

608

2015-2016 Regular Sessions

I N A S S E M B L Y

(PREFILED)

January 7, 2015

Introduced by M. of A. BRAUNSTEIN -- read once and referred to the
Committee on Real Property Taxation

AN ACT to amend the real property tax law, the administrative code of
the city of New York and the New York city charter, in relation to
establishing a new classification of properties for properties held in
condominium and cooperative form for assessment purposes

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

1 Section 1. Subdivision 1 of section 1802 of the real property tax law,
2 as separately amended by chapters 123 and 529 of the laws of 1990, para-
3 graph class one as amended by chapter 332 of the laws of 2008, is
4 amended to read as follows:
5 1. All real property, for the purposes of this article, in a special
6 assessing unit shall be classified as follows:
7 Class one: (a) all one, two and three family residential real proper-
8 ty, including such dwellings used in part for nonresidential
9 purposes but which are used primarily for residential purposes,
10 except such property held in cooperative or condominium forms of
11 ownership other than (i) property defined in subparagraphs (b)
12 and (c) of this paragraph and (ii) property which contains no
13 more than three dwelling units held in condominium form of
14 ownership and which was classified within this class on a previ-
15 ous assessment roll; and provided that, notwithstanding the
16 provisions of paragraph (g) of subdivision twelve of section one
17 hundred two of this chapter, a mobile home or a trailer shall
18 not be classified within this class unless it is owner-occupied
19 and separately assessed; and (b) residential real property not
20 more than three stories in height held in condominium form of
21 ownership, provided that no dwelling unit therein previously was
22 on an assessment roll as a dwelling unit in other than condomin-

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

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ium form of ownership; and (c) residential real property consisting of one family house structures owned by the occupant, situated on land held in cooperative ownership by owner occupiers, provided that; (i) such house structures and land constituted bungalow colonies in existence prior to nineteen hundred forty; and (ii) the land is held in cooperative ownership for the sole purpose of maintaining one family residences for members own use; and (d) all vacant land located within a special assessing unit which is a city (i) other than such land in the borough of Manhattan, provided that any such vacant land which is not zoned residential must be situated immediately adjacent to property improved with a residential structure as defined in subparagraphs (a) and (b) of this paragraph, be owned by the same owner as such immediately adjacent residential property immediately prior to and since January 1, 1989, and have a total area not exceeding 10,000 square feet; and (ii) located in the borough of Manhattan north of or adjacent to the north side of 110th street provided such vacant land was classified within this class on the assessment roll with a taxable status date of January 5, 2008 and the owner of such land has entered into a recorded agreement with a governmental entity on or before December 31, 2008 requiring construction of housing affordable to persons or families of low income in accordance with the provisions of the private housing finance law. Notwithstanding the foregoing, such vacant land shall be classified according to its use on the assessment roll with a taxable status date immediately following commencement of construction, provided further, that construction pursuant to an approved plan for affordable housing shall commence no later than December 31, 2010; and (e) all vacant land located within a special assessing unit which is not a city, provided that such vacant land which is not zoned residential must be situated immediately adjacent to real property defined in subparagraph (a), (b) or (c) of this paragraph and be owned by the same person or persons who own the real property defined in such subparagraph immediately prior to and since January 1, 2003;

Class two: [all other] residential real property HELD IN COOPERATIVE OR CONDOMINIUM FORM OF OWNERSHIP which is not designated as class one[, except hotels and motels and other similar commercial property];

Class three: utility real property and property subject to former section four hundred seventy of this chapter;

Class four: all other real property which is not designated as class one, class two, [or] class three[.], OR CLASS FIVE;

CLASS FIVE: ALL OTHER RESIDENTIAL REAL PROPERTY WHICH IS NOT DESIGNATED AS CLASS ONE, EXCEPT HOTELS AND MOTELS AND OTHER SIMILAR COMMERCIAL PROPERTY, OR CLASS TWO.

S 2. The opening paragraph of subdivision 2 of section 1805 of the real property tax law, as amended by chapter 586 of the laws of 1992, is amended to read as follows:

The assessment roll of a special assessing unit wholly contained within a city shall identify those parcels classified in class two OR CLASS FIVE which have fewer than eleven residential units. The assessor of any such special assessing unit shall not increase the assessment of any parcel so identified in any one year, as measured from the actual assessment on the previous year's assessment roll, by more than eight

1 percent and shall not increase such assessment by more than thirty
2 percent in any five-year period. The first such five-year period shall
3 be measured from the individual assessment appearing on the assessment
4 roll completed in nineteen hundred eighty-one provided that, if such
5 parcel would not have been subject to the provisions of this subdivision
6 in nineteen hundred eighty-one had this subdivision then been in effect,
7 the first such five-year period shall be measured from the first year
8 after nineteen hundred eighty-one in which this subdivision applied to
9 such parcel or would have applied to such parcel had this subdivision
10 been in effect in such year.

11 S 3. Subdivision 6 of section 1805 of the real property tax law, as
12 added by chapter 711 of the laws of 2005, is amended to read as follows:

13 6. Notwithstanding any provision of law to the contrary, in any
14 special assessing unit wholly contained within a city, beginning with
15 the assessment roll completed in two thousand five and for each subse-
16 quent assessment roll, the assessor shall not increase the assessment of
17 any existing property classified in class two OR CLASS FIVE that has
18 fewer than eleven residential units, with respect to any increase in
19 value attributable to additions to or improvements of such property that
20 were not reflected on the assessment roll for a previous year, by more
21 than one-third of the amount that such assessment would increase, in the
22 absence of this subdivision, with respect to any increase in value
23 attributable to additions to or improvements of such property that were
24 not reflected on the assessment roll for a previous year. Notwithstand-
25 ing the provisions of subdivision five of this section, the remainder of
26 the increase in value attributable to such additions or improvements
27 that were not reflected on the assessment roll for a previous year shall
28 be subject to the limitations on increases provided in subdivision two
29 of this section. This subdivision shall not apply to the construction of
30 a new building or structure. This subdivision shall not apply where, as
31 a result of such additions to or improvements of the existing property
32 CLASSIFIED IN CLASS FIVE, there are more than ten residential units in
33 such property.

34 S 4. Paragraph (f) of subdivision 1 of section 467-a of the real prop-
35 erty tax law, as added by chapter 273 of the laws of 1996, is amended to
36 read as follows:

37 (f) "Property" means real property designated as class two, pursuant
38 to section eighteen hundred two of this chapter[, held in the cooper-
39 ative or condominium form of ownership].

40 S 5. Subdivision 7 of section 499-aaa of the real property tax law, as
41 added by chapter 461 of the laws of 2008, is amended to read as follows:

42 7. "Eligible building" shall mean a class one, class two [or], class
43 four OR CLASS FIVE real property, as defined in subdivision one of
44 section eighteen hundred two of this chapter, located within a city
45 having a population of one million or more persons. No building shall be
46 eligible for more than one tax abatement pursuant to this title.

47 S 6. Subdivision 7 of section 499-aaaa of the real property tax law,
48 as added by chapter 473 of the laws of 2008, is amended to read as
49 follows:

50 7. "Eligible building" shall mean a class one, class two [or], class
51 four OR CLASS FIVE real property, as defined in subdivision one of
52 section eighteen hundred two of this chapter, located within a city
53 having a population of one million or more persons. No building shall be
54 eligible for more than one tax abatement pursuant to this title.

