

1 AN ACT relating to real property purchased at a master commissioner's sale.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 91.514 is amended to read as follows:

4 (1) **(a)** Upon the confirmation of the sale by the court and the expiration of the right
5 of redemption provided in KRS 91.511, the title to any real estate purchased
6 from the master commissioner pursuant to KRS 91.481 to 91.527 shall vest in
7 the purchaser.

8 **(b)** The title of the real estate shall be an absolute estate in fee simple, subject to
9 rights-of-way of public utilities on which tax has been otherwise paid and
10 subject to any right of redemption of the United States of America~~[, if any]~~.

11 **(c)** All persons, including the Commonwealth of Kentucky, infants,
12 incompetents, absentees, and nonresidents who may have had any right, title,
13 interest, claim or equity of redemption in or to, or lien upon the land shall be
14 barred of all right, title, interest, claim, lien or equity of redemption, and the
15 court shall order that immediate possession of the real estate be given to the
16 purchaser. Any person so barred shall thereafter have as his ***or her*** exclusive
17 remedy a claim for a share of the proceeds of the sale of the real estate by the
18 master commissioner.

19 (2) The title shall be subject to the liens of any tax bill which may have attached to the
20 parcel of real estate prior to the time of the filing of the petition affecting the parcel
21 of real estate not then delinquent, or which may have attached after the filing of the
22 petition and prior to the expiration of the period provided for redemption and not
23 including any answer to such petition.

24 (3) If the parcel of real estate is sold to the city or to a land bank authority created
25 pursuant to KRS 65.350 to 65.375, the title shall be free of any liens to the extent of
26 the interest of any taxing authority in any such real estate.

27 (4) The title shall not be subject to the lien of special tax bills which have attached to

1 the parcel of real estate but the lien of the special tax bill shall attach to the
2 proceeds of the master commissioner's sale or to the proceeds of the ultimate sale of
3 the parcel by the city.

4 (5) Failure of any party other than the purchaser to follow the procedures set out in
5 KRS 91.484 to 91.527 shall not affect the vesting of title in the purchaser.

6 **(6) (a) 1. Except as provided in subparagraphs 2. and 3. of this paragraph, any**
7 **purchaser who obtains title to real property under this section, which**
8 **had been occupied at any time within the two (2) years prior to the**
9 **time the collector of taxes filed the list of unpaid tax bills as required**
10 **under KRS 91.484, shall:**

11 **a. Begin renovation of the property no later than six (6) months**
12 **after obtaining title; and**

13 **b. i. Return the property to a state of occupancy no later than**
14 **eighteen (18) months after obtaining title; or**

15 **ii. If subject to a land bank authority established pursuant to**
16 **KRS 65.210 to 65.300 and 65.350 to 65.375, within the**
17 **period of time required by the authority for returning the**
18 **property to effective utilization for the county in which the**
19 **property is located. This date may be extended if the land**
20 **bank authority provides a process for an extension of this**
21 **time period and a project extension application with all**
22 **required documentation has been filed with the appropriate**
23 **authority, or other procedural requirements have been met,**
24 **and approval of the extension is pending or has been**
25 **granted.**

26 **2. If the property obtained under subparagraph 1. of this paragraph is**
27 **subject to an existing lease at the time of sale, the time required for the**

1 purchaser to begin renovation and return the property to a state of
 2 occupancy shall not begin until the end of the lease period, with the
 3 remaining lease period not to exceed eleven (11) months.

4 3. If the property obtained under subparagraph 1. of this paragraph is
 5 subject to the six (6) month right of redemption under KRS 426.530,
 6 the time required for the purchaser to return the property to a state of
 7 occupancy shall not begin until the end of the redemption period.

8 4. Establishing occupancy under subparagraph 1. of this paragraph may
 9 be offered by affidavit of the master commissioner, sheriff, appraiser,
 10 or other person designated by the court.

