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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE BILL

## No. 1745

Session of  
1983

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INTRODUCED BY ITKIN, IRVIS, PISTELLA, CESSAR, McVERRY, OLASZ,  
PRESTON, SEVENTY, PETRONE, POTT AND DAWIDA, NOVEMBER 30, 1983

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AS AMENDED ON SECOND CONSIDERATION, IN SENATE,  
SEPTEMBER 26, 1984

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AN ACT

1 Establishing a system for the collection of municipal liens and  
2 tax claims in cities of the second class through the sale of  
3 real property encumbered by such liens and claims; abolishing  
4 the office of solicitor for liens for delinquent taxes,  
5 rates, claims and charges in cities of the second class;  
6 authorizing the treasurer to conduct treasurer's sales and  
7 granting the treasurer certain powers in connection  
8 therewith; providing a structure for the conduct of the sale;  
9 setting up a system whereby the properties at treasurer's  
10 sale are acquired, administered, maintained and resold for  
11 the benefit of cojurisdictional taxing bodies; providing for  
12 the redemption of the property within 90 days of sale;  
13 providing a means for establishing title to real property  
14 taken at treasurer's sale; providing for cooperation among  
15 cojurisdictional taxing bodies; and preserving rights not  
16 specifically repealed.

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

6 CHAPTER 1

7 PRELIMINARY PROVISIONS

8 Section 101. Short title.

9 This act shall be known and may be cited as the Second Class  
10 City Treasurer's Sale and Collection Act.

11 Section 102. Definitions.

12 The following words and phrases when used in this act shall  
13 have the meanings given to them in this section unless the  
14 context clearly indicates otherwise:

15 "Claim." The charge against real property, lienied or  
16 unlienied, held by a taxing body OR AN AUTHORITY CREATED BY THAT <—  
17 TAXING AUTHORITY on account of delinquent real estate taxes,  
18 water rates, sewage charges, municipal assessments, municipal  
19 judgments, demolition liens or other amount due to a taxing body  
20 OR AN AUTHORITY CREATED BY THAT TAXING AUTHORITY under the act <—  
21 of May 16, 1923 (P.L.207, No.153), referred to as the Municipal  
22 Claim and Tax Lien Law, together with accrued interest, penalty  
23 and costs of collection; a tax claim of the cojurisdictional  
24 taxing bodies for delinquent real estate taxes, water charges  
25 and sewage rates, lienied or unlienied.

26 "Expenses." Amounts incurred in the acquisition,  
27 administration, maintenance and disposition of property involved  
28 in the treasurer's sales.

29 "Interested party." A person who has an interest of record  
30 in the property.

1 "Property." Land and structures existing on it, including  
2 mobile homes or house trailers permanently attached to the land  
3 or connected to it by water, gas, electricity or sewage  
4 facilities, located in a city of the second class which is  
5 subject to a tax lien, either inchoate or of record, or a  
6 municipal claim.

7 "Taxes." The levies imposed on real property located in a  
8 city of the second class by a taxing body and water rates and  
9 sewage service charges assessed against the property. The term  
10 includes accrued penalty and interest which shall be considered  
11 part of the tax and collectible as such. Sewage service charges  
12 include delinquencies assigned to cities of the second class for  
13 which the city is liable for collection.

14 "Taxing bodies." A city of the second class, a school  
15 district of the first class A and the county in which they are  
16 located.

17 "Taxpayer." A party who pays the taxes, water rates or  
18 sewage service charges attributable to a property.

19 "Treasurer." A fiscal officer of the city who has  
20 responsibility for the administration of tax laws and who has  
21 the authority to collect taxes or agents of the treasurer or  
22 director of finance.

## 23 CHAPTER 2

### 24 PROCEDURE PRIOR TO TREASURER'S SALE

25 Section 201. Authorization and time of treasurer's sale.

26 In addition to the remedies now provided by law for the  
27 collection of delinquent taxes, water rates and sewage service  
28 charges or other municipal claims and liens, the treasurer of a  
29 city of the second class is authorized to sell at public sale  
30 property upon which the assessed and levied taxes or other

1 municipal claims and liens have not been paid and have become  
2 delinquent. The treasurer shall schedule dates for the sale of  
3 properties.