1 S 7. Paragraph (b) of subdivision 3 of section 522 of the real proper-
2 ty tax law, as added by chapter 714 of the laws of 1982, is amended to
3 read as follows:

4 (b) in a special assessing unit, the determination, pursuant to
5 section eighteen hundred two of this chapter, of whether real property
6 is included in class one, two, three [or], four OR FIVE.

7 S 8. Subdivision 10 of section 523-b of the real property tax law, as
8 added by chapter 593 of the laws of 1998, is amended to read as follows:

9 10. On or before April first, each year the commission shall mail to
10 each applicant, who has filed an application for the correction of the
11 assessment, a notice of the commission's determination of such appli-
12 cant's assessment. Such notice shall also contain the statement as to
13 the final determination of the assessment review commission, or a state-
14 ment that the commission has not yet made a determination as to the
15 final assessed valuation which shall be made as soon as the petitioners
16 application is reviewed or heard. If the applicants property is a prop-
17 erty defined in subdivision one of section eighteen hundred two of this
18 chapter as "Class 1", the commissions determination shall contain the
19 statement: "If you are dissatisfied with the determination of the
20 Assessment Review Commission and you are the owner of a one, two or
21 three family residential structure or residential real property not more
22 than three stories in height held in condominium form of ownership,
23 provided that no dwelling unit therein previously was on an assessment
24 roll as a dwelling unit in other than condominium form of ownership, and
25 you reside at such residence, you may seek judicial review of your
26 assessment either under title one of article seven of the real property
27 tax law or under small claims assessment review law provided by title
28 one-A of article seven of the real property tax law." Such notice shall
29 also state [that] the last date to file petitions for judicial review
30 and the location where small claims assessment review petitions may be
31 obtained.

32 Each applicant that has filed an application of a property as defined
33 in subdivision one of section eighteen hundred two of this chapter as
34 "Class 2", "Class 3" [or], "Class 4" OR "CLASS 5", shall receive a
35 notice as to the final determination of the assessment review commission
36 or a statement that the commission has not yet made a determination as
37 to the final assessed valuation which shall be made as soon as the peti-
38 tioners application is reviewed or heard. Such applicants determinations
39 shall contain the statement: "If you are dissatisfied with the determi-
40 nation of the Assessment Review Commission you may seek judicial review
41 of your assessment under title one of article seven of the real property
42 tax law." Such notice shall also state the last date to file petitions
43 for judicial review. A final determination when rendered shall contain
44 the same statement. Failure to mail any such notice or failure of the
45 applicant to receive the same shall not affect the validity of the
46 assessment.

47 S 9. Paragraph (b) of subdivision 3 of section 701 of the real proper-
48 ty tax law, as added by chapter 714 of the laws of 1982, is amended to
49 read as follows:

50 (b) In a special assessing unit, the determination, pursuant to
51 section eighteen hundred two of this chapter, of whether real property
52 is included in class one, two, three [or], four OR FIVE.

53 S 10. Subparagraph 2 of paragraph (a) of subdivision 3 of section 720
54 of the real property tax law, as amended by chapter 679 of the laws of
55 1986, is amended to read as follows:

(2) "Major type of property" in special assessing units, for assessments on rolls completed after December thirty-first, nineteen hundred eighty-one, shall mean classes one, two, three [and], four AND FIVE as defined in subdivision one of section eighteen hundred two of this chapter.

S 11. Subdivisions e and f of section 11-208.1 of the administrative code of the city of New York, subdivision e as amended by local law number 41 of the city of New York for the year 1986 and subdivision f as amended by chapter 385 of the laws of 2006, are amended to read as follows:

e. As used in this section, the term "income-producing property" means property owned for the purpose of securing an income from the property itself, but shall not include property with an assessed value of forty thousand dollars or less, or residential property containing ten or fewer dwelling units or property classified in class one [or], two OR FIVE as defined in article eighteen of the real property tax law containing six or fewer dwelling units and one retail store.

f. Except in accordance with proper judicial order or as otherwise provided by law, it shall be unlawful for the commissioner, any officer or employee of the department, the president or a commissioner or employee of the tax commission, any person engaged or retained by the department or the tax commission on an independent contract basis, or any person, who, pursuant to this section, is permitted to inspect any income and expense statement or to whom a copy, an abstract or a portion of any such statement is furnished, to divulge or make known in any manner except as provided in this subdivision, the amount of income and/or expense or any particulars set forth or disclosed in any such statement required under this section. The commissioner, the president of the tax commission, or any commissioner or officer or employee of the department or the tax commission charged with the custody of such statements shall not be required to produce any income and expense statement or evidence of anything contained in them in any action or proceeding in any court, except on behalf of the department or the tax commission. Nothing herein shall be construed to prohibit the delivery to an owner or his or her duly authorized representative of a certified copy of any statement filed by such owner pursuant to this section or to prohibit the publication of statistics so classified as to prevent the identification of particular statements and the items thereof, or making known aggregate income and expense information disclosed with respect to property classified as class four as defined in article eighteen of the real property tax law without identifying information about individual leases, or making known a range as determined by the commissioner within which the income and expenses of a property classified as class two OR CLASS FIVE falls, or the inspection by the legal representatives of the department or of the tax commission of the statement of any owner who shall bring an action to correct the assessment. Any violation of the provisions of this subdivision shall be punished by a fine not exceeding one thousand dollars or by imprisonment not exceeding one year, or both, at the discretion of the court, and if the offender be an officer or employee of the department or the tax commission, the offender shall be dismissed from office.

S 12. Subdivisions a, a-1, a-2, a-3, a-4 and a-5 of section 11-319 of the administrative code of the city of New York, subdivisions a, a-1, a-2 and a-3 as amended and subdivisions a-4 and a-5 as added by local law number 15 of the city of New York for the year 2011, are amended to read as follows:

1 a. A tax lien or tax liens on a property or any component of the
2 amount thereof may be sold by the city as authorized by subdivision b of
3 this section, when such tax lien or tax liens shall have remained unpaid
4 in whole or in part for one year, provided, however, that a tax lien or
5 tax liens on any class one property or [on] class two property [that is
6 a residential condominium or residential cooperative], as such classes
7 of property are defined in subdivision one of section eighteen hundred
8 two of the real property tax law, may be sold by the city only when the
9 real property tax component of such tax lien or tax liens shall have
10 remained unpaid in whole or in part for three years or, in the case of
11 any class [two] FIVE residential property owned by a company organized
12 pursuant to article XI of the state private housing finance law [that is
13 not a residential condominium or a residential cooperative], as such
14 class of property is defined in subdivision one of section eighteen
15 hundred two of the real property tax law, for two years, and equals or
16 exceeds the sum of five thousand dollars or, in the case of abandoned
17 class one property [or], abandoned class two property [that is a resi-
18 dential condominium or residential cooperative], for eighteen months,
19 and after such sale, shall be transferred, in the manner provided by
20 this chapter, and provided, further, however, that (i) the real property
21 tax component of such tax lien may not be sold pursuant to this subdivi-
22 sion on any residential real property in class one that is receiving an
23 exemption pursuant to section 11-245.3 or 11-245.4 of this title, or
24 pursuant to section four hundred fifty-eight of the real property tax
25 law with respect to real property purchased with payments received as
26 prisoner of war compensation from the United States government, or
27 pursuant to paragraph (b) or (c) of subdivision two of section four
28 hundred fifty-eight-a of the real property tax law, or where the owner
29 of such residential real property in class one is receiving benefits in
30 accordance with department of finance memorandum 05-3, or any successor
31 memorandum thereto, relating to active duty military personnel, or where
32 the owner of such residential real property in class one has been
33 allowed a credit pursuant to subsection (e) of section six hundred six
34 of the tax law for the calendar year in which the date of the first
35 publication, pursuant to subdivision a of section 11-320 of this chap-
36 ter, of the notice of sale, occurs or for the calendar year immediately
37 preceding such date and (ii) the sewer rents component, sewer surcharges
38 component or water rents component of such tax lien may not be sold
39 pursuant to this subdivision on any one family residential real property
40 in class one or on any two or three family residential real property in
41 class one that is receiving an exemption pursuant to section 11-245.3 or
42 11-245.4 of this title, or pursuant to section four hundred fifty-eight
43 of the real property tax law with respect to real property purchased
44 with payments received as prisoner of war compensation from the United
45 States government, or pursuant to paragraph (b) or (c) of subdivision
46 two of section four hundred fifty-eight-a of the real property tax law,
47 or where the owner of any two or three family residential real property
48 in class one is receiving benefits in accordance with department of
49 finance memorandum 05-3, or any successor memorandum thereto, relating
50 to active duty military personnel, or where the owner of any two or
51 three family residential real property in class one has been allowed a
52 credit pursuant to subsection (e) of section six hundred six of the tax
53 law for the calendar year in which the date of the first publication,
54 pursuant to subdivision a of section 11-320 of this chapter, of the
55 notice of sale, occurs or for the calendar year immediately preceding
56 such date. A tax lien or tax liens on any property classified as a