11 (b) As used in this subsection, "state of occupancy" means:

12 1. Actual occupancy of the property by the purchaser or by a lessee
 13 pursuant to a long-term lease or any short-term rental agreement as
 14 may be authorized by local zoning provisions; or

15 2. Actively marketing the property for sale or rent. As used in this
 16 subparagraph, "actively marketing the property" means:

17 a. A "for sale" or "for rent" sign has been prominently placed on
 18 the property with accurate contact information;

19 b. If the owner has engaged the services of a licensed real estate
 20 agent, the agent has complied with the requirements of KRS
 21 324.117; and

22 c. The owner has continued to make a good-faith effort to sell or
 23 rent the property at a price that reflects the circumstances and
 24 market conditions until rented or sold for immediate occupancy.

25 (c) Failure to comply with this subsection:

26 1. Shall result in a fine in the amount of one hundred dollars (\$100) per
 27 day for each day of violation, payable to the chief financial officer of

- 1 *the local government in which the property is located; and*
- 2 *2. May result in an order of sale of the property under KRS 426.205.*
- 3 *(d) This subsection shall only apply to residential property located in a county*
- 4 *that has a land bank authority created pursuant to KRS 65.210 to 65.300*
- 5 *and 65.350 to 65.375.*
- 6 *(e) This subsection shall not apply to vacant lots or residential property that is*
- 7 *delapidated or deteriorated to the extent it cannot be returned to a state of*
- 8 *occupancy.*

9 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 426 IS CREATED TO
 10 READ AS FOLLOWS:

- 11 *(1) (a) Except as provided in paragraph (b) of this subsection, any purchaser who*
- 12 *obtains title to real property sold under an order or judgment of a court,*
- 13 *other than an execution, by a commissioner or other officer selling the*
- 14 *property, which had been occupied at any time within the two (2) years prior*
- 15 *to the time of the appraisal required under KRS 426.520, shall:*
- 16 *1. Begin renovation of the property no later than six (6) months after*
- 17 *obtaining title; and*
- 18 *2. a. Return the property to a state of occupancy no later than*
- 19 *eighteen (18) months after obtaining title; or*
- 20 *b. If subject to a land bank authority established pursuant to KRS*
- 21 *65.210 to 65.300 and 65.350 to 65.375, within the period of time*
- 22 *required by the authority for returning the property to effective*
- 23 *utilization for the county in which the property is located. This*
- 24 *date may be extended if the land bank authority provides a*
- 25 *process for an extension of this time period and a project*
- 26 *extension application with all required documentation has been*
- 27 *filed with the appropriate authority, or other procedural*

1 requirements have been met, and approval of the extension is
2 pending or has been granted.

3 **(b) If the property obtained under paragraph (a) of this subsection is subject to:**

4 1. An existing lease at the time of sale, the time required for the
5 purchaser to begin renovation and return the property to a state of
6 occupancy shall not begin until the end of the lease period, with the
7 remaining lease period not to exceed eleven (11) months.

8 2. The six (6) month right of redemption under KRS 426.530, the time
9 required for the purchaser to return the property to a state of
10 occupancy shall not begin until the end of the redemption period.

11 **(2) As used in this section, "state of occupancy" means:**

12 (a) Actual occupancy of the property by the purchaser or by a lessee pursuant
13 to a long-term lease or any short-term rental agreement as may be
14 authorized by local zoning provisions; or

15 **(b) Actively marketing the property for sale or rent. As used in this paragraph,**
16 **"actively marketing the property" means:**

17 1. A "for sale" or "for rent" sign has been prominently placed on the
18 property with accurate contact information;

19 2. If the owner has engaged the services of a licensed real estate agent,
20 the agent has complied with the requirements of KRS 324.117; and

21 3. The owner has continued to make a good faith effort to sell or rent the
22 property at a price that reflects the circumstances and market
23 conditions until rented or sold for immediate occupancy.

24 **(3) Failure to comply with this section:**

25 (a) Shall result in a fine in the amount of one hundred dollars (\$100) per day
26 for each day of violation, payable to the chief financial officer of the local
27 government in which the property is located; and

- 1 (b) May result in an order of sale of the property under KRS 426.205.
- 2 (4) This section shall only apply to residential property located in a county that has a
- 3 land bank authority created pursuant to KRS 65.210 to 65.300 and 65.350 to
- 4 65.375.
- 5 (5) This section shall not apply to vacant lots or residential property that is
- 6 delapidated or deteriorated to the extent it cannot be returned to a state of
- 7 occupancy.