

ASSIGNING LIENS

TCTA ANNUAL SPRING CONFERENCE

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MUNICIPAL CHARGES THAT CAN BE TURNED INTO MUNICIPAL LIENS

Types of municipal liens that can go into tax sale:

- (a) Taxes
- (b) Demolition Liens N.J.S.A. 40:48-2.5 et. seq.
- (c) Cut & Clean Liens N.J.S.A. 40:48-2.14
- (d) Abatement of Nuisance N.J.S.A. 49:48-2.12f
- (e) Removal of grass, weeds, snow and ice N.J.S.A. 40:65-12
- (f) Water Liens N.J.S.A. 40A:31-13
- (g) Sewer Liens N.J.S.A. 40:26A-12
- (h) Electric Liens N.J.S.A. 40:62-14

**NOT ALL MUNICIPAL
CHARGES CAN BE
CONVERTED INTO A
MUNICIPAL LIEN**

IN ORDER TO ASSIGN A
MUNICIPAL LIEN THE
TAX SALE MUST HAVE
ALREADY TAKEN PLACE - -
WE ARE ASSIGNING
TAX SALE CERTIFICATES

INCENTIVE TO ASSIGN TAX SALE CERTIFICATES

1. All run at 18% interest
2. Only have to wait 6 months rather than 2 years to foreclose
3. If an auction for less than full value – **can purchase for less than full redemption**
4. Lienholder must pay subsequent taxes

PRIVATE ASSIGNMENT METHODS

N.J.S.A. 54:5-112 – Allows governing body to pass a resolution to assign TSC for “not less than the amount of municipal liens charged against same....”

The amount paid is the tax sale certificate plus all subsequent liens.

PROCEDURE FOR PRIVATE ASSIGNMENT

1. Need resolution from governing body
2. N.J.S.A. 54:5-114 requires notice of assignment be mailed **at least 5 days before** the vote by the governing body
3. Notice posted in 3 public places in the municipality at time of the mailing of notice
4. If municipality is over 5,000 inhabitants – notice shall be published once in the public newspaper within 5 days prior to the vote

EXHIBIT 12-1

RESOLUTION AUTHORIZING ASSIGNMENT

WHEREAS, N.J.S.A. 54:5-113 authorizes assignment by a municipality of tax sale certificates for the full amount of the certificate, including all subsequent municipal taxes and other municipal charges; and,

WHEREAS, John Lienholder has presented an offer to purchase, by assignment, Certificate of Sale #73 which was issued to the Municipality of Anytown at a tax sale held October 11, 20__, on Block 33, Lot 16, known as 77 Mail Street, Anytown, NJ, and assessed to John and Jane Doe, in the amount of \$23,456.78, being the full amount of the certificate, including all subsequent municipal taxes and other municipal charges.

NOW, THEREFORE, BE IT RESOLVED, that the Municipality of Anytown hereby authorizes the Mayor and Municipal Clerk to execute the necessary assignment document to effect assignment of the above-referenced Certificate of Sale.

BE IT FURTHER RESOLVED, that a copy of this resolution be forwarded to the Tax Collector.

This is a sample form or document. It is for illustrative purposes only.

EXHIBIT 12-2

ASSIGNMENT DOCUMENT

Prepared by: _____.

ASSIGNMENT OF TAX SALE CERTIFICATE

KNOW ALL MEN BY THESE PRESENTS, that the Municipality of Anytown, in consideration of \$ 52,508.52 dollars, this 3rd day of June 20__, the receipt whereof is hereby acknowledged, have granted, bargained, sold, transferred, assigned, and set over, and by these presents do grant, bargain, sell, assign, and set over unto said John Lienbuyer, his (her) heirs, representative, and assigns, all right, title, interest, property, and estate, in and to the Tax Sale Certificate Number 2010-02, and in and to the land therein mentioned and referred to as filed in the County of Any County, Mortgage Book #6632, Pages #330 and 331, known as Block 27, Lot 10, located at 15 Main Street in Anytown, assessed in the name of Fred Johnson.

This assignment is made under and in accordance with the provisions of N.J.S.A. 54:5-113, and also in accordance with a resolution adopted by the governing body of said Municipality of Anytown on May 28, 20__.

IN WITNESS WHEREOF, the party of the first part has set hand and seal or caused these presents to be signed by its proper corporate officers and caused its proper corporate seal to be hereto affixed, on the day and year first written.

_____ Mayor

_____ Clerk

SIGNED, SEALED, AND DELIVERED

Be it remembered, that on this _____ day of _____, 2____, before me, a Notary Public of the State of New Jersey, personally appeared the above officials who are, I am satisfied, the individuals described in and who executed the above Assignment of Certificate, and I having known to them the contents thereof, they thereupon acknowledged that they signed, sealed, and delivered the same as his/her voluntary act and deed, for the uses and purposes therein expressed.

