



Legislation Text

File #: Int 1063-2024, Version: *

Int. No. 1063

By Council Members Sanchez, Hudson, De La Rosa, Brewer, Schulman, Gutiérrez, Restler, Abreu, Nurse, Cabán, Ung, Avilés, Ossé, Hanks, Marte, Hanif, Krishnan, Salaam, Williams, Banks, Joseph, Feliz, Ayala, Farías, Louis, Brooks-Powers and Won

A Local Law to amend the administrative code of the city of New York, in relation to the third party transfer program, and to repeal sections 11-425, 11-426, and 11-427 of such code, relating to agreements for payment of delinquent taxes and charges in installments

Be it enacted by the Council as follows:

Section 1. Section 11-401 of the administrative code of the city of New York, as amended by local law number 152 for the year 2017, is amended to read as follows:

§ 11-401 Definitions. [Whenever used in this chapter, the following terms shall mean] For purposes of this chapter, the following terms have the following meanings:

[1. "Tax lien." The lien arising as a result of the nonpayment of taxes, assessments, sewer rents, sewer surcharges, water rents, any other charges that are made a lien subject to the provisions of this chapter or chapter three of this title, interest and penalties thereon, and the right of the city to receive such amounts.

2. "Court." The supreme court.

3. "] Class.["] The term "class" means [Any] any class of real property defined in subdivision [one] 1 of section [eighteen hundred two] 1802 of the real property tax law, and any subclassification of class [two] 2 real property where such subclassification is established by rule of the commissioner of finance promulgated pursuant to this subdivision.

Court. The term "court" means the supreme court of the state of New York.

[4. "] Distressed property. [Any] The term "distressed property" means [parcel of class one or class

two real property that is subject to a tax lien or liens that result from an environmental control board judgment against the owner of such parcel for a building code violation with a lien or liens to value ratio, as determined by the commissioner of finance, equal to or greater than 25 percent or any parcel of class one or class two real property that is subject to a tax lien or liens with a lien or liens to value ratio, as determined by the commissioner of finance, equal to or greater than fifteen percent and that meets one of the following two criteria:

i. such parcel has an average of five or more hazardous or immediately hazardous violations of record of the housing maintenance code per dwelling unit; or

ii. such parcel is subject to a lien or liens for any expenses incurred by the department of housing preservation and development for the repair or the elimination of any dangerous or unlawful conditions therein, pursuant to section 27-2144 of this code, in an amount equal to or greater than one thousand dollars] any class 1 real property or cooperative that is subject to a tax lien or liens that exceeds 3 years of the owner's annual tax liability or any class 2 real property that is subject to a tax lien or tax liens that exceeds 1 year of the owner's annual tax liability, and that is one of no fewer than 500 properties identified by indexing properties by high to low when multiplying the property's municipal debt by the property's total open hazardous and immediately hazardous maintenance code violations.

Exempt property. The term "exempt property" means a dwelling unit in a condominium that is the primary residence of an owner of such property; real property receiving an exemption from taxation pursuant to section 11-245.3; residential real property where such owner is receiving benefits in accordance with department of finance memorandum 05-3, or any successor memorandum thereto, relating to active duty military personnel; or real property that has been allowed a credit pursuant to subdivision (e) of section 606 of the tax law for the calendar year in which the date of the first lien sale occurs or for the calendar year immediately preceding such date.

Extenuating Circumstances. The term "extenuating circumstances" means (i) the death of a party to a

payment plan agreement; (ii) a loss of income for a party to the payment plan agreement due to such party's involuntary absence from the property for any consecutive period of 6 or more months for treatment of an illness, for military service, or pursuant to a court order, that results in a default of the payment plan agreement or inability to cure the default; or (iii) a loss of income for a party to the payment plan agreement due to such party's unemployment for any consecutive period of 6 or more months that results in a default of the payment plan agreement or inability to cure the default.

Monitor. The term "monitor" means an organization approved by the department of housing preservation and development and retained and paid for by the property owner to oversee compliance with a corrective action plan pursuant to section 11-425.

Tax lien. The term "tax lien" means a lien arising as a result of the nonpayment of taxes, assessments, sewer rents, sewer surcharges, water rents, any other charges that are made a lien subject to the provisions of this chapter or chapter 3 of this title, interest, and penalties thereon, and the right of the city to receive such amounts.

§ 2. Section 11-401.1 of the administrative code of the city of New York, as added by local law number 37 for the year 1996, is amended to read as follows:

§ 11-401.1 Procedures for distressed property. a. The commissioner of finance shall, not less than [sixty] 90 days preceding the date of the sale of a tax lien or tax liens, submit to the commissioner of housing preservation and development a description by block and lot, or by such other identification as the commissioner of finance may deem appropriate, of any parcel of class [one] 1 or class [two] 2 real property on which there is a tax lien that may be foreclosed upon by the city. The commissioner of housing preservation and development shall determine, and direct the commissioner of finance, not less than [ten] 30 days preceding the date of the sale of a tax lien or tax liens, whether any such parcel is a distressed property [as defined in subdivision four of section 11-401 of this chapter]. Any tax lien on a parcel so determined to be a distressed property shall not be included in such sale. In connection with a subsequent sale of a tax lien or tax liens, the

commissioner of finance may, not less than [sixty] 90 days preceding the date of the sale, resubmit to the commissioner of housing preservation and development a description by block and lot, or by such other identification as the commissioner of finance may deem appropriate, of any parcel of class [one] 1 or class [two] 2 real property that was previously determined to be a distressed property [pursuant to this paragraph] and on which there is a tax lien that may be included in such sale. The commissioner of housing preservation and development shall determine, and direct the commissioner of finance, not less than [ten] 30 days preceding the date of the sale, whether such parcel remains a distressed property. If the commissioner of housing preservation and development determines that the parcel is not a distressed property, then the tax lien on the parcel may be included in the sale.

b. The commissioner of housing preservation and development may periodically review whether a parcel of class [one] 1 or class [two] 2 real property that is subject to subdivision c of this section or [subdivision j] paragraph 10 of subdivision a of section 11-412.1 [of this chapter] remains a distressed property. If [the] such commissioner determines that the parcel is not a distressed property [as defined in subdivision four of section 11-401 of this chapter], then the parcel shall not be subject to [such subdivisions] subdivision c of this section or paragraph 10 of subdivision a of section 11-412.1.

c. Any parcel so determined to be a distressed property shall be subject to an in rem foreclosure action, unless it is an exempt property, or in the case where the commissioner of finance does not commence such action the commissioner of housing preservation and development shall evaluate such parcel and take such action as [he or she deems] appropriate under the programs, existing at the time of such evaluation, that are designed to encourage the rehabilitation and preservation of existing housing, and shall monitor or cause to be monitored the status of the property. The commissioner of housing preservation and development, in [his or her] such commissioner's discretion, shall cause an inspection to be conducted on any parcel so determined to be a distressed property. The commissioner of housing preservation and development or such commissioner's designee shall contact the owner of each property that has been determine to be a distressed property in person

and shall notify such owner that such property is a distressed property and that it has a tax lien that may be foreclosed upon by the city. The commissioner of housing preservation and development or such commissioner's designee shall notify each occupant of a distressed property that the property has been determined to be distressed and that it has a tax lien that may be foreclosed upon by the city. In addition, the commissioner of housing preservation and development shall submit to the council a list of all parcels so determined to be a distressed property within [thirty] 30 days from the date such parcels are identified as a distressed property.

§ 3. Section 11-404 of the administrative code of the city of New York, as added by local law number 37 for the year 1996, is amended to read as follows:

§ 11-404 Foreclosure by action in rem. [a.] Whenever [it shall appear that] a tax lien or tax liens [has or have been due and unpaid for a period of at least one year from the date on which the tax, assessment or other legal charge represented thereby became a lien] on a class 1 or class 2 property that is not an exempt property is eligible to be sold by the city pursuant to subdivision a, a-2, a-4, or a-6 of section 11-319, such tax lien or tax liens [, except as provided in subdivision b of this section or otherwise provided by this chapter,] may be summarily foreclosed upon in the manner provided in this chapter, notwithstanding the provisions of any general, special, or local law and notwithstanding any omission to hold a sale of a tax lien or tax liens prior to such foreclosure. A bill of arrears or any other instrument evidencing such tax lien or tax liens shall be evidence of the fact that the tax lien or tax liens represented thereby has not or have not been paid to the city or sold by it.

[b. A tax lien on any class one property or any class two property that is a residential condominium or residential cooperative, as such classes of property are defined in subdivision one of section eighteen hundred two of the real property tax law, and on any multiple dwelling owned by a company organized pursuant to article XI of the private housing finance law with the consent and approval of the department of housing preservation and development, shall not be foreclosed in the manner provided in this chapter until such tax lien has been due and unpaid for a period of at least three years from the date on which the tax, assessment or other

legal charge represented thereby became a lien.]

§ 4. Section 11-405 of the administrative code of the city of New York, as amended by local law number 69 for the year 1997, is amended to read as follows:

§ 11-405 Preparation and filing of lists of delinquent taxes. a. The commissioner of finance, together with the commissioner of environmental protection, from time to time shall prepare a list, to be known as a "list of delinquent taxes", of all parcels, or all parcels within a particular class or classes, that are within a particular borough or section of a tax map or portion of a section of a tax map of the city and on which there are tax liens subject to foreclosure pursuant to this chapter[, provided, however, that no such portion shall be smaller than a block, as defined in subdivision d of section 11-204 of subchapter one of chapter two of this title]. Every such list shall bear a caption containing the in rem action number of the city's tax foreclosure proceeding, the borough or the section of a tax map or portion of a section of a tax map, and where the action covers less than all parcels in an entire borough or section of a tax map or portion of a section of a tax map, the particular class or classes, and shall contain a statement of the rate or rates at which interest and penalties will be computed for the various liens it includes.

b. Every such list shall set forth the parcels it includes separately and number them serially. For each parcel it shall contain:

[(1) a] 1. A brief description sufficient to identify the parcel, including section, block and lot numbers, and the street and street number, if any, or in the absence of such information the parcel or tract identification number shown on a tax map or on a map filed in the county clerk's or register's office; [and

(2) a] 2. A statement of the amounts and dates of all unpaid tax liens which are subject to foreclosure under this chapter and of those which have accrued thereafter; and

3. If the property is a distressed property, a description of how the property qualifies as a distressed property under the definition of distressed property set forth in section 11-401.

c. [(1)] 1. The commissioner of finance may exclude or thereafter remove from such list any parcels (i)

as to which questions the commissioner deems meritorious have been raised regarding the validity of the liens, (ii) as to which all the taxes and other charges which rendered said parcels eligible for inclusion in said list have been paid in full, or (iii) [which are owned by an entity other than a company organized pursuant to article XI of the private housing finance law with the consent and approval of the department of housing preservation and development and which are not owner-occupied residential buildings of not more than five residential units and as to which] where an agreement has been duly made, executed, and filed with such commissioner for the payment of the delinquent taxes, assessments, or other legal charges, interest, and penalties in installments.

[The first installment shall be paid upon the filing of the installment agreement with the commissioner and shall be in an amount of not less than fifteen] (a) Pursuant to a payment plan agreement with the department of finance pursuant to paragraph 2 of subdivision a of section 11-407 and, if applicable, with the department of environmental protection in accordance with the rules prescribed by the New York city water board, the property owner shall be required to remit a payment equal to 20 percent of such delinquent taxes, assessments, or other legal charges, interest, and penalties, together with a sworn statement, in a form to be determined by the commissioner of finance, that the property owner has the financial ability to (i) remediate all open hazardous or immediately hazardous violations of record of the housing maintenance code, (ii) continue to maintain the property so as to prevent the existence of further hazardous or immediately hazardous conditions, and (iii) comply with the terms of the payment plan agreement. The remaining installments, which shall be twice the number of unpaid quarters of real estate taxes or the equivalent thereof but which shall in no event exceed [thirty-two] 120 in number, shall be payable quarterly on the first day of July, October, January, and April. [For the purposes of calculating the number of such remaining installments unpaid real estate taxes which are, on and after July first, nineteen hundred eighty-two, due and payable on an other than quarterly basis shall be deemed to be payable on a quarterly basis.] The property owner shall also submit a corrective action plan agreement pursuant to section 11-425.

(b) Pursuant to a payment plan agreement, if the property owner is unable to remit a payment equal to

not less than 20 percent of such delinquent taxes, the applicant shall submit a corrective action plan agreement pursuant to section 11-425 and agree to the appointment of a monitor.

