

**TRADITIONAL TAX SALE SYSTEM:
UNDER MCTLL, MUNICIPAL CLAIMS AND TAX LIEN
LAW**

DELINQUENT PARCEL

Can be a structure or a vacant lot

Doesn't Pay taxes for 2 or more years

FTB initiates tax sale procedure.

NOTICE TO INTERESTED PARTIES

Conduct a 60 year title exam to reveal any other interested parties who hold liens on the property

Prepare and send notices to interested parties of the impending "Upset Sale"

Advertise 3 consecutive weeks in advance of "Upset Sale"

JUDGMENT

This is final order in the required court action to enforce the collection of delinquent property taxes and municipal claims which begins with two (2) notices to the property owner advising of the impending legal action and a Writ of Scire Facias that initiates the court action. It is most often a default judgment since these debts are rarely contested and includes, in addition to the face amount of the tax or claim, all penalties, interest, lien filing costs, costs of suit, and charges, expenses and fees, including attorney fees in accordance with a fee schedule ordinance passed by the local governing body. The Sheriff Sale is the process for execution of the judgment against real property which is governed by PRCP and the Sheriff's sale conditions and procedures.

"FREE AND CLEAR" ORDER

In order to divest all liens from the title, the court issues a rule to show cause why the property should not be cleared and a notice is issued to all parties that have a claim against the property. The property is deemed "free and clear" if no one responds.

UPSET SALE

Bidding starts at the "Upset Price" and includes the amount of the judgment plus cost of Sheriff Sale

If there is not a free and clear order, the title may not be clear, and liens may remain with the property.

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PRIVATE PARTY PURCHASES THE PROPERTY

ONCE THE BID IS WON

The new owners are now liable for the property including any other claims against the title not listed under Upset Price

RE-EXPOSING THE PROPERTY

FTB can choose to defer to a future upset sale in hopes of finding an interested purchaser.

The re-exposure is not free and costs FTB additional fees.

PROPERTY FAILS TO SELL AT UPSET SALE

"SAME DAY" JUDICIAL SALE

In Allegheny County, a "Free and Clear" order can be obtained before the Upset Sale and a Free and Clear Judicial Sale can be held on the same day of the Upset Sale if there are no bids.

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PRIVATE PARTY PURCHASES THE PROPERTY

DELINQUENT PARCEL FALLS OUT OF THE TAX FORECLOSURE PROCESS

JUDICIAL SALE

The parcel is set at Upset Price and decreases as time goes on in order to sell the property.

Unlike the Upset Sale, prospective owners do not need to worry about any other liens because the title is "free and clear".

FTB CREDIT BIDS ... **R**

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FTB CREDIT BIDS

DELINQUENT PARCEL FALLS OUT OF THE TAX FORECLOSURE PROCESS

FTB - Foreclosing Taxing Body is the plaintiff who initiates the delinquent tax enforcement or municipal claim collection legal action.

Credit Bid - After exposure at tax sale (upset or judicial), MCTLL and PA Rules of Civil Procedure allows FTB to forgo its claim against the property and, instead, bid its claim and become the purchaser at tax sale but no actual purchase price is paid, only the costs of the sale. One or more taxing bodies may credit bid.

MCTLL-Municipal Claim and Tax Lien Law of 1923, 53 P.S. §7101, et seq. One of PA's tax sale laws that governs delinquent property tax enforcement in Allegheny County as well as collection of municipal claims.

PRCP-Pennsylvania Rules of Civil Procedure

"R"-Nine (9) Month Redemption Period applies under MCTLL to occupied properties during which divested owners and lien holders may redeem the property. There is no redemption period for a vacant property, however, insurable title is unattainable until after 9 months.

Sources: *Municipal Claim and Tax Lien Law of 1923, 53 P.S. §7101, et seq.; Pennsylvania Rule of Civil Procedure; Megan M. Ott, Esq. and Patrick C. Manning, Esq. of Goehring, Rutter and Boehm 'Municipal Collections, Claims and Tax Enforcement, June 14, 2013 Fight Blight presentation.*