4 Section 202. Lien of claims.

5 Tax claims, including water rates and sewage service charges,  
6 shall be a first lien against the property from the date when  
7 they first become due and shall have priority over any other  
8 claim against the property including mortgages, judgment claims,  
9 liens or other obligations with which the property may have or  
10 shall become charged. The only exceptions are costs taxed as  
11 part of the sale under this act and those tax liens of the  
12 Commonwealth which have priority over local tax liens under  
13 existing statutes.

14 Section 203. Notice.

15 (a) System.--The treasurer shall establish a system of  
16 effecting notice to interested parties. The procedure shall be  
17 reasonably calculated under the circumstances to apprise the  
18 interested parties of the pendency of the sale and to afford  
19 parties the opportunity to defend their interests in the  
20 property.

21 (b) Service.--Service of written notice made by certified  
22 mail is complete when the notice is mailed. If the notice is not  
23 delivered or claimed, delivery is refused, the return receipt is  
24 not executed or the treasurer fails to receive information from  
25 the post office respecting the notice before the date fixed for  
26 sale, the validity of the service shall not be impaired and the  
27 sale shall proceed at the time fixed by the notice. Information  
28 or material received by the treasurer from the post office  
29 respecting the notice, whether before or after the sale, shall  
30 be included in the treasurer's report filed with the court under

1 section 306.

2 (c) Challenge.--A challenge by an owner to the inclusion of  
3 a property in the sale shall be taken by the owner within ten  
4 days after service of written notice by filing a verified  
5 objection in writing with the treasurer.

6 (d) Effect of notice.--No sale may be set aside and no title  
7 to property sold may be invalidated if notice was given under  
8 this section.

9 Section 204. Advertisement and posting.

10 (a) Advertisement.--The treasurer shall advertise those  
11 properties which the treasurer intends to sell. The  
12 advertisement, which shall contain only a general description of  
13 the property, shall be made once a week for two successive weeks  
14 prior to the date set for sale in a newspaper of general  
15 circulation and in the legal newspaper printed and published in  
16 the city.

17 (b) Posting.--The treasurer shall also post a notice stating  
18 that the property will be sold at treasurer's sale for  
19 delinquent claims in a conspicuous place on, in front of or  
20 contiguous to each parcel of land advertised for sale, at least  
21 ten days prior to the day of sale. The posted notice shall  
22 contain the following information: the date, time and place at  
23 which the property shall be sold and a telephone number or  
24 address at which the owner can obtain additional information.  
25 Posting of similar information shall also occur at the offices  
26 of the treasurer.

27 (c) Failure.--Failure to advertise or post the property  
28 shall not set aside a sale if the owner has received notice by  
29 other means.

30 Section 205. Costs of notice.

1 The expense of advertisements, posting and notices, including  
2 search abstract costs, shall be taxed as part of the costs of  
3 the sale and shall be paid by the owner, redeemer or purchaser  
4 of the property in the same manner as other costs of sale.

5 Section 206. Authorization to remove from sale.

6 The treasurer may establish regulations concerning the  
7 removal of property from the sale prior to the date scheduled.

8 Section 207. Agreement to stay sale.

9 Prior to the date of sale, an owner or interested party may  
10 petition the treasurer to enter into a written agreement to stay  
11 the sale of the property. If the treasurer finds the execution  
12 of the agreement to be in the best interests of the taxing  
13 bodies, the treasurer may draw up an agreement which will  
14 specify the amount due on claims entered against the property;  
15 the interest, penalty and costs of the proceeding to date; and a  
16 schedule of payments. The agreement may also include a  
17 confession of judgment which includes an amount for attorneys'  
18 fees. A down payment must be made prior to execution of the  
19 agreement. The existence of an agreement shall not stay the  
20 accrual of additional penalty and interest on the balance  
21 remaining to be paid. So long as the taxpayer or other  
22 interested party complies with the agreement, the sale of the  
23 property covered by the agreement shall be stayed. In the case  
24 of a breach of the agreement by the owner or other interested  
25 party, the treasurer, in addition to any other remedy available  
26 under this act or under any other law, may give written notice  
27 of default by first class mail to the owner or interested party  
28 at the address set forth in the agreement and may place the  
29 property in the next treasurer's sale.

