

HB 1420 -- Sale of Land for Delinquent Taxes

Sponsor: Franz

This bill changes the laws regarding the sale of real property for the collection of delinquent taxes. The collector is required to send up to three notices to the publicly recorded owner of record of the real property prior to the publishing of a tax sale. The first notice is to be by first class mail. If the assessed valuation of the property is greater than \$1,000, a second notice must be sent by certified mail. A third notice is required to the owner of record and the occupant of the real property if the second notice is returned unsigned.

If the county collector determines that an adequate legal description of tax sale property cannot be obtained from documents available through the recorder of deeds, the collector may commission a professional land surveyor to prepare an adequate legal description of the property. Costs of the survey will be taxed as part of the sale costs. The assessed valuation of property that can be listed without a legal description or the name of the record owner is increased from \$500 to \$1,000.

The certificate of purchase will be conveyed to an agent if the purchaser is a nonresident, and the agent must convey the property to the nonresident. The bill requires that the highest bid at a sale on the third successive year must be at least equal to the sum of the delinquent taxes, interest, penalties, and costs as it is required when it was initially offered and at the second successive year it was offered. After the third offering, the collector's deed or trustee's deed will have priority over all the other liens or encumbrances on the property sold except for real property taxes or federal liens. The purchaser is required to pay a fee to the collector to record the certificate of purchase in the office of the county recorder.

If the delinquent land tax sale results in an amount greater than the amount of debt, taxes, interest, and costs, the excess proceeds must be held in trust in the county treasury for three years for the publicly recorded owner or owners of the property sold or their legal representatives. After three years, any amount not called for will be deposited into the county's school fund.

The redemption periods for the owner of record to redeem tax sale property are revised; and the owner must reimburse the purchaser for all costs of sale including the cost for recording the certificate of purchase, the fee to record the release of the certificate, the cost of the title search and the required certified mail notifications, interest at the rate specified on

the certificate, and any taxes paid by the purchaser plus 8% interest.

Within 120 days prior to receiving a collector's deed, a tax sale purchaser must obtain a title search report from a licensed attorney or title company detailing the ownership and encumbrances on the property. Requirements for service of the 90 days' notice of the right of redemption that a tax sale purchaser must send to the owner of record and other persons who hold publicly recorded claims on the property are revised. The contents of the affidavit that a tax sale purchaser must provide to the collector before receiving a collector's deed to the property are revised to include the required title search and the 90 days' notice service requirements.