

As Introduced

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H. B. No. 619

Representative Patmon

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A B I L L

To amend sections 1901.185 and 3767.50 of the Revised Code to allow a municipal corporation to bring an action in municipal court, rather than only in the environmental division of a municipal court, to foreclose an existing lien upon a blighted parcel located in the municipal corporation provided that no other foreclosure action affecting the parcel is being actively prosecuted.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 1901.185 and 3767.50 of the Revised Code be amended to read as follows:

Sec. 1901.185. In addition to jurisdiction otherwise granted in this chapter, a municipal court or the environmental division, where established, of the municipal court shall have jurisdiction within its territory in all of the following actions or proceedings and to perform all of the following functions:

(A) To exercise exclusive original jurisdiction to hear actions arising under section 3767.50 of the Revised Code and in those actions to make findings and orders pertaining to blighted parcels;

(B) When in aid of execution of a judgment of the municipal

court or the environmental division of the municipal court 21
rendered pursuant to section 3767.50 of the Revised Code, in 22
actions for the foreclosure of a mortgage on real property given 23
to secure the payment of money, or the enforcement of a specific 24
lien for money or other encumbrance or charge on real property, 25
when the real property is situated within the territory, to 26
foreclose all liens and all vested and contingent rights, render 27
judgments, and make findings and orders, between the parties, in 28
the same manner and to the same extent as in similar cases in the 29
court of common pleas. 30

Sec. 3767.50. (A) For purposes of this section: 31

(1) "Blighted parcel" has the same meaning as in section 1.08 32
of the Revised Code. 33

(2) "Owner" means any of the following: 34

(a) The owner of record as shown on the current tax list of 35
the county auditor; 36

(b) A person who has a freehold or lesser estate in the 37
premises; 38

(c) A mortgagee in possession or vendee in possession who 39
evidences charge, care, or control of the premises, including, but 40
not limited to, a person to whom the sheriff has issued a deed for 41
the premises after a judicial sale regardless of whether the deed 42
has been recorded; 43

(d) A person who has charge, care, or control of the premises 44
as executor, administrator, assignee, receiver, trustee, or legal 45
guardian; 46

(e) A person who holds the person's self out to be in charge, 47
care, or control of the premises as evidenced by the negotiation 48
of written or oral lease agreements for the premises, the 49
collection of rents for the premises, the performance of 50

maintenance or repairs on the premises, or the authorization of 51
others to perform maintenance or repairs on the premises. 52

(B)(1) A municipal corporation, in addition to any other 53
remedy authorized by law, has a cause of action in the municipal 54
court, or in the environmental division, where established, of the 55
municipal court to foreclose any existing liens upon a blighted 56
parcel located in the municipal corporation provided that no other 57
foreclosure action affecting the blighted parcel is being actively 58
prosecuted in any court of record. It is an affirmative defense to 59
an action under this division that the owner of the blighted 60
parcel has not been in default on any mortgage on the property for 61
twelve months or more or that there is a bankruptcy proceeding 62
pending in which the blighted parcel has been listed as an asset. 63
To maintain the action, it is not necessary for the municipal 64
corporation to have a lien of its own upon the property. Rather, 65
it is sufficient for the municipal corporation to allege that, 66
because of the continuing existence of conditions causing the 67
property to be a blighted parcel, the owner has defaulted on the 68
terms of any agreement giving rise to a lien for failure to 69
maintain the property, and then to marshal and plead for 70
foreclosure of any or all outstanding liens upon the blighted 71
parcel. Section 3767.50 of the Revised Code does not create a 72
cause of action regarding any property not subject to a lien. The 73
municipal corporation shall not marshal a lien held by the United 74
States, a lien held by this state other than a lien for real 75
property taxes and assessments, a lien held by a political 76
subdivision other than itself, or a lien vested by a tax 77
certificate held under sections 5721.30 to 5721.43 of the Revised 78
Code. The municipal corporation shall join as a party to the 79
action a lienholder whose lien is being marshaled and shall notify 80
the lienholder party that the municipal corporation is proceeding 81
to foreclose the lien under this section and that the lienholder 82
party may remediate the conditions of the parcel constituting 83

blight. If a lienholder party certifies to the court that the party will remediate the conditions of the parcel constituting blight within sixty days after the party is served with a copy of the complaint of the foreclosure action, the municipal corporation shall move to dismiss the action.

In a judicial sale of a blighted parcel that is ordered as a result of the foreclosure action, the priority of distribution of the proceeds from the sale shall not be altered because the municipal corporation marshaled and foreclosed on one or more liens. Rather, proceeds from the sale shall be distributed according to the priorities otherwise established by law.

(2) The A municipal court, or the environmental division, where established, of the municipal court has exclusive original jurisdiction of an action under this section.

(C)(1) With respect to any blighted parcel that is or may be subject to an action under this section, the municipal corporation may notify the taxing authority of each taxing unit in which the blighted parcel is located that the municipal corporation is proceeding to foreclose the lien under this section. The notice shall state that the taxing authority may preserve its claim on any distributions of delinquent or unpaid taxes and assessments charged against the blighted parcel and arising from the judicial sale proceeds by responding in writing to the municipal corporation within a period of time to be specified in the notice. The written response shall be certified by the taxing authority or by the fiscal officer or other person authorized by the taxing authority to respond. If such a response is received by the municipal corporation within the specified time, or if such a notice is not provided, the taxing authority's claim on distributions of delinquent or unpaid taxes and assessments charged against the blighted parcel and payable from proceeds of the judicial sale shall be preserved and shall be disposed of in

the priority and manner otherwise prescribed by law. If such a 116
notice is provided and the response is not received within the 117
specified time, the taxing authority's claim on the delinquent or 118
unpaid taxes and assessments is extinguished, the lien for such 119
taxes is satisfied and discharged to the extent of that claim, and 120
the blighted parcel may be sold at judicial sale free and clear of 121
such lien to that extent, unless the successful bidder at the 122
judicial sale is a lienholder of the blighted parcel. If the 123
successful bidder is a lienholder of the blighted parcel, the lien 124
for all delinquent or unpaid taxes and assessments charged against 125
the blighted parcel shall continue until discharged as otherwise 126
provided by law. 127

(2) The taxing authority of a taxing unit and a municipal 128
corporation may enter into an agreement whereby the taxing 129
authority consents in advance to release the taxing authority's 130
claim on distributions of delinquent or unpaid taxes and 131
assessments charged against blighted parcels in the taxing unit's 132
territory and waives its right to prior notice and response under 133
division (C)(1) of this section. The agreement shall provide for 134
any terms and conditions on the release of such claim as are 135
mutually agreeable to the taxing authority and municipal 136
corporation, including any option vesting in the taxing authority 137
the right to revoke its release with respect to any blighted 138
parcel before the release becomes effective, and the manner in 139
which notice of such revocation shall be effected. 140

Section 2. That existing sections 1901.185 and 3767.50 of the 141
Revised Code are hereby repealed. 142