TREASURER'S SALE PROCEDURE

Section 301. Sale or upset price.

The treasurer shall fix a minimum price on each property under which no bid shall be accepted. This minimum price shall be sufficient to pay the delinquent taxes, lien and unlien; water rents; sewage service charges; and other municipal claims. Calculation of additional amounts due for other municipal claims and liens, penalties, interest, lien costs and costs of sale will be completed within 30 days and transmitted by the treasurer to the purchaser for payment within 30 days from the date of the treasurer's bill.

Section 302. Payment by purchaser.

As soon as the property is sold at the treasurer's sale, the purchaser shall pay to the treasurer the full amount of the successful bid. Before delivery of the deed, the treasurer shall require payment of other charges of the taxing bodies set forth in section 301. Failure to pay these additional amounts within the 30 days following the treasurer's bill shall invalidate the sale, and the purchaser shall forfeit the minimum price already paid to the city.

Section 303. Appeal.

(a) Filing.--An interested party whose vested right in property is adversely affected by the treasurer's sale may have 30 days in which to file an appeal with the court of common pleas contesting the regularity of the sale procedure. Service of the appeal shall be made on the treasurer simultaneously with the filing of the appeal.

(b) Issues.--The appeal may question only the regularity of the proceedings of the treasurer's sale. It may not raise the legality of the taxes or the correctness of the amount of the



1 claims for which the property was sold.

2 (c) Time limits.--A hearing on the appeal shall be held  
3 within 20 days after its filing. Within ten days of the hearing,  
4 the court shall enter an order either upholding the regularity  
5 of the sale or requiring the property to be listed for the next  
6 treasurer's sale.

7 Section 304. Redemption.

8 (a) Right.--Within 90 days after the date of the treasurer's  
9 sale, the owner or a person legally entitled to the property  
10 through the owner or an interested party or person legally  
11 entitled to the property through the interested party may redeem  
12 the property by payment of the full amount of the claims for  
13 which the property was sold, costs of sale, costs of  
14 improvements made to the property and current charges and  
15 municipal claims against the property.

16 (b) Cost of divestiture.--If the property had been purchased  
17 at the sale, the redeemer must also pay an additional 15% of the  
18 total purchase price to be paid over by the city to the divested  
19 purchaser.

20 Section 305. Report and confirmation of sale.

21 (a) Report.--Not less than 90 days after treasurer's sale,  
22 the treasurer shall present a report the court of common pleas  
23 of the county in which the sale was made setting forth as to  
24 each property sold and not rescheduled for sale information  
25 required to indicate the regularity of the sale.

26 (b) Confirmation.--On the presentation of the report, if it  
27 appears to the court that the sale has been properly conducted  
28 under this act, the report and the sales shall be confirmed.

29 (c) Sale below minimum price.--The report shall list  
30 separately those properties for which the minimum price was not

1 met. This portion of the report shall set forth that:

2 (1) Properties which may have been retained by the city  
3 as agent for coexisting taxing bodies may be put up for  
4 private sale under Chapter 5 or held for public purposes.

5 (2) Properties which the city has retained as agent  
6 shall be the subject of a petition to the court to clear  
7 title in favor of the city under section 406, if necessary.

8 (d) Finality.--After the court has issued its order of  
9 confirmation, there shall be no right to challenge the sale or  
10 the transfer of title judicially, in law or in equity, by the  
11 person in whose name the property was sold; the person's heirs,  
12 grantees or assigns; or an interested party or anyone claiming  
13 through an interested party. If the period of redemption has  
14 expired, the city may convey the property to a purchaser free of  
15 liens.

16 Section 306. Excess over upset price.

17 If the amount paid for the property by the purchaser is  
18 greater than the total of claims and costs which gave rise to  
19 the sale of the property, after the order of confirmation has  
20 been entered by the court, the excess shall be held for the  
21 person who owned the property just prior to the treasurer's  
22 sale, that person's heirs, assigns or other legal representative  
23 or lien holders of record at time of treasurer's sale. If a  
24 properly qualified party fails to make a written and verified  
25 demand to the treasurer within two years from the date of the  
26 sale, the treasurer shall cause the excess to be placed in the  
27 agency fund established under section 403(b).

