

1 HB6
2 112953-1
3 By Representative Mitchell
4 RFD: Banking and Insurance
5 First Read: 12-JAN-10
6 PFD: 09/23/2009

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8 SYNOPSIS: Under existing law, property that is sold
9 for nonpayment of taxes may be redeemed by payment
10 of the amount for which the land was sold, plus
11 delinquent taxes and interest.

12 This bill would provide that the rate of
13 interest assessed on property sold for nonpayment
14 of taxes would be the same as the residential
15 mortgage rate published by the Federal Home Loan
16 Mortgage Corporation or its successor for the month
17 preceding the filing of the application to redeem
18 the property.

19
20 A BILL
21 TO BE ENTITLED
22 AN ACT
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24 To amend Sections 40-10-121 and 40-10-122, Code of
25 Alabama 1975, relating to interest charges on the sale and
26 redemption of property for unpaid taxes; to provide that the
27 rate of interest assessed on property sold for nonpayment of

1 taxes would be the same as the residential mortgage rate
2 published by the Federal Home Loan Mortgage Corporation or its
3 successor for the month preceding the filing of the
4 application to redeem the property.

5 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

6 Section 1. Sections 40-10-121 and 40-10-122, Code of
7 Alabama 1975, are amended to read as follows:

8 "§40-10-121.

9 "(a) In order to obtain the redemption of land from
10 tax sales where the same has been heretofore or hereafter sold
11 to the state, the party desiring to make such redemption shall
12 apply therefor as hereinafter provided and shall deposit with
13 the judge of probate of the county in which the land is
14 situated the amount of money for which the lands were sold,
15 with interest, ~~thereon at the rate of 12 percent~~ with the rate
16 of interest being the same amount as the residential mortgage
17 rate published by the Federal Home Loan Mortgage Corporation
18 or its successor for the month preceding the filing of the
19 application to redeem the property, together with the amount
20 of all taxes found to be due on such land since the date of
21 sale, as provided herein, with interest ~~at the rate of 12~~
22 ~~percent~~ being the same amount as the residential mortgage rate
23 published by the Federal Home Loan Mortgage Corporation or its
24 successor for the month preceding the filing of the
25 application to redeem the property and all costs and fees due
26 to officers.

1 "(b) Upon application to the probate judge to redeem
2 land where the same has been sold to the state for taxes,
3 which application shall be made on blank forms to be furnished
4 by the Land Commissioner, the probate judge shall submit such
5 application to the tax assessor of the county in which the
6 land sought to be redeemed is located, and the assessor shall
7 without delay enter on such application an assessment value
8 for each of the years for which taxes are due, subsequent to
9 the year for which such land was sold to the state for taxes,
10 and such assessment value shall be such percentage as
11 established by law of the fair and reasonable market value of
12 such lands as of October 1 of the year or years subsequent to
13 the year for which the land was sold for taxes.

14 "(c) Any party having a right to redeem said
15 property, his agents, or attorney, shall have the right to
16 file a written protest with the board of equalization,
17 objecting to the valuation of said land as placed on said
18 property by the tax assessor, setting forth his ground of
19 objection to the assessed value of said property as fixed by
20 said tax assessor, and the board of equalization shall,
21 thereafter, fix a day for hearing said protest by giving to
22 the tax assessor and party desiring to redeem, his agents, or
23 attorney, at least 10 days' written notice of the day and
24 place of hearing said petition, and upon the hearing of said
25 cause, the board of equalization shall have the right to
26 review the assessed value of said property as fixed by the tax
27 assessor and shall fix and determine the assessed value for

1 each of the years subsequent to the year for which such land
2 was sold to the state for taxes, and the board of equalization
3 shall certify to the probate judge the assessed value of the
4 land so fixed.

5 "(d) The redemptioner shall deposit with the probate
6 judge the amount of money for which lands were sold for taxes,
7 plus the amount due for subsequent years based on the
8 assessment value as required to be fixed herein, and interest,
9 costs, and fees as provided in this section.

10 "(e) If any balance remains due to the state upon
11 any lien arising by reason of any installment redemption the
12 payment of which is secured under the provisions of Section
13 40-10-141, the redemptioner shall also deposit with the
14 probate judge the amount of the balance due upon such lien,
15 with interest to the date of redemption.

16 "(f) If the lands sought to be redeemed, or any
17 portion thereof, are situated in any municipality, the
18 redemptioner shall also deposit with the probate judge the
19 amount of any unpaid taxes assessed against the same by such
20 municipality, and an amount equal to any municipal taxes
21 thereon which, subsequent to the tax sale, were not assessed
22 by reason of the fact that such land had been purchased by the
23 State of Alabama, plus interest which would have accrued upon
24 such municipal taxes from the time the same would have
25 otherwise become delinquent, which amounts, with interest,
26 shall be treated and distributed in the same manner as taxes
27 and interest thereon.

1 "§40-10-122.

