THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL No. 2188 Session of 2008

INTRODUCED BY WALKO, PETRONE, J. TAYLOR, ARGALL, BELFANTI, BRENNAN, CALTAGIRONE, CAPPELLI, COHEN, CURRY, FRANKEL, FREEMAN, GEIST, GEORGE, GINGRICH, HALUSKA, HARKINS, HENNESSEY, JOSEPHS, KOTIK, LONGIETTI, McGEEHAN, MELIO, MICOZZIE, MYERS, PRESTON, READSHAW, ROEBUCK, SAYLOR, K. SMITH, THOMAS, WANSACZ, J. WHITE, YOUNGBLOOD, YUDICHAK, LENTZ, PAYTON, WAGNER AND MOYER, JANUARY 23, 2008

SENATOR ARMSTRONG, APPROPRIATIONS, IN SENATE, RE-REPORTED AS AMENDED, SEPTEMBER 23, 2008

AN ACT

| 1 2 3 | Providing for court-appointed conservators to bring residential, commercial and industrial buildings into municipal code compliance when owners fail to comply. |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | The General Assembly of the Commonwealth of Pennsylvania |
| 5 | hereby enacts as follows: |
| 6 | Section 1. Short title. |
| 7 | This act shall be known and may be cited as the Abandoned and |
| 8 | Blighted Property Conservatorship Act. |
| 9 | Section 2. Legislative findings and purpose. |
| 10 | The General Assembly finds and declares that: |
| 11 | (1) Pennsylvanian's older communities are important to |
| 12 | the Commonwealth's economic health by providing a focal point |
| 13 | for businesses and services and to this Commonwealth's |
| 14 | quality of life with its rich histories and diverse |

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communities. However, many older communities suffer from blighted properties that have been abandoned by their owners.

3 (2) Many citizens of this Commonwealth are adversely
4 affected by abandoned and blighted residential, commercial
5 and industrial properties, including those citizens who live
6 in proximity to such substandard buildings as well as those
7 who own property in the vicinity of such buildings.

8 (3) Substandard, deteriorating and abandoned 9 residential, commercial and industrial structures are a 10 public safety threat and nuisance and their blighting effect 11 diminishes property values in the communities in which these 12 properties are located.

13 (4) If these buildings are not rehabilitated, they are
14 likely to remain abandoned and further deteriorate, resulting
15 in increased costs to the Commonwealth, municipality and
16 taxpayers to secure and ultimately demolish them.

17 (5) Providing a mechanism to transform abandoned and 18 blighted buildings into productive reuse is an opportunity 19 for communities to modernize, revitalize and grow and to 20 improve the quality of life for neighbors who are already 21 there.

If the owner of a residential, commercial or 22 (6) 23 industrial building fails to maintain the property in 24 accordance with applicable municipal codes or standards of 25 public welfare or safety, it is in the best interests of the 26 Commonwealth, the municipality and the community for the 27 court, pursuant to the provisions of this act, to appoint a 28 conservator to make the necessary improvements before the 29 building deteriorates further and necessitates demolition, 30 resulting in the removal of the building from the housing - 2 -20080H2188B4431

1 supply or prohibiting future productive economic use.

2 Section 3. Definitions.

3 The following words and phrases when used in this act shall 4 have the meanings given to them in this section unless the 5 context clearly indicates otherwise:

6 "ACTIVELY MARKETED." A "FOR SALE" SIGN HAS BEEN PLACED ON
7 THE PROPERTY WITH ACCURATE CONTACT INFORMATION AND THE OWNER HAS
8 DONE AT LEAST ONE OF THE FOLLOWING:

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9 (1) ENGAGED THE SERVICES OF A LICENSEE UNDER THE ACT OF 10 FEBRUARY 19, 1980 (P.L.15, NO.9), KNOWN AS THE REAL ESTATE 11 LICENSING AND REGISTRATION ACT, TO PLACE THE PROPERTY IN A 12 MULTIPLE LISTING SERVICE OR OTHERWISE MARKET THE PROPERTY;

13 (2) PLACED WEEKLY OR MORE FREQUENT ADVERTISEMENTS IN
14 PRINT OR ELECTRONIC MEDIA; OR

15 (3) DISTRIBUTED PRINTED ADVERTISEMENTS.

16 "Building." A residential, commercial or industrial building 17 or structure and the land appurtenant thereto.

18 "Code." A building, housing, property maintenance, fire, 19 health or other public safety ordinance enacted by a 20 municipality.

