

2015 -- H 5616 SUBSTITUTE A

=====
LC001437/SUB A
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

—————
A N A C T

RELATING TO TAXATION - TAX SALES

Introduced By: Representative Cale P. Keable

Date Introduced: February 25, 2015

Referred To: House Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-9-11 and 44-9-12 of the General Laws in Chapter 44-9 entitled
2 "Tax Sales" are hereby amended to read as follows:
3 **44-9-11. Notice to mortgagees and other parties in interest.** -- (a) In case the collector
4 shall advertise for sale any property, real, personal, or mixed, in which any person other than the
5 person to whom the tax is assessed has an interest, it shall not be necessary for the collector to
6 notify the interested party, except for the following interested parties, provided that their interest
7 was of record at least ninety (90) days prior to the date set for the sale: the present owner of
8 record, mortgagees of record and mortgage assignees of record, former fee holders whose right to
9 redeem has not been foreclosed, holders of tax title, federal agencies having a recorded lien on the
10 subject property, holders of life estates of record, and vested remainder whose identity can be
11 ascertained from an examination of the land or probate records of the municipality conducting the
12 sale, and/or their assignees of record who shall be notified by the collector either by registered or
13 certified mail sent postpaid not less than twenty (20) days before the date of sale or any
14 adjournment of the sale, to an agent authorized by appointment or by law to receive service of
15 process, or to the address of the party in interest set forth in the recorded mortgage document or
16 the recorded assignment, or to the last known address of the party in interest, but no notice of
17 adjournments shall be necessary other than the announcement made at the sale. The posting and
18 publication of the notice of the time and place of sale in the manner provided by § 44-9-9 shall be
19 deemed sufficient notice to all other interested parties. This provision shall apply to all taxes

1 levied prior to and subsequent to 1896. This provision shall be subject to the notice requirements
2 of § 44-9-10. It shall not be necessary, however, to provide the names of the mortgagees and
3 other parties in interest under this section to the Rhode Island Housing and Mortgage Finance
4 Corporation or to the department of elderly affairs. In the event that the Rhode Island Housing
5 and Mortgage Finance Corporation does in fact pay the tax and acquire a lien on the subject
6 property, then the Rhode Island Housing and Mortgage Finance Corporation shall within ninety
7 (90) days of making the tax payment notify those mortgagees of record and mortgagee assignees
8 of record, whose interests in the property was of record at least ninety (90) days prior to the date
9 set for the tax sale, as identified in the recorded collector's deed, of the fact that the taxes have
10 been paid by the Rhode Island Housing and Mortgage Finance Corporation and that a tax lien has
11 been acquired by the Rhode Island Housing and Mortgage Finance Corporation.

12 (b) Only a person or entity failing to receive notice in accordance with the provisions of
13 this section and §§ 44-9-9 and 44-9-10 shall be entitled to raise the issue of lack of notice or
14 defective notice to void the tax sale. The right to notice shall be personal to each party entitled to
15 it and shall not be asserted on behalf of another party in interest. If there is a defect in notice, the
16 tax sale shall be void only as to the party deprived of adequate notice, but shall be valid as to all
17 other parties in interest who received proper notice of the tax sale.

18 (c) Once a petition is filed under § 44-9-25, and any party in interest entitled to notice of
19 the tax sale receives actual notice of the pendency of the petition to foreclose, the party must raise
20 the notice defense in accordance with the provisions of § 44-9-31 or be estopped from alleging
21 lack of notice in any action to vacate a final decree entered in accordance with § 44-9-30.