[(2) The commissioner of finance may also exclude or thereafter remove from such list any parcels which are owned by a company organized pursuant to article XI of the private housing finance law with the consent and approval of the department of housing preservation and development, and (i) as to which an agreement has been duly made, executed and filed with said commissioner for the payment of the delinquent taxes, assessments or other legal charges incurred prior to the ownership of said parcel by said article XI company, and the interest and penalties thereon, in installments. The first installment thereof shall be paid upon the filing of the installment agreement with the commissioner and shall be in an amount of not less than ten percent of such delinquent taxes, assessments or other legal charges and the interest and penalty thereon. The remaining installments, which shall be three times the number of unpaid quarters of real estate taxes or the equivalent thereof but which shall in no event exceed forty-eight in number shall be payable quarterly on the first days of July, October, January and April. For the purposes of calculating the number of such remaining installments unpaid real estate taxes which are, on and after July first, nineteen hundred eighty-two due and payable on an other than quarterly basis shall be deemed to be payable on a quarterly basis; and (ii) as to which an agreement has been duly made, executed and filed with said commissioner, for the payment of the delinquent taxes, assessments or other legal charges incurred after the ownership of said parcel by said article XI company on the same terms as are provided in paragraph one of this subdivision.

(3) The commissioner of finance may also exclude or thereafter remove from such list any parcels which are owner-occupied residential buildings of not more than five residential units as to which an agreement has been duly made, executed and filed with said commissioner for the payment of the delinquent taxes, assessments, or other legal charges and the interest and penalties thereon, in installments. The first installment thereof shall be paid upon the filing of the installment agreement with the commissioner and shall be in an amount not less than ten percent of such delinquent taxes, assessment or other legal charges and the interest and

penalty thereon. The remaining installments, which shall be three times the number of unpaid quarters of real estate taxes or the equivalent thereof but which shall in no event exceed forty-eight in number, shall be payable quarterly on the first days of July, October, January and April. For purposes of calculating the number of such remaining installments unpaid real estate taxes which are, on and after July first, nineteen hundred eighty-two, due and payable on an other than quarterly basis shall be deemed to be payable on a quarterly basis.

(4) Notwithstanding paragraph one, two or three of this subdivision, with respect to installment agreements duly made, executed and filed on or after the date on which this paragraph takes effect, the commissioner of finance may also exclude or thereafter remove from such list any parcel that is (i) (A) a residential building containing not more than five residential units, (B) a residential condominium unit, (C) a residential building held in a cooperative form of ownership or (D) owned by a company organized pursuant to article XI of the state private housing finance law with the consent and approval of the department of housing preservation and development, and (ii) as to which an agreement has been duly made, executed and filed with such commissioner for the payment of the delinquent taxes, assessments or other legal charges, and the interest and penalties thereon, in installments. The first installment thereof shall be paid upon the filing of the installment agreement with the commissioner and shall be in an amount equal to not less than ten percent of the total amount of such delinquent taxes, assessments or other legal charges and the interest and penalties thereon. The remaining installments, which shall be three times the number of unpaid quarters of real estate taxes or the equivalent thereof, but which shall in no event exceed thirty-two in number, shall be payable quarterly on the first days of July, October, January and April. For the purposes of calculating the number of such remaining installments, unpaid real estate taxes that are due and payable on other than a quarterly basis shall be deemed to be payable on a quarterly basis.

(5) Notwithstanding paragraph one, two or three of this subdivision, with respect to installment agreements duly made, executed and filed on or after the date on which this paragraph takes effect, the commissioner of finance may also exclude or thereafter remove from such list any parcel of class one or class

two real property, other than a parcel described in paragraph four of this subdivision, as to which an agreement has been duly made, executed and filed with such commissioner for the payment of the delinquent taxes, assessments or other legal charges, and the interest and penalties thereon, in installments. The first installment thereof shall be paid upon the filing of the installment agreement with the commissioner and shall be in an amount equal to not less than fifteen percent of the total amount of such delinquent taxes, assessments or other legal charges and the interest and penalties thereon. The remaining installments, which shall be twice the number of unpaid quarters of real estate taxes or the equivalent thereof, but which shall in no event exceed thirty-two in number, shall be payable quarterly on the first days of July, October, January and April. For the purposes of calculating the number of such remaining installments, unpaid real estate taxes that are due and payable on other than a quarterly basis shall be deemed to be payable on a quarterly basis.

(6) Notwithstanding paragraph one, two or three of this subdivision, with respect to installment agreements duly made, executed and filed on or after the date on which this paragraph takes effect, the commissioner of finance may also exclude or thereafter remove from such list any parcel of class three or class four real property as to which an agreement has been duly made, executed and filed with such commissioner for the payment of the delinquent taxes, assessments or other legal charges, and the interest and penalties thereon, in installments. The first installment thereof shall be paid upon the filing of the installment agreement with the commissioner and shall be in an amount equal to not less than fifteen percent of the total amount of such delinquent taxes, assessments or other legal charges and the interest and penalties thereon. The remaining installments, which shall be twice the number of unpaid quarters of real estate taxes or the equivalent thereof, but which shall in no event exceed twenty in number, shall be payable quarterly on the first days of July, October, January and April. For the purposes of calculating the number of such remaining installments, unpaid real estate taxes that are due and payable on other than a quarterly basis shall be deemed to be payable on a quarterly basis.

(7) 2. A parcel for which any such [installment] payment plan agreement or agreements have been filed

with the commissioner shall be excluded or removed from the list of delinquent taxes before the commencement of the in rem action based upon such list only if the amounts paid pursuant to such agreement exceed the amount required to pay all taxes and charges which render said parcel eligible for inclusion in the in rem action and there has been no default in such agreement prior to the commencement of said action as to either quarterly installments or current taxes, assessments, or other legal charges.

[(8)] 3. As a condition to entering into any agreement under this section or section 11-409 [of this chapter], the commissioner shall have received from the applicant[,] an affidavit stating that each tenant located on the parcel has been notified by certified mail that an application for [an installment] a payment plan agreement will be made and that a copy of a standard agreement form has been included with such notification. Any false statement in such affidavit shall not be grounds to cancel the agreement or affect its validity in any way.

4. The commissioner of finance, with assistance from the commissioner of housing preservation and development, may exclude or thereafter remove from such list any property that is a distressed property but where all of the hazardous or immediately hazardous violations of record of the housing maintenance code have been cleared.

d. Not less than 120 days before the filing of the list of delinquent taxes with the office of the clerk of the county in which the parcels listed therein are situated, the commissioner of finance shall post a notice of the list of delinquent taxes on the department of finance's website, and send a copy of the list of delinquent taxes via first class mail with return receipt requested to any person on such list who has registered their mailing address or electronic mail address with the department of finance. The department of finance shall mail 1 copy of the list of delinquent taxes to each dwelling unit of each property on such list and post 1 copy in the common area of such property. Such notice shall include, to the extent such information is available, the borough, block, and lot of any property to be included in such a list. Such notice shall include a conspicuous statement that the owner of the property may enter into a payment plan agreement for exclusion or removal from the list of

delinquent taxes to be filed. The department of finance and the department of environmental protection shall then, to the extent practicable, contact by telephone or electronic mail any person who (i) has registered their telephone number or electronic mail address with such departments and (ii) has been sent the notice described in this subdivision.

e. Two duplicate originals thereof, verified by the commissioner of finance or a subordinate designated by the commissioner, shall be filed in the office of the clerk of the county in which the parcels listed therein are situated. Such filing shall constitute and have the same force and effect as the filing and recording in such office of an individual and separate notice of pendency of action and as the filing in the supreme court in such county of an individual and separate complaint by the city as to each parcel described in said list, to enforce the payment of the delinquent taxes, assessments, or other lawful charges which have accumulated and become liens against such parcels.

[e.] f. Each county clerk with whom such a list of delinquent taxes is filed shall, on the date of said filing, [place and thereafter maintain one duplicate original copy thereof, as separately and permanently bound by the commissioner of finance, adjacent to and together with the block index of notices of pendency of action and each county clerk shall, on the date of said filing or as soon thereafter as with due diligence is practicable,] docket the parcels contained in the list of delinquent taxes in [said] the block index of notices of pendency of action, which shall constitute due filing, recording, and indexing of the separate notices constituting said list of delinquent taxes in lieu of any other requirement under rule [sixty-five hundred eleven] 6511 of the civil practice law and rules or otherwise.

[f.] g. The commissioner of finance shall file a copy of each list of delinquent taxes, certified as such copy by [him or her] the commissioner or a subordinate designated by the commissioner, in the borough office of the city collector in the borough in which the parcels listed therein are situated and in the office of the corporation counsel.

[g. The validity of any proceeding hereunder shall not be affected by any omission or error of the

commissioner of finance in including or excluding parcels from any such list or in the designation of a street or street number or by any other similar omission or error.]

§ 5. Section 11-406 of the administrative code of the city of New York, as amended by local law number 69 of the year 1997, is amended to read as follows:

§ 11-406 Public notice of foreclosure. a. Upon the filing of a list of delinquent taxes in the office of the county clerk, the commissioner of finance forthwith shall cause a notice of foreclosure to be published at least once a week for [six] 6 successive weeks in the City Record and, subject to section [ninety-one] 91 of the judiciary law, in [two] 2 newspapers, [one] 1 of which may be a law journal, to be designated by the commissioner of finance, which are published in and are circulated throughout the county in which the affected property is located. If there are no newspapers published in such county, the commissioner of finance may designate newspapers published in the city of New York which are circulated throughout the affected county. The commissioner of finance shall also cause a notice of foreclosure to be published on the department of finance website and a copy sent to the council member in whose district the affected property is located.

b. Such notice shall clearly indicate that it is a notice of foreclosure of tax liens; the borough or the section of a tax map or portion of a section of a tax map in which the [properties] property subject to foreclosure [are] is located [and where the area affected by the action includes less than all parcels in an entire borough or section of a tax map or portion of a section of a tax map, the particular class or classes contained therein, and by a general description which need not contain measurements and direction]; where and when the list of delinquent taxes was filed; the general nature of the information contained in the list; the amount of any tax liens, including all taxes, assessments, sewer rents, sewer surcharges, water rents, and any other charges that are made a lien pursuant to the provisions of chapter 3 of this title; that the filing of the list constitutes commencement of a foreclosure action by the city in the supreme court for the particular county and a notice of pendency of action against each parcel listed; that such action is against the property only and no personal judgment will be entered; that the list will be available for inspection at the [city collector's] depart of finance's

central office and at the borough office of the [city collector] department of finance in the borough in which said property is located until a specified date at least [ten] 10 weeks after the date of first publication; that until such date a parcel may be redeemed by paying all taxes and charges contained in said list of delinquent taxes together with interest [and penalties] thereon or entering into a payment plan agreement in accordance with paragraph 2 of subdivision a of section 11-407; that during said period of redemption and for an additional period of [twenty] 20 days after said last date for redemption any person having any interest in or lien upon a parcel on the list may file with the appropriate county clerk and serve upon the corporation counsel a verified answer setting forth in detail the full name of said answering party, the nature and amount of [his or her] said party's interest or lien, and any legal defense against foreclosure; [and] that in the absence of redemption or answer a judgment of foreclosure may be taken by default; and if the property is a distressed property, a description of how the property qualifies as a distressed property as defined in section 11-401. Such notice shall be in the designated citywide languages, as determined pursuant to section 23-1101, and any additional languages as determined by the department of finance in consultation with local community organizations.

c. The commissioner of finance shall cause a copy of the notice described in subdivision b of this section to be posted in the office of the commissioner of finance, in the county courthouse in which the property subject to such tax lien is situated, posted on the website of the department of finance, and posted in the department of finance business center located in the borough in which the affected property is located.

d. 1. On or before the date of the first publication of such notice, the commissioner of finance shall cause a copy of the notice to be personally served on the owner of record of the property at the owner's address of record and mailed by first class mail with return receipt requested to all owners, mortgagees, lienors, or encumbrancers, who may be entitled to receive such notice by virtue of any owner's registration [or in rem card filed in the office of the city collector] pursuant to section 11-416 or 11-417 [of this chapter]. If such owner's registration [or in rem cards have] has not been [filed in the office of the city collector] submitted to the city register then said notice shall be mailed to the name and address, if any, appearing in the latest annual record of

assessed valuations. The commissioner of finance shall cause to be inserted with such notice a statement substantially in the following form and including the amount currently owed to the city:

"To the party to whom the enclosed notice is addressed: You are the presumptive owner or lienor of one or more of the parcels mentioned and described in the list referred to in the attached notice. YOU ARE IN DANGER OF LOSING YOUR HOME. Unless the taxes and assessments and all other legal charges are paid, or an answer is interposed; or an arrangement is made for payment of such taxes and assessments and all other legal charges in installments, as provided by statute, [the ownership of said property will in due course pass to the city of New York] YOUR PROPERTY WILL BE TRANSFERRED TO THE CITY OF NEW YORK OR TO A QUALIFIED THIRD PARTY as provided by the administrative code of the city of New York. If you have any questions, you may contact the New York City Department of Finance at (enter telephone number) or visit the Department website at (enter web address)."