2 "(a) In order to obtain the redemption of land from
3 tax sales where the same has been sold to one other than the
4 state, the party desiring to make such redemption shall
5 deposit with the judge of probate of the county in which the
6 land is situated the amount of money for which the lands were
7 sold, with the interest rate the same amount as the
8 residential mortgage rate published by the Federal Home Loan
9 Mortgage Corporation or its successor for the month preceding
10 the filing of the application to redeem the property payable
11 at the rate of 12 percent per annum from date of sale, and, on
12 the portion of any excess bid that is less than or equal to 15
13 percent of the market value as established by the county board
14 of equalization, together with the amount of all taxes which
15 have been paid by the purchaser, which fact shall be
16 ascertained by consulting the records in the office of the tax
17 collector, or other tax collecting official, with the interest
18 rate the same amount as the residential mortgage rate
19 published by the Federal Home Loan Mortgage Corporation or its
20 successor for the month preceding the filing of the
21 application to redeem the property on said payment ~~at 12~~
22 ~~percent per annum~~. If any taxes on said land have been
23 assessed to the purchaser and have not been paid, and if said
24 taxes are due which may be ascertained by consulting the tax
25 collector or other tax collecting official of the county, the
26 probate judge shall also require the party desiring to redeem
27 said land to pay the tax collector or other tax collecting

1 official the taxes due on said lands which have not been paid
2 by the purchaser before he or she is entitled to redeem the
3 same. In all redemptions of land from tax sales, the party
4 securing the redemption shall pay all costs and fees as herein
5 provided for due to officers and a fee of \$.50 to the judge of
6 probate for his or her services in the matter of redemption.
7 This application and payment may be executed by an on-line
8 transaction via the Internet or other on-line provision.

9 "(b) With respect to property located within an
10 urban renewal or urban redevelopment project area designated
11 pursuant to Chapters 2 or 3 of Title 24, the proposed
12 redemptioner must pay to the purchaser or his or her
13 transferee, in addition to any other requirements set forth in
14 this section, the amounts set forth below:

15 "(1) All insurance premiums paid or owed by the
16 purchaser for casualty loss coverage on insurable structures
17 with interest on said payments ~~at 12 percent per annum~~ with
18 interest the same as the residential mortgage rate published
19 by the Federal Home Loan Mortgage Corporation or its successor
20 for the month preceding the filing of the application to
21 redeem the property.

22 "(2) The value of all permanent improvements made on
23 the property determined in accordance with this section with
24 ~~interest on said value at 12 percent per annum~~ the same as the
25 residential mortgage rate published by the Federal Home Loan
26 Mortgage Corporation or its successor for the month preceding
27 the filing of the application to redeem the property.

1 "(c) With respect to property which contains a
2 residential structure at the time of the sale regardless of
3 its location, the proposed redemptioner must pay to the
4 purchaser or his or her transferee, in addition to any other
5 requirements set forth in this section, the amounts set forth
6 below:

7 "(1) All insurance premiums paid or owed by the
8 purchaser for casualty loss coverage on the residential
9 structure with interest on the payments at 12 percent per
10 annum.

11 "(2) The value of all preservation improvements made
12 on the property determined in accordance with this section
13 with interest on the value at 12 percent per annum.

14 "(d) As used herein, "permanent improvements" shall
15 include, but not be limited to, all repairs, improvements, and
16 equipment attached to the property as fixtures. As used
17 herein, "preservation improvements" shall mean improvements
18 made to preserve the property by properly keeping it in repair
19 for its proper and reasonable use, having due regard for the
20 kind and character of the property at the time of sale. The
21 proposed redemptioner shall make written demand upon the
22 purchaser of a statement of the value of all permanent or
23 preservation improvements as applicable made on the property
24 since the tax sale. In response to written demand made
25 pursuant to this subsection, within 10 days from the receipt
26 of such demand, the purchaser shall furnish the proposed
27 redemptioner with the amount claimed as the value of such

1 permanent or preservation improvements as applicable; and
2 within 10 days after receipt of such response, the proposed
3 redemptioner either shall accept the value so stated by the
4 purchaser or, disagreeing therewith, shall appoint a referee
5 to ascertain the value of such permanent or preservation
6 improvements as applicable. The proposed redemptioner shall in
7 writing (i) notify the purchaser of his or her disagreement as
8 to the value; and (ii) inform the purchaser of the name of the
9 referee appointed by him or her. Within 10 days after the
10 receipt of such notice, the purchaser shall appoint a referee
11 to ascertain the value of the permanent or preservation
12 improvements as applicable and advise the proposed
13 redemptioner of the name of the appointee. Within 10 days
14 after the purchaser has appointed his or her referee, the two
15 referees shall meet and confer upon the award to be made by
16 them. If they cannot agree, the referees shall at once appoint
17 an umpire, and the award by a majority of such body shall be
18 made within 10 days after the appointment of the umpire and
19 shall be final between the parties.

20 "(e) If the proposed redemptioner fails or refuses
21 to nominate a referee as provided in subsection (d), he or she
22 must pay the value put upon the improvements by the purchaser.
23 If the purchaser refuses or fails to appoint a referee, as
24 provided in subsection (d), the purchaser shall forfeit his or
25 her claim to compensation for such improvements. The failure
26 of the referees or either of them to act or to appoint an
27 umpire shall not operate to impair or forfeit the right of

1 either the proposed redemptioner or the purchaser in the
2 premises and in the event of failure without fault of the
3 parties to affect an award, the appropriate court shall
4 proceed to ascertain the true value of such permanent or
5 preservation improvements as applicable and enforce the
6 redemption accordingly."

7 Section 2. This act shall become effective for all
8 tax years beginning on or after October 1, 2011, following its
9 passage and approval by the Governor, or its otherwise
10 becoming law.