28 Section 307. Deed to purchaser.

29 (a) Delivery.--After the purchaser has paid the amount of  
30 the minimum bid and all other charges set forth in section 301

1 and has complied with this act, and after the court has entered  
2 an order of confirmation, the treasurer shall deliver to the  
3 purchaser a deed for the property purchased at treasurer's sale.  
4 The deed shall be acknowledged in the court of common pleas and  
5 the acknowledgment shall be entered and recorded by the  
6 prothonotary of the court in the treasurer's deed book. The  
7 prothonotary's charge for the service shall be paid by the  
8 person receiving the deed.

9 (b) Title.--Title issued under this act shall be equivalent  
10 to that acquired at sheriff's sale.

11 (c) Taxation.--Property purchased by a purchaser who  
12 receives a deed from the treasurer shall be taxable in the year  
13 following the purchase at treasurer's sale.

#### 14 CHAPTER 4

#### 15 MANAGEMENT OF PROPERTY ACQUIRED BY CITY

#### 16 AT TREASURER'S SALE

17 Section 401. Title in city.

18 If a property has not been redeemed and has not been  
19 purchased by a third party at the treasurer's sale for the upset  
20 price or more, the city, at its option, may take title to the  
21 property as agent for taxing bodies having claims against the  
22 property. The interests of taxing bodies shall be fixed and  
23 determined as of the time of the filing of the report with the  
24 court. The interest of taxing bodies shall remain fixed without  
25 the necessity of filing or reviving liens or otherwise  
26 preserving taxes or claims.

27 Section 402. Agency established.

28 (a) Creation.--The mayor of the city shall designate an  
29 agency for the acquisition, administration, maintenance and  
30 disposition of property acquired by the city at treasurer's

1 sale. The city shall act as agent for taxing bodies having  
2 claims against the property. Expenses of the agency shall be  
3 borne jointly by the taxing bodies in proportion to their  
4 respective annual revenues from the disposition of these  
5 properties by sale. Compensation for expenses shall be retained  
6 by the city from income from the sale or rental of delinquent  
7 property prior to distribution of income to the taxing bodies.  
8 If income is insufficient to pay expenses of acquisition,  
9 administration, maintenance and disposition, the taxing bodies  
10 shall make up the deficiency.

11 (b) Action by city.--The city as agent is authorized through  
12 its proper officials to do all things necessary to protect and  
13 defend the taxing bodies' rights and obligations under this act.  
14 Section 403. Operation of agency.

15 (a) Political subdivision.--In addition to the taxing  
16 bodies, a political subdivision coexisting with the city or  
17 school district may, at the city's option, subject properties  
18 within its jurisdiction to treasurer's sale if it pays expenses  
19 of the sale of its delinquent properties.

20 (b) Disposition of funds collected.--Money collected as a  
21 result of treasurer's sales, rentals of sale property, and the  
22 resale of property and the contributions from the taxing bodies  
23 shall be placed in a fund for the support of the agency.

24 Section 404. Distribution.

25 (a) Disbursement.--After the expenses of the agency have  
26 been met, disbursement of excess amounts not necessary to pay  
27 the expenses of the agency shall be made to the taxing bodies in  
28 their pro rata shares on an annual basis.

29 (b) Retained funds.--Amounts retained in the fund for  
30 anticipated expenses of operation may be invested through the

1 treasurer in the same manner as city funds.

2 Section 405. Action to quiet title.

3 After the sale has been confirmed, if no redemption has  
4 occurred, no objection has been sustained to purchase of the  
5 property by the city and the city finds that an interested party  
6 did not have notice, it may file a petition with the court to  
7 quiet title, in favor of the city to the property acquired at  
8 treasurer's sale in favor of the city. Only those interested  
9 parties who had no prior notice may appear and protect their  
10 interest by paying claims and liens having priority senior to  
11 their interest. Liens, including tax liens and municipal claims,  
12 shall be stricken from the subject property by the order  
13 granting clear title.