21 "Competent entity." A person or entity, including a 22 governmental unit with experience in the rehabilitation of 23 residential, commercial or industrial buildings and the ability 24 to provide or obtain the necessary financing for such 25 rehabilitation.

26 "Costs of rehabilitation." Costs and expenses for 27 construction, stabilization, rehabilitation, maintenance and 28 operation or demolition, including reasonable nonconstruction 29 costs associated with the project, including, but not limited 30 to, environmental remediation, architectural, engineering and 20080H2188B4431 - 3 - legal fees, permits, financing fees and a developer's fee
 consistent with the standards for developers' fees established
 by the Pennsylvania Housing Finance Agency.

4 "Court." The appropriate court of common pleas.

5 "Historic property." A property which is listed on the
6 National Register of Historic Places or is a contributing
7 property in a national register historic district or is located
8 in a local government ordinance historic district.

9 "Immediate family." A parent, spouse, child, brother or 10 sister.

Il "Nonprofit corporation." A nonprofit corporation that has as one of its purposes community development activities, including economic development, historic preservation or the promotion or enhancement of affordable housing opportunities.

15 "Owner." The holder or holders of title to, or of a legal or 16 equitable interest in, a residential, commercial or industrial 17 building. The term shall include an heir, assignee, trustee, 18 beneficiary and lessee provided the ownership interest is a 19 matter of public record.

20 "Party in interest." A person or entity who has a direct and 21 immediate interest in a residential, commercial or industrial 22 building, including:

23 (1) The owner.

24 (2) A lienholder and other secured creditor of the25 owner.

26 (3) A resident or business owner within 500 feet of the27 building.

(4) A nonprofit corporation within the municipality
where the building is located, including a redevelopment
authority.

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1 (5) A municipality or school district in which the 2 building in located. 3 "Public nuisance." A property that, because of physical 4 condition or use, has been declared BY THE APPROPRIATE OFFICIAL <-----5 a public nuisance in accordance with the local housing, building, health, fire or related code or is determined to be a 6 7 public nuisance by the court. 8 "SUBSTANTIAL REHABILITATION." REPAIRS TO THE BUILDING WHERE: <-9 (1) THE COST OF REPAIRS, REPLACEMENTS AND IMPROVEMENTS EXCEEDS 15% OF THE PROPERTY'S VALUE AFTER COMPLETION OF ALL 10 11 REPAIRS, REPLACEMENTS AND IMPROVEMENTS; OR 12 (2) MORE THAN ONE MAJOR BUILDING COMPONENT IS BEING 13 REPLACED. MAJOR BUILDING COMPONENTS INCLUDE: 14 (I) ROOF STRUCTURES; 15 (II) CEILINGS; (III) WALL OR FLOOR STRUCTURES; 16 17 (IV) FOUNDATIONS; 18 (V) PLUMBING SYSTEMS; 19 (VI) HEATING AND AIR CONDITIONING SYSTEMS; AND 20 (VII) ELECTRICAL SYSTEMS. Section 4. Initiation of action. 21 22 Filing of petition.--A petition for the appointment of a (a) 23 conservator to take possession and to undertake the 24 rehabilitation of a building may be filed by a party in interest 25 in a court in the county in which the building is located. The 26 proceeding on the petition shall constitute an action in rem. 27 (b) Contents.--The petition submitted to the court shall 28 include a concise statement of the reasons a conservator should <---be appointed INCLUDE A SWORN STATEMENT THAT, TO THE BEST OF THE 29 <----PETITIONER'S KNOWLEDGE, THE PROPERTY MEETS THE CONDITIONS FOR 30 20080H2188B4431 - 5 -

CONSERVATORSHIP SET FORTH IN SECTION 5(D) and, to the extent
 available to the petitioner AFTER REASONABLE EFFORTS TO OBTAIN
 SUCH INFORMATION:

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4 (1) A copy of any citation charging the owner with being
5 in violation of municipal code requirements or declaring the
6 building to be a public nuisance.

7 (2) A recommendation as to which person or entity should8 be appointed conservator.

9 (3) A preliminary plan with initial cost estimates for 10 rehabilitation of the building to bring it into compliance 11 with all municipal codes and duly adopted plans for the area 12 in which the building is located and anticipated funding 13 sources.

14 (c) Notice of lis pendens.--The petitioner shall file a 15 notice of lis pendens in the office of the recorder of deeds for 16 the county in which the property is located.