1 [class two property, except a class two property that is a residential
2 condominium or residential cooperative, or a class two residential prop-
3 erty owned by a company organized pursuant to article XI of the state
4 private housing finance law that is not a residential condominium or a
5 residential cooperative, or] class three property, OR A CLASS FIVE PROP-
6 ERTY OWNED BY A COMPANY ORGANIZED PURSUANT TO ARTICLE XI OF THE STATE
7 PRIVATE HOUSING FINANCE LAW as such classes of property are defined in
8 subdivision one of section eighteen hundred two of the real property tax
9 law, shall not be sold by the city unless such tax lien or tax liens
10 include a real property tax component as of the date of the first publi-
11 cation, pursuant to subdivision a of section 11-320 of this chapter, of
12 the notice of sale. Notwithstanding any provision of this subdivision to
13 the contrary, any such tax lien or tax liens that remain unpaid in whole
14 or in part after such date may be sold regardless of whether such tax
15 lien or tax liens include a real property tax component. A tax lien or
16 tax liens on a property classified as a class four property, as such
17 class of property is defined in subdivision one of section eighteen
18 hundred two of the real property tax law, shall not be sold by the city
19 unless such tax lien or tax liens include a real property tax component
20 or sewer rents component or sewer surcharges component or water rents
21 component or emergency repair charges component, where such emergency
22 repair charges accrued on or after January first, two thousand six and
23 are made a lien pursuant to section 27-2144 of this code, as of the date
24 of the first publication, pursuant to subdivision a of section 11-320 of
25 this chapter, of the notice of sale, provided, however, that any tax
26 lien or tax liens that remain unpaid in whole or in part after such date
27 may be sold regardless of whether such tax lien or tax liens include a
28 real property tax component, sewer rents component, sewer surcharges
29 component, water rents component or emergency repair charges component.
30 For purposes of this subdivision, the words "real property tax" shall
31 not include an assessment or charge upon property imposed pursuant to
32 section 25-411 of [the administrative] THIS code. A sale of a tax lien
33 or tax liens shall include, in addition to such lien or liens that have
34 remained unpaid in whole or in part for one year, or, in the case of any
35 class one property or class two property [that is a residential condo-
36 minium or residential cooperative], when the real property tax component
37 of such lien or liens has remained unpaid in whole or in part for three
38 years, or, in the case of any class [two] FIVE residential property
39 owned by a company organized pursuant to article XI of the state private
40 housing finance law [that is not a residential condominium or a residen-
41 tial cooperative], when the real property tax component of such lien or
42 liens has remained unpaid in whole or in part for two years, and equals
43 or exceeds the sum of five thousand dollars, any taxes, assessments,
44 sewer rents, sewer surcharges, water rents, any other charges that are
45 made a lien subject to the provisions of this chapter, the costs of any
46 advertisements and notices given pursuant to this chapter, any other
47 charges that are due and payable, a surcharge pursuant to section 11-332
48 of this chapter, and interest and penalties thereon or such component of
49 the amount thereof as shall be determined by the commissioner of
50 finance. The commissioner of finance may promulgate rules defining
51 "abandoned" property, as such term is used in this subdivision.

52 a-1. A subsequent tax lien or tax liens on a property or any component
53 of the amount thereof may be sold by the city pursuant to this chapter,
54 provided, however, that notwithstanding any provision in this chapter to
55 the contrary, such tax lien or tax liens may be sold regardless of
56 whether such tax lien or tax liens have remained unpaid in whole or in

1 part for one year and, notwithstanding any provision in this chapter to
2 the contrary, in the case of any class one property or class two proper-
3 ty [that is a residential condominium or residential cooperative] or,
4 beginning January first, two thousand twelve, in the case of any class
5 [two] FIVE residential property owned by a company organized pursuant to
6 article XI of the state private housing finance law [that is not a resi-
7 dential condominium or a residential cooperative], such tax lien or tax
8 liens may be sold if the real property tax component of such tax lien or
9 tax liens has remained unpaid in whole or in part for one year, and
10 provided, further, however, that (i) the real property tax component of
11 such tax lien may not be sold pursuant to this subdivision on any resi-
12 dential real property in class one that is receiving an exemption pursu-
13 ant to section 11-245.3 or 11-245.4 of this title, or pursuant to
14 section four hundred fifty-eight of the real property tax law with
15 respect to real property purchased with payments received as prisoner of
16 war compensation from the United States government, or pursuant to para-
17 graph (b) or (c) of subdivision two of section four hundred
18 fifty-eight-a of the real property tax law, or where the owner of such
19 residential real property in class one is receiving benefits in accord-
20 ance with department of finance memorandum 05-3, or any successor memo-
21 randum thereto, relating to active duty military personnel, or where the
22 owner of such residential real property in class one has been allowed a
23 credit pursuant to subsection (e) of section six hundred six of the tax
24 law for the calendar year in which the date of the first publication,
25 pursuant to subdivision a of section 11-320 of this chapter, of the
26 notice of sale, occurs or for the calendar year immediately preceding
27 such date and (ii) the sewer rents component, sewer surcharges component
28 or water rents component of such tax lien may not be sold pursuant to
29 this subdivision on any one family residential real property in class
30 one or on any two or three family residential real property in class one
31 that is receiving an exemption pursuant to section 11-245.3 or 11-245.4
32 of this title, or pursuant to section four hundred fifty-eight of the
33 real property tax law with respect to real property purchased with
34 payments received as prisoner of war compensation from the United States
35 government, or pursuant to paragraph (b) or (c) of subdivision two of
36 section four hundred fifty-eight-a of the real property tax law, or
37 where the owner of any two or three family residential real property in
38 class one is receiving benefits in accordance with department of finance
39 memorandum 05-3, or any successor memorandum thereto, relating to active
40 duty military personnel, or where the owner of any two or three family
41 residential real property in class one has been allowed a credit pursu-
42 ant to subsection (e) of section six hundred six of the tax law for the
43 calendar year in which the date of the first publication, pursuant to
44 subdivision a of section 11-320 of this chapter, of the notice of sale,
45 occurs or for the calendar year immediately preceding such date. For
46 purposes of this subdivision, the term "subsequent tax lien or tax
47 liens" shall mean any tax lien or tax liens on property that become such
48 on or after the date of sale of any tax lien or tax liens on such prop-
49 erty that have been sold pursuant to this chapter, provided that the
50 prior tax lien or tax liens remain unpaid as of the date of the first
51 publication, pursuant to subdivision a of section 11-320 of this chap-
52 ter, of the notice of sale of the subsequent tax lien or tax liens. A
53 subsequent tax lien or tax liens on any property classified as a [class
54 two property, except a class two property that is a residential condo-
55 minium or residential cooperative, or a class two residential property
56 owned by a company organized pursuant to article XI of the state private