[The failure of the commissioner of finance to mail such notice shall not affect the validity of any proceeding brought pursuant to this chapter as to any parcel other than the parcel with respect to which notice was not mailed.]

2. The department of finance shall prescribe the telephone number and web address to be included in the notice described in paragraph 1 of this subdivision.
3. Such service shall occur in accordance with article 3 of the civil practice laws and rules and a copy of such affidavit of service shall be filed in accordance with section 11-408.
4. Such notice shall be in the designated citywide languages, as determined pursuant to section 23-1101, and any additional languages as determined by the department of finance in consultation with local community organizations.

[d. The commissioner of finance shall cause a copy of such notice to be posted in the office of the commissioner of finance, in the county courthouse of the county in which the property subject to such tax lien

is situated and at three other conspicuous places in the borough in which the affected properties are located.]

e. 1. The commissioner of finance shall cause a copy of such notice to be mailed by first class mail to each dwelling unit in each affected property and posted in a common area in the property. The department of housing preservation and development shall place a copy of such notice under the entrance of each dwelling unit within the property. The notice shall include a statement substantially in the following form:

“The property where your apartment is located is the subject of a foreclosure proceeding. The owner of this property owes taxes, assessments, and other legal charges to the City of New York. If the owner of this property does not pay these outstanding charges to the City of New York, title to this property may be transferred to the City of New York or to a qualified third party. If title to this property is transferred, you are entitled to remain in your home. If you need further information, please call the New York City Department of Finance telephone helpline at (enter telephone number) or visit the Department's website at (enter web address).

2. The department of finance shall prescribe the telephone number and web address to be included in the notice described in paragraph 1 of this subdivision.

3. Such notice shall be in the designated citywide languages, as determined pursuant to section 23-1101, and any additional languages as determined by the department of finance in consultation with local community organizations.

f. If the property is owned by a housing development fund company organized pursuant to article XI of the private housing finance law, the department of finance shall hold at least 3 meetings with the members of the company to inform them that the property has been included in the list of delinquent taxes and that the property can be removed from such list by entering into a payment plan agreement with the department of finance pursuant to paragraph 2 of subdivision a of section 11-407.

§ 6. Section 11-407 of the administrative code of the city of New York is amended to read as follows:

§ 11-407 Redemption. a. After the filing of a list of delinquent taxes and until a date at least [ten weeks]

120 days after the [first publication] service of the [public] notice of foreclosure has been properly effected, as determined by the commissioner of finance and specified in the said notice, a person claiming to have an interest in any parcel in said list may redeem [it] the property by:

1. [paying] Paying all taxes and charges contained in said list of delinquent taxes together with interest and penalties thereon; or

2. (a) Entering into a payment plan agreement with the department of finance and, if applicable, with the department of environmental protection in accordance with the rules prescribed by the New York city water board, pursuant to which, the person claiming to have an interest in such parcel shall be required to remit a payment equal to no less than 20 percent of such delinquent taxes, assessments, or other legal charges, interest, and penalties, together with a sworn statement, in a form to be determined by the commissioner of finance, that the person claiming to have an interest in such parcel has the financial ability to (i) remediate all open hazardous or immediately hazardous violations of record of the housing maintenance code; (ii) continue to maintain the property so as to prevent the existence of further hazardous or immediately hazardous conditions; and (iii) comply with the terms of the payment plan agreement. The remaining installments, which shall be twice the number of unpaid quarters of real estate taxes or the equivalent thereof but which shall in no event exceed 120 in number, shall be payable quarterly on the first day of July, October, January, and April. The person claiming to have an interest in such parcel shall also submit a corrective action plan agreement pursuant to section 11-425; or

(b) If the person claiming to have an interest in such parcel is unable to remit a payment equal to no less than 20 percent of such delinquent taxes, assessments, or other legal charges, interest, and penalties, the applicant shall submit a corrective action plan agreement pursuant to section 11-425 and agree to the appointment of a monitor.

b. Upon such redemption the commissioner of finance shall deliver to the corporation counsel a certificate of redemption. The corporation counsel shall file such certificate with the clerk of the county in

which said list was filed. The filing of such certificate shall constitute and be deemed a discontinuance of the in rem action as to the affected parcel, and the county clerk shall thereupon note such redemption and discontinuance in the copy of the list of delinquent taxes maintained by [him or her] the county clerk and adjacent to the county clerk's block index of notices of pendency of action and shall cancel and discharge any notations of the filing of said list of delinquent taxes as to said parcel that may appear in any other books, records, indices, and dockets maintained in said clerk's office. The commissioner of finance shall also deliver a duplicate original certificate of redemption to the person who has redeemed the property and a duplicate certificate of redemption to any occupant in the property who has requested such certificate.

c. 1. When the time to redeem in an in rem tax foreclosure action has expired, any person claiming to have an interest in a parcel included in said action shall have the right to make a late redemption payment to the commissioner of finance, and, if applicable, to the commissioner of environmental protection. Such late redemption payment shall consist of all taxes and charges owing on said parcel, the lawful interest thereon to the date of payment [and a penalty of five percent of said payment of taxes, charges and interest, which penalty may not exceed one thousand dollars as to each parcel on which a late redemption payment is being made], or by entering into a payment plan agreement with the department of finance and, if applicable, with the department of environmental protection in accordance with the rules prescribed by the New York city water board, pursuant to which, the person claiming to have an interest in such parcel shall be required to remit a payment equal to not less than 30 percent of such delinquent taxes, assessments, or other legal charges, interest, and penalties, together with a sworn statement, in a form to be determined by the commissioner of finance, that the person claiming to have an interest in such parcel has the financial ability to (i) remediate all open hazardous or immediately hazardous violations of record of the housing maintenance code; (ii) continue to maintain the property so as to prevent the existence of further hazardous or immediately hazardous conditions; and (iii) comply with the terms of the payment plan agreement. The remaining installments, which shall be twice the number of unpaid quarters of real estate taxes or the equivalent thereof but which shall in no event

exceed 120 in number, shall be payable quarterly on the first day of July, October, January, and April. The applicant shall also submit a corrective action plan agreement pursuant to section 11-425.

2. Such late redemption payment shall be made in cash or by certified or bank check and shall be accepted by the commissioner of finance and, if applicable, the commissioner of environmental protection, at any time after the last day to redeem up to the date on which the commissioner of finance is advised by the corporation counsel that the preparation of the judgment of foreclosure in the in rem action has been commenced. Upon receipt of such late redemption payment, the commissioner of finance shall issue a certificate of withdrawal pursuant to the provisions of section 11-413 [of this chapter].

§ 7. Chapter 4 of title 11 of the administrative code of the city of New York is amended by adding a new section 11-407.1 to read as follows:

§ 11-407.1 Class 1 real property exemption in certain circumstances. A class 1 real property that is a distressed property may be exempted from an in rem foreclosure action pursuant to this chapter when the owner of such property requests such an exemption. The department of finance and the department of housing preservation and development may exempt a property pursuant to this section no more than once. Such class 1 real property is eligible for removal where the owner demonstrates:

a. The owner has used such property as their primary residence for an uninterrupted period of not less than 12 months immediately preceding the owner's request for removal, except that a hospitalization or temporary stay in a nursing home or rehabilitation facility for a period of not more than 3 years shall toll the requirement to maintain primary residence for 12 uninterrupted months; and

b. The owner of such property does not own any real property classified as class 1 or class 2 in the city of New York other than the property for which the owner is seeking exemption pursuant to this section.

§ 8. Section 11-409 of the administrative code of the city of New York, as amended by local law number 37 for the year 1996, is amended to read as follows:

§ 11-409 Severance and trial of issues where answer is interposed; [installment] payment plan

agreements authorized after action commenced. a. If a duly verified answer is served upon the corporation counsel not later than [twenty] 20 days after the last date for redemption, the answering defendant shall have the right to a severance of the action, as to any parcel in which the defendant has pleaded an interest, upon written demand therefor filed with or made a part of [his or her] the defendant's answer.

b. When such answer is interposed, the court shall summarily hear and determine the issues raised by the complaint and answer in the same manner as it hears and determines other actions, except as herein otherwise provided. Proof that the taxes which made said property subject to foreclosure hereunder together with interest and penalties thereon, were paid before filing of the list of delinquent taxes or that the property was not subject to tax shall constitute a complete defense.

c. [No counterclaim may be asserted in an answer interposed in an action brought pursuant to this chapter. Where a counterclaim is asserted in an in rem answer the city may disregard that portion of the answer and shall suffer no legal penalty or impediment in the prosecution of its in rem action for its failure to reply or respond thereto. Where an answer contains only a counterclaim and no other defenses the city may proceed to judgment of foreclosure against the property affected without the need for moving against the answer.

d.] When a verified answer alleges [a substantial] equity [over] of at least 50 percent of the city's lien for taxes, the defendant may demand additional time in which to pay the taxes and interest or to have the property sold with all taxes and interest to be paid out of the proceeds of such sale. Upon such demand a defendant shall have the right to an extension of time for such purpose not in excess of [six months] 180 days from the last day to interpose an answer. Where a mortgagee or lienor who has interposed such answer commences a proceeding to foreclose [his or her] such party's mortgage or lien and it appears that with due diligence such proceeding cannot be concluded in time to allow the payment of taxes within the aforesaid [six month] 180 day period, the court may, on application before the end of said [six month] 180 day period, authorize an additional period during which such proceeding may be concluded and the taxes, together with interest and penalties, paid.

[e.] d. Where an answer of the type described in subdivision [d] c of this section is interposed and taxes

are paid within the period set forth in such subdivision [d] c, the commissioner of finance shall issue a certificate of withdrawal as to the property on which such payment has been made pursuant to the provisions of section 11-413 [of this chapter]. When taxes are not paid within the period set forth in such subdivision [d] c, it shall be deemed that there was no equity over the city's tax liens and the answer shall be deemed to be without merit. The city in that event may proceed to judgment of foreclosure against such property without moving against the answer.

[f.] e. All answers interposed in an action hereunder and all affidavits and other papers pertaining to any litigation involving such answers or to any proceeding brought pursuant to this chapter involving less than an entire action shall bear a caption containing the in rem action number of the city's tax foreclosure proceeding, the borough or the section of a tax map or portion of a section of a tax map affected, and if the action covers less than all parcels in an entire borough or section of a tax map or portion of a section of a tax map, the particular class or classes, and the serial, section, block, and lot numbers of the parcel or parcels in issue.

[g.] f. The corporation counsel, when submitting an in rem judgment roll pursuant to the provisions of this chapter, may request a severance as to any parcel on which an in rem answer or litigation is pending, or as to which, before the preparation of said in rem judgment roll is commenced, an agreement was duly made, executed and filed with the commissioner of finance for the payment of the delinquent taxes, assessments, or other legal charges [and], interest, and penalties in installments as provided in subdivision c of section 11-405 [of this chapter] and there has been no default in such agreement as to either quarterly installments or current taxes, assessments, or other legal charges. [Where such an agreement is entered into subsequent to the last date for redemption specified in subdivision a of section 11-407 of this chapter, there shall be paid to the commissioner of finance at the time the aforesaid agreement is executed an amount equal to the penalty which would have been payable under subdivision c of section 11-407 of this chapter had the person executing the agreement made a late redemption payment. Such amount shall be in addition to any installment payments required to be made under the agreement and shall not be credited against any such installment payments.

