

5022

2013-2014 Regular Sessions

I N   S E N A T E

May 6, 2013

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Introduced by Sen. BONACIC -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations

AN ACT to authorize the city of Middletown to enter into a contract to sell or pledge as collateral for a loan some or all of the delinquent liens held by such city to a private party or engage a private party to collect some or all of the delinquent tax liens held by it

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1     Section 1. Notwithstanding any provision of any general, special or  
2     local law to the contrary, the city of Middletown may enter into a  
3     contract to sell some or all of the delinquent tax liens held by it to a  
4     private party, subject to the following conditions:  
5     (a) The consideration to be paid for a sale of the delinquent tax  
6     liens held by it may be more or less than the face amount of the tax  
7     liens sold.  
8     (b) Property owners shall be given at least 30 days advance notice of  
9     sale in the same form and manner as is provided by subdivision 2 of  
10    section 1190 of the real property tax law. Failure to provide such  
11    notice or the failure of the addressee to receive the same shall not in  
12    any way affect the validity of any sale of a tax lien or tax liens or  
13    the validity of the taxes or interest prescribed by law with respect  
14    thereto.  
15    (c) The city of Middletown shall set the terms and conditions of the  
16    contract of sale or loan.  
17    (d) The tax lien purchaser must 30 days prior to the commencement of  
18    any foreclosure action provide to the city of Middletown a list of liens  
19    to be foreclosed. The city of Middletown may, at its sole option and  
20    discretion, repurchase a lien or liens on the foreclosure list from the  
21    tax lien purchaser. The repurchase price shall be the amount of the lien  
22    or liens plus any accrued interest and collection fees incurred by the

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets [ ] is old law to be omitted.

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1 tax lien purchaser through the date of repurchase. The tax lien purchas-  
2 er shall provide the foreclosure list to the city of Middletown, along  
3 with the applicable repurchase price of each lien, by certified mail,  
4 and the city of Middletown shall have 30 days from receipt to notify the  
5 tax lien purchaser of its option to purchase one or more of the liens.  
6 If the city of Middletown opts to purchase the lien, it shall provide  
7 payment within 30 days of receipt of the repurchase price of said lien  
8 or liens. If the city of Middletown shall fail to repurchase the lien or  
9 liens the tax lien purchaser shall have the right to commence a foreclo-  
10 sure action immediately upon notice from the city of Middletown of its  
11 refusal or at the expiration of the 30 day review period whichever  
12 occurs first.

13 (e) The sale of a tax lien pursuant to this act shall not operate to  
14 shorten the otherwise applicable redemption period or change the other-  
15 wise applicable interest rate.

16 (f) Upon the expiration of the redemption period prescribed by law,  
17 the purchaser of a delinquent tax lien, or its successors or assigns,  
18 may foreclose the lien as in an action to foreclose a mortgage as  
19 provided in section 1194 of the real property tax law. The procedure in  
20 such action shall be the procedure prescribed by article 13 of the real  
21 property actions and proceedings law for the foreclosure of mortgages.  
22 At any time following the commencement of an action to foreclose a lien,  
23 the amount required to redeem the lien, or the amount received upon sale  
24 of a property, shall include reasonable and necessary collection costs,  
25 attorneys' fees, legal costs, allowances, and disbursements.

26 (g) The provisions of title 5 of article 11 of the real property tax  
27 law shall apply so far as is practicable to a contract for the sale of  
28 tax liens pursuant to this act.

29 S 2. Notwithstanding any provision of any general, special or local  
30 law to the contrary, the city of Middletown may enter into a contract to  
31 pledge as collateral for a loan some or all of the delinquent tax liens  
32 held by it to a third party or engage a third party to collect some or  
33 all of the delinquent tax liens held by it subject to the following  
34 conditions:

35 (a) Any loan provided under this section shall bear an interest rate  
36 to be determined by the city of Middletown.

37 (b) Any contract for the collection of delinquent tax liens the fee  
38 paid by the city of Middletown shall not exceed 10% of the outstanding  
39 balance of the tax lien being collected and said fee shall be borne by  
40 the delinquent taxpayer.

41 S 3. This act shall take effect immediately.