procured from the US Embassy in Johannesburg SA. The closing occurred on March 7, 2023.

Shortly thereafter it was learned that Ms. Annarumo did not live in Johannesburg but rather in Florida. Ms. Annarumo was contacted and she confirmed that she had not listed the property and had not sold it. Because the funds withheld from the sales transaction (Document 5) had not yet been sent to the US Government these funds were recovered right away. For the balance of the funds that had been wired to the purported seller a title insurance claim was filed with Commonwealth Title. While assurance of the claim being valid and promise of payment was quickly received from Commonwealth the funds were not actually paid to the Ag Trust until August 2023.

On roughly the same timeline as identified above, Elliot Levine, son of Trustee Ned Levine, suffered essentially the same experience in an attempted purchase of an adjoining parcel, Plat 44 Lot 21-2. Elliot had responded to a public listing and followed the same procedures associated with a foreign seller of property. This false seller also represented themselves living in South Africa. Elliot's title insurance also recognized his claim and re-imbursed his purchase money. At the time of this writing (November 2023) Elliot does not own property in Little Compton.

The fraudulent sale resulted in the start of a dialog between the Ag Trust and the actual Ms. Annarumo. Eventually Ms. Annarumo made the Ag Trust an offer to sell her property for a price of \$750,000.00 (Document 6). The offer was discussed in the Executive Session of XX/XX/XXXX and the result was a recommendation to seek a lower price. After some work by the trustee primarily in charge of the acquisition an alternative scenario was offered to the Trustees whereby the Trust would purchase 26 of

the 31 acres for a price of \$550,000 and a local developer, Dennis Talbot, would purchase 5 acres for the purpose of developing affordable housing. The Trustees unanimously approved this approach at their Executive Session meeting of August 2, 2023. On August 4 a Memorandum of Understanding between the Ag Trust and Dennis Talbot was signed (Document 7). The MOU includes a survey plan and description of the portions of the parcel to be purchased by each party. The purchase occurred on August 25, 2023 with the Ag Trust and Mr. Talbot purchasing the property in common with the Trust receiving a 73.34% interest and Mr. Talbot a 26.66% interest (Document 8).

Following the closing the Ag Trust and Mr. Talbot applied to the Planning Board for a subdivision of Plat 45 Lot 1-2 using the survey plan and descriptions created for the Memorandum of Understanding. The subdivision was approved and recorded on XX/XX/XXX with the Ag Trust and Mr. Talbot exchanging deeds relinquishing any claim to the other's parcel (Document 9). The final result is that the Ag Trust owns 26 acres of open space with valuable conservation attributes and high potential for passive recreation, specifically a trail, and Mr. Talbot owns 4.9 acres to be developed with affordable housing. Mr. Talbot is working with the Little Compton Housing Trust on his project.

#### Discussion

The Ag Trust pursued the described transactions in order to acquire open space for conservation and passive recreational purposes per its stated tasks as identified in the enabling legislation. The Trust is not developing affordable housing or allowing Trust property to be developed. There has been disagreement between citizens and some lawyers on whether the Trust is authorized to enter the type of arrangement between it and Mr. Talbot. The Trustees do not operate in a vacuum. The arrangement was vetted by our attorney. The seller was only concerned with the price and the timing of the sale and had no problem with the idea of development on a portion of the property. The temporary tenants in common arrangement was seen as the most expedient method to get to the end goal. The Trustees unanimously feel that the route taken and the methods used are well within the Trust's legal authority and represent positive progress for the Town as a whole.

It has been asked why Mr. Talbot? Why didn't anybody else get a chance? The answer is that Mr. Talbot had previously expressed interest in helping with affordable housing in Little Compton. Over the last couple of years there has been a growing criticism of the Trust for not contributing to additional affordable housing being developed in town. Because of the specific legal authorities given, and withheld, from the Trust this is very difficult area for the Trust to work in. The circumstances of the Annarumo purchase were uniquely suited to diverting some of the property to affordable housing development but there was a time constraint. Given his earlier expressed interest and his willingness and ability to quickly put up his own money to participate, once Mr. Talbot said yes, the Trustees stopped looking for alternatives.

The Trust's communications related to all of the above have been described as slow and opaque. The Trust works hard to comply with Open Meeting laws, its finances are audited as part of the town audit every year, our meetings are public and regularly attended, the website and its property lists provide links to critical documents. However, it is important to recognize that while in the acquisition process activities and decisions are made in executive session and kept in sealed minutes. The Trust can improve

it's process to unseal all minutes more quickly. There is also a lag in certain reporting, particularly financial information. This is a function of reporting out of the Treasurer's office and is not easy to change. All important information is published but the time it takes can make it hard to follow against events that happened in previous weeks or months.

The Trustees are proud of the results represented in the Annarumo acquisition and believe it represents positive progress for the town in multiple areas. At the same time we recognize that it was done under highly unusual circumstances, not likely to be repeated and certainly open to improvement.