

HOUSE BILL 601

By Lovell

AN ACT to amend Tennessee Code Annotated, Title 7;
Title 8; Title 21; Title 26; Title 35; Title 40; Title 66
and Title 67, relative to real property.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-5-2701, is amended by deleting the section in its entirety and substituting instead the following:

Upon the sale of a parcel in accordance with this chapter, there shall be no further equity of redemption. After the conclusion of the sale, any person claiming any right, title, or interest in, or lien upon, any parcel shall be forever barred and foreclosed of any such right, title, or interest in, lien upon, and any equity of redemption in, such parcel.

SECTION 2. Tennessee Code Annotated, Section 7-84-416, is amended by deleting the language ", except as provided in § 7-84-417,".

SECTION 3. Tennessee Code Annotated, Section 7-84-417, is amended by deleting the section in its entirety.

SECTION 4. Tennessee Code Annotated, Section 7-84-527, is amended by deleting the section in its entirety.

SECTION 5. Tennessee Code Annotated, Section 7-84-627, is amended by deleting the section in its entirety.

SECTION 6. Tennessee Code Annotated, Section 8-21-401, is amended by deleting the language ", except for court orders concerning a redemption of delinquent taxes property sale; in such case, the fee shall only be charged one (1) time against the total amount of proceeds generated from the property" from subdivision (i)(6).

SECTION 7. Tennessee Code Annotated, Section 67-5-2005, is amended by deleting the language "and the property may be redeemed" from subsection (c).

SECTION 8. Tennessee Code Annotated, Section 67-5-2012, is amended by deleting the language "and is not redeemed by the end of the redemption period" from subdivision (e)(2).

SECTION 9. Tennessee Code Annotated, Section 67-5-2012, is further amended by deleting the language "however, under no circumstances shall the cost of redemption be greater than if the receivable had not been sold;" from subdivision (e)(3).

SECTION 10. Tennessee Code Annotated, Section 67-5-2201, is amended by deleting the language "pursuant to § 67-5-2701(a)(3)(D)" from subdivision (1).

SECTION 11. Tennessee Code Annotated, Section 67-5-2201, is further amended by adding the following new subdivisions:

() "Evidence of abandonment" includes, but is not limited to, any of the following conditions:

(A) Overgrown or dead vegetation;

(B) Accumulation of newspapers, circulars, flyers, or mail;

(C) Past due utility notices, disconnected utilities, or utilities not in use;

(D) Accumulation of trash, refuse, or other debris;

(E) Absence of window coverings such as curtains, blinds, or shutters;

(F) One (1) or more boarded, missing, or broken windows;

(G) The property is open to casual entry or trespass;

(H) The property has a building or structure that is or appears structurally unsound or has any other condition that presents a potential hazard or danger to the safety of persons; or

(I) Any of the conditions in subdivisions () (A) - (H) exist and, if there is a mortgage on the property, the mortgagor does not occupy the property and has informed the mortgagee or loan servicing company in writing that the mortgagor does not intend to occupy the property in the future;

() "Vacant and abandoned" with respect to real property:

(A) Means:

(i) There is a reasonable basis to believe the property is not occupied as determined based upon periodic inspections of the property over a two-month period at different times of the day where three (3) or more inspections reveal evidence of abandonment; or

(ii) A court has determined that the property is a risk to the health, safety, or welfare of the public or any adjoining or adjacent property owners, or has otherwise declared the property unfit for occupancy; and

(B) Does not include:

(i) An unoccupied building that is undergoing construction, renovation, or rehabilitation at the hands of a properly licensed contractor pursuant to a building permit; is proceeding to completion; and is in compliance with all applicable ordinances, codes, regulations, and statutes;

(ii) A building occupied on a seasonal basis that is otherwise secure;

(iii) A building that is secure, but is the subject of a probate action, action to quiet title, or other similar ownership dispute; provided, that the owners are exercising diligence in pursuit of resolution of the dispute;

(iv) A building damaged by a natural disaster and one (1) or more owners intend to repair and reoccupy the property; provided, that the owners are exercising diligence in pursuit of completion of repairs at the property in accordance with subdivision () (B) (i); or

(v) Any property occupied by the owner, a relative of the owner, or a tenant lawfully in possession; provided, that neither subdivision () (H) nor subdivision () (A)(ii) applies to the property.