1 housing finance law that is not a residential condominium or a residen-
2 tial cooperative, or]class three property, OR A CLASS FIVE PROPERTY
3 OWNED BY A COMPANY ORGANIZED PURSUANT TO ARTICLE XI OF THE STATE PRIVATE
4 HOUSING FINANCE LAW, as such classes of property are defined in subdivi-
5 sion one of section eighteen hundred two of the real property tax law,
6 shall not be sold by the city unless such tax lien or tax liens include
7 a real property tax component as of the date of the first publication,
8 pursuant to subdivision a of section 11-320 of this chapter, of the
9 notice of sale. Notwithstanding any provision of this subdivision to the
10 contrary, any such tax lien or tax liens that remain unpaid in whole or
11 in part after such date may be sold regardless of whether such tax lien
12 or tax liens include a real property tax component. A subsequent tax
13 lien or tax liens on a property classified as a class four property, as
14 such class of property is defined in subdivision one of section eighteen
15 hundred two of the real property tax law, shall not be sold by the city
16 unless such tax lien or tax liens include a real property tax component
17 or sewer rents component or sewer surcharges component or water rents
18 component or emergency repair charges component, where such emergency
19 repair charges accrued on or after January first, two thousand six and
20 are made a lien pursuant to section 27-2144 of this code, as of the date
21 of the first publication, pursuant to subdivision a of section 11-320 of
22 this chapter, of the notice of sale, provided, however, that any tax
23 lien or tax liens that remain unpaid in whole or in part after such date
24 may be sold regardless of whether such tax lien or tax liens include a
25 real property tax component, sewer rents component, sewer surcharges
26 component, water rents component or emergency repair charges component.
27 For purposes of this subdivision, the words "real property tax" shall
28 not include an assessment or charge upon property imposed pursuant to
29 section 25-411 of [the administrative] THIS code. Nothing in this subdivi-
30 sion shall be deemed to limit the rights conferred by section 11-332
31 of this chapter on the holder of a tax lien certificate with respect to
32 a subsequent tax lien.

33 a-2. In addition to any sale authorized pursuant to subdivision a or
34 subdivision a-1 of this section and notwithstanding any provision of
35 this chapter to the contrary, beginning on December first, two thousand
36 seven, the water rents, sewer rents and sewer surcharges components of
37 any tax lien on any class of real property, as such real property is
38 classified in subdivision one of section eighteen hundred two of the
39 real property tax law, may be sold by the city pursuant to this chapter,
40 where such water rents, sewer rents or sewer surcharges component of
41 such tax lien, as of the date of the first publication, pursuant to
42 subdivision a of section 11-320 of this chapter, of the notice of sale:
43 (i) shall have remained unpaid in whole or in part for one year and (ii)
44 equals or exceeds the sum of one thousand dollars or, beginning on March
45 first, two thousand eleven, in the case of any two or three family resi-
46 dential real property in class one, for one year, and equals or exceeds
47 the sum of two thousand dollars, or, beginning on January first, two
48 thousand twelve, in the case of any class [two] FIVE residential proper-
49 ty owned by a company organized pursuant to article XI of the state
50 private housing finance law [that is not a residential condominium or a
51 residential cooperative], as such class of property is defined in subdivi-
52 sion one of section eighteen hundred two of the real property tax law,
53 for two years, and equals or exceeds the sum of five thousand dollars;
54 provided, however, that such water rents, sewer rents or sewer
55 surcharges component of such tax lien may not be sold pursuant to this
56 subdivision on any one family residential real property in class one or

1 on any two or three family residential real property in class one that
2 is receiving an exemption pursuant to section 11-245.3 or 11-245.4 of
3 this title, or pursuant to section four hundred fifty-eight of the real
4 property tax law with respect to real property purchased with payments
5 received as prisoner of war compensation from the United States govern-
6 ment, or pursuant to paragraph (b) or (c) of subdivision two of section
7 four hundred fifty-eight-a of the real property tax law, or where the
8 owner of any two or three family residential real property in class one
9 is receiving benefits in accordance with department of finance memoran-
10 dum 05-3, or any successor memorandum thereto, relating to active duty
11 military personnel, or where the owner of any two or three family resi-
12 dential real property in class one has been allowed a credit pursuant to
13 subsection (e) of section six hundred six of the tax law for the calen-
14 dar year in which the date of the first publication, pursuant to subdi-
15 vision a of section 11-320 of this chapter, of the notice of sale,
16 occurs or for the calendar year immediately preceding such date. After
17 such sale, any such water rents, sewer rents or sewer surcharges compo-
18 nent of such tax lien may be transferred in the manner provided by this
19 chapter.

20 a-3. In addition to any sale authorized pursuant to subdivision a or
21 subdivision a-1 of this section and notwithstanding any provision of
22 this chapter to the contrary, beginning on December first, two thousand
23 seven, a subsequent tax lien on any class of real property, as such real
24 property is classified in subdivision one of section eighteen hundred
25 two of the real property tax law, may be sold by the city pursuant to
26 this chapter, regardless of whether such subsequent tax lien, or any
27 component of the amount thereof, shall have remained unpaid in whole or
28 in part for one year, and regardless of whether such subsequent tax
29 lien, or any component of the amount thereof, equals or exceeds the sum
30 of one thousand dollars or beginning on March first, two thousand elev-
31 en, in the case of any two or three family residential real property in
32 class one, a subsequent tax lien on such property may be sold by the
33 city pursuant to this chapter, regardless of whether such subsequent tax
34 lien, or any component of the amount thereof, shall have remained unpaid
35 in whole or in part for one year, and regardless of whether such subse-
36 quent tax lien, or any component of the amount thereof, equals or
37 exceeds the sum of two thousand dollars, or, beginning on January first,
38 two thousand twelve, in the case of any class [two] FIVE residential
39 property owned by a company organized pursuant to article XI of the
40 state private housing finance law [that is not a residential condominium
41 or a residential cooperative], as such class of property is defined in
42 subdivision one of section eighteen hundred two of the real property tax
43 law, a subsequent tax lien on such property may be sold by the city
44 pursuant to this chapter, regardless of whether such subsequent tax
45 lien, or any component of the amount thereof, shall have remained unpaid
46 in whole or in part for two years, and regardless of whether such subse-
47 quent tax lien, or any component of the amount thereof, equals or
48 exceeds the sum of five thousand dollars; provided, however, that such
49 subsequent tax lien may not be sold pursuant to this subdivision on any
50 one family residential real property in class one or on any two or three
51 family residential real property in class one that is receiving an
52 exemption pursuant to section 11-245.3 or 11-245.4 of this title, or
53 pursuant to section four hundred fifty-eight of the real property tax
54 law with respect to real property purchased with payments received as
55 prisoner of war compensation from the United States government, or
56 pursuant to paragraph (b) or (c) of subdivision two of section four