17 (d) Notification of owner, political subdivisions and 18 lienholders.--

(1) Upon filing the petition with the court, the petitioner shall notify the current owner of the property, all political subdivisions in which the property is located and all lienholders of the filing by registered or certified mail to the last known address of each and by posting a copy of the notice on the building.

25 (2) In the event the registered or certified mail is 26 returned with notation by the postal authorities that the 27 recipient refused to accept the mail, the petitioner may mail 28 a copy to the recipient at the same address by ordinary mail with the return address of the petitioner appearing thereon. 29 30 (3) Service by ordinary mail shall be presumed complete 20080H2188B4431 - 6 -

if the mail is not returned to the petitioner within 15 30
 days after mailing.

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3 (4) In the event the registered or certified mail is
4 returned with the notation by the postal authorities that it
5 was unclaimed, the notice shall be personally served.

6 (5) In the event that the personal service is not able 7 to be made after two such attempts, then the petitioner shall 8 mail the petition to the recipient at the same address by 9 ordinary mail with the return address of the petitioner 10 appearing thereon with service by ordinary mail deemed 11 complete if the mail is not returned to the petitioner within 12 15 days after the mailing.

13 (6) The petitioner shall also notify the owner and each 14 lienholder of the hearing date and provide notice that the 15 owner and lienholders may petition to intervene in the 16 action.

17 Section 5. Appointment of conservator.

(a) General rule.--The court shall act upon a petition
submitted by holding a hearing within 120 days of receipt of the
petition and rendering a decision no later than 30 days after
completion of the hearing.

(b) Intervention.--Subject to the court's discretion, a A party in interest may intervene in the proceeding and be heard with respect to the petition, the requested relief or any other matter which may come before the court in connection with the proceeding.

(c) Hearing.--At the hearing, any party in interest shall be permitted to present evidence to support or contest the petition.

30 (d) Conditions for conservatorship.--If a petition is filed 20080H2188B4431 - 7 - 1 under section 4, the court may appoint a conservator if all of 2 the following apply:

3 (1) The building has not been legally occupied for at4 least the previous 12 months.

5 (2) The building has not been actively marketed during6 the 60 days prior to the date of the petition.

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(3) The building is not subject to an existing foreclosure action.

The current owner fails to present sufficient 9 (4) 10 evidence that he has acquired the property within the 11 preceding six months. The evidence shall not include 12 instances where the prior owner is a member of the immediate 13 family of the current owner, unless the transfer of title 14 results from the death of the prior owner, or where the 15 current or prior owner is a corporation, partnership or other 16 entity in which either owner or the immediate family of either owner has an interest in excess of 5%. 17

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(5) The court finds at least three of the following:

19 (i) The building or physical structure is a public20 nuisance.

(ii) The building is in need of substantial
rehabilitation and no rehabilitation has taken place
during the previous 12 months.

24 (iii) The building is unfit for human habitation,25 occupancy or use.

26 (iv) The condition and vacancy of the building
27 materially increase the risk of fire to the building and
28 to adjacent properties.

29 (v) The building is subject to unauthorized entry 30 leading to potential health and safety hazards and one of 20080H2188B4431 - 8 - 1

the following applies:

2 (A) The owner has failed to take reasonable and
3 necessary measures to secure the building.

4 (B) The municipality has secured the building in
5 order to prevent such hazards after the owner has
6 failed to do so.

7 (vi) The property is an attractive nuisance to 8 children, including, but not limited to, the presence of 9 abandoned wells, shafts, basements, excavations and 10 unsafe structures.

(vii) The presence of vermin or the accumulation of debris, uncut vegetation or physical deterioration of the structure or grounds has created potential health and safety hazards and the owner has failed to take reasonable and necessary measures to remove the hazards.

16 (viii) The dilapidated appearance or other condition 17 of the building negatively affects the economic well-18 being of residents and businesses in close proximity to 19 the building, including decreases in property value and 20 loss of business, and the owner has failed to take 21 reasonable and necessary measures to remedy appearance or 22 the condition.

23 (ix) The property is an attractive nuisance for
24 illicit purposes, including, prostitution, drug use and
25 vagrancy.

26 (e) Appointment.--

(1) If the court determines after a hearing that the
property has met the conditions of subsection (d), the court
may appoint a conservator and grant such other relief as may
be just and appropriate.

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(2) The court shall give first consideration for
 appointment as conservator to the senior lienholder on the
 property.

