

STATE OF NEW YORK

5656

2025-2026 Regular Sessions

IN ASSEMBLY

February 19, 2025

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

AN ACT to amend the real property tax law, in relation to procedures for the foreclosure of tax lien proceedings

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 1166 of the real property tax law, as amended by
2 section 13 of part BB of chapter 55 of the laws of 2024, is amended to
3 read as follows:

4 § 1166. Real property acquired by tax district; right of sale. 1.
5 Whenever any tax district shall become vested with the title to real
6 property, and whenever an enforcing officer shall have been authorized
7 to sell and convey real property directly to another party, by virtue of
8 a foreclosure proceeding brought pursuant to the provisions of this
9 article, such tax district or enforcing officer is hereby authorized to
10 sell and convey such real property, which shall include any and all gas,
11 oil or mineral rights associated with such real property, [~~either with
12 or without advertising for bids,~~] notwithstanding the provisions of any
13 general, special or local law.

14 2. [~~No such sale shall be effective unless and until such sale shall
15 have been approved and confirmed by a majority vote of the governing
16 body of the tax district, except that no such approval shall be required
17 when the property is sold at public auction to the highest bidder.~~] (a)
18 Notice of such sale shall be given by the officer making it by publish-
19 ing a notice of the time and place of the sale, containing a description
20 of the property to be sold, in a newspaper published in the county in
21 which the property is located, or, if there is none, in a newspaper
22 published in an adjoining county, unless the property is situated wholly
23 or partly in a city, or in an incorporated village in which a daily,
24 semi-weekly or tri-weekly newspaper is published, and, in that case, by
25 publishing notice of the sale in such a daily, semi-weekly or tri-weekly

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

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1 paper, except that where such real property is located in a county with-
2 in the city of New York such publication shall be in a daily newspaper
3 published within such county, or in a weekly paper published in a city
4 or in such incorporated village. If the property be situated in a city,
5 or a village in which no newspaper is published daily, semi-weekly or
6 tri-weekly, and there be an adjoining city or village in the same or
7 another county, in which a newspaper is published daily, semi-weekly or
8 tri-weekly, such notice may be published in such daily, semi-weekly or
9 tri-weekly newspaper of the latter city or village or in a weekly news-
10 paper of such city. In each case, publication may be either once in each
11 week for four successive weeks or at least twice in each week for three
12 successive weeks preceding the original date fixed for the sale. If the
13 publication is for three weeks, such sale shall take place on any day on
14 or after the twenty-first day and on or before the twenty-eighth day
15 after the day of the first publication; and if the publication is for
16 four weeks such sale shall take place on any day on or after the twen-
17 ty-eighth day and on or before the thirty-fifth day after the day of the
18 first publication. Any period of seven successive days shall constitute
19 a week under this section.

20 (b) Where the property is situated wholly outside a city or an incor-
21 porated village referred to in paragraph (a) of this subdivision, notice
22 of such sale shall also be given by posting a copy of the notice of sale
23 at least twenty-eight days preceding the original date fixed for the
24 sale in three public places in the town in which the property is
25 located, and, if the sale is to be held in another town or in a city, in
26 three public places therein.

27 (c) If the officer appointed to make such sale does not appear at the
28 time and place where such sale has been advertised to take place, the
29 attorney for the plaintiff may postpone or adjourn such sale not to
30 exceed four weeks, during which time such attorney may make application
31 to the court to have another person appointed to make such sale. Notice
32 of postponement of the sale shall be posted at least three days prior to
33 the postponed date in the same places as the original notice of sale
34 when posting of the notice of sale is required, and shall be published
35 once at least three days prior to the postponed date in the newspaper in
36 which the notice of sale was originally published.

37 (d) The terms of the sale shall be made known at the sale.

38 (e) If the property consists of two or more distinct buildings, farms
39 or lots, they shall be sold separately, unless otherwise ordered by the
40 court; but where two or more buildings are situated in the same city
41 lot, they shall be sold together.

42 (f) At any time within one year after the sale, but not thereafter,
43 the court, upon such terms as may be just, may set the sale aside for
44 failure to comply with the provisions of this section as to the notice,
45 time or manner of such sale if a substantial right of a party was preju-
46 diced by the defect.