#### 14 CHAPTER 5

#### 15 PRIVATE SALE OF PROPERTY TAKEN BY

#### 16 CITY AT TREASURER'S SALE

17 Section 501. Authorization.

18 The city may sell the title and interest it or a taxing body  
19 has in property acquired at treasurer's sale, sheriff's sale, or  
20 sale for nonpayment of delinquent taxes or municipal claims in  
21 the same manner as if the city held sole title and interest.

22 Section 502. Resale to former owners.

23 After the period of redemption expires, the city may not  
24 resell the property to its former owner.

25 Section 503. Issuance of deed.

26 When the requirements of the prior sections of this chapter  
27 have been complied with, the treasurer shall deliver to the  
28 purchaser, as grantee, a deed for the resold property. The deed  
29 shall be acknowledged by the treasurer and entered and recorded  
30 by the prothonotary in the treasurer's deed book. The property

1 shall be taxable in the year following its sale by the city.

2 Section 504. Income during agency.

3 If rents are collected during the redemption period and the  
4 property is redeemed under this act prior to the expiration of  
5 the redemption period, the accumulated rentals shall be  
6 delivered to the owner or a legal representative less any cost  
7 incurred by the deposed purchaser for collection of income or  
8 for improvement and maintenance of the property during the  
9 period in which the purchaser was entitled to the property  
10 unless the tenant of the city was the redeeming owner or his  
11 lienor.

## 12 CHAPTER 6

### 13 MISCELLANEOUS PROVISIONS

14 Section 601. Regulations.

15 The treasurer is authorized to promulgate regulations to aid  
16 in the administration of this act, which regulations shall have  
17 the force of law.

18 Section 602. Savings clause.

19 This act does not affect rights and obligations under the  
20 following statutes, except insofar as inconsistent with specific  
21 provisions of this act:

22 Act of April 15, 1834 (P.L.509, No.232), entitled "An act  
23 relating to county rates and levies and township rates and  
24 levies."

25 Act of May 16, 1923 (P.L.207, No.153), referred to as the  
26 Municipal Claim and Tax Lien Law.

27 Act of May 25, 1945 (P.L.1050, No.394), known as the Local  
28 Tax Collection Law.

29 Act of July 7, 1947 (P.L.1368, No.542), known as the Real  
30 Estate Tax Sale Law.

1 Section 603. Severability.

2 If any provision of this act or its application to any person  
3 or circumstances is held invalid, the invalidity shall not  
4 affect other provisions or applications of this act which can be  
5 given effect without the invalid provision or application.

6 Section 604. Repeals.

7 (a) Specific repeals.--The following acts are repealed:

8 Act of May 26, 1943 (P.L.629, No.275), entitled, as amended,  
9 "An act relating to the filing and revival of liens for taxes,  
10 water rates, sewer rates and other municipal claims and charges,  
11 in the office of the prothonotary of common pleas court on real  
12 estate within the territorial limits of cities of the second  
13 class, prescribing duties and fees of prothonotaries;  
14 establishing the office of solicitor for liens for delinquent  
15 taxes, rates, claims and charges, defining the powers and duties  
16 of said office; providing for enforced collection of said taxes,  
17 rates, claims and charges; imposing duties upon cities of the  
18 second class, and school districts within the territorial limits  
19 of cities of the second class."

20 Act of July 5, 1947 (P.L.1258, No.514), entitled "An act  
21 authorizing and empowering city treasurers of cities of the  
22 second class to sell at public sale, lands or real estate upon  
23 which the taxes, assessed and levied by the city or school  
24 district, are delinquent and unpaid; fixing the interests of all  
25 taxing authorities where such lands are purchased by the city;  
26 providing for the distribution of moneys received as income from  
27 or resale of such lands; and providing for a method of reselling  
28 such lands purchased, by the city or by the city and school  
29 district within said city, at any sale for the nonpayment of  
30 taxes, free and clear of all mortgages, ground rents, interest

1 in or claims against said lands."

2 (b) General repeal.--All other acts and parts of acts are  
3 repealed insofar as they are inconsistent with this act.

4 Section 605. Abolition of office.

5 The office of solicitor for liens for delinquent rates,  
6 claims and charges is abolished.

7 Section 606. Effective date.

8 This act shall take effect in 60 days.