

2013 -- H 5896

=====
LC00542
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

—————
A N A C T

RELATING TO PROPERTY - MORTGAGE FORECLOSURE AND SALE

Introduced By: Representatives Almeida, Williams, Diaz, and Slater

Date Introduced: March 19, 2013

Referred To: House Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 34-27-6 of the General Laws in Chapter 34-27 entitled "Mortgage
2 Foreclosure and Sale" is hereby amended to read as follows:

3 **34-27-6. Payment of outstanding taxes.** -- (a) In connection with any sale by public
4 auction made under and according to the provisions of any mortgage of real estate or any power
5 of sale contained therein or annexed thereto, if the mortgagee or an affiliate of the mortgagee is
6 the successful bidder for the real estate or property offered for sale, the foreclosure deed shall be
7 recorded in the records of land evidence for the municipality where the real estate is located
8 within forty-five (45) days after the date of the sale. The deed shall be captioned "foreclosure
9 deed" and the date of the foreclosure shall be stated in the deed. This subsection (a) shall not
10 apply to any such sale if, prior to the recording of the foreclosure deed: (1) the mortgagor files a
11 voluntary proceeding, or an order for relief is entered in any involuntary proceeding against the
12 mortgagor, under any federal or state bankruptcy or insolvency statute; or (2) the mortgagee
13 abandons or otherwise terminates such sale.

14 (b) Notwithstanding any other general law or local ordinance to the contrary, the
15 mortgagee or grantee of real estate named in the foreclosure deed shall pay to the municipality,
16 on or before the date the foreclosure deed is recorded, all taxes and other assessments, including
17 all applicable fines, penalties or assessments assessed by a municipal housing court, authority or
18 agency, water charges, and other interest and penalties, if any, which constitute liens on the real
19 estate described in the foreclosure deed and which are due and owing on the recording date

1 (collectively, "taxes due and owing"); provided, however, that a [mortgagee or](#) grantee shall not be
2 deemed in violation of this subsection (b) if the [mortgagee or](#) grantee shall apply for a municipal
3 lien certificate from the tax collector for the municipality during the forty-five (45) day period
4 ending on the day on which the foreclosure deed is recorded and shall pay the taxes due and
5 owing within thirty (30) days after the date on which the municipal lien certificate is mailed by
6 the tax collector by the United States mail, postage prepaid, certified, return receipt requested,
7 and addressed to the [mortgagee or](#) grantee at the address therefor set forth in the application for
8 the municipal lien certificate. Taxes due and owing for purposes of this section shall include only
9 installments thereof required by law to be paid as of the date the foreclosure deed is recorded.

10 (c) Upon a violation of any one or more of the requirements of this section, a penalty
11 shall accrue at the rate of forty dollars (\$40.00) per month (in the aggregate) for each month or
12 part thereof during which such violation or violations continue. For purposes of determining the
13 penalty due hereunder, a month commences on the day on which the first such violation occurs
14 and a new month commences on the same day (or if there is no such day, then on the last day) of
15 each succeeding calendar month until all taxes due and owing are paid. In the event of a violation
16 of subsection (a), taxes due and owing shall be determined as of the date required thereunder for
17 the recording of a foreclosure deed.

18 (d) As used in this section, the term "affiliate" shall mean, with respect to any
19 mortgagee, any individual or legal entity that controls, is controlled by or is under common
20 control with such mortgagee, and the term "foreclosure deed" shall mean the mortgagee's deed or
21 other conveyance of title to the successful bidder at any sale by public auction made under and
22 according to the provisions of any mortgage of real estate or any power of sale contained therein
23 or annexed thereto.

24 SECTION 2. Chapter 34-27 of the General Laws entitled "Mortgage Foreclosure and
25 Sale" is hereby amended by adding thereto the following section:

26 **34-27-6.1. Additional powers of municipal housing courts and authorities.** – [\(a\) For](#)
27 [purposes of this section the following terms shall have the following meanings:](#)

28 [\(1\) "Blighted property" shall mean:](#)

29 [\(i\) A property which, because of physical condition or use, has been declared by a court](#)
30 [of competent jurisdiction or municipal codes or ordinances as a public nuisance.](#)

31 [\(ii\) A property which, because it is dilapidated, unsanitary, unsafe, vermin-infested or](#)
32 [lacking in the facilities or equipment required under a municipal housing code, has been](#)
33 [designated by the municipality as unfit for human habitation.](#)

34 [\(iii\) A property which has been deemed a fire hazard.](#)

1 (iv) A vacant or unimproved lot or parcel of land which, by reason of neglect or lack of
2 maintenance, has become a place for accumulation of trash and debris or a haven for vermin.

3 (v) An unoccupied property which has been tax delinquent for a period of at least one
4 year.

5 (vi) A property which is vacant but not tax delinquent and which has not been
6 rehabilitated within one year of receipt of notice to rehabilitate from the appropriate code
7 enforcement agency or court.

8 (2) "Costs of rehabilitation" means, without limitation, any costs and expenses for
9 construction, stabilization, rehabilitation, demolition, and reasonable non-construction related
10 costs and expenses associated with remediation, rehabilitation, engineering, legal fees, permitting,
11 etc.

12 (3) "Municipality" means any governmental entity or court charged with the enforcement
13 of municipal housing, building, plumbing, fire, and other housing-related codes.

14 (b) In addition to any other remedy available at law or in equity, a municipality may
15 recover from a mortgagee or grantee of real estate named in a foreclosure deed an amount equal
16 to the costs of rehabilitation lawfully incurred by or on behalf of the municipality to remedy any
17 violation of this chapter and to rehabilitate a foreclosed property.

18 (c) A lien may be placed against any other asset or property located in this state of an
19 owner or mortgagee of a blighted property that is in violation of any law, code, or ordinance, after
20 a judgment, decree, or order has been entered by an applicable court or municipality.

21 SECTION 3. This act shall take effect upon passage.

=====
LC00542
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO PROPERTY - MORTGAGE FORECLOSURE AND SALE

1 This act would require mortgagees and grantees of foreclosed property to pay all
2 applicable fines and penalties assessed by a municipality on or before the date a foreclosure deed
3 is recorded. This act would also allow a municipality to recover the costs of rehabilitation
4 incurred by or on behalf of the municipality to rehabilitate a foreclosed property.

5 This act would take effect upon passage.

=====
LC00542
=====