SECTION 12. Tennessee Code Annotated, Section 67-5-2415, is amended by deleting the second sentence of subsection (b) and substituting instead the language "Such loss shall be deemed to occur upon the entry of an order confirming the sale of the parcel."

SECTION 13. Tennessee Code Annotated, Section 67-5-2501, is amended by deleting the language ", subject to the equity of redemption" from subdivisions (a)(1) and (b)(1).

SECTION 14. Tennessee Code Annotated, Section 67-5-2502, is amended by deleting the language "including redemption," from subdivision (c)(1)(D).

SECTION 15. Tennessee Code Annotated, Section 67-5-2503, is amended by deleting the second sentence from subsection (b).

SECTION 16. Tennessee Code Annotated, Section 67-5-2504, is amended by deleting the language "After expiration of the period of redemption provided in § 67-5-2701, the delinquent tax sale purchaser" from subdivision (d)(4) and substituting instead the language "The delinquent tax sale purchaser".

SECTION 17. Tennessee Code Annotated, Section 67-5-2504, is further amended by deleting subsection (f) and substituting instead the following:

(f)

(1) Any person successfully challenging the validity of a tax sale of the person's interest in a parcel shall also be responsible to the person purchasing the property at the tax sale and the purchaser's successors in interest, for the greater of:

(A) Any increase in the value of the parcel, including any improvements thereto, from the date of the entry of the order confirming the sale until the entry of a court order declaring the tax sale invalid as to the challenger; or

(B) All amounts expended by the purchaser or the purchaser's successors as follows:

(i) The total amount of delinquent taxes, penalty, interest, and court costs;

(ii) Interest on the entire purchase price paid by the purchaser of the parcel at the rate of twelve percent (12%) per annum, which shall begin to accrue on the date the purchaser pays the purchase price to the clerk and continuing until the challenge is filed;

(iii) Additional ad valorem taxes, penalty, interest, and court costs paid by the purchaser;

(iv) Reasonable payments made by the purchaser for insurance on the parcel and any improvements thereon;

(v) Reasonable cost paid by the purchaser to avoid permissive waste of the parcel;

(vi) Reasonable expenses paid by the purchaser as a result of a judicial or administrative order or other official notice requiring the purchaser to immediately bring the property into compliance with applicable building code or zoning regulations;

(vii) Reasonable payments by the purchaser for homeowner's association dues or obligations resulting from covenants running with the land; and

(viii) Additional interest at the rate set out in subdivision (f)(1)(B)(ii), accruing from the date the challenge was filed until the date the purchaser's response was filed. If the court determines that the purchaser has not delayed consideration of the challenge and that any

response filed by the purchaser for additional funds was based on a reasonable expectation that the expenditures of the purchaser were reimbursable pursuant to this section, then the court may require the challenger to also pay additional interest at the same rate, accruing from the date the purchaser's response was filed until the date of such payment.

(2) The purchaser and successors shall have a lien upon the parcel to secure the payment of the amount determined by the court to be due.

SECTION 18. Tennessee Code Annotated, Section 67-5-2507, is amended by deleting subdivision (a)(2).

SECTION 19. Tennessee Code Annotated, Section 67-5-2507, is further amended by deleting the language "After the period of redemption has elapsed, it shall be the duty of the county mayor" from subdivision (a)(3) and substituting instead the language "It shall be the duty of the county mayor".

SECTION 20. Tennessee Code Annotated, Section 67-5-2508, is amended by deleting the language ", and after the period of redemption has lapsed," from subdivision (c)(1) and the language ", after the period of redemption has lapsed," from subsection (d).

SECTION 21. Tennessee Code Annotated, Section 67-5-2509, is amended by deleting the language ", after the expiration of the period of redemption provided in § 67-5-2701," from subsection (a).

SECTION 22. Tennessee Code Annotated, Section 67-5-2509, is further amended by deleting the language ", and subsequently accruing taxes through the period of redemption" from subsection (c).

SECTION 23. Tennessee Code Annotated, Section 67-5-2516, is amended by deleting the last sentence of subsection (b).

SECTION 24. Tennessee Code Annotated, Section 67-5-2702, is amended by deleting the language "any remaining redemption period shall be terminated as to the movant and as to any other person entitled to redeem property who consents to such termination as evidenced by their signature on such order, and" from subsection (c).

SECTION 25. Tennessee Code Annotated, Section 67-5-2702, is further amended by deleting the last sentence from subdivision (c)(5).

SECTION 26. This act shall take effect July 1, 2017, the public welfare requiring it.