47 3. After the sale pursuant to this section, all surplus moneys arising
48 from the sale shall be paid into court by the officer conducting the
49 sale within five days after the same shall be received.

50 4. (a) Within thirty days after completing the sale and executing the
51 proper conveyance to the purchaser, unless such time be extended by the
52 court within said thirty days, the officer making the sale shall file
53 with the clerk such officer's report under oath of the disposition of
54 the proceeds of the sale, accompanied by the vouchers of the persons to
55 whom payments were made.

1 (b) A motion to confirm such report of sale shall not be made within
2 three months after the filing of the report and shall in any event be
3 made not later than four months after the filing of such report, except
4 that if there be no surplus moneys arising from the sale of the mort-
5 gaged premises under such judgment, an application for confirmation of
6 the report of sale may be made at any time after the report shall have
7 been filed eight days. Where the report of sale shows surplus money,
8 such report must include the amount of surplus and instructions for how
9 interested parties may apply to claim an interest for such surplus
10 pursuant to subdivision five of this section.

11 (c) Such report required pursuant to this subdivision shall be posted
12 publicly in accordance with the provisions of section eleven hundred
13 twenty-four of this article.

14 (d) Personal notice of the sale of property pursuant to this section
15 shall be administered in accordance with the provisions of section elev-
16 en hundred twenty-five of this article.

17 5. (a) Any person claiming the surplus moneys arising upon the sale of
18 premises pursuant to this section, or any part thereof, either in such
19 person's own name, or by such person's attorney, at any time before the
20 confirmation of the report of sale, may file with the clerk in whose
21 office the report of sale is filed, a written notice of such claim,
22 stating the nature and extent of such person's claim and the address of
23 such person or such person's attorney.

24 (b) On the motion for confirmation, or at any time within three months
25 thereafter, on notice to all parties who have appeared in the action or
26 filed claims, on motion of any party to the action, or any person who
27 has filed a notice of claim on the surplus moneys, the court, by refer-
28 ence or otherwise, shall ascertain and report the amount due to such
29 person or any other person who has a lien on such surplus moneys, and
30 the priority of the several liens thereon and order distribution of
31 surplus moneys.

32 (c) The owner of the equity of redemption, or any party who has
33 appeared in the action or any person who files a notice of claim or who
34 has a recorded lien against the property shall be given notice by mail
35 or in such other manner as the court shall direct, to attend any hearing
36 on disposition of surplus money.

37 6. Whenever any tax district shall become vested with the title to
38 real property by virtue of a foreclosure proceeding brought pursuant to
39 the provisions of this article, such tax district is hereby authorized
40 to keep the real property so acquired for such tax district's use. In
41 such case, a valuation proceeding shall be commenced in accordance with
42 article five of the eminent domain procedure law. Once a determination
43 of the property's fair market value has been made, the court shall order
44 the tax district to pay just compensation to the owners of the fore-
45 closed property, representing the difference between the property's
46 value and the total tax debt owed.

47 ~~[3-]~~ 7. The provisions of title six of this article shall govern the
48 distribution of any surplus attributable to such sales.

49 § 2. Paragraph (d) of subdivision 2 and subdivision 3 of section 1136
50 of the real property tax law, paragraph (d) of subdivision 2 as amended
51 by section 9 and subdivision 3 as amended by section 10 of part BB of
52 chapter 55 the laws of 2024, are amended to read as follows:

53 (d) In directing any conveyance pursuant to this subdivision, the
54 judgment shall direct the enforcing officer of the tax district to
55 prepare and execute a deed conveying title to the parcel or parcels of
56 real property concerned. Such title shall be full and complete in the

1 absence of an agreement between tax districts as herein provided that it
2 shall be subject to the tax liens of one or more tax districts. Upon the
3 execution of such deed, the grantee shall be seized of an estate in fee
4 simple absolute in such parcel unless the conveyance is expressly made
5 subject to tax liens of a tax district as herein provided [~~and all~~
6 ~~persons, including the state, infants, incompetents, absentees and non-~~
7 ~~residents, who may have had any right, title, interest, claim, lien or~~
8 ~~equity of redemption in or upon such parcel, shall be barred and forever~~
9 ~~foreclosed of all such right, title, interest, claim, lien or equity of~~
10 ~~redemption~~]. Nothing contained herein shall be construed to preclude any
11 such person from filing a claim pursuant to section eleven hundred thir-
12 ty-five or title six of this article for a share of any surplus that may
13 be attributable to the sale of such parcel.