1 hundred fifty-eight-a of the real property tax law, or where the owner
2 of any two or three family residential real property in class one is
3 receiving benefits in accordance with department of finance memorandum
4 05-3, or any successor memorandum thereto, relating to active duty mili-
5 tary personnel, or where the owner of any two or three family residen-
6 tial real property in class one has been allowed a credit pursuant to
7 subsection (e) of section six hundred six of the tax law for the calen-
8 dar year in which the date of the first publication, pursuant to subdi-
9 vision a of section 11-320 of this chapter, of the notice of sale,
10 occurs or for the calendar year immediately preceding such date. After
11 such sale, any such subsequent tax lien, or any component of the amount
12 thereof, may be transferred in the manner provided by this chapter. For
13 purposes of this subdivision, the term "subsequent tax lien" shall mean
14 the water rents, sewer rents or sewer surcharges component of any tax
15 lien on property that becomes such on or after the date of sale of any
16 water rents, sewer rents or sewer surcharges component of any tax lien
17 on such property that has been sold pursuant to this chapter, provided
18 that the prior tax lien remains unpaid as of the date of the first
19 publication, pursuant to subdivision a of section 11-320 of this chap-
20 ter, of the notice of sale of the subsequent tax lien. Nothing in this
21 subdivision shall be deemed to limit the rights conferred by section
22 11-332 of this chapter on the holder of a tax lien certificate with
23 respect to a subsequent tax lien.

24 a-4. In addition to any sale authorized pursuant to subdivision a,
25 a-1, a-2 or a-3 of this section and notwithstanding any provision of
26 this chapter to the contrary, beginning on March first, two thousand
27 eleven, the emergency repair charges component or alternative enforce-
28 ment expenses and fees component, where such emergency repair charges
29 accrued on or after January first, two thousand six and are made a lien
30 pursuant to section 27-2144 of this code, or where such alternative
31 enforcement expenses and fees are made a lien pursuant to section
32 27-2153 of this code, of any tax lien on any class of real property, as
33 such real property is defined in subdivision one of section eighteen
34 hundred two of the real property tax law, may be sold by the city pursu-
35 ant to this chapter, where such emergency repair charges component or
36 alternative enforcement expenses and fees component of such tax lien, as
37 of the date of the first publication, pursuant to subdivision a of
38 section 11-320 of this chapter, of the notice of sale: (i) shall have
39 remained unpaid in whole or in part for one year, and (ii) equals or
40 exceeds the sum of one thousand dollars or, beginning on January first,
41 two thousand twelve, in the case of any class [two] FIVE residential
42 property owned by a company organized pursuant to article XI of the
43 state private housing finance law [that is not a residential condominium
44 or a residential cooperative], as such class of property is defined in
45 subdivision one of section eighteen hundred two of the real property tax
46 law, for two years, and equals or exceeds the sum of five thousand
47 dollars; provided, however, that such emergency repair charges component
48 or alternative enforcement expenses and fees component of such tax lien
49 may not be sold pursuant to this subdivision on any one, two or three
50 family residential real property in class one, except a three family
51 residential property in class one where such property is subject to the
52 provisions of section 27-2153 of this code and is not the primary resi-
53 dence of the owner. After such sale, any such emergency repair charges
54 component or alternative enforcement expenses and fees component of such
55 tax lien may be transferred in the manner provided by this chapter.

1 a-5. In addition to any sale authorized pursuant to subdivision a,
2 a-1, a-2 or a-3 of this section and notwithstanding any provision of
3 this chapter to the contrary, beginning on March first, two thousand
4 eleven, a subsequent tax lien on any class of real property, or begin-
5 ning on January first, two thousand twelve in the case of any class
6 [two] FIVE residential property owned by a company organized pursuant to
7 article XI of the state private housing finance law [that is not a resi-
8 dential condominium or a residential cooperative], a subsequent tax lien
9 on such property, may be sold by the city pursuant to this chapter,
10 regardless of the length of time such subsequent tax lien, or any compo-
11 nent of the amount thereof, shall have remained unpaid, and regardless
12 of the amount of such subsequent tax lien. After such sale, any such
13 subsequent tax lien, or any component of the amount thereof, may be
14 transferred in the manner provided by this chapter. For purposes of this
15 subdivision, the term "subsequent tax lien" shall mean the emergency
16 repair charges component or alternative enforcement expenses and fees
17 component, where such emergency repair charges accrued on or after Janu-
18 ary first, two thousand six and are made a lien pursuant to section
19 27-2144 of this code, or where such alternative enforcement expenses and
20 fees are made a lien pursuant to section 27-2153 of this code, of any
21 tax lien on property that becomes such on or after the date of sale of
22 any emergency repair charges component or alternative enforcement
23 expenses and fees component, of any tax lien on such property that has
24 been sold pursuant to this chapter, provided that the prior tax lien
25 remains unpaid as of the date of the first publication, pursuant to
26 subdivision a of section 11-320 of this chapter, of the notice of sale
27 of the subsequent tax lien. Nothing in this subdivision shall be deemed
28 to limit the rights conferred by section 11-332 of this chapter on the
29 holder of a tax lien certificate with respect to a subsequent tax lien.

30 S 13. Subparagraph (i) of paragraph 2 of subdivision b and subpara-
31 graph (ii) of paragraph 1 of subdivision h of section 11-320 of the
32 administrative code of the city of New York, subparagraph (i) of para-
33 graph 2 of subdivision b as amended by local law number 147 of the city
34 of New York for the year 2013 and subparagraph (ii) of paragraph 1 of
35 subdivision h as added by local law number 15 of the city of New York
36 for the year 2011, are amended to read as follows:

37 (i) Such notices shall also include, with respect to any property
38 owner in class one [or], class two OR CLASS FIVE, as such classes of
39 property are defined in subdivision one of section eighteen hundred two
40 of the real property tax law, an exemption eligibility checklist. The
41 exemption eligibility checklist shall also be posted on the website of
42 the department no later than the first business day after March
43 fifteenth of every year prior to the date of sale, and shall continue to
44 be posted on such website until ten days prior to the date of sale.
45 Within ten business days of receipt of a completed exemption eligibility
46 checklist from such property owner, provided that such receipt occurs
47 prior to the date of sale of any tax lien or tax liens on his or her
48 property, the department of finance shall review such checklist to
49 determine, based on the information provided by the property owner,
50 whether such property owner could be eligible for any exemption, credit
51 or other benefit that would entitle them to be excluded from a tax lien
52 sale and, if the department determines that such property owner could be
53 eligible for any such exemption, credit or other benefit, shall mail
54 such property owner an application for the appropriate exemption, credit
55 or other benefit. If, within twenty business days of the date the
56 department mailed such application, the department has not received a

1 completed application from such property owner, the department shall
2 mail such property owner a second application, and shall telephone the
3 property owner, if the property owner has included his or her telephone
4 number on the exemption eligibility checklist.

5 (ii) all class [two] FIVE residential property owned by a company
6 organized pursuant to article XI of the state private housing finance
7 law [that is not a residential condominium or a residential cooperative]
8 on which any tax lien has been sold pursuant to subdivision a, a-2 or
9 a-4 of section 11-319 of this title.

