

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N A C T

RELATING TO PROPERTY - MORTGAGE FORECLOSURE

Introduced By: Senators Quezada, Calkin, Ciccone, Metts, and Goodwin

Date Introduced: March 02, 2017

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

SECTION 1. Section 34-27-6 of the General Laws in Chapter 34-27 entitled "Mortgage Foreclosure and Sale" is hereby amended to read as follows:

34-27-6. Payment of outstanding taxes.

(a) In connection with any sale by public auction made under and according to the provisions of any mortgage of real estate or any power of sale contained therein or annexed thereto, if the mortgagee or an affiliate of the mortgagee is the successful bidder for the real estate or property offered for sale, the foreclosure deed shall be recorded in the records of land evidence for the municipality where the real estate is located within ~~forty five (45)~~ fifteen (15) days after the date of the sale. The deed shall be captioned "foreclosure deed" and the date of the foreclosure shall be stated in the deed. This subsection (a) shall not apply to any such sale if, prior to the recording of the foreclosure deed: (1) the mortgagor files a voluntary proceeding, or an order for relief is entered in any involuntary proceeding against the mortgagor, under any federal or state bankruptcy or insolvency statute; or (2) the mortgagee abandons or otherwise terminates such sale.

(b) Notwithstanding any other general law or local ordinance to the contrary, the grantee of real estate named in the foreclosure deed shall pay to the municipality, on or before the date the foreclosure deed is recorded, all taxes and other assessments, including water charges, interest and penalties, if any, which constitute liens on the real estate described in the foreclosure deed and which are due and owing on the recording date (collectively, "taxes due and owing");

1 provided, however, that a grantee shall not be deemed in violation of this subsection (b) if the
2 grantee shall apply for a municipal lien certificate from the tax collector for the municipality
3 during the ~~forty-five (45)~~ fifteen (15) day period ending on the day on which the foreclosure deed
4 is recorded and shall pay the taxes due and owing within thirty (30) days after the date on which
5 the municipal lien certificate is mailed by the tax collector by the United States mail, postage
6 prepaid, certified, return receipt requested, and addressed to the grantee at the address therefor set
7 forth in the application for the municipal lien certificate. Taxes due and owing for purposes of
8 this section shall include only installments thereof required by law to be paid as of the date the
9 foreclosure deed is recorded.

10 (c) Upon a violation of any one or more of the requirements of this section, a penalty
11 shall accrue at the rate of ~~forty dollars (\$40.00)~~ five hundred dollars (\$500) per month (in the
12 aggregate) for each month or part thereof during which such violation or violations continue. For
13 purposes of determining the penalty due hereunder, a month commences on the day on which the
14 first such violation occurs and a new month commences on the same day (or if there is no such
15 day, then on the last day) of each succeeding calendar month until all taxes due and owing are
16 paid. In the event of a violation of subsection (a), taxes due and owing shall be determined as of
17 the date required thereunder for the recording of a foreclosure deed.

18 (d) As used in this section, the term "affiliate" shall mean, with respect to any mortgagee,
19 any individual or legal entity that controls, is controlled by or is under common control with such
20 mortgagee, and the term "foreclosure deed" shall mean the mortgagee's deed or other conveyance
21 of title to the successful bidder at any sale by public auction made under and according to the
22 provisions of any mortgage of real estate or any power of sale contained therein or annexed
23 thereto.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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- 1 This act would reduce the time the buyer of mortgage foreclosed property has to record
2 the foreclosed deed from forty-five (45) to fifteen (15) days. It would also increase the penalty for
3 violation from forty dollars (\$40.00) per month to five hundred dollars (\$500) per month.
4 This act would take effect upon passage.

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