4 (3) In the event the senior lienholder is found to be
5 not competent or declines the appointment, the court may
6 appoint a nonprofit corporation or other competent entity. In
7 appointing a conservator, the court shall:

8 (i) consider any recommendations contained in the 9 petition or otherwise presented by a party in interest; 10 and

11 (ii) give preference to the appointment of a 12 nonprofit corporation or governmental unit over an 13 individual.

14 (f) Conditional relief.--

(1) If the court finds after a hearing that the conditions for conservatorship set forth in subsection (d) have been established, but the owner represents that the violations or nuisance or emergency condition will be abated in a reasonable period, the court may allow the owner to proceed to remedy the conditions.

If the conditions set forth in paragraph (1) have 21 (2)22 been satisfied, the court shall enter an order providing 23 that, in the event that the violations or nuisance or 24 emergency conditions are not abated by the owner by a specific date or that other specified remedial activities 25 26 have not occurred by a specific date or dates, an order 27 granting the relief requested in the petition shall be 28 entered.

29 (3) The court may also require the owner to post a bond 30 in the amount of the repair costs estimated in the petition 20080H2188B4431 - 10 - 1 as a condition to retaining possession of the building.

2 (g) Conservator's lien.--The conservator may file a lien
3 against the property in an amount based on the costs incurred
4 during the conservatorship. The lien amount may be adjusted from
5 time to time.

6 (h) Immediate possession.--The conservator shall promptly 7 take possession of the building and other property subject to 8 the conservatorship and shall immediately be authorized to 9 exercise all powers of this act.

10 (i) Removal by court.--A conservator may be removed by the 11 court at any time upon the request of the conservator or upon a 12 showing by a party to the action that the conservator is not 13 carrying out its responsibilities under this act.

14 Section 6. Powers and duties of conservator.

(a) Full powers and duties.--The conservator shall have all powers and duties necessary or desirable, from time to time, for the efficient operation, management and improvement of the building in order to bring it into compliance with all municipal building and housing code requirements and to fulfill the conservator's responsibilities under this act. Such powers and duties shall include, but not be limited to, the power to:

(1) Take possession and control of the building,
appurtenant land and any personal property of the owner used
with respect to the building, including any bank or operating
account for the building.

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(2) Collect outstanding accounts receivable.

27 (3) Pursue all claims or causes of action of the owner
28 with respect to the building and all other property subject
29 to the conservator.

30 (4) Contract for the repair and maintenance of the 20080H2188B4431 - 11 - building. The contracts shall be appropriately documented and
 included in the reports and accounting which the conservator
 is required to submit or file under the provisions of this
 act. THE CONSERVATOR SHALL MAKE A REASONABLE EFFORT TO
 SOLICIT THREE BIDS FOR CONTRACTS VALUED AT MORE THAN \$25,000.

6 (5) Borrow money and incur credit in accordance with 7 section 8.

8 (6) Contract and pay for the maintenance and restoration9 of utilities to the building.

10 (7) Purchase materials, goods and supplies to accomplish11 repairs and operate the building.

12 (8) With the court's approval, enter into new rental13 contracts and leases for a period not to exceed one year.

14 (9) Affirm, renew or enter into contracts providing for15 insurance coverage on the building.

16 (10) Engage and pay legal, accounting, appraisal and 17 other professionals to aid the conservator in the conduct of 18 the conservatorship.

19 (11) When the building has been designated a historic 20 property, consult with the municipality's historical 21 commission or board of historical and architectural review, a 22 local historic preservation organization or, in the absence 23 thereof, the Pennsylvania Historical and Museum Commission 24 for recommendations on preserving the property's historic 25 character.

26 (12) Apply for and receive public grants or loans.
27 (13) Sell the building in accordance with section 9.
28 (14) Exercise all authority that an owner of the
29 building would have to improve, maintain and otherwise manage
30 the building.

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(b) Affirmative duty.--While in possession of the building,
 the conservator shall:

3 (1) Maintain, safeguard and insure the building.
4 (2) Apply all revenue generated from the building
5 consistent with the provisions of this act.

6 (3) (i) Develop a final plan for abatement of the 7 conditions which caused the petition to be granted or, if 8 no such feasible final plan can be developed, to develop 9 alternatives, including the closing, sealing or 10 demolition of all or part of the building.

(ii) When the building has been designated a
historic property, rehabilitate architectural features
that define the property's historic character.

14 (iii) When demolition of a property in a historic
15 district is necessary, design any replacement
16 construction on the site to comply with applicable
17 standards under current law.