10 S 14. Subdivision (a) of section 11-354 of the administrative code of
11 the city of New York, as amended by local law number 37 of the city of
12 New York for the year 1996, is amended to read as follows:

13 (a) Notwithstanding any other provision of law and notwithstanding any
14 omission to hold a tax lien sale, whenever any tax, assessment, sewer
15 rent, sewer surcharge, water rent, any charge that is made a lien
16 subject to the provisions of this chapter or chapter four of this title,
17 or interest and penalties thereon, has been due and unpaid for a period
18 of at least one year from the date on which the tax, assessment or other
19 legal charge represented thereby became a lien, or in the case of any
20 class one property or any class two property [that is a residential
21 condominium or residential cooperative], as such classes of property are
22 defined in subdivision one of section eighteen hundred two of the real
23 property tax law, or in the case of a CLASS FIVE PROPERTY THAT IS A
24 multiple dwelling owned by a company organized pursuant to article XI of
25 the private housing finance law with the consent and approval of the
26 department of housing preservation and development, for a period of at
27 least three years from the date on which the tax, assessment or other
28 legal charge became a lien, the city, as owner of a tax lien, may main-
29 tain an action in the supreme court to foreclose such lien. Such action
30 shall be governed by the procedures set forth in section 11-335 of this
31 chapter; provided, however, that such parcel shall only be sold to the
32 highest responsible bidder. Such purchaser shall be deemed qualified as
33 a responsible bidder pursuant to such criteria as are established in
34 rules promulgated by the commissioner of finance after consultation with
35 the commissioner of housing preservation and development.

36 S 15. Subdivision 3 and the opening paragraph of subdivision 4 of
37 section 11-401 of the administrative code of the city of New York, as
38 added by local law number 37 of the city of New York for the year 1996,
39 are amended to read as follows:

40 3. "Class." Any class of real property defined in subdivision one of
41 section eighteen hundred two of the real property tax law, and any
42 subclassification of class two OR CLASS FIVE real property where such
43 subclassification is established by rule of the commissioner of finance
44 promulgated pursuant to this subdivision.

45 Any parcel of class one [or], class two OR CLASS FIVE real property
46 that is subject to a tax lien or liens with a lien or liens to value
47 ratio, as determined by the commissioner of finance, equal to or greater
48 than fifteen percent and that meets one of the following two criteria:

49 S 16. Subdivisions a and b of section 11-401.1 of the administrative
50 code of the city of New York, as added by local law number 37 of the
51 city of New York for the year 1996, are amended to read as follows:

52 a. The commissioner of finance shall, not less than sixty days preced-
53 ing the date of the sale of a tax lien or tax liens, submit to the
54 commissioner of housing preservation and development a description by
55 block and lot, or by such other identification as the commissioner of
56 finance may deem appropriate, of any parcel of class one or class two

1 real property on which there is a tax lien that may be foreclosed by the
2 city. The commissioner of housing preservation and development shall
3 determine, and direct the commissioner of finance, not less than ten
4 days preceding the date of the sale of a tax lien or tax liens, whether
5 any such parcel is a distressed property as defined in subdivision four
6 of section 11-401 of this chapter. Any tax lien on a parcel so deter-
7 mined to be a distressed property shall not be included in such sale. In
8 connection with a subsequent sale of a tax lien or tax liens, the
9 commissioner of finance may, not less than sixty days preceding the date
10 of the sale, resubmit to the commissioner of housing preservation and
11 development a description by block and lot, or by such other identifica-
12 tion as the commissioner of finance may deem appropriate, of any parcel
13 of class one [or], class two OR CLASS FIVE real property that was previ-
14 ously determined to be a distressed property pursuant to this paragraph
15 and on which there is a tax lien that may be included in such sale. The
16 commissioner of housing preservation and development shall determine,
17 and direct the commissioner of finance, not less than ten days preceding
18 the date of the sale, whether such parcel remains a distressed property.
19 If the commissioner of housing preservation and development determines
20 that the parcel is not a distressed property, then the tax lien on the
21 parcel may be included in the sale.

22 b. The commissioner of housing preservation and development may peri-
23 odically review whether a parcel of class one [or], class two OR CLASS
24 FIVE real property that is subject to subdivision c of this section or
25 subdivision j of section 11-412.1 of this chapter remains a distressed
26 property. If the commissioner determines that the parcel is not a
27 distressed property as defined in subdivision four of section 11-401 of
28 this chapter, then the parcel shall not be subject to such subdivisions.

29 S 17. Subdivision b of section 11-404 of the administrative code of
30 the city of New York, as amended by local law number 37 of the city of
31 New York for the year 1996, is amended to read as follows:

32 b. A tax lien on any class one property or any class two property
33 [that is a residential condominium or residential cooperative], as such
34 classes of property are defined in subdivision one of section eighteen
35 hundred two of the real property tax law, and on any CLASS FIVE PROPERTY
36 THAT IS A multiple dwelling owned by a company organized pursuant to
37 article XI of the private housing finance law with the consent and
38 approval of the department of housing preservation and development,
39 shall not be foreclosed in the manner provided in this chapter until
40 such tax lien has been due and unpaid for a period of at least three
41 years from the date on which the tax, assessment or other legal charge
42 represented thereby became a lien.

43 S 18. Paragraph 5 of subdivision c of section 11-405 of the adminis-
44 trative code of the city of New York, as added by local law number 37 of
45 the city of New York for the year 1996, is amended to read as follows:

46 (5) Notwithstanding paragraph one, two or three of this subdivision,
47 with respect to installment agreements duly made, executed and filed on
48 or after the date on which this paragraph takes effect, the commissioner
49 of finance may also exclude or thereafter remove from such list any
50 parcel of class one [or], class two OR CLASS FIVE real property, other
51 than a parcel described in paragraph four of this subdivision, as to
52 which an agreement has been duly made, executed and filed with such
53 commissioner for the payment of the delinquent taxes, assessments or
54 other legal charges, and the interest and penalties thereon, in install-
55 ments. The first installment thereof shall be paid upon the filing of
56 the installment agreement with the commissioner and shall be in an

1 amount equal to not less than fifteen percent of the total amount of
2 such delinquent taxes, assessments or other legal charges and the inter-
3 est and penalties thereon. The remaining installments, which shall be
4 twice the number of unpaid quarters of real estate taxes or the equiv-
5 alent thereof, but which shall in no event exceed thirty-two in number,
6 shall be payable quarterly on the first days of July, October, January
7 and April. For the purposes of calculating the number of such remaining
8 installments, unpaid real estate taxes that are due and payable on other
9 than a quarterly basis shall be deemed to be payable on a quarterly
10 basis.

11 S 19. Subparagraph (iii) of paragraph 3 of subdivision i of section
12 11-409 of the administrative code of the city of New York, as added by
13 local law number 37 of the city of New York for the year 1996, is
14 amended to read as follows:

15 (iii) With respect to any parcel of class one [or], class two OR CLASS
16 FIVE real property, other than a parcel described in subparagraph (i) or
17 (ii) of this paragraph, such agreement shall provide for the payment in
18 installments of the delinquent taxes, assessments and other legal charg-
19 es, and the interest and penalties thereon, due and owing as of the date
20 on which such agreement is requested. The first installment thereof
21 shall be paid upon the filing of the installment agreement with the
22 commissioner of finance and shall be in an amount at least equal to, at
23 the applicant's election, either thirty-five percent or fifty percent of
24 the total amount of such delinquent taxes, assessments or other legal
25 charges and the interest and penalties thereon. The remaining install-
26 ments, which shall be twice the number of unpaid quarters of real estate
27 taxes or the equivalent thereof, but which shall in no event exceed
28 twenty in number, shall be payable quarterly on the first days of July,
29 October, January and April, together with interest at the rate or rates
30 determined as provided in subparagraph (iv) of this paragraph. For the
31 purposes of calculating the number of such remaining installments,
32 unpaid real estate taxes that are due and payable on other than a quar-
33 terly basis shall be deemed to be payable on a quarterly basis.

