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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO PROPERTY - MORTGAGE FORECLOSURE AND SALE

Introduced By: Representative Jon D. Brien

Date Introduced: February 16, 2012

Referred To: House Judiciary

It is enacted by the General Assembly as follows:

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

3 **34-27-6. Payment of outstanding taxes.** -- (a) In connection with any sale by public
4 auction made under and according to the provisions of any mortgage of real estate or any power
5 of sale contained therein or annexed thereto, if the mortgagee or an affiliate of the mortgagee
6 (other than a municipality) is the successful bidder for the real estate or property offered for sale,
7 the foreclosure deed shall be recorded in the records of land evidence for the municipality where
8 the real estate is located within ~~forty five (45)~~ thirty (30) days after the date of the sale. The deed
9 shall be captioned "foreclosure deed" and the date of the foreclosure shall be stated in the deed.
10 This subsection (a) shall not apply to any such sale if, prior to the recording of the foreclosure
11 deed: (1) the mortgagor files a voluntary proceeding, or an order for relief is entered in any
12 involuntary proceeding against the mortgagor, under any federal or state bankruptcy or
13 insolvency statute; or (2) the mortgagee abandons or otherwise terminates such sale.

14 (b) Notwithstanding any other general law or local ordinance to the contrary, the grantee
15 of real estate named in the foreclosure deed shall pay to the municipality, on or before the date
16 the foreclosure deed is recorded, all taxes and other assessments, including water charges, interest
17 and penalties, if any, which constitute liens on the real estate described in the foreclosure deed
18 and which are due and owing on the recording date (collectively, "taxes due and owing");
19 provided, however, that a grantee shall not be deemed in violation of this subsection (b) if the

1 grantee shall apply for a municipal lien certificate from the tax collector for the municipality
2 during the ~~forty five (45)~~ thirty (30) day period ending on the day on which the foreclosure deed
3 is recorded and shall pay the taxes due and owing within thirty (30) days after the date on which
4 the municipal lien certificate is mailed by the tax collector by the United States mail, postage
5 prepaid, certified, return receipt requested, and addressed to the grantee at the address therefor set
6 forth in the application for the municipal lien certificate. Taxes due and owing for purposes of
7 this section shall include only installments thereof required by law to be paid as of the date the
8 foreclosure deed is recorded.

9 (c) Upon a violation of any one or more of the requirements of this section, a penalty
10 shall accrue at the rate of ~~forty dollars (\$40.00) per month~~ one hundred dollars (\$100) per day (~~in~~
11 ~~the aggregate~~) for each ~~month or part thereof~~ day during which such violation or violations
12 continue. For purposes of determining the penalty due hereunder, a month commences on the day
13 on which the first such violation occurs and a new month commences on the same day (or if there
14 is no such day, then on the last day) of each succeeding calendar month until all taxes due and
15 owing are paid. In the event of a violation of subsection (a), taxes due and owing shall be
16 determined as of the date required thereunder for the recording of a foreclosure deed.

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

23 (e) Any penalties under this section shall be paid to the municipality where the real estate
24 is located and all outstanding penalties shall be paid at such time as the foreclosure deed is
25 recorded. A municipality may, by resolution, waive all or part of said penalties if extenuating
26 circumstances, or mitigating factors, reasonably justify same.

27 SECTION 2. This act shall take effect on August 1, 2012.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO PROPERTY - MORTGAGE FORECLOSURE AND SALE

1 This act would require that foreclosure deeds be recorded within thirty (30) days of
2 foreclosure and would increase the penalties for violation of this requirement.

3 This act would take effect on August 1, 2012.

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