14 3. When no answer has been interposed. (a) The court shall make a
15 final judgment awarding to such tax district the possession of any
16 parcel of real property described in the petition of foreclosure not
17 redeemed as provided in this title and as to which no answer is inter-
18 posed as provided herein. In addition thereto such judgment shall
19 contain a direction to the enforcing officer of the tax district to
20 prepare, execute and cause to be recorded a deed conveying to such tax
21 district full and complete title to such parcel.

22 (b) Alternatively, at the request of the enforcing officer, the court
23 may make a final judgment authorizing the enforcing officer to prepare,
24 execute and cause to be recorded a deed conveying full and complete
25 title to such parcel directly to a party other than the tax district,
26 without the tax district taking title thereto.

27 (c) Upon the execution of such deed, the tax district, or the grantee
28 as the case may be, shall be seized of an estate in fee simple absolute
29 in such parcel [~~and all persons, including the state, infants, incompe-~~
30 ~~tents, absentees and non-residents who may have had any right, title,~~
31 ~~interest, claim, lien or equity of redemption in or upon such parcel~~
32 ~~shall be barred and forever foreclosed of all such right, title, inter-~~
33 ~~est, claim, lien or equity of redemption~~]. Nothing contained herein
34 shall be construed to preclude any such person from filing a claim
35 pursuant to section eleven hundred thirty-five or title six of this
36 article for a share of any surplus that may be attributable to the sale
37 of such parcel.

38 § 3. Subdivision 10 of section 1194 of the real property tax law, as
39 amended by chapter 149 of the laws of 2003, is amended to read as
40 follows:

41 10. The conveyance made pursuant to a judgment in any action brought
42 under this title shall vest in the purchaser [~~all~~] a proportion of the
43 right, title, interest, claim, lien and equity of redemption in and
44 against the real property sold of all parties to the action, and of all
45 persons whose right, title, interest, claim, lien or equity of redemp-
46 tion has accrued subsequent in time to the filing of the notice of the
47 pendency of the action by assignment of an interest existing prior ther-
48 eto from one of the parties to the action or any or either of them. All
49 such parties and persons shall [~~be barred and forever foreclosed by the~~
50 ~~judgment in such action of all~~] retain a right, title, interest, claim,
51 lien and equity of redemption in and to the real property sold or any
52 part thereof in proportion to the surplus equity remaining in the prop-
53 erty after sale, except that the conveyance shall be subject to all
54 taxes or other legal charges of all tax districts which accrued subse-
55 quent to the taxes or other legal charges which were the subject of the
56 action. [~~Notwithstanding the provisions of subdivision two of~~] Proceeds

1 of the sale shall be distributed in accordance with section thirteen
2 hundred fifty-four of the real property actions and proceedings law[~~7~~
3 ~~this subdivision shall prevail~~].

4 § 4. Subdivision 1 and paragraph (a) of subdivision 2 of section 1112
5 of the real property tax law, as amended by chapter 532 of the laws of
6 1994, are amended to read as follows:

7 1. When a tax district holds more than one tax lien against a parcel,
8 the liens need not be redeemed simultaneously. However, the liens [~~must~~]
9 shall be redeemed in [~~reverse~~] chronological order, so that the lien
10 with the [~~most recent~~] earliest lien date is redeemed first, and the
11 lien with the [~~earliest~~] most recent lien date is redeemed last.
12 Notwithstanding the redemption of one or more of the liens against a
13 parcel as provided herein, the enforcement process shall proceed accord-
14 ing to the provisions of this article as long as the [~~earliest~~] most
15 recent lien remains unredeemed.

16 (a) When one or more liens against a parcel are redeemed as provided
17 herein, but the [~~earliest~~] most recent lien remains unredeemed, the
18 receipt issued to the person redeeming shall include a statement in
19 substantially the following form: "This parcel remains subject to one
20 or more delinquent tax liens. The payment you have made will not post-
21 pone the enforcement of the outstanding lien or liens. Continued failure
22 to pay the entire amount owed will result in the loss of the property."