18 (4) Implement the final plan referred to in paragraph19 (3) upon approval by the court.

(5) Submit a status report to the court and parties to
the action annually or more frequently as the court may deem
appropriate. The status report shall include:

23 (i) A copy of any contract entered into by the24 conservator regarding the improvement of the building.

25 (ii) An account of the disposition of all revenue26 generated from the building.

(iii) An account of all expenses and improvements.
(iv) The status of developing and implementing the
final plan pursuant to this subsection.

30 (v) A description of any proposed actions to be 20080H2188B4431 - 13 - 1

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taken in the next six months to improve the building.(c) Hearing on conservator's final plan for abatement.--

3 (1) At the time the court appoints a conservator, a
4 hearing date on the conservator's final plan for abatement
5 shall be set within 120 days of the appointment.

6 (2) Thirty days prior to the date of the hearing, the 7 conservator shall submit the plan to the court and to all 8 parties to the action.

9 (3) The plan shall include a cost estimate, a financing 10 plan and either a description of the work to be done for the 11 rehabilitation of the building or, if rehabilitation is not 12 feasible, a proposal for the closing, sealing or demolition 13 of the building.

14 (4) The plan shall conform with all existing municipal
15 codes, duly adopted plans for the area and historic
16 preservation requirements.

17 (5) At the time of the hearing, all parties shall be 18 allowed to comment on the plan, and the court shall take all 19 comments into consideration when assessing the feasibility of 20 the plan and the proposed financing.

(6) Within 15 days of the hearing, the court shall issue
a decision approving the plan or requiring that the plan be
amended.

(7) If the court decision requires that the plan be
amended, a hearing date shall be set within 60 days from the
date of the decision.

(d) Accounting.--Upon the implementation of the final plan approved by the court, the conservator shall file with the court a full accounting of all income and expenditures during the period of time it took to implement the final plan. - 14 -

Section 7. Ownership of property. 1

(a) Ownership interest of conservator. -- A conservator 2 3 appointed under section 5 shall be deemed to have an ownership 4 interest in and legal control of the property for the purposes 5 of filing plans with public agencies and boards, seeking and obtaining construction permits and other approvals and 6 7 submitting applications for financing or other assistance to 8 public or private entities.

9 Liability of owner. -- Notwithstanding the appointment of (b) a conservator under section 5, nothing in this act shall be 10 construed to relieve the owner of any civil or criminal 11 liability or of any obligation to pay taxes, municipal liens and 12 13 charges, mortgages, private liens or other fees or charges, 14 whether incurred before or after the appointment of the 15 conservator and no such liability shall transfer to the 16 conservator.

(c) Limitation of conservator's environmental liability.--18 (1) Notwithstanding any law to the contrary, the 19 conservator shall not be held liable for any environmental 20 damage to the building or the real property upon which the 21 building is located that existed prior to the appointment by the court of the conservator. 22

23 Paragraph (1) does not apply to the owner or any (2) other person or entity regarding the building and its real 24 25 property that is subject to an appointed conservator under 26 this act.

27 Section 8. Incurring indebtedness.

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28 (a) Borrowing.--From time to time a conservator may borrow money or incur indebtedness in order to cover the costs of 29 30 rehabilitation or to otherwise fulfill the conservator's 20080H2188B4431 - 15 -

1 obligations under this act.

2 (b) Liens.--In order to facilitate the borrowing of funds 3 for the costs of rehabilitation, the court may grant a lien or 4 security interest with priority over all other liens with the 5 exception of municipal or other governmental liens, provided, 6 however, that prior to granting a priority lien, the court has 7 found that:

8 (1) The conservator sought to obtain the necessary 9 financing from the senior lienholder, but the lienholder 10 declined to provide financing for reasonable improvements or 11 other costs of rehabilitation on reasonable terms.

12 (2) Lien priority is necessary in order to induce 13 another lender to provide financing on reasonable terms. 14 (c) Lien status of rehabilitation expenses.--Should the 15 senior lienholder agree to provide financing for the costs of 16 rehabilitation, any funds lent to cover the costs shall be 17 deemed to be added to the senior lienholder's preexisting first 18 lien.

(d) Approval of financing.--The court may approve financing for the costs of rehabilitation, the terms of which may include deferred repayment and use restrictions. The terms of the financing may remain with the property after the conservatorship has ended and be assumed by any of the following:

(1) The owner, if the owner regains possession of theproperty under section 10(2).

