

1 AN ACT relating to real property purchased at a master commissioner's sale.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 91.514 is amended to read as follows:

4 (1) **(a)** Upon the confirmation of the sale by the court and the expiration of the right
5 of redemption provided in KRS 91.511, the title to any real estate purchased
6 from the master commissioner pursuant to KRS 91.481 to 91.527 shall vest in
7 the purchaser.

8 **(b)** The title of the real estate shall be an absolute estate in fee simple, subject to
9 rights-of-way of public utilities on which tax has been otherwise paid and
10 subject to any right of redemption of the United States of America~~[-, if any].~~

11 **(c)** All persons, including the Commonwealth of Kentucky, infants,
12 incompetents, absentees, and nonresidents who may have had any right, title,
13 interest, claim or equity of redemption in or to, or lien upon the land shall be
14 barred of all right, title, interest, claim, lien or equity of redemption, and the
15 court shall order that immediate possession of the real estate be given to the
16 purchaser. Any person so barred shall thereafter have as his ***or her*** exclusive
17 remedy a claim for a share of the proceeds of the sale of the real estate by the
18 master commissioner.

19 (2) The title shall be subject to the liens of any tax bill which may have attached to the
20 parcel of real estate prior to the time of the filing of the petition affecting the parcel
21 of real estate not then delinquent, or which may have attached after the filing of the
22 petition and prior to the expiration of the period provided for redemption and not
23 including any answer to such petition.

24 (3) If the parcel of real estate is sold to the city or to a land bank authority created
25 pursuant to KRS 65.350 to 65.375, the title shall be free of any liens to the extent of
26 the interest of any taxing authority in any such real estate.

27 (4) The title shall not be subject to the lien of special tax bills which have attached to

1 the parcel of real estate but the lien of the special tax bill shall attach to the
2 proceeds of the master commissioner's sale or to the proceeds of the ultimate sale of
3 the parcel by the city.

4 (5) Failure of any party other than the purchaser to follow the procedures set out in
5 KRS 91.484 to 91.527 shall not affect the vesting of title in the purchaser.

6 **(6) (a) 1. Except as provided in subparagraphs 2. and 3. of this paragraph, any**
7 **purchaser who obtains title to real property under this section, which**
8 **was occupied at the time the collector of taxes filed the list of unpaid**
9 **tax bills as required under KRS 91.484, shall return the property to a**
10 **state of occupancy no later than the period of time required by a land**
11 **bank authority established pursuant to KRS 65.210 to 65.300 and**
12 **65.350 to 65.375 for returning the property to effective utilization for**
13 **the county in which the property is located. This date may be extended**
14 **if the land bank authority provides a process for an extension of this**
15 **time period and a project extension application with all required**
16 **documentation has been filed with the appropriate authority, or other**
17 **procedural requirements have been met, and approval of the extension**
18 **is pending or has been granted.**

19 **2. If the property obtained under subparagraph 1. of this paragraph is**
20 **subject to an existing lease at the time of sale, the time required for the**
21 **purchaser to return the property to a state of occupancy shall not**
22 **begin until the end of the lease period, with the remaining lease period**
23 **not to exceed eleven (11) months.**

24 **3. If the property obtained under subparagraph 1. of this paragraph is**
25 **subject to the six (6) month right of redemption under KRS 426.530,**
26 **the time required for the purchaser to return the property to a state of**
27 **occupancy shall not begin until the end of the redemption period.**

1 4. Establishing occupancy under subparagraph 1. of this paragraph may
 2 be offered by affidavit of the master commissioner, sheriff, appraiser,
 3 or other person designated by the court.

4 (b) As used in this subsection, "state of occupancy" means:

5 1. Actual occupancy of the property by the purchaser or by a lessee
 6 pursuant to a long-term lease or short-term rental agreements as may
 7 be authorized by local zoning provisions; or

8 2. Actively marketing the property for sale or rent. As used in this
 9 subparagraph, "actively marketing the property" means:

10 a. A "for sale" or "for rent" sign has been prominently placed on
 11 the property with accurate contact information;

12 b. If the owner has engaged the services of a licensed real estate
 13 agent, the agent has complied with the requirements of KRS
 14 324.117; and

15 c. The owner has continued to make a good-faith effort to sell or
 16 rent the property at a price that reflects the circumstances and
 17 market conditions until rented or sold for immediate occupancy.

18 (c) Failure to comply with this subsection shall result in a fine in the amount of
 19 one hundred dollars (\$100) per day for each day of violation, payable to the
 20 chief financial officer of the local government in which the property is
 21 located, and may result in an order of sale of the property under KRS
 22 426.205.

23 (d) This subsection shall only apply to residential property located in a county
 24 that has a land bank authority created pursuant to KRS 65.210 to 65.300
 25 and 65.350 to 65.375.

26 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 426 IS CREATED TO
 27 READ AS FOLLOWS:

1 (1) (a) Except as provided in paragraph (b) of this subsection, any purchaser who
2 obtains title to real property sold under an order or judgment of a court,
3 other than an execution, by a commissioner or other officer selling the
4 property and that was occupied at the time of the appraisal required under
5 KRS 426.520, shall return the property to a state of occupancy no later than
6 the period of time required by a land bank authority established pursuant to
7 KRS 65.210 to 65.300 and 65.350 to 65.375 for returning the property to
8 effective utilization for the county in which the property is located. This date
9 may be extended if the land bank authority provides a process for an
10 extension of this time period and a project extension application with all
11 required documentation has been filed with the appropriate authority, or
12 other procedural requirements have been met, and approval of the
13 extension is pending or has been granted.

14 (b) If the property obtained under paragraph (a) of this subsection is subject to:
15 1. An existing lease at the time of sale, the time required for the
16 purchaser to return the property to a state of occupancy shall not
17 begin until the end of the lease period, with the remaining lease period
18 not to exceed eleven (11) months.
19 2. The six (6) month right of redemption under KRS 426.530, the time
20 required for the purchaser to return the property to a state of
21 occupancy shall not begin until the end of the redemption period.

22 (2) As used in this section, "state of occupancy" means:

23 (a) Actual occupancy of the property by the purchaser or by a lessee pursuant
24 to a long-term lease or short-term rental agreements as may be authorized
25 by local zoning provisions; or

26 (b) Actively marketing the property for sale or rent. As used in this paragraph,
27 "actively marketing the property" means:

- 1 1. A "for sale" or "for rent" sign has been prominently placed on the
2 property with accurate contact information;
- 3 2. If the owner has engaged the services of a licensed real estate agent,
4 the agent has complied with the requirements of KRS 324.117; and
- 5 3. The owner has continued to make a good faith effort to sell or rent the
6 property at a price that reflects the circumstances and market
7 conditions until rented or sold for immediate occupancy.
- 8 (3) Failure to comply with this section shall result in a fine in the amount of one
9 hundred dollars (\$100) per day for each day of violation, payable to the chief
10 financial officer of the local government in which the property is located, and
11 may result in an order of sale of the property under KRS 426.205.
- 12 (4) This section shall only apply to residential property located in a county that has a
13 land bank authority created pursuant to KRS 65.210 to 65.300 and 65.350 to
14 65.375.