34 S 20. The section heading of section 11-412.1 of the administrative
35 code of the city of New York, as added by local law number 37 of the
36 city of New York for the year 1996, is amended to read as follows:

37 Special procedures relating to final judgment and release of class one
38 [and], class two OR CLASS FIVE real property.

39 S 21. Paragraph 1 of subdivision b, subdivisions c and d, paragraphs 1
40 and 4 of subdivision e, and subdivisions f, g, h, i and j of section
41 11-412.1 of the administrative code of the city of New York, as added by
42 local law number 37 of the city of New York for the year 1996, are
43 amended to read as follows:

44 (1) The court shall make a final judgment authorizing the award of
45 possession of any parcel of class one [or], class two OR CLASS FIVE real
46 property described in the list of delinquent taxes not redeemed or with-
47 drawn as provided in this chapter and as to which no answer is inter-
48 posed as provided herein, and authorizing the commissioner of finance to
49 prepare, execute and cause to be recorded a deed conveying either to the
50 city or to a third party deemed qualified and designated by the commis-
51 sioner of housing preservation and development full and complete title
52 to such lands. Any such conveyance to a third party shall be for an
53 existing use.

54 c. Following the expiration of the four-month period prescribed in
55 subdivision d of this section, but not more than eight months after the
56 date on which, pursuant to subdivision b of this section, the final

1 judgment authorizing the award of possession of a parcel of class one
2 [or], class two OR CLASS FIVE real property was entered, the commission-
3 er of finance may execute a deed, pursuant to subdivision b of this
4 section, with respect to such parcel. The owner of said parcel shall
5 continue to have all of the rights, liabilities, responsibilities,
6 duties and obligations of an owner of such parcel, including, but not
7 limited to, maintaining such parcel in compliance with the housing main-
8 tenance, building and fire codes, and all other applicable laws, unless
9 and until the commissioner of finance has prepared and executed a deed
10 conveying to the city or to a third party full and complete title to
11 such parcel. Upon the execution of such deed, the city or the third
12 party shall be seized of an estate in fee simple absolute in such land
13 and all persons, including the state of New York, infants, incompetents,
14 absentees and non-residents who may have had any right, title, interest,
15 claim, lien or equity of redemption in or upon such lands shall be
16 barred and forever foreclosed of all such right, title, interest, claim,
17 lien or equity of redemption, except as otherwise provided in subdivi-
18 sions e and f of this section. The appointment and tenure of receivers,
19 trustees or any other persons, including administrators under article
20 seven-A of the real property actions and proceedings law, appointed by
21 an order of a court to manage real property, shall terminate when title
22 to such property vests in the city or a third party pursuant to the
23 provisions of this chapter. After such termination, said receivers,
24 trustees or administrators shall be accountable to the courts that
25 appointed them for the faithful performance of their fiduciary obli-
26 gations during the term of their appointment and to the city or such
27 third party for any rents and income received by them for any period
28 subsequent to the date of the vesting of title in the city or such third
29 party.

30 If the city serves a tenant in possession of a dwelling unit with
31 notice of termination of tenancy on grounds other than nonpayment of
32 rent, the acceptance of rent for the first forty-five days after termi-
33 nation of tenancy by anyone other than an employee of the department
34 designated by the department to receive such rent shall not be deemed or
35 construed as a waiver of the city's right to initiate and prosecute a
36 proceeding to terminate the tenancy for good cause.

37 d. Within four months after the date on which, pursuant to subdivision
38 b of this section, the final judgment authorizing the award of
39 possession of a parcel of class one [or], class two OR CLASS FIVE real
40 property was entered, any person claiming to have an interest in such
41 parcel shall have the right to make a payment to the commissioner of
42 finance consisting of all taxes, assessments and other legal charges
43 owing on said parcel, the lawful interest thereon to the date of payment
44 and a penalty of five percent of said payment of taxes, assessments and
45 other legal charges and interest, which penalty may not exceed one thou-
46 sand dollars. Such payment shall be made in cash or by certified or bank
47 check. Within such four-month period, such interested person may also
48 request an installment agreement from the commissioner of finance. Such
49 agreement shall require, in addition to full payment of the penalty
50 specified in this subdivision at the time such agreement is entered
51 into, the payment at such time of a first installment equal to fifty
52 percent of all taxes, assessments and other legal charges, and the
53 lawful interest thereon, then owing on such parcel, and the payment of
54 the balance of such taxes, assessments and other legal charges and
55 interest in four equal quarterly installments together with all current
56 taxes, assessments and other legal charges that accrue during such peri-

od. Upon receipt of payment in full of the amount specified in the first sentence of this subdivision, the commissioner of finance shall direct the corporation counsel to prepare and cause to be entered an order discontinuing the in rem tax foreclosure action as to said property, cancelling the notice of pendency of such action as to said property and vacating and setting aside the final judgment. Upon the execution of an installment agreement and payment of the amounts due at the time such agreement is executed as provided in this subdivision, the commissioner of finance shall direct the corporation counsel to prepare and cause to be entered an order vacating and setting aside the final judgment. The entry of either such order shall restore all parties, including owners, mortgagees and any and all lienors, receivers and administrators and encumbrancers, to the status they held immediately before such final judgment was entered. Where the commissioner of finance approves an application requesting an installment agreement pursuant to this subdivision, the order vacating and setting aside the final judgment shall provide that in the event of any default as to the payment of either quarterly installments or current taxes, assessments or other legal charges during the term of such agreement, all payments under said agreement shall be forfeited and the corporation counsel, immediately upon notification by the commissioner of finance of such default, shall cause to be entered as to such property a supplemental judgment of foreclosure in the in rem action which authorizes the commissioner of finance to prepare, execute and cause to be recorded a deed conveying either to the city or to a third party full and complete title to such lands. Upon the entry of such supplemental judgment, the provisions of subdivisions c through i of this section shall apply in the same manner as such subdivisions would have applied had no payment been made nor installment agreement executed during the four-month period specified in this subdivision.

1. If the commissioner of finance has prepared, executed and caused to be recorded a deed conveying to the city full and complete title to a parcel of class one [or], class two OR CLASS FIVE real property acquired by in rem tax foreclosure, the city's interest in such parcel may be released pursuant to this subdivision on the application of any party who has an interest in said parcel as either owner, mortgagee, lienor, or encumbrancer at the time of the city's acquisition thereof where such application is made at any time up to sixteen months from the date on which the deed by which the city acquired title to said parcel was recorded.

4. The provisions contained in subdivision g of section 11-424 of this chapter shall govern such an application, except as follows:

(a) where such provisions are inconsistent with the provisions contained in this subdivision, the provisions contained in this subdivision shall govern such application; and

(b) where the in rem foreclosure release board denies a written request for an installment agreement that was filed in connection with an application for release of the city's interest in a parcel of class one [or], class two OR CLASS FIVE real property and such application was filed within thirty days of the date of the city's acquisition of the property sought to be released, the board may, in its discretion, authorize a release of the city's interest, provided that the applicant thereafter pays all the amounts required to be paid pursuant to subdivision d of section 11-424 of this chapter within thirty days of the date on which a letter requesting such payment is mailed or delivered to such applicant.