Where a default occurs in such agreement as to either quarterly installments or current taxes, assessments or other legal charges, all payments made under the agreement shall be forfeited and the city shall be entitled to acquire the parcel as to which the default occurred. Where such default occurs before the submission of the judgment roll, the parcels as to which such default occurs shall be included in said judgment roll among the parcels to be acquired by the city. Where such default has occurred as to a parcel severed pursuant to this subdivision, the corporation counsel shall cause to be entered a supplemental judgment of foreclosure as to such parcel immediately on notification by the commissioner of finance of such default. Where such installment agreement is paid in full the commissioner of finance shall discontinue the in rem action from which said parcel was severed by issuing a certificate of withdrawal as to said parcel pursuant to the provisions of section 11-413 of this chapter.

h.) g. 1. A party who has interposed an answer as to any parcel included in an in rem tax foreclosure action, or any other party interested in such parcel, shall have the right, at any time prior to the final disposition of a motion to strike said answer, to pay all taxes, assessments, and other legal charges and interest owing on said parcel. An answering party who makes such payment shall not be required to pay any penalty. [Where such payment is made by other than an answering party after the expiration of the period of redemption, there shall be paid to the commissioner of finance an additional amount equal to the penalty payable under subdivision c of section 11-407 of this chapter.] Where all delinquent taxes, assessments, and other legal charges together with lawful interest thereon [and penalties], where required, are paid, the commissioner of finance shall issue a certificate of withdrawal as to said parcel pursuant to the provisions of section 11-413 [of this chapter]. Said parties may also pay such taxes, assessments, and other legal charges and interest by [an installment agreement] a payment plan agreement upon the approval of the commissioner of housing preservation and development. The commissioner of housing preservation and development, in consultation with the commissioner of finance, may at the commissioner of housing preservation and development's discretion, permit a party to enter into a payment plan agreement for the payment of such taxes, assessments, and other legal charges and interest.

[Where such agreement is requested before the preparation of the aforesaid in rem judgment roll is commenced, the terms of said agreement shall be consistent with the provisions of subdivision g or i of this section, whichever is applicable. Where such agreement is requested after judgment of foreclosure has been entered in the in rem action in which the aforesaid answer was interposed, said agreement shall require a first installment of fifty percent of all taxes, assessments and other legal charges and interest owing on said parcel, a penalty of five percent of all such taxes, assessments and other legal charges and interest, which penalty may not exceed one thousand dollars, and the payment of the balance of such taxes, assessments and other legal charges and interest in four equal quarterly installments together with all current taxes, assessments and other legal charges that accrue during such period. The request of an answering party for an installment agreement shall constitute a withdrawal of such party's answer. An installment] A payment plan agreement requested by an interested party other than the answering party shall require the consent of said answering party [which shall also constitute a withdrawal of such party's answer]. The severance provided for in this section shall be continued during the term of all [installment] payment plan agreements entered into pursuant to the provisions of this subdivision. Where a default has occurred as to a parcel severed pursuant to this subdivision, the corporation counsel shall cause to be entered a supplemental judgment of foreclosure as to such parcel immediately on notification by the commissioner of finance of such default. Where such [installment] payment plan agreement is paid in full, the commissioner of finance shall discontinue the in rem action from which said parcel was severed by issuing a certificate of withdrawal as to said parcel pursuant to the provisions of section 11-413 [of this chapter].

2. The terms of a payment plan agreement made pursuant to paragraph 1 of this subdivision shall be as follows. The answering party or interested party shall be required to remit a payment equal to not less than 30 percent of such delinquent taxes, assessments, or other legal charges, interest, and penalties, together with a sworn statement, in a form to be determined by the commissioner of finance, that the answering party or interested party has the financial ability to (i) remediate all open hazardous or immediately hazardous violations

of record of the housing maintenance code; (ii) continue to maintain the property so as to prevent the existence of further hazardous or immediately hazardous conditions; and (iii) comply with the terms of the payment plan agreement. The remaining installments, which shall be twice the number of unpaid quarters or real estate taxes or the equivalent thereof but which shall in no event exceed 120 in number, shall be payable quarterly on the first day of July, October, January, and April. The answering party or interested party shall also demonstrate that not less than 75 percent of the conditions that gave rise to the immediately hazardous violations have been corrected. The answering party or interested party shall also submit a corrective action plan agreement pursuant to section 11-425,

[i. (1) Notwithstanding subdivision g of this section, this subdivision shall apply with respect to installment agreements made, executed and filed with the commissioner of finance on or after the date on which this subdivision takes effect. An installment agreement pursuant to this subdivision may be made, executed and filed with such commissioner during the period beginning on the date on which an action is commenced as provided in subdivision d of section 11-405 of this chapter with respect to the parcel that is the subject of such agreement and ending on the date on which such commissioner is advised by the corporation counsel that the preparation of the judgment of foreclosure in such in rem action has been commenced. Notwithstanding anything to the contrary, and except to the extent provided in paragraph two of this subdivision, the provisions of paragraphs one through six of subdivision c of section 11-405 of this chapter shall not apply to any installment agreement requested on or after the date on which this subdivision takes effect and on or after the date on which an action is commenced as provided in subdivision d of such section 11-405 with respect to the parcel that is the subject of such requested agreement.

(2) An agreement entered into pursuant to this subdivision shall provide for the payment in installments of the delinquent taxes, assessments and other legal charges, and the interest and penalties thereon, due and owing as of the date on which such agreement is requested. Unless an eligible owner or other interested person requests an agreement pursuant to the provisions of paragraph three of this subdivision, the terms of such

agreement with respect to a parcel shall be the same as the terms that would be applicable to such parcel under paragraph four, five or six, as the case may be, of subdivision c of section 11-405 of this chapter, except that, for purposes of the agreement pursuant to this paragraph, the amount of the first installment shall be equal to: (i) fifteen percent of the total amount due in the case of a parcel described in such paragraph four; (ii) twenty percent of the total amount due in the case of a parcel described in such paragraph five; and (iii) twenty-five percent of the total amount due in the case of a parcel described in such paragraph six.

(3)] 3. Instead of an agreement pursuant to paragraph [two] 2 of this subdivision, an eligible owner or other interested party may request an agreement pursuant to the following provisions:

[(i)] (a) With respect to a parcel that is owned by a company organized pursuant to article XI of the [state] private housing finance law with the consent and approval of the department of housing preservation and development, such agreement shall provide for the payment in installments of the delinquent taxes, assessments, and other legal charges, and the interest and penalties thereon, due and owing as of the date on which such agreement is requested. The first installment thereof shall be paid upon the filing of the [installment] payment plan agreement with the commissioner of finance and shall be in an amount at least equal to, at the applicant's election, [either thirty-five percent or fifty percent] not less than 5 percent of the total amount of such delinquent taxes, assessments, or other legal charges, and the interest and penalties thereon. Such agreement shall include a sworn statement, in a form to be determined by the commissioner of finance, that the eligible owner or other interested party has the financial ability to (i) remediate all open hazardous or immediately hazardous violations of record of the housing maintenance code; (ii) continue to maintain the property so as to prevent the existence of further hazardous or immediately hazardous conditions; and (iii) comply with the terms of the payment plan agreement. The remaining installments, which shall be [three] 3 times the number of unpaid quarters of real estate taxes or the equivalent thereof, but which shall in no event exceed [thirty-two] 240 in number, shall be payable quarterly on the first days of July, October, January, and April, together with interest at the rate or rates determined as provided in clause (1) of subparagraph [(iv)] (b) of this paragraph. For

the purposes of calculating the number of such remaining installments, unpaid real estate taxes that are due and payable on other than a quarterly basis shall be deemed to be payable on a quarterly basis. Such company shall also submit a corrective action plan agreement pursuant to section 11-425.

[(ii) With respect to a parcel, other than a parcel described in subparagraph (i) of this paragraph, that is a residential building containing not more than five residential units, a residential condominium unit or a residential building held in a cooperative form of ownership, such agreement shall provide for the payment in installments of the delinquent taxes, assessments and other legal charges, and the interest and penalties thereon, due and owing as of the date on which such agreement is requested. The first installment thereof shall be paid upon the filing of the installment agreement with the commissioner of finance and shall be in an amount at least equal to, at the applicant's election, either twenty-five percent or fifty percent of the total amount of such delinquent taxes, assessments or other legal charges and the interest and penalties thereon. The remaining installments, which shall be three times the number of unpaid quarters of real estate taxes or the equivalent thereof, but which shall in no event exceed twenty in number, shall be payable quarterly on the first days of July, October, January and April together with interest at the rate or rates determined as provided in subparagraph (iv) of this paragraph. For the purposes of calculating the number of such remaining installments, unpaid real estate taxes that are due and payable on other than a quarterly basis shall be deemed to be payable on a quarterly basis.

(iii) With respect to any parcel of class one or class two real property, other than a parcel described in subparagraph (i) or (ii) of this paragraph, such agreement shall provide for the payment in installments of the delinquent taxes, assessments and other legal charges, and the interest and penalties thereon, due and owing as of the date on which such agreement is requested. The first installment thereof shall be paid upon the filing of the installment agreement with the commissioner of finance and shall be in an amount at least equal to, at the applicant's election, either thirty-five percent or fifty percent of the total amount of such delinquent taxes, assessments or other legal charges and the interest and penalties thereon. The remaining installments, which

shall be twice the number of unpaid quarters of real estate taxes or the equivalent thereof, but which shall in no event exceed twenty in number, shall be payable quarterly on the first days of July, October, January and April, together with interest at the rate or rates determined as provided in subparagraph (iv) of this paragraph. For the purposes of calculating the number of such remaining installments, unpaid real estate taxes that are due and payable on other than a quarterly basis shall be deemed to be payable on a quarterly basis.

(iv) (A)] (b) (1) Notwithstanding any higher rate of interest prescribed pursuant to applicable law, and unless a lower rate of interest is applicable to a delinquent amount owing on a parcel that is the subject of an agreement pursuant to this paragraph, the interest payable together with the remaining installments due under such agreement shall be calculated at a rate equal to the rate prescribed for the applicable period pursuant to paragraph (i) of subdivision (e) of section 11-224.1 [be:

(I) with respect to an agreement for which a twenty-five percent or thirty-five percent down payment was made, calculated at a rate equal to the sum of (a) the rate prescribed for the applicable period pursuant to paragraph (i) of subdivision e of section 11-224.1 of this title and (b) one-half of the difference between such rate and the rate prescribed for such period pursuant to paragraph (ii) of subdivision e of section 11-224.1 of this title; or

(II) with respect to an agreement for which a fifty percent down payment was made, calculated at a rate equal to the rate prescribed for the applicable period pursuant to paragraph (i) of subdivision e of section 11-224.1 of this title].

[(B)] (2) If a default occurs in any agreement executed pursuant to this paragraph as to either quarterly installments or current taxes, assessments or other legal charges, the rates of interest determined under this subparagraph shall thereupon cease to be applicable and the commissioner of finance shall thereafter charge, collect, and receive interest in the manner and at the rates otherwise prescribed pursuant to law.

[(4)] 4. The corporation counsel, when submitting an in rem judgment roll pursuant to the provisions of this chapter, may request a severance as to any parcel as to which, before the preparation of said in rem

judgment roll is commenced, an agreement was duly made, executed, and filed with the commissioner of finance for the payment of all delinquent taxes, assessments, [and] other legal charges, [and] interest, and penalties in installments as provided in this subdivision, and there has been no default in such agreement as to either quarterly installments or current taxes, assessments or other legal charges. [Where such an agreement is entered into subsequent to the last date for redemption specified in subdivision a of section 11-407 of this chapter, there shall be paid to the commissioner of finance at the time such agreements are executed an amount equal to the penalty that would have been payable under subdivision c of section 11-407 of this chapter had the person executing the agreement made a late redemption payment. Such amount shall be in addition to any installment payments required to be made under the agreement and shall not be credited against any such installment payments.] Where a default occurs in such agreement as to either quarterly installments or current taxes, assessments, or other legal charges, all payments made under the agreement shall be [forfeited] refunded to the property owner or other interested party and the city shall be entitled to obtain a judgment hereunder as to the parcel as to which the default occurred. Where such default occurred before the submission of the judgment roll, the parcels as to which such default occurs shall be included in said judgment roll amount the parcels to be acquired by the city or by a third party. Where such default has occurred as to a parcel severed pursuant to this subdivision, the corporation counsel shall cause to be entered a supplemental judgment of foreclosure as to such parcel immediately on notification by the commissioner of finance of such default. Where such [installment] payment plan agreement is paid in full, the commissioner of finance shall discontinue the in rem action from which such parcel was severed by issuing a certificate of withdrawal as to such parcel pursuant to the provisions of section 11-413 [of this chapter].