22 **44-9-12. Collector's deed -- Rights conveyed to purchaser -- Recording.** -- (a) The
23 collector shall execute and deliver to the purchaser a deed of the land, stating the cause of sale,
24 the price for which the land was sold, the places where the notices were posted, the name of the
25 newspaper in which the advertisement of the sale was published, the names and addresses of all
26 parties who were sent notice in accordance with the provisions of § 44-9-10 and 44-9-11, the
27 residence of the grantee, and if notice of the sale was given to the Rhode Island Housing and
28 Mortgage Finance Corporation and or to the department of elderly affairs under the provisions of
29 § 44-9-10, ~~the collector shall include an affirmative certification as to which entity/entities
30 received notice and the date(s) on which each such notice was given which shall set forth in the
31 collector's deed.~~ The deed shall convey the land to the purchaser, subject to the right of
32 redemption. The conveyed title shall, until redemption or until the right of redemption is
33 foreclosed, be held as security for the repayment of the purchase price, with all intervening costs,
34 terms imposed for redemption, and charges, with interest, and the premises conveyed, both before

1 and after either redemption or foreclosure, shall also be subject to and have the benefit of all
2 easements and restrictions lawfully existing in, upon, or over the land or appurtenant to the land.
3 The deed is not valid unless recorded within sixty (60) days after the sale. If the deed is recorded
4 it is prima facie evidence of all facts essential to the validity of the title conveyed by the deed. It
5 shall be the duty of the collector to record the deed within sixty (60) days of the sale and to
6 forward said deed promptly to the tax sale purchaser. The applicable recording fee shall be paid
7 by the redeeming party. Except as provided, no sale shall give to the purchaser any right to either
8 the possession, or the rents, or profits of the land until the expiration of one year after the date of
9 the sale, nor shall any sale obviate or transfer any responsibility of an owner of property to
10 comply with any statute of this state or ordinance of any municipality governing the use,
11 occupancy, or maintenance or conveyance of property until the right of redemption is foreclosed.

12 (b) The rents to which the purchaser shall be entitled after the expiration of one year and
13 prior to redemption shall be those net rents actually collected by the former fee holder or a
14 mortgagee under an assignment of rents. Rents shall not include mere rental value of the land, nor
15 shall the purchaser be entitled to any rent for owner-occupied single-unit residential property. For
16 purposes of redemption, net rents shall be computed by deducting from gross rents actually
17 collected any sums expended directly or on behalf of the tenant from whom the rent was
18 collected. Such expenditure shall include utilities furnished, repairs made to the tenanted unit, and
19 services provided for the benefit of the tenant. However, mortgagee payments, taxes and sums
20 expended for general repair and renovation (i.e. capital improvements) shall not be deductible
21 expenses in the computation of the rent.

22 (c) This tax title purchaser shall not be liable for any enforcement or penalties arising
23 from violations of environmental or minimum housing standards prior to the expiration of one
24 year from the date of the tax sale, except for violations which are the result of intentional acts by
25 the tax sale purchaser or his or her agents.

26 (d) Upon the expiration of one year after the date of the sale, the tax title holder shall be
27 jointly and severally liable with the owner for all responsibility and liability for the property and
28 shall be responsible to comply with any statute of this state or ordinance of any municipality
29 governing the use, occupancy, or maintenance or conveyance of the property even prior to the
30 right of redemption being foreclosed. Nothing in this section shall be construed to confer any
31 liability upon a city or town, which receives tax title as a result of any bids being made for the
32 land offered for sale at an amount equal to the tax and charges.

33 (e) In the event that the tax lien is acquired by the Rhode Island Housing and Mortgage
34 Finance Corporation, and said corporation has paid the taxes due, title shall remain with the

1 owner of the property, subject to the right of the corporation to take the property in its own name,
2 pursuant to applicable statutes and any regulations duly adopted by the corporation. Upon such
3 notice by the corporation, the collector shall execute and deliver a deed to the corporation as
4 herein provided.

5 SECTION 2. This act shall take effect upon passage.

=====
LC001437/SUB A
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION - TAX SALES

1 This act would require the Rhode Island Housing and Mortgage Finance Corporation to
2 notify those mortgagees and mortgage assignees of record within ninety (90) days, that the
3 property tax has been paid and a tax lien has been acquired by said Corporation.

4 This act would take effect upon passage.

=====
LC001437/SUB A
=====