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EXHIBIT 12-3

**NOTICE TO PROPERTY OWNER(S) OF ACTION TO
ASSIGN MUNICIPAL TAX SALE CERTIFICATE(S)**

Office of the Tax Collector
Municipality of Anytown
1 Any Street
Anytown, NJ 90909
June 20, 20__

Mr. Fred Johnson
52 Windy Road
Anytown, NJ 90909

**Re: Block 27, Lot 10 15 Main Street,
 Tax Sale Certificate #2010-02**

Dear Mr. Johnson:

Please be advised that pursuant to N.J.S.A. 54:5-113, the Municipality of Anytown will consider action to assign the above designated outstanding Tax Sale Certificate held by the Municipality to John Lienbuyer, at a meeting of the Governing Body to be held on July 3, 20__, at 7:30 P.M. in council chambers.

Enclosed please find a copy of the legal notice pertaining to same.

If you do not redeem the above outstanding Tax Sale Certificate prior to the aforementioned scheduled meeting, sale by assignment shall be concluded in accordance with the law.

If you have any questions, please contact my office. Thank you.

Very truly yours,

Ima Fairperson, CTC
Tax Collector

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SALE FOR LESS THAN REDEMPTION AMOUNT

N.J.S.A. 54:5-114.1 allows a municipality to assign a TSC for less than the total amount due.

Why would a municipality do this?

Because it will never get paid the full redemption and this allows the property to be returned to the tax rolls.

PROCEDURE FOR ASSIGNMENT SALE FOR LESS THAN FULL AMOUNT

1. The governing body must adopt a resolution for the public sale for less than the full amount.
2. The notice must also be posted 5 of the most public places detailing:
 - The time and place of sale;
 - A description of the parcels in the sale;
 - The names of the owners of the lands as contained in the tax sale list;
 - The total amount required for redemption including all subsequent municipal liens with interest and costs;
 - That the municipality will receive bids for less than the full redemption amount;
 - That the bid is subject to acceptance by the governing body at the regular meeting setting forth the date of same.

Upon receipt of any bids which do not include all subsequent liens, the governing body must give notice to the public of:

1. The amount of the bid for the certificate, not including any subsequent municipal liens;
2. A description of the lands covered by each certificate;
3. The name of the owner of the land as shown in the tax collector's list;
4. The total amount which would otherwise be required for redemption;
5. A statement that the governing body will accept or reject the bid(s) at a regular meeting and indicating the place, time and date of the regular meeting.

JONES ACT AND THE JONES ACT PROCEDURE

SAME AS ASSIGNMENT FOR LESS THAN
FULL AMOUNT DUE BUT:

Purchaser must complete foreclosure and
record Final Judgment before the end of 2 years

The purpose of this is to compel successful bidder to get property foreclosed.

If purchaser does not complete foreclosure within 2 years – TSC reverts back to municipality.

* Do not give original TSC to Assignee

* Assignment should clearly refer to Jones Act Reverter

* Resolution should refer to Jones Act Reverter

The 2 year reverter period MAY be extended if the purchaser applies to the governing body before the 2 years expires.

- Need resolution
- Fact sensitive
- Sound discretion

REDEMPTION OF TSC SOLD FOR LESS THAN FULL VALUE

N.J.S.A. 54:5-114.8 – assignee only entitled to receive the amount paid for the assignment with lawful interest and taxed costs.

No windfall assignee.

TYPES OF AUCTIONS

1. Sealed bid
2. Open cry
3. Use third party such as Max Spann but additional costs cannot be added to redemption

ASSIGNMENT SALE UNDER ABANDONED PROPERTIES ACT

N.J.S.A. 55:19-101 **SPECIAL TAX SALES**

A municipality can hold a special tax sale on property that meets the definition of Abandoned Property.

The municipality shall conduct the sale subject to the following:

- a. Municipality shall establish criteria such as bidder's ability to rehabilitate or otherwise reuse the property consistent with municipal plans; commitment by bidder to foreclose (time limits);
- b. Minimum bid requirements – sole discretion of municipality;
- c. Municipality may combine properties into bid packages; **(still must allocate for redemption purposes)**
- d. Municipality may set up benchmarks and if not carried out, the TSC will be forfeited back to the municipality;
- e. Essential follow assignment sale for less than full value criteria

BULK SALE – N.J.S.A. 54:5-113.1 to 113.4

The governing body may sell tax sale certificates in bulk on the terms and conditions set forth in authorizing resolution:

- The sale must be approved by the Local Finance Board;
- The sale must be publicly advertised and bid;
- Any bond or note must:
 - mature within 20 years;
 - not be more than 75% of bid;
 - bear interest at 2% above prime;
 - be secured by the TSC's