§ 9. Section 11-411 of the administrative code of the city of New York is amended to read as follows:

§ 11-411 Presumption of validity. It shall [not] be necessary for the city to plead or prove the various steps, procedures, and notices for the assessment and levy of the taxes, assessments, or other lawful charges against the parcels set forth in the list of delinquent taxes and all such taxes, assessments, or other lawful

charges [and the lien thereof shall be presumed to be valid. A defendant alleging any jurisdictional defect or invalidity in such taxes, assessments or other lawful charges or in the foreclosure thereof must particularly specify in his or her answer such jurisdictional defect or invalidity and must affirmatively establish such defense. A judgment of foreclosure granted in any proceeding brought pursuant to this chapter, which contains recitals that any acts were done or proceedings had which were necessary to give the court jurisdiction or power to grant such judgment of foreclosure, shall be presumptive evidence that such acts were duly performed or proceedings duly had, if such judgment of foreclosure shall have been duly entered or filed in the office of the clerk of the county in which the proceeding was pending and wherein such judgment was granted. The provisions of this chapter shall apply to and be valid and effective with respect to all defendants even though one or more of them be infants, incompetents, absentees or non-residents of the state of New York].

§ 10. Section 11-412 of the administrative code of the city of New York, as amended by local law number 37 for the year 1996, is amended to read as follows:

§ 11-412 Final judgment. a. The court shall determine upon proof and shall make finding upon such proof whether there has been due compliance by the city with the provisions of this chapter.

b. The court shall make a final judgment awarding to the city the possession of any parcel described in the list of delinquent taxes not redeemed or withdrawn as provided in this chapter and as to which no answer is interposed as provided herein. In addition thereto, such judgment shall contain a direction to the commissioner of finance to prepare, execute, and cause to be recorded a deed conveying to the city full and complete title to such lands. Upon the execution of such deed, the city shall be seized of an estate in fee simple absolute in such land and all persons, including the state of New York, infants, persons judicially declared to be incapable of managing their own affairs [incompetents], absentees, and non-residents who may have had any right, title, interest, claim, lien, or equity of redemption in or upon such lands shall be barred and forever foreclosed of all such right, title, interest, claim, lien, or equity of redemption, except as otherwise provided in section 11-424 [of this chapter]. The appointment and tenure of receivers, trustees, or any other persons, including

administrators under article seven-A of the real property actions and proceedings law, appointed by an order of a court to manage real property, shall terminate when title to such property vests in the city pursuant to the provisions of this chapter. After such termination, said receivers, trustees, or administrators shall be accountable to the courts that appointed them for the faithful performance of their fiduciary obligations during the term of their appointment and to the city for any rents and income received by them for any period subsequent to the date of the vesting of title in the city. [If the city serves a tenant in possession of a dwelling unit with notice of termination of tenancy on grounds other than non-payment of rent, the acceptance of rent for the first forty-five 45 days after termination of tenancy by anyone other than an employee of the department designated by the department to receive such rent shall not be deemed or construed as a waiver of the city's right to initiate and prosecute a proceeding to terminate the tenancy for good cause.]

c. Every deed given pursuant to the provisions of this section shall be presumptive evidence that the action and all proceedings therein and all proceedings prior thereto from and including the assessment of the lands affected and all notices required by law were regular and in accordance with all provisions of law relating thereto. After [two] 2 years from the date of the recording of such deed, the presumption shall be conclusive, unless at the time that this subdivision takes effect the [two] 2 year period since the recording of the deed has expired or less than [six months] 180 days of such period of [two] 2 years remains unexpired, in which case the presumption shall become conclusive [six months] 180 days after this subdivision takes effect. No action to set aside such deed may be maintained unless the action is commenced and a notice of pendency of the action is filed in the office of the proper county clerk prior to the time that the presumption becomes conclusive as aforesaid.

§ 11. Section 11-412.1 of the administrative code of the city of New York, as added by local law number 37 for the year 1996, is amended to read as follows:

§ 11-412.1 Special procedures relating to final judgment and release of class [one] 1 and class [two] 2 real property. Notwithstanding any other provision of law to the contrary:

a. The court shall determine upon proof and shall make a finding upon such proof whether there has been due compliance by the city with the applicable provisions of this chapter.

b. [(1)] 1. The court shall make a final judgment authorizing the award of possession of any parcel of class [one] 1 or class [two] 2 real property described in the list of delinquent taxes not redeemed or withdrawn as provided in this chapter and as to which no answer is interposed as provided herein, and authorizing the commissioner of finance to prepare, execute, and cause to be recorded a deed conveying either to the city or to a third party deemed qualified and designated by the commissioner of housing preservation and development full and complete title to such lands. Any such conveyance to a third party shall be for an existing use. As consideration for such conveyance, the third party shall be required to execute a regulatory agreement, in accordance with rules to be promulgated by the commissioner of housing preservation and development, which may include protections for tenants of such property, including but not limited to affordability based on the tenant's income, eviction protections, and lease renewals.

[(2)] 2. Such third party shall be deemed qualified and shall be designated pursuant to such criteria as are established in rules promulgated by the commissioner of housing preservation and development, provided, however, that such criteria shall include but not be limited to: residential management experience; financial ability; rehabilitation experience; ability to work with government and community organizations; neighborhood ties; and that the commissioner shall consider whether the third party is a responsible legal tenant, not-for-profit organization [or], neighborhood-based-for-profit individual or organization, or community land trust. The commissioner shall not deem qualified any third party who has been finally adjudicated by a court of competent jurisdiction, within [seven] 7 years of the date on which such third party would otherwise be deemed qualified, to have violated any section of articles [one hundred fifty] 150, [one hundred seventy-five] 175, [one hundred seventy-six] 176, [one hundred eighty] 180, [one hundred eighty-five] 185, or [two hundred] 200 of the penal law or any similar laws of another jurisdiction, or who has been suspended or debarred from contracting with the city or any agency of the city pursuant to section 335 of the charter during the period of such suspension or

debarment. The rules promulgated by the commissioner pursuant to this paragraph may establish other bases for disqualification of a third party.

[c.] 3. Following the expiration of the [four-month] 180 day period prescribed in subdivision d of this section, but not more than [eight months] 1 year after the date on which, pursuant to subdivision b of this section, the final judgment authorizing the award of possession of a parcel of class [one] 1 or class [two] 2 real property was entered, the commissioner of finance may execute a deed, pursuant to [subdivision b] paragraph 2 of this [section] subdivision, with respect to such parcel. The owner of said parcel shall continue to have all of the rights, liabilities, responsibilities, duties, and obligations of an owner of such parcel, including, but not limited to, maintaining such parcel in compliance with the housing maintenance, building, and fire codes, and all other applicable laws, unless and until the commissioner of finance has prepared and executed a deed conveying to the city or to a third party full and complete title to such parcel. Upon the execution of such deed, the city or the third party shall be seized of an estate in fee simple absolute in such land and all persons, including the state of New York, infants, [incompetents] persons judicially declared to be incapable of managing their affairs, absentees, and non-residents who may have had any right, title, interest, claim, lien, or equity of redemption in or upon such lands shall be barred and forever foreclosed of all such right, title, interest, claim, lien, or equity of redemption, except as otherwise provided in subdivisions e and f of this section. The appointment and tenure of receivers, trustees, or any other persons, including administrators under article seven-A of the real property actions and proceedings law, appointed by an order of a court to manage real property, shall terminate when title to such property vests in the city or a third party pursuant to the provisions of this chapter. After such termination, said receivers, trustees, or administrators shall be accountable to the courts that appointed them for the faithful performance of their fiduciary obligations during the term of their appointment and to the city or such third party for any rents and income received by them for any period subsequent to the date of the vesting of title in the city or such third party. [If the city serves a tenant in possession of a dwelling unit with notice of termination of tenancy on grounds other than nonpayment of

rent, the acceptance of rent for the first forty-five days after termination of tenancy by anyone other than an employee of the department designated by the department to receive such rent shall not be deemed or construed as a waiver of the city's right to initiate and prosecute a proceeding to terminate the tenancy for good cause.]

d. Within [four months] 180 days after the date on which, pursuant to subdivision b of this section, the final judgment authorizing the award of possession of a parcel of class [one] 1 or class [two] 2 real property was entered, any person claiming to have an interest in such parcel shall have the right to make a payment to the commissioner of finance consisting of all taxes, assessments, and other legal charges owing on said parcel[, the lawful interest thereon to the date of payment and a penalty of five percent of said payment of taxes, assessments and other legal charges and interest, which penalty may not exceed one thousand dollars]. Such payment shall be made in cash or by certified or bank check. Within such [four-month] 180 day period, such interested person may also request [an installment] a payment plan agreement from the commissioner of finance. Such agreement shall require[, in addition to full payment of the penalty specified in this subdivision at the time such agreement is entered into,] the payment at such time of a first installment equal to [fifty] 50 percent of all taxes, assessments, and other legal charges, and the lawful interest thereon, then owing on such parcel, and the payment of the balance of such taxes, assessments, and other legal charges and interest in [four] 4 equal quarterly installments together with all current taxes, assessments, and other legal charges that accrue during such period, together with a sworn statement in a form to be determined by the department of finance that the person claiming to have an interest in such parcel has the financial ability to (i) remediate all open hazardous or immediately hazardous violations of record of the housing maintenance code; (ii) continue to maintain the property so as to prevent the existence of further hazardous or immediately hazardous conditions; and (iii) comply with the terms of the payment plan agreement. The applicant shall also submit a corrective action plan agreement pursuant to section 11-425. Upon receipt of payment in full of the amount specified in the first sentence of this subdivision, the commissioner of finance shall direct the corporation counsel to prepare and cause to be entered an order discontinuing the in rem tax foreclosure action as to said property,

cancelling the notice of pendency of such action as to said property, and vacating and setting aside the final judgment. Upon the execution of [an installment] a payment plan agreement and payment of the amounts due at the time such agreement is executed as provided in this subdivision, the commissioner of finance shall direct the corporation counsel to prepare and cause to be entered an order vacating and setting aside the final judgment. The entry of either such order shall restore all parties, including owners, mortgagees, and any and all lienors, receivers, [and] administrators, and encumbrancers, to the status they held immediately before such final judgment was entered. Where the commissioner of finance approves an application requesting [an installment] a payment plan agreement pursuant to this subdivision, the order vacating and setting aside the final judgment shall provide that in the event of any default as to the payment of either quarterly installments or current taxes, assessments, or other legal charges during the term of such agreement, all payments under said agreement shall be [forfeited] refunded and the corporation counsel, immediately upon notification by the commissioner of finance of such default, shall cause to be entered as to such property a supplemental judgment of foreclosure in the in rem action which authorizes the commissioner of finance to prepare, execute, and cause to be recorded a deed conveying either to the city or to a third party full and complete title to such lands. Upon the entry of such supplemental judgment, the provisions of subdivisions c through i of this section shall apply in the same manner as such subdivisions would have applied had no payment been made nor [installment] payment plan agreement executed during the [four-month] 120 day period specified in this subdivision.

e. 1. If the commissioner of finance has prepared, executed, and caused to be recorded a deed conveying to the city full and complete title to a parcel of class [one] 1 or class [two] 2 real property acquired by in rem tax foreclosure, the city's interest in such parcel may be released pursuant to this subdivision on the application of any party who has an interest in said parcel as either owner, mortgagee, lienor, or encumbrancer at the time of the city's acquisition thereof where such application is made at any time up to [sixteen months] 1 year and 120 days from the date on which the deed by which the city acquired title to said parcel was recorded.

2. Any such application shall be made in writing to the commissioner of [general] administrative

services and shall be verified. It shall contain the information required pursuant to paragraph [one] 1 of subdivision b of section 11-424 [of this chapter,] and the documents required by subdivision c of such section [, and shall be accompanied by the fees required by paragraphs three and six of subdivision b of such section. The fee required by paragraph three of subdivision b of section 11-424 of this chapter shall not be refundable.

3. The city's interest in any such parcel shall be released only after payment of the sums of money specified in subdivision d of section 11-424 of this chapter.

4] 3. The provisions contained in subdivision g of section 11-424 of this chapter shall govern such an application, except as follows:

(a) where such provisions are inconsistent with the provisions contained in this subdivision, the provisions contained in this subdivision shall govern such application; and

(b) where the in rem foreclosure release board denies a written request for [an installment] payment plan agreement that was filed in connection with an application for release of the city's interest in a parcel of class [one] 1 or class [two] 2 real property and such application was filed within [thirty] 30 days of the date of the city's acquisition of the property sought to be released, the board may, in its discretion, authorize a release of the city's interest[, provided that the applicant thereafter pays all the amounts required to be paid pursuant to subdivision d of section 11-424 [of this chapter] within [thirty] 30 days of the date on which a letter requesting such payment is mailed or delivered to such applicant.