26 (2) The buyer who takes title under section 9.27 Section 9. Sale of property.

(a) Sale by owner or lienholder.--If a property subject to
conservatorship is sold by the owner or foreclosed upon by a
lienholder or if any interest therein is transferred, such sale,
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1 foreclosure or transfer shall be subject to the conservatorship.
2 (b) Sale by conservator.--Upon application of the
3 conservator, the court may order the sale of the property if the
4 court finds that:

5 (1) Notice and an opportunity to provide comment to the 6 court was given to each record owner of the property and each 7 lienholder.

8 (2) The conservator has been in control of the building 9 for more than six months and the owner has not successfully 10 petitioned to terminate the conservatorship under section 10.

11 (3) The terms and conditions of the sale are acceptable 12 to the court, and the buyer has a reasonable likelihood of 13 maintaining the property.

14 (c) Sale free and clear.--

15 (1) The court may authorize the conservator to sell the 16 building free and clear of all liens, claims and 17 encumbrances, provided that the proceeds of the sale are 18 distributed pursuant to subsection (d) at settlement.

19 (2) In the event that the proceeds of the sale are 20 insufficient to pay all existing liens, claims and 21 encumbrances, the proceeds shall be distributed according to 22 the priorities set forth in subsection (d) and all unpaid 23 liens, claims or encumbrances which have not been assumed 24 under section 8(d) shall be extinguished.

(d) Distribution.--The proceeds of the sale shall be appliedin accordance with the following priorities to:

27 (1) All court costs.

28 (2) Municipal or other governmental liens.

29 (3) Costs and expenses of sale.

30 (4) Principal and interest on any borrowing or 20080H2188B4431 - 17 - incurrence of indebtedness granted priority over existing
 liens and security interest under section 8(b).

3 (5) Costs of rehabilitation and any fees and expenses
4 incurred by the conservator in connection with the sale or
5 the safeguarding of the property for which the lien
6 authorized under section (5)(g) was filed.

7 (6) Valid liens and security interests in accordance8 with their priority.

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(7) Any unpaid obligations of the conservator.

10 (8) Costs incurred by the petitioner in requesting the11 court to place the property in conservatorship.

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(9) The owner.

(e) Owner's proceeds as unclaimed property.--In the event the owner cannot be located, any proceeds from the sale which belong to the owner shall be presumed to be abandoned and unclaimed and shall be subject to the custody and control of the Commonwealth pursuant to Article XIII.1 of the act of April 9, 18 1929 (P.L.343, No.176), known as The Fiscal Code.

19 Section 10. Termination of conservatorship.

20 Upon request of a party in interest or the conservator, the 21 court may order the termination of the conservatorship if it 22 determines:

(1) the conditions that were the grounds for the
petition and all other code violations have been abated or
corrected, the obligations, expenses and improvements of the
conservatorship, including all fees and expenses of the
conservator, have been fully paid or provided for and the
purposes of the conservatorship have been fulfilled;

29 (2) the owner, mortgagee or lienholder has requested the 30 conservatorship be terminated and has provided adequate 20080H2188B4431 - 18 - 1 assurances to the court that the conditions that constituted 2 grounds for the petition will be promptly abated, all 3 obligations, expenses and improvements of the 4 conservatorship, including all fees and expenses of the 5 conservator, have been fully paid or provided for and the 6 purposes of the conservatorship have been fulfilled;

7 (3) the building has been sold by the conservator and
8 the proceeds distributed in accordance with section 9(d); or

9 (4) the conservator has been unable after diligent 10 effort to present a plan that could be approved under section 11 6(b)(3) or implement a previously approved plan or, for any 12 reason, the purposes of the conservatorship cannot be 13 fulfilled.

14 Section 11. Applicability.

(a) General inapplicability.--This act shall not apply to commercial and residential buildings, structures or land owned by or held in trust for the Federal Government and regulated under the United States Housing Act of 1937 (Public Law 75-412, 50 Stat. 888, 42 U.S.C. § 1437 et seq.) and regulations promulgated under that act.

(b) Inapplicability to service members.--This act shall not
apply if the property owner has vacated the property in order to
perform military service in time of war or armed conflict, ARMED <-
CONFLICT OR IN ORDER TO ASSIST WITH RELIEF EFFORTS DURING A
DECLARED FEDERAL OR STATE EMERGENCY as a member of the United
States Armed Forces or its reserve component.

27 Section 20. Effective date.

28 This act shall take effect in 90 days.

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