

MUNICIPAL CLAIM AND TAX LIEN LAW - REDEMPTION OF PROPERTY AND  
CHALLENGING FORECLOSURE SALES

Act of Jul. 15, 2004, P.L. 726, No. 83

Cl. 53

Session of 2004

No. 2004-83

SB 508

AN ACT

Amending the act of May 16, 1923 (P.L.207, No.153), entitled "An act providing when, how, upon what property, and to what extent, liens shall be allowed for taxes and for municipal improvements, for the removal of nuisances, and for water rents or rates, sewer rates, and lighting rates; for the procedure upon claims filed therefor; the methods for preserving such liens and enforcing payment of such claims; the effect of judicial sales of the properties liened; the distribution of the proceeds of such sales, and the redemption of the property therefrom; for the lien and collection of certain taxes heretofore assessed, and of claims for municipal improvements made and nuisances removed, within six months before the passage of this act; and for the procedure on tax and municipal claims filed under other and prior acts of Assembly," providing for the definition of "charges, expenses and fees"; and further providing for redemption of property and for challenging foreclosure sales.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 1 of the act of May 16, 1923 (P.L.207, No.153), referred to as the Municipal Claim and Tax Lien Law, amended August 14, 2003 (P.L.83, No.20), is amended by adding a definition to read:

Section 1. Be it enacted, &c., That the word "taxes," as used in this act, means any county, city, borough, incorporated town, township, school, bridge, road, or poor taxes, together with and including all penalties, interest, costs, charges, expenses and fees, including reasonable attorney fees, as allowed by this act and all other applicable laws.

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**The words "charges, expenses, and fees," as used in this act, include all sums paid or incurred by a municipality to file, preserve and collect unpaid taxes, tax claims, tax liens, municipal claims and municipal liens, including, but not limited to, prothonotary and sheriff fees, postage expenses, and title search expenses. A county, city, borough, incorporated town, township, school district or municipal authority may also recover as "charges, expenses, and fees" the charges, expenses, commissions and fees of third-party collectors retained by the county, city, borough, incorporated town, township, school district or municipal authority, provided that the charges, expenses, commissions and fees of such third-party collectors are approved by legislative action of the county, city, borough, incorporated town, township, school district or municipal authority which levies the unpaid taxes, tax claims, tax liens, municipal claims and municipal liens.**

Section 2. Section 32 of the act, amended December 19, 1990 (P.L.1092, No.199) and December 14, 1992 (P.L.859, No.135), is amended to read:

Section 32. (a) The owner of any property sold under a tax or municipal claim, or his assignees, or any party whose lien or estate

has been discharged thereby, may, except as provided in [subsections (c) and (d)] **subsection (c)** of this section, redeem the same at any time within [one year] **nine months** from the date of the acknowledgment of the sheriff's deed therefor, upon payment of the amount bid at such sale; the cost of drawing, acknowledging, and recording the sheriff's deed; the amount of all taxes and municipal claims, whether not entered as liens, if actually paid; the principal and interest of estates and encumbrances, not discharged by the sale and actually paid; the insurance upon the property, and other charges and necessary expenses of the property, actually paid, less rents or other income therefrom, and a sum equal to interest at the rate of ten per centum per annum thereon, from the time of each of such payments. If both owner and creditor desire to redeem, the owner shall have the right so to do only in case he pays the creditor's claim in full. If more than one creditor desires to redeem, the one who was lowest in lien at the time of sale shall have the prior right, upon payment in full of the claim of the one higher in lien. Within [the year] **nine months**, one who was lower in lien may redeem from one higher in lien who has already redeemed, and the owner may redeem from him; and so on throughout, in each case by paying the claim of the one whose right was higher; and one higher in lien may redeem from one lower in lien, unless his claim is paid; but in each case the right must be exercised within [the year] **nine months**.

(b) Any person entitled to redeem may present his petition to the proper court, setting forth the facts, and his readiness to pay the redemption money; whereupon the court shall grant a rule to show cause why the purchaser should not reconvey to him the premises sold; and if, upon hearing, the court shall be satisfied of the facts, it shall make the rule absolute, and upon payment being made or tendered, shall enforce it by attachment.

(c) Notwithstanding any other provision of law to the contrary, in [cities of the first class only] **any city, township, borough or incorporated town**, there shall be no redemption of vacant property by any person after the date of the acknowledgment of the sheriff's deed therefor. For the purposes of this subsection, property shall be deemed to be "vacant property" unless it was continuously occupied by the same individual or basic family unit as a residence for at least ninety days prior to the date of the sale and continues to be so occupied on the date of the acknowledgment of the sheriff's deed therefor.

[(d) Notwithstanding any other provision of law to the contrary, in counties of the second class only, the owner of any property sold under a tax or municipal claim, or his assignees, or any party whose lien or estate has been discharged thereby, may redeem the same at any time within three months from the date of the acknowledgment of the sheriff's deed therefor, upon payment of the amount bid at such sale; the cost of drawing, acknowledging and recording the sheriff's deed; the amount of all taxes and municipal claims, whether not entered as liens, if actually paid; the principal and interest of estates and encumbrances, not discharged by the sale and actually paid; the insurance upon the property and other charges and necessary expenses of the property, actually paid, less rents or other income therefrom; and a sum equal to interest at the rate of ten per centum per annum thereon, from the time of each of such payments. If both owner and creditor desire to redeem, the owner shall have the right so to do only in case he pays the creditor's claim in full. If more than one creditor desires to redeem, the one who was lowest in lien at the time of sale shall have the prior right, upon payment in full of the claim of the one higher in lien. Within the three-month period, one who was lower in lien may redeem from one higher in lien who has already redeemed, and the owner may redeem from him; and so on throughout, in each

case by paying the claim of the one whose right was higher; and one higher in lien may redeem from one lower in lien, unless his claim is paid; but in each case the right must be exercised within the three-month period.]

Section 3. Section 39.3 of the act, added December 14, 1992 (P.L. 859, No.135), is amended to read:

Section 39.3. All parties wishing to contest the validity of any sale conducted pursuant to section 31.2 of this act, including the sufficiency of any notice, and any party claiming to have an interest in the premises which was not discharged by the sale must file a petition seeking to overturn the sale or to establish the interest within [six] **three** months of the acknowledgment of the deed to the premises by the sheriff.

Section 4. This act shall take effect in 60 days.

APPROVED--The 15th day of July, A. D. 2004.

EDWARD G. RENDELL