[5] 4. Upon receipt of all the amounts required to be paid pursuant to this subdivision, the commissioner of finance shall direct the corporation counsel to prepare and cause to be entered an order discontinuing the in rem tax foreclosure action as to said property, cancelling the notice of pendency of such action as to said property, and vacating and setting aside the final judgment entered pursuant to subdivision b of this section and the deed executed and recorded pursuant to such final judgment as to said property. The entry of such order shall restore all parties, including owners, mortgagees, and any and all lienors, receivers, [and] administrators, and encumbrancers, to the status they held immediately before the final judgment was entered, as if the in rem

tax foreclosure had never taken place, and shall render said property liable for all taxes, deficiencies, management fees, and liens which shall accrue subsequent to those paid in order to obtain the release provided for in this subdivision, or which were, for whatever reason, omitted from the payment made to obtain said release.

f. If the commissioner of finance has prepared, executed, and caused to be recorded a deed conveying to the city full and complete title to a parcel of class [one] 1 or class [two] 2 real property acquired by in rem tax foreclosure and such parcel is entitled to an exemption under any of the provisions of article [four] 4 of the real property tax law during all or part of the period covered by the tax items appearing on a list of delinquent taxes, the owner of such parcel may apply for a release of the city's interest in such exempt property under the provisions of subdivision e of this section during the period of time set forth in paragraph [one] 1 of such subdivision and for an additional period up to [ten] 10 years from the date on which the deed by which the city acquired title to said property was recorded. The application of such owner shall [be accompanied by the nonrefundable fee required by paragraph four of subdivision b of section 11-424 of this chapter and shall] contain, in addition to the statements, searches, and proofs required by subdivision e of this section, a statement that an exemption under the real property tax law is being claimed. Such application shall also state either that it is accompanied by the written certificate of the comptroller setting forth the precise period during which said property, while owned by such application, and during the period after the city's acquisition up to the date of the certificate if said property was still being used for an exempt purpose after said acquisition, was entitled to an exemption and the exact nature and extent of such exemption, or that an application for such written certificate has been filed with the comptroller. On issuing such written certificate, the comptroller shall cancel those tax items which have accrued during the period covered by the certificate to the extent the applicant is entitled to an exemption as set forth in the certificate. A release of the city's interest may be authorized only at the discretion of the in rem foreclosure release board and, except as otherwise provided in paragraph [four] 4 of subdivision e of this section, subject to all the restrictions set forth in subdivision g of section 11-424 [of this

chapter]. A release to an exempt applicant shall be effected only after said applicant has paid all of the amounts required to be paid by subdivision d of section 11-424 [of this chapter], except for those tax items which have been canceled, in whole or in part, pursuant to the comptroller's certificate, within [thirty] 30 days of the date on which the letter requesting payment is mailed or delivered to the applicant.

g. If the commissioner of finance has prepared, executed, and caused to be recorded a deed conveying to the city or to a third party full and complete title to a parcel of class [one] 1 or class [two] 2 real property acquired by in rem tax foreclosure, the provisions contained in subdivisions f and i of section 11-424 [of this chapter] for the release of property so acquired shall not be available. If the commissioner of finance has prepared, executed, and caused to be recorded a deed conveying to a third party full and complete title to a parcel of class [one] 1 or class [two] 2 real property acquired by in rem tax foreclosure, the provisions contained in subdivisions e and f of this section for the release of property so acquired shall not be available.

h. Every deed given pursuant to the provisions of this section shall be presumptive evidence that the action and all proceedings therein and all proceedings prior thereto from and including the assessment of the lands affected and all notices required by law were regular and in accordance with all provisions of law relating thereto. After [four months] 180 days from the date of entry of the final judgment authorizing the award of possession of any parcel of class [one] 1 or class [two] 2 real property pursuant to the provisions of this section, the presumption shall be conclusive. No action to set aside such deed may be maintained unless the action is commenced and a notice of pendency of the action is filed in the office of the property county clerk prior to the time that the presumption becomes conclusive as aforesaid. Should any lawsuit or proceeding be commenced to set aside a deed conveying to a third party a parcel of class [one] 1 or class [two] 2 real property pursuant to the provisions of this section, such third party shall send to the corporation counsel within [ten] 10 days of their receipt a copy of any papers served on such third party in such lawsuit or proceeding.

i. If the commissioner of finance does not execute a deed conveying to the city or to a third party a parcel of class one or class two real property within [eight] 12 months after the entry of final judgment

authorizing the award of possession of such parcel pursuant to subdivision b of this section, the commissioner of finance shall direct the corporation counsel to prepare and cause to be entered an order discontinuing the in rem foreclosure action as to said property, canceling the notice of pendency of such action as to said property, and vacating and setting aside said final judgment. The entry of such order shall restore all parties, including owners, mortgagees, and any and all lienors, receivers, [and] administrators, and encumbrancers, to the status they held immediately before such final judgment was entered.

j. If the commissioner of finance directs the corporation counsel, pursuant to subdivision i of this section, to prepare and cause to be entered an order discontinuing the in rem foreclosure action with respect to a parcel of class [one] 1 or class [two] 2 real property determined to be a distressed property [pursuant to section 11-401.1 of this chapter], the commissioner of housing preservation and development shall evaluate the parcel determined to be a distressed property and take such action as [he or she] the commissioner of housing preservation and development deems appropriate under the programs, existing at the time of such evaluation, that are designed to encourage the rehabilitation and preservation of existing housing, and shall monitor or cause to be monitored the status of the property. The commissioner of housing preservation and development shall maintain a register of properties determined to be distressed properties.

§ 12. Section 11-412.2 of the administrative code of the city of New York, as added by local law number 37 for the year 1996, is amended to read as follows is amended to read as follows:

§ 11-412.2 Council review of conveyance to a third party. a. The commissioner of finance shall, prior to the execution of a deed conveying full and complete title of any parcel of class [one] 1 or class [two] 2 real property to a third party pursuant to subdivision c of section 11-412.1 [of this chapter], notify the council of the proposed conveyance. Within [forty-five] 90 days of such notification, the council may act by local law disapproving the proposed conveyance. In the event the council does not act by local law within such [forty-five] 90 day period, the council shall be deemed to have approved the proposed conveyance. During such [forty-five] 90 day period or, if the [city] council acts by local law pursuant to this section, during the period of time

from the notification of the council to the presentation to the mayor of such local law and during any additional period of time prescribed in section 37 of the charter, the [eight-month] 12 month period provided in [subdivisions c] paragraphs 3 and [i] 9 of subdivision a of section 11-412.1 [of this chapter] shall be tolled.

b. By January 1, 2026, and by each January 1 thereafter, the department of finance shall post on the department's website a report with information on the proposed conveyances that were disapproved by the council by local law pursuant to subdivision a of this section. For each such proposed conveyance, such report shall include, but need not be limited to, the following information:

1. The borough, block, and lot;
2. The amount of arrears;
3. The reason for the disapproval, if provided; and
3. The number of outstanding hazardous and immediately hazardous violations.

c. Owners of buildings that are disapproved by the council by local law pursuant to subdivision a of this section shall be required to submit a corrective action plan agreement pursuant to section 11-425 when there are outstanding hazardous and immediately hazardous violations. If the reason for the disapproval is that the property does not meet the criteria for distressed property, the owner of the building is not required to submit a corrective action plan agreement pursuant to the subdivision.

§ 13. Section 11-413 of the administrative code of the city of New York is amended to read as follows:

§ 11-413 Withdrawal of parcels from foreclosure. a. The commissioner of finance [may] shall, prior to final judgment, withdraw a parcel from a proceeding under this chapter for any of the following reasons, [(1)] (i) a question which the commissioner deems meritorious has been raised as to the validity of the tax liens affecting the parcel[, (2)]; (ii) the city collector has accepted a payment of all taxes and interest which rendered the parcel subject to foreclosure hereunder because the records in the commissioner's office indicated that the principal amount of such taxes was exceeded by the principal amount of subsequent taxes which would not have rendered the parcel subject to foreclosure hereunder and which had been paid prior to the commencement

of said proceeding; or [(3)] (iii) in cases where the tax foreclosure action cannot be maintained such as, but not limited thereto, where the charges which rendered a parcel subject to foreclosure hereunder have been cancelled or were paid before the commencement of the foreclosure proceeding but such payment was not reported or did not clear for payment until after the commencement of said proceeding, or where a name and address appearing on an owner's registration [card or an in rem card] filed pursuant to section 11-416 or 11-417 [of this chapter] and contained in the files of the city collector did not appear in the mailing list used by the commissioner of finance for mailing notices of foreclosure in such proceeding.

b. To effectuate such withdrawal the commissioner of finance shall deliver a certificate of withdrawal to the corporation counsel who shall file it in the office of the county clerk in which the list of delinquent taxes was filed. The filing of such certificate with such county clerk shall effect a discontinuance of the tax foreclosure action as to the affected parcel, and the county clerk shall thereupon note such withdrawal and discontinuance in the copy of the list of delinquent taxes maintained by [him or her] the county clerk adjacent to the county clerk's block index of notices of pendency of action and shall cancel and discharge any and all notations of the filing of said list of delinquent taxes as to said parcel that may appear in any other books, records, indices, and dockets maintained in said clerk's office.

c. The commissioner of finance shall also deliver a duplicate original certificate of withdrawal to the person entitled to such withdrawal and a notification by first class mail to each dwelling unit of such property, and by posting in the property's common area that the property is no longer subject to foreclosure under this chapter.

d. The commissioner of finance shall recite the parcels so withdrawn and the reasons for withdrawal in an affidavit of regularity to be submitted by the commissioner in each action brought pursuant to this chapter.

e. The commissioner of finance shall issue a certificate of withdrawal whenever taxes and interest are paid, cancelled, liquidated, or otherwise lawfully disposed of as to any parcel which was previously severed pursuant to section 11-409 [of this chapter] because an answer or litigation was pending.

§ 14. Section 11-416 of the administrative code of the city of New York is amended to read as follows:

§ 11-416 Owner's registration [cards]; mailing tax bills and notices to registered owners or their designees. a. The commissioner of finance shall maintain a file of [owner's registration cards submitted by owners of] record of each registered real property owner which identifies [Each such owner's registration card shall be signed by the owner or a duly authorized representative and shall state the date on which it was filed,] the owner's full name and post office address and a description of the premises by reference to the section, block, and lot numbers on the tax map.

b. The commissioner of finance shall mail bills for taxes, charges, and assessments to all registered real property owners [who have filed owner's registration cards as herein provided , but the failure of the commissioner of finance so to mail such bill shall not invalidate or otherwise affect the tax, charge or assessment represented thereby nor prevent the accruing of any interest or penalty imposed for the non-payment thereof, nor prevent or stay proceedings under this chapter, nor effect the title of the plaintiff or any purchaser under such proceedings].

c. The commissioner of finance shall also mail notice of foreclosure and any other process required by this chapter to all owners who have filed an owner's registration [cards] whenever the parcels as to which such [cards were] registration was filed are included in a list of delinquent taxes filed pursuant to this chapter. [The failure to receive such notice or process as herein provided shall not affect the validity of any action or proceeding brought pursuant to this chapter.] Nothing within this section shall preclude the requirement that the commissioner of finance effect personal service under subdivision d of section 11-406.

d. An owner who files an owner's registration [card] may also designate thereon the full name and post office address of a mortgagee, lienor, or other person to receive bills and notices [Where such designation is made, the commissioner of finance shall not mail any bills and notices to the owner but shall mail all bills and notices to the owner's designee].

§ 15. Section 11-417 of the administrative code of the city of New York is amended to read as follows:

§ 11-417 In rem [cards] registration; mailing notices to other interested persons. a. The commissioner of finance shall, in addition to the file maintained by [him or her] said commissioner pursuant to section 11-416 [of this chapter], maintain a [file of in rem cards] database of registrations submitted by any person having an interest in real property who is not entitled to have tax bills mailed to [him or her] such person by the commissioner of finance, including mortgagees, lienors, encumbrancers, and owners who have filed an owner's registration [cards] designating someone else to receive bills and notices. Each such [in rem card] registration shall be signed by the person filing such [card] registration or a duly authorized representative[,]; shall contain a description of the premises by reference to the section, block, and lot numbers on the tax map; and shall state the date on which said [card] registration was filed, the full name and post office address of the person filing said [card] registration, and the nature of the interest said person has in said premises.

b. The commissioner of finance shall mail a notice of foreclosure and any other process required by this chapter to each person who has filed [an in rem card] a registration whenever the parcels to which such [cards] registrations refer are included in a list of delinquent taxes filed pursuant to this chapter. [However, failure to receive such notice or process shall not affect the validity of any proceeding brought pursuant to this chapter.]