23 § 5. Paragraph (b) of subdivision 1 of section 1125 of the real prop-
24 erty tax law, as added by chapter 415 of the laws of 2006 and subpara-
25 graph (i) as amended by chapter 275 of the laws of 2009, is amended to
26 read as follows:

27 (b) Notification method. (i) In the case of an owner, the enforcing
28 officer shall cause a copy of such notice to be posted as provided here-
29 in on the property to which the delinquent tax lien relates; in the case
30 of a non-owner, the enforcing officer shall cause a copy of such notice
31 to be posted in such non-owner's office and in the office of the clerk
32 of the court in which the petition of foreclosure has been filed.
33 Notwithstanding any provision of law to the contrary, the party to whom
34 such notice is directed may redeem the parcel in question or serve a
35 duly verified answer to the petition of foreclosure until either the
36 thirtieth day after such posting or delivery, or the date specified by
37 the notice of foreclosure as the last day for redemption, whichever is
38 later.

39 (ii) Such notice shall also be sent to each such party both by certi-
40 fied mail and ordinary first class mail, subject to the provisions of
41 subparagraph (iv) of this paragraph. The notice shall be deemed received
42 unless both the certified mailing and the ordinary first class mailing
43 are returned by the United States postal service within forty-five days
44 after being mailed. In that event, the enforcing officer or [~~his or her~~]
45 such officer's agent shall attempt to obtain an alternative mailing
46 address from the United States postal service. When notice is required
47 to be sent to the commissioner of taxation and finance, an alternative
48 notice may be used by the enforcing officer, in accordance with
49 instructions prescribed by the commissioner of taxation and finance.

50 [~~(ii)~~] (iii) If an alternative mailing address is found, the enforcing
51 officer shall cause the notice to be mailed to such owner at such
52 address both by certified mail and by ordinary first class mail.
53 Notwithstanding any provision of law to the contrary, such owner may
54 redeem the parcel in question or serve a duly verified answer to the
55 petition of foreclosure until either the thirtieth day after such mail-

1 ing, or the date specified by the notice of foreclosure as the last day
2 for redemption, whichever is later.

3 [~~(iii) If no alternative mailing address can be found, then in the
4 case of an owner, the enforcing officer shall cause a copy of such
5 notice to be posted as provided herein on the property to which the
6 delinquent tax lien relates; in the case of a non-owner, the enforcing
7 officer shall cause a copy of such notice to be posted in his or her
8 office and in the office of the clerk of the court in which the petition
9 of foreclosure has been filed. Notwithstanding any provision of law to
10 the contrary, the party to whom such notice is directed may redeem the
11 parcel in question or serve a duly verified answer to the petition of
12 foreclosure until either the thirtieth day after such posting or deliv-
13 ery, or the date specified by the notice of foreclosure as the last day
14 for redemption, whichever is later.~~]

15 (iv) Where an owner is listed as "unknown" on the tax roll and the
16 name of such owner cannot be found in the public record, the notice
17 shall be mailed to the property address by ordinary first class mail
18 addressed to "occupant" and a copy thereof shall be posted on the prop-
19 erty to which the tax lien relates.

20 § 6. Subdivision 3 of section 1180 of the real property tax law, as
21 amended by chapter 579 of the laws of 1995, is amended to read as
22 follows:

23 3. If such lands are not redeemed, every person despoiling such lands
24 or interested in making such despoliation upon whom service of the
25 notice has been made, shall be liable to pay to the tax district the
26 [~~full~~] differential value [of] between that total tax debt and the
27 market value of the property at the time of foreclosure attributable to
28 any buildings, timber or other products cut or destroyed or removed
29 therefrom, from the date of the filing of the list of delinquent taxes
30 to the termination of such action or proceeding, and may be restrained
31 by injunction from committing any waste thereon. Where the value of the
32 property at the time of foreclosure exceeds the amount of the total tax
33 debt, there shall be no liability for despoliation. The value of the
34 property at the time of foreclosure may be measured by either the amount
35 generated by sale of the property at public auction, in accordance with
36 section eleven hundred sixty-six of this title, or by valuation
37 proceedings in accordance with article five of the eminent domain proce-
38 dure law.

39 § 7. This act shall take effect on the sixtieth day after it shall
40 have become a law. Effective immediately, the addition, amendment and/or
41 repeal of any rule or regulation necessary for the implementation of
42 this act on its effective date are authorized to be made and completed
43 on or before such effective date.