1 f. If the commissioner of finance has prepared, executed and caused to
2 be recorded a deed conveying to the city full and complete title to a
3 parcel of class one [or], class two OR CLASS FIVE real property acquired
4 by in rem tax foreclosure and such parcel is entitled to an exemption
5 under any of the provisions of article four of the real property tax law
6 during all or part of the period covered by the tax items appearing on a
7 list of delinquent taxes, the owner of such parcel may apply for a
8 release of the city's interest in such exempt property under the
9 provisions of subdivision e of this section during the period of time
10 set forth in paragraph one of such subdivision and for an additional
11 period up to ten years from the date on which the deed by which the city
12 acquired title to said property was recorded. The application of such
13 owner shall be accompanied by the nonrefundable fee required by para-
14 graph four of subdivision b of section 11-424 of this chapter and shall
15 contain, in addition to the statements, searches and proofs required by
16 subdivision e of this section, a statement that an exemption under the
17 real property tax law is being claimed. Such application shall also
18 state either that it is accompanied by the written certificate of the
19 comptroller setting forth the precise period during which said property,
20 while owned by such application, and during the period after the city's
21 acquisition up to the date of the certificate if said property was still
22 being used for an exempt purpose after said acquisition, was entitled to
23 an exemption and the exact nature and extent of such exemption or that
24 an application for such written certificate has been filed with the
25 comptroller. On issuing such written certificate, the comptroller shall
26 cancel those tax items which have accrued during the period covered by
27 the certificate to the extent the applicant is entitled to an exemption
28 as set forth in the certificate. A release of the city's interest may be
29 authorized only at the discretion of the in rem foreclosure release
30 board and, except as otherwise provided in paragraph four of subdivision
31 e of this section, subject to all the restrictions set forth in subdivi-
32 sion g of section 11-424 of this chapter. A release to an exempt appli-
33 cant shall be effected only after said applicant has paid all of the
34 amounts required to be paid by subdivision d of section 11-424 of this
35 chapter, except for those tax items which have been canceled, in whole
36 or in part, pursuant to the comptroller's certificate, within thirty
37 days of the date on which the letter requesting payment is mailed or
38 delivered to the applicant.

39 g. If the commissioner of finance has prepared, executed and caused to
40 be recorded a deed conveying to the city or to a third party full and
41 complete title to a parcel of class one [or], class two OR CLASS FIVE
42 real property acquired by in rem tax foreclosure, the provisions
43 contained in subdivisions f and i of section 11-424 of this chapter for
44 the release of property so acquired shall not be available. If the
45 commissioner of finance has prepared, executed and caused to be recorded
46 a deed conveying to a third party full and complete title to a parcel of
47 class one or class two real property acquired by in rem tax foreclosure,
48 the provisions contained in subdivisions e and f of this section for the
49 release of property so acquired shall not be available.

50 h. Every deed given pursuant to the provisions of this section shall
51 be presumptive evidence that the action and all proceedings therein and
52 all proceedings prior thereto from and including the assessment of the
53 lands affected and all notices required by law were regular and in
54 accordance with all provisions of law relating thereto. After four
55 months from the date of entry of the final judgment authorizing the
56 award of possession of any parcel of class one [or], class two OR CLASS

1 FIVE real property pursuant to the provisions of this section, the
2 presumption shall be conclusive. No action to set aside such deed may be
3 maintained unless the action is commenced and a notice of pendency of
4 the action is filed in the office of the property county clerk prior to
5 the time that the presumption becomes conclusive as aforesaid. Should
6 any lawsuit or proceeding be commenced to set aside a deed conveying to
7 a third party a parcel of class one [or], class two OR CLASS FIVE real
8 property pursuant to the provisions of this section, such third party
9 shall send to the corporation counsel within ten days of their receipt a
10 copy of any papers served on such third party in such lawsuit or
11 proceeding.

12 i. If the commissioner of finance does not execute a deed conveying to
13 the city or to a third party a parcel of class one [or], class two OR
14 CLASS FIVE real property within eight months after the entry of final
15 judgment authorizing the award of possession of such parcel pursuant to
16 subdivision b of this section, the commissioner of finance shall direct
17 the corporation counsel to prepare and cause to be entered an order
18 discontinuing the in rem foreclosure action as to said property, cancel-
19 ing the notice of pendency of such action as to said property and vacat-
20 ing and setting aside said final judgment. The entry of such order shall
21 restore all parties, including owners, mortgagees and any and all
22 lienors, receivers and administrators and encumbrancers, to the status
23 they held immediately before such final judgment was entered.

24 j. If the commissioner of finance directs the corporation counsel,
25 pursuant to subdivision i of this section, to prepare and cause to be
26 entered an order discontinuing the in rem foreclosure action with
27 respect to a parcel of class one [or], class two OR CLASS FIVE real
28 property determined to be distressed pursuant to section 11-401.1 of
29 this chapter, the commissioner of housing preservation and development
30 shall evaluate the parcel determined to be distressed and take such
31 action as he or she deems appropriate under the programs, existing at
32 the time of such evaluation, that are designed to encourage the rehabil-
33 itation and preservation of existing housing, and shall monitor or cause
34 to be monitored the status of the property. The commissioner of housing
35 preservation and development shall maintain a register of properties
36 determined to be distressed.

37 S 22. Section 11-412.2 of the administrative code of the city of New
38 York, as added by local law number 37 of the city of New York for the
39 year 1996, is amended to read as follows:

40 S 11-412.2 Council review of conveyance to a third party. The commis-
41 sioner of finance shall, prior to the execution of a deed conveying full
42 and complete title of any parcel of class one [or], class two OR CLASS
43 FIVE real property to a third party pursuant to subdivision c of section
44 11-412.1 of this chapter, notify the council of the proposed conveyance.
45 Within forty-five days of such notification, the council may act by
46 local law disapproving the proposed conveyance. In the event the council
47 does not act by local law within such forty-five day period, the council
48 shall be deemed to have approved the proposed conveyance. During such
49 forty-five day period or, if the city council acts by local law pursuant
50 to this section, during the period of time from the notification of the
51 council to the presentation to the mayor of such local law and during
52 any additional period of time prescribed in section 37 of the charter,
53 the eight-month period provided in subdivisions c and i of section
54 11-412.1 of this chapter shall be tolled.

1 S 23. Paragraph 1 of subdivision a of section 163 of the New York city
2 charter, as amended by local law number 77 of the city of New York for
3 the year 1984, is amended to read as follows:

4 1. "Class designation" shall mean the determination, pursuant to
5 section eighteen hundred two of the real property tax law, of whether
6 real property is included in class one, two, three [or], four OR FIVE.

7 S 24. Paragraph 1 of subdivision a of section 164-b of the New York
8 city charter, as added by local law number 11 of the city of New York
9 for the year 1984, is amended to read as follows:

10 1. "Class designation" shall mean the determination, pursuant to arti-
11 cle eighteen of the real property tax law, of whether real property is
12 included in class one, two, three [or], four OR FIVE.

13 S 25. This act shall take effect on the first of January next succeed-
14 ing the date on which it shall have become a law and shall apply to
15 assessment rolls prepared pursuant to a taxable status date occurring on
16 or after such date; provided, however, that effective immediately, the
17 addition, amendment and/or repeal of any rule or regulation necessary
18 for the implementation of this act on its effective date are authorized
19 and directed to be made and completed on or before such effective date.