§ 16. Section 11-424 of the administrative code of the city of New York, as amended by local law number 59 for the year 1996, is amended to read as follows:

§ 11-424 Application to the city for release of property acquired by in rem tax foreclosure. a. [(1)] 1. The city's interest in property acquired by in rem tax foreclosure may be released pursuant to this section on the application of any party who had an interest in said property as either owner, mortgagee, lienor, or encumbrancer at the time of the city's acquisition thereof where such application is made at any time up to [two] 2 years from the date on which the deed by which the city acquired title to said property was recorded.

[(2)] 2. Notwithstanding any inconsistent provision of paragraph [one] 1 of this subdivision to the contrary, the city's interest in property acquired by in rem tax foreclosure may be released pursuant to this section upon application of any party who had an interest in said property as either owner, mortgagee, lienor, or

encumbrancer at the time of the city's acquisition thereof where such application is made more than [two] 2 years after the date on which the deed by which the city acquired title to said property was recorded provided such application is authorized by the council as hereinafter provided. An application for such release and the documents required by subdivision c of this section in support thereof shall be filed with the department of citywide administrative services in the manner provided in subdivision b of this section. The department of citywide administrative services shall give the council written notice of the receipt of each such filing. After review and approval of the application by the corporation counsel as to form and eligibility of the applicant, the department of citywide administrative services shall send a copy of such application to the in rem foreclosure release board and to the council. Upon receipt of such application, the in rem foreclosure release board shall take no further action on such application unless the council adopts a resolution within [one hundred twenty] 120 days following the first stated meeting of the council after receipt of such application authorizing the board to consider such application. If the council fails to adopt a resolution within such [one-hundred-twenty-day] 120 day period, the council shall be deemed to have denied its authorization for the board to consider such application. A resolution of the council pursuant to this paragraph shall describe the property for which release is sought by borough, tax map, block, and lot number and shall specify that release of the city's interest in such property is subject to the approval of the in rem foreclosure release board and to all the conditions and restrictions set forth in this section.

b. [1.] Any such application shall be made in writing to the commissioner of citywide administrative services and shall be verified. It shall contain the name and address of the applicant and shall state the date on which and the in rem action by which the city acquired title to the property sought to be released. It shall also contain a statement specifying the nature of the applicant's interest in the property and a full description of the instrument from which the applicant's interest derives including the date of execution, the date and place of the recording or entry of said instrument, and the parties thereto. In the event the applicant's interest arises by reason of the death of a prior owner, mortgagee, lienor, or encumbrancer, then the application shall also state

the applicant's relationship to said decedent and shall include whatever additional information may be necessary to prove the applicant's right to make such application.

[2. A fee of two hundred seventy-five dollars shall be paid on the submission of any such application which is subject to the provisions of subdivision f of this section, except that the fee for any such application for the release of property improved by a one or two-family dwelling shall be one hundred dollars.

3. A fee of five hundred fifty dollars shall be paid on the submission of any such application which is subject to the provisions of subdivision g of this section, except that the fee for any such application for the release of property improved by a one or two-family dwelling shall be one hundred dollars.

4. A fee of two hundred seventy-five dollars shall be paid on the submission of any such application which is subject to the provisions of subdivision h of this section within four months from the date on which the deed by which the city acquired title to the subject property was recorded, and a fee of five hundred and fifty dollars shall be paid on the submission of any such application which is subject to the provisions of such subdivision not within four months from such date; except that the fee for any such application which is subject to the provisions of such subdivision for the release of property improved by a one or two-family dwelling shall be one hundred dollars.

5. The fees payable pursuant to paragraphs two, three and four of this subdivision shall not be refundable.

6. In addition to the fees specified in paragraphs two, three and four of this subdivision, there shall be paid on the submission of any application which is subject to this section an amount at least equal to the lesser of nine hundred dollars or the sum specified in paragraph one of subdivision d of this section, which amount shall not be refundable, but shall be applied in reduction of the sum specified in paragraph one of subdivision d of this section; provided, however, that if a release requires the authorization of the in rem foreclosure release board, and such authorization is not given, such additional amount shall be refunded to the applicant.]

c. Each application shall be supported by the certified search of the city register or by an official letter,

certificate, or certified search of any title insurance, or abstract company, organized and doing business under the laws of this state. Such supporting instruments shall recite the recording data both as to the deed by which the city acquired title to the parcel sought to be released and the instrument from which the applicant's interest derives. In the event the applicant's interest does not appear of record but is derived by the death of an owner, mortgagee, lienor, or encumbrancer of record, then the application shall also be supported by the affidavit of the applicant or other person having information thereof, or by the duly written certificate or certification of the county clerk or the clerk of any surrogate's or other court of record, or by any other instrument or document required by the corporation counsel to substantiate the applicant's right to file such application in compliance with the provisions of this section.

d. The city's interest shall be released only after payment, as to each parcel to be released, of the following sums of money:

1. The principal amount due on all unpaid taxes, assessments, water charges, and sewer rents appearing on the list of delinquent taxes and accruing thereafter together with interest at the rate or rates provided by law.

2. [Five percent of the amount paid pursuant to the preceding paragraph but not exceeding one thousand dollars for each parcel.

3.] Any deficiency which may result to the city after all payments made by it for the repair, maintenance, and operation of the lands, real estate, or real property shall have been charged or debited in the appropriate accounts of the city and all rents, license fees, and other moneys collected by the city as a result of its operation of the said lands, real estate, or real property shall have been credited in such accounts. Any contract for repair, maintenance, management, or operation made by the city on which it shall be liable, although payment thereon shall not have been made, shall be deemed a charge or debit to such accounts as though payment had been made. The amounts paid and collected by the city as shown in its accounts and the necessity for making the several payments and contracts to be charged as herein provided shall be conclusive upon the applicant. Where a deficiency under this [subdivision] paragraph shall be created or increased by the

failure of the city to collect rents, license fees, or other moneys to which the city may have been entitled, the right to collect or to bring action for the same shall be assigned, transferred, and set over to the applicant by an instrument in writing.

[4. Any and all costs and disbursements which shall have been awarded to the city or to which it may have become entitled by operation of law or which it may have paid or become liable for payment in connection with any litigation between it and the applicant or any person having an estate or interest in the lands, real estate or real property to be released resulting directly or indirectly from the foreclosure by action in rem of the delinquent taxes affecting said lands, real estate or real property.

5.] 3. A reasonable monthly fee to be determined by the city, through the department of citywide administrative services, for management services and operations of the lands, real estate, or real property by the city prior to the release of said lands, real estate, or property.

[6.] 4. The city, through the department of citywide administrative services, shall also require as additional consideration for such release, the payment of all arrears on mortgages held by the city and all liens accruing to it by operation of law including but not limited to relocation and emergency repair liens.

e. The corporation counsel shall effect the release of the city's interest in property acquired by in rem tax foreclosure, as provided for in this section, by preparing and causing to be entered an order discontinuing the in rem tax foreclosure action as to said property, cancelling the notice of pendency of such action as to said property, and vacating and setting aside the in rem judgment of foreclosure and the deed executed and recorded pursuant to such judgment of foreclosure as to said property. The entry of such order shall restore all parties, including owners, mortgagees, and any and all lienors, receivers and administrators, and encumbrancers, to the status they held at the time the city acquired title to said property, as if the in rem tax foreclosure had never taken place, and shall render said property liable for all taxes, deficiencies, management fees, and liens which shall accrue subsequent to those paid in order to obtain the release provided for in this section, or which were, for whatever reason, omitted from the payment made to obtain said release.

f. If an application pursuant to this section, and the documents required by subdivision c of this section in support thereof, are filed within [four months] 180 days after the date of the city's acquisition of the subject property, said application shall be granted [providing] provided the corporation counsel approves the application as to form, timeliness, and eligibility of the applicant and [providing] provided the applicant has paid all amounts required to be paid by subdivision d of this section within [thirty] 30 days of the date on which a letter requesting the applicant to make such payment is mailed or delivered to the applicant. The city shall not sell or assign any property acquired by in rem tax foreclosure within [four months] 180 days of said acquisition but this provision shall not prevent the city from authorizing condemnation of such property or vesting title thereto in a condemnation proceeding during said [four month] 180 day period. In the event an application pursuant to this section is filed within [four months] 180 days of the city's acquisition by in rem tax foreclosure and title to the subject property vests in condemnation before the city's interest therein has been released by the vacate order provided for herein, the applicant shall be entitled to the condemnation award for such property without the entry of such vacate order, providing the corporation counsel has approved the application as aforesaid and [providing] provided that the amounts specified in subdivision d of this section, if not previously paid, are deducted from said condemnation award, with taxes apportioned to the date of the condemnation title vesting.

g. If an application for a release of the city's interest in property acquired by in rem tax foreclosure, and the documents required by subdivision c of this section in support thereof, have been filed within the time allowed in paragraph [one] 1 of subdivision a of this section, but more than [four months] 180 days after the date of the city's acquisition or if an application for such release has been authorized by a resolution of the council pursuant to paragraph [two] 2 of subdivision a of this section and such application and the documents required by subdivision c of this section in support thereof have been filed, the in rem foreclosure release board may, in its discretion, authorize the release of the city's interest in said property pursuant to this section, provided that the application has been approved by the corporation counsel as to form, timeliness, and

eligibility of the applicant and provided that the city has not sold or otherwise disposed of said property and provided, further, that said property has not been condemned or assigned to any agency of the city and is not the subject of contemplated use for any capital or urban renewal project of the city. The corporation counsel shall effect such discretionary release only where the applicant, after the board's authorization of the release, has paid all the amounts required to be paid by subdivision d of this section within [thirty] 30 days of the date on which a letter requesting the applicant to make such payment is mailed or delivered to the applicant. The in rem foreclosure release board may also, in its discretion, authorize a release of the city's interest in such property, pursuant to the above provisions, whenever an application for such release, approved as to form, timeliness, and eligibility by the corporation counsel, has been filed at any time during the period allowed in subdivision a of this section in which the applicant has requested [an installment] payment plan agreement of the commissioner of citywide administrative services for the payment of the amounts required to be paid by subdivision d of this section, provided that said commissioner has approved such request. The commissioner of citywide administrative services shall not approve any such request unless the applicant shall have given notice by certified mail to each tenant located on the parcel, of the request and shall have given such commissioner an affidavit stating that such notice has been provided, within [thirty] 30 days after the request. Any false statement in such affidavit shall not in any way affect the validity of the agreement, be grounds for its cancellation, or in any way affect the release of the city's interest in the parcel. Such agreement shall require, in addition to full payment of the amounts due under paragraphs [two] 2, [three] 3, [four] 4, [five] 5, and [six] 6 of subdivision d of this section, a first installment of [fifty] 20 percent of the amount due under paragraph [one] 1 of said subdivision d with the balance of said amount to be paid in [four] 4 equal quarterly installments together with all current taxes, assessments, or other legal charges that accrue during such period; provided, however, that: (i) whenever a request for [an installment] a payment plan agreement is made of the commissioner of citywide administrative services by a company organized pursuant to article XI of the private housing finance law with the consent and approval of the department of housing preservation and development, or for a parcel

which is an owner-occupied residential building of not more than [five] 5 residential units, the commissioner of citywide administrative services may, as to that portion of the amounts due under paragraph [one] 1 of subdivision d of this section which became due prior to the acquisition by the article XI company of its interest in the property and as to the amount due under paragraph [one] 1 of subdivision d of this section in the case of such an owner-occupied building, approve a reduction of such first installment to an amount not less than [ten] 10 percent of the amount due under paragraph [one] 1 of subdivision d of this section and an increase in the number of the following equal quarterly installments to a number which shall be equal to [three] 3 times the number of unpaid quarters of real estate taxes or the equivalent thereof but which shall in no event exceed [forty-eight] 48, and (ii) notwithstanding the preceding clause, whenever an installment agreement is requested on or after the date on which this clause takes effect with respect to a parcel that, immediately prior to the city's acquisition thereof by in rem tax foreclosure, was owned by a company organized pursuant to article XI of the [state] private housing finance law with the consent and approval of the department of housing preservation and development, or with respect to a parcel that is a residential building containing not more than [five] 5 residential units, a residential condominium unit, or a residential building held in a cooperative form of ownership, the commissioner of [general] administrative services may, as to the amount due under paragraph [one] 1 of subdivision d of this section, approve [an installment] a payment plan agreement containing the terms relating to the required percentage payment for the first installment and the required number of subsequent quarterly installments[, that would be applicable to such parcel under paragraph two (but without regard to any reference therein to paragraph three) of subdivision i of section 11-409 of this chapter]. For purposes of calculating the number of such following equal quarterly installments, unpaid real estate taxes, or the equivalent which are[, on and after July first, nineteen hundred eighty-two,] due and payable on an other than quarterly basis shall be deemed to be payable on a quarterly basis. Where the in rem foreclosure release board denies an application requesting [an installment] a payment plan agreement, the board shall authorize a release of the city's interest, provided that the applicant thereafter pays all the amounts required to be paid by

subdivision d of this section within [thirty] 30 days of the date on which a letter requesting such payment is mailed or delivered to the applicant only when said application and the documents required by subdivision c of this section in support thereof were filed within [thirty] 30 days of the date of the city's acquisition of the property sought to be released. Where the in rem foreclosure release board denies an application requesting [an installment] a payment plan agreement which was filed more than [thirty] 30 days after the date of the city's acquisition, the board may, in its discretion, authorize a release of the city's interest, provided that the applicant thereafter pays all the amounts required to be paid by subdivision d of this section within [thirty] 30 days of the date on which a letter requesting such payment is mailed or delivered to the applicant. Where the in rem foreclosure release board approves an application requesting [an installment] a payment plan agreement, the order releasing the city's interest shall provide that in the event of any default as to the payment of either quarterly installments or current taxes, assessments, or other legal charges during the term of such agreement, as set forth in the board's resolution, all payments made under said agreement shall be refunded and the city shall be entitled to reacquire the property so released. The corporation counsel shall effect such reacquisition by causing to be entered as to such property a supplemental judgment of foreclosure in the in rem action by which said property was originally acquired immediately on notification by the commissioner of finance of such default.

h. An owner of property entitled to an exemption under any of the provisions of article [four] 4 of the real property tax law during all or part of the period covered by the tax items appearing on a list of delinquent taxes may apply for a release of the city's interest in such exempt property under the provisions of this section during the periods of time set forth herein and for an additional period up to [ten] 10 years from the date of the city's acquisition of said property by in rem foreclosure. The application of such owner shall contain, in addition to the statements, searches, and proofs required by this section, a statement that an exemption under the real property tax law is being claimed. Such application shall also state either that it is accompanied by the written certificate of the comptroller setting forth the precise period during which said property, while owned

by such applicant, and during the period after the city's acquisition up to the date of the certificate if said property was still being used for an exempt purpose after said acquisition, was entitled to an exemption and the exact nature and extent of such exemption or that an application for such written certificate has been filed with the comptroller. On issuing such written certificate, the comptroller shall cancel those tax items which have accrued during the period covered by the certificate to the extent the applicant is entitled to an exemption as set forth in the certificate. Where an application by an exempt owner is filed more than [four months] 120 days after the date of the city's acquisition of the subject property, a release of the city's interest may be issued only at the discretion of the in rem foreclosure release board and subject to all the restrictions set forth in the preceding subdivision. A release to an exempt applicant shall be effected only after said applicant has paid all the amounts required to be paid by subdivision d of this section, except for those tax items which have been cancelled, in whole or in part, pursuant to the comptroller's certificate, within [thirty] 30 days of the date on which a letter requesting payment is mailed or delivered to the applicant.

i. The corporation counsel shall also effect the release of the city's interest in property acquired by in rem foreclosure, as provided for in this action, whenever the commissioner of finance shall accept as to any parcel so acquired, the payment provided for in [paragraph two] item (ii) of subdivision a of section 11-413 [of this chapter]. Said commissioner may accept such payment at any time within [four months] 120 days of the date of the city's acquisition and may further, subject to the approval of the in rem foreclosure release board, accept such payment at any time more than [four months] 120 days after the date of the city's acquisition but less than [two] 2 years from the date on which the city's deed was recorded [providing] provided said property has not been sold or otherwise disposed of nor condemned or assigned to any agency of the city and is not the subject of contemplated use of any capital or urban renewal project of the city.

§ 17. Section 11-425 of the administrative code of the city of New York is REPEALED and a new section 11-425 is added to read as follows:

§ 11-425 Corrective action plans. The owner of a distressed property that has open hazardous and

immediately hazardous violations shall submit to the department of housing preservation and development for approval a corrective action plan consisting of the following: (i) the names of any contractors retained by such owner to clear any outstanding hazardous or immediately hazardous violations; (ii) the date by which the condition that gave rise to the hazardous or immediately hazardous violation is expected to be remediated; and (iii) any funding obtained by such owner to clear any hazardous or immediately hazardous violations. The department of housing preservation and development shall provide approval or disapproval of the corrective action plan within 45 days of receipt of such plan. Should the department of housing preservation and development decline to approve a corrective action plan, such department may provide an explanation why the plan was not approved and may provide an option to resubmit an amended corrective action plan for approval.

§ 18. Section 11-426 of the administrative code of the city of New York is REPEALED and a new section 11-426 is added to read as follows:

§ 11-426 Defaults. a. An owner who has entered into a payment plan agreement with the department of finance or the department of environmental protection will be in default of such agreement if any installment required under such agreement remains unpaid for a period of 60 days from the date payment is required to be made. In the event of default of a payment plan agreement pursuant to this subdivision, the agreement may be canceled. Such a default may be cured upon payment, within 60 days from the date of default, of the unpaid payments, including all past due payments required by the agreement, and all other charges that became due during the term of the agreement that are past due and unpaid at the time of the default. If the default is not cured, all sums previously paid shall be returned to the owner.

b. If a default is not cured as described in subdivision a of this section, the owner of the affected property will not be eligible to enter into a payment plan agreement with the department of finance or the department of environmental protection for the affected property for 3 years from the date of such default, unless the property owner can demonstrate that there were extenuating circumstances that prevented the property owner from curing the default.

§ 19. Section 11-427 of the administrative code of the city of New York is REPEALED and a new section 11-427 is added to read as follows:

§ 11-427 Tenant ownership of property. a. Tenants of a property that is subject to in rem foreclosure pursuant to this chapter shall be eligible to apply for eventual ownership of the subject property. The department of housing preservation and development shall provide written notice to the tenants of such property that the subject property is subject to an in rem judgment of foreclosure. Such notice shall include, but not be limited to:

1. Information on the in rem foreclosure program;

2. Information on how the tenants can apply for eventual ownership of the subject property;

3. The factors the department of housing preservation and development considers in determining whether to approve the transfer to tenant ownership upon completion of the interim evaluation period as specified in subdivisions d and e of this section;

4. Any relevant qualifications the tenants would need to meet in order to be eligible for eventual ownership of the subject property; and

5. Resources available from third parties, through the department of housing preservation and development, or through other city agencies for the tenants for financial, physical, technical, operational, governance, regulatory, and legal assistance in the management of such a property.

b. Such notice as required in subdivision a of this section shall be provided prior to entry of the judgment of foreclosure. Such notice shall be posted in a common area of the subject property, mailed to each dwelling unit in such property, and placed beneath the doors of individual dwelling units in such property.

c. The application of the tenants of the subject property shall be sponsored by a third party, as described in section 11-412.1, indicating that the third party applying for transfer of the foreclosed property is prepared to acquire, manage, and rehabilitate the foreclosed property, and is sponsoring the tenants in their effort to eventually own such property.

d. No later than 30 days after the transfer of the property to the third party sponsoring a tenant application, as described in subdivision c of this section, the department of housing preservation and development shall inform the tenants that the property has entered into an interim evaluation period. During such interim evaluation period, the department of housing preservation and development shall provide information on the evaluation process and any necessary steps the tenants need to take during the interim evaluation period to obtain ownership of the property. Such evaluation process shall include, but not be limited to:

1. Whether the tenants have cooperated with the third party sponsor in renewing leases or establishing new leases where none exist;

2. Whether at least 80 percent of the tenants are actively paying rent;

3. Whether the tenants have cooperated with relocation plans, where applicable;

4. Whether the tenants have attended training programs offered by the third party;

5. Whether at least 80 percent of the tenants have expressed interest in eventual ownership of the property;

6. Whether the tenants have formed a tenant association or organization; and

7. Whether record-keeping and management systems have been established or implemented.

e. Upon completion of the interim evaluation period, the department of housing preservation and development shall make a determination whether the property will be transferred to tenant ownership.

f. Properties owned by a cooperative corporation formed by a housing development fund corporation when the foreclosure proceeding commenced shall not be excluded from such application process. Where a property was owned by a housing development fund corporation organized pursuant to article XI of the private housing finance law, and such housing development fund corporation seeks to reorganize as a housing development fund corporation and regain ownership of the property, at least 80 percent of existing occupants must sign subscription agreements; be current on rent; and attend mandatory cooperative homeownership

training classes on governance, regulatory compliance, and financial management to be eligible for such transfer pursuant to this section.

§ 20. Section 11-428 of the administrative code of the city of New York is amended to read as follows:

§ 11-428 Disposition of proceeds of sales of properties acquired by city through tax enforcement foreclosure proceedings. The proceeds of the sale of real property acquired through tax enforcement foreclosure proceedings, or by deed in lieu thereof, including subsequent receipts in diminution of purchase money mortgages accepted at the time of sale, shall be applied as follows:

a. The amount of the unpaid real estate taxes accrued against such property from the first day of January or the first day of July, whichever first immediately precedes the date on which title vested in the city to the date of conveyance of title by the city, without interest or penalties thereon, shall be credited to the tax deficiency account.

b. The balance, if any, remaining after deduction of the amount specified in [paragraph] subdivision a [hereof], shall be paid into the funds hereinafter specified in the following order:

1. A sum equal to the amount of the unpaid assessments for local improvements accrued against such property at the date of commencement of the foreclosure proceeding and up to the date of conveyance of title by the city, without interest or penalties thereon, shall be paid into the appropriate assessment funds.

2. A sum equal to the amount of unpaid sewer rents, including interest and penalties thereon, accrued against such property at the date of commencement of the foreclosure proceedings and up to the date of conveyance of title by the city shall be paid into the sewer fund.

3. The amount of the brokerage fee and other expenses expended by the city in connection with such sale shall be paid into the fund or code to which such fee was charged.

4. The balance of such proceeds, if any, and the interest on any purchase money mortgage accepted by the city at the time of such sale shall be paid [into the general fund] to the property owner who owned the property prior to the tax enforcement foreclosure proceeding.[In the event that any part of such balance is

represented by bonds and mortgages, such bonds and mortgages may be deposited in the tax appropriation and general fund stabilization reserve fund and a sum equal to the amount of the cash represented by such bonds and mortgages shall in such event be transferred from the tax appropriation and general fund stabilization reserve fund to the general fund.]

§ 21. Section 1807 of the New York city charter is amended by adding a new subdivision d to read as follows:

d. The commissioner of finance, the commissioner of housing preservation and development, and the commissioner of environmental protection shall collectively appoint a single ombudsperson to be tasked with responding to inquiries from owners of distressed class 1 or class 2 real property on which there is a tax lien that may be foreclosed upon by the city, pursuant to chapter 4 of title 11 of the administrative code. Such ombudsperson shall have a dedicated phone number and email address and may also be contacted through 311. Such ombudsperson shall provide relevant services or referrals to third party organizations or the appropriate agency to provide such services, including, but not limited to:

1. Assistance in assessing building conditions, developing capital plans, removing department of housing preservation and development violations, department of buildings violations, and environmental control board violations;

2. Financial assistance in assessing financial conditions, assessing payment plans, preparing for and applying for loans, exemptions and tenant subsidies, and securing financing for repairs;

3. Operational training and assistance in bookkeeping and expense tracking, hiring staff and vendors, leasing, coordinating landlord and tenant relations, helping owners navigate government programs, and assisting with registration compliance; and

4. Specialized assistance for housing development fund corporations, including training for governance, regulatory compliance, legal, and estate planning.

§ 22. Section 27-2095 of the administrative code of the city of New York is amended by adding a new

subdivision e to read as follows:

e. Every time a notice of violation for a hazardous or immediately hazardous violation is issued against a property, the department shall include in the notice of violation to the property owner that: (i) there is a hazardous or immediately hazardous violation assessed against such property; (ii) the property may fall within the definition of distressed property, as such term is defined in section 11-401, for purposes of section 11-412.1 if, in addition to such hazardous or immediately hazardous violation, the property is subject to a tax lien that may be foreclosed upon by the city; (iii) if the property owner does not cure such hazardous or immediately hazardous violation and pay any outstanding debts to the city, such property may be subject to the procedures set forth in section 11-412.1; and (iv) the property owner can reach out to the ombudsperson appointed pursuant to subdivision d of section 1807 of the charter with any questions. The lettering of such notice shall be of bold type and shall be property spaced to provide good legibility and the background shall be of contrasting colors.

§ 23. This local law takes effect 180 days after it becomes law.

TZ
LS 14114
6/24/24