

No. 2003-20

AN ACT

SB 442

Amending the act of May 16, 1923 (P.L.207, No.153), entitled "An act providing when, how, upon what property, and to what extent, liens shall be allowed for taxes and for municipal improvements, for the removal of nuisances, and for water rents or rates, sewer rates, and lighting rates; for the procedure upon claims filed therefor; the methods for preserving such liens and enforcing payment of such claims; the effect of judicial sales of the properties liened; the distribution of the proceeds of such sales, and the redemption of the property therefrom; for the lien and collection of certain taxes heretofore assessed, and of claims for municipal improvements made and nuisances removed, within six months before the passage of this act; and for the procedure on tax and municipal claims filed under other and prior acts of Assembly," amending definitions; further providing for municipal claims and liens, for judicial sales, for recovery of judgment and sale free from claims, for assignment of claims and for notice requirements; and making a repeal.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 1 of the act of May 16, 1923 (P.L.207, No.153), referred to as the Municipal Claim and Tax Lien Law, amended April 17, 1945 (P.L.248, No.110), is amended to read:

Section 1. Be it enacted, &c., That the word "taxes," as used in this act, means any county, city, borough, incorporated town, township, school, bridge, road, or poor taxes, *together with and including all penalties, interest, costs, charges, expenses and fees, including reasonable attorney fees, as allowed by this act and all other applicable laws.*

The word "highway," as used in this act, means the whole or any part of any public street, public road, public lane, public alley, or other public highway.

The words "tax claim," as used in this act, mean the claim filed to recover taxes.

The words "municipal claim," as used in this act, unless specifically indicated otherwise, mean and include [both] (1) the claim arising out of, or resulting from, a tax assessed, service supplied, work done, or improvement authorized and undertaken, by a municipality, although the amount thereof be not at the time definitely ascertained by the authority authorized to determine the same, and a lien therefor be not filed, but becomes filable within the period and in the manner herein provided, (2) the claim filed to recover for the grading, guttering, macadamizing, or otherwise improving, the cartways of any public highway; for grading, curbing, recurbing, paving, repaving, constructing, or repairing the footways thereof; for laying water pipes, gas pipes, culverts, sewers, branch sewers, or sewer connections therein; for assessments for benefits in the opening, widening or vacation thereof; or in the changing of water-courses or the construction of sewers

through private lands; or in highways of townships of the first class; or in the acquisition of sewers and drains constructed and owned by individuals or corporations, and of rights in and to use the same; for the removal of nuisances; or for water rates, lighting rates, or sewer rates, and (3) the claim filed to recover for work, material, and services rendered or furnished in the construction, improvement, maintenance, and operation of a project or projects of a body politic or corporate created as a Municipal Authority pursuant to law. ***A municipal claim shall be together with and shall include all penalties, interest, costs, fines, charges, expenses and fees, including reasonable attorney fees, as allowed by this act and all other applicable laws.***

The word "claimant," as used in this act, means the plaintiff or use-plaintiff in whose favor the claim is filed as a lien.

The word "contractor," as used in this act, means the person or persons who, under contract with the legal plaintiff, performed the work for which the lien is given.

The word "property," as used in this act, means the real estate subject to the lien and against which the claim is filed as a lien.

The word "owner," as used in this act, means the person or persons in whose name the property is registered, if registered according to law, and, in all other cases, means any person or persons in open, peaceable and notorious possession of the property, as apparent owner or owners thereof, if any, or the reputed owner or owners thereof in the neighborhood of such property.

The word "municipality," as used in this act, means any county, city, borough, incorporated town, township, school district, [county institution district, and] ***or*** a body politic and corporate created as a Municipal Authority pursuant to law ***and any assignees thereof.***

Section 2. Section 3 of the act, amended December 19, 1990 (P.L.1092, No.199) and February 7, 1996 (P.L.1, No.1), is amended to read:

Section 3. (a) All municipal claims, ***municipal liens, taxes, tax claims and tax liens*** which may hereafter be lawfully imposed or assessed on any property in this Commonwealth, and all such claims heretofore lawfully imposed or assessed within six months before the passage of this act and not yet liened, in the manner and to the extent hereinafter set forth, shall be and they are hereby declared to be a lien on said property, together with all charges, expenses, and fees incurred in the collection of any delinquent account, including reasonable attorney fees under subsection (a.1), added thereto for failure to pay promptly; and [said] ***municipal claims and municipal liens*** shall arise when lawfully imposed and assessed and shall have priority to and be fully paid and satisfied out of the proceeds of any judicial sale of said property, before any other obligation, judgment, claim, lien, or estate with which the said property may become charged, or for which it may become liable, save and except only the costs of the sale and of

the writ upon which it is made, and the taxes, *tax claims and tax liens* imposed or assessed upon said property.

(a.1) It is not the intent of this subsection to require owners to pay, or municipalities to sanction, inappropriate or unreasonable attorney fees, charges or expenses for routine functions. Attorney fees incurred in the collection of any delinquent account, *including municipal claims, municipal liens, taxes, tax claims and tax liens*, shall be in an amount sufficient to compensate attorneys undertaking collection and representation of a municipality *or its assignee* in [actions] *any actions in law or equity* involving claims arising under this act. A municipality by ordinance, or by resolution if the municipality is of a class which does not have the power to enact an ordinance, shall adopt the schedule of attorney fees. Where attorney fees are sought to be collected in connection with the collection of a delinquent account, *including municipal claims, municipal liens, taxes, tax claims and tax liens*, the owner may petition the court of common pleas in the county where the property subject to the municipal claim and lien, *tax claim and lien or taxes* is located to adjudicate the reasonableness of the attorney fees imposed. In the event that there is a challenge to the reasonableness of the attorney fees imposed in accordance with this section, the court shall consider, but not be limited to, the following:

(1) The time and labor required, the novelty and difficulty of the questions involved and the skill requisite to properly undertake collection and representation of a municipality in actions arising under subsection (a).

(2) The customary charges of the members of the bar for similar services.

(3) The amount of the delinquent account collected and the benefit to the municipality from the services.

(4) The contingency or the certainty of the compensation.

(a.2) Any time attorney fees are awarded pursuant to any provision of law, the municipality shall not be entitled to duplicate recovery of attorney fees under this section.

(a.3) (1) At least thirty days prior to assessing or imposing attorney fees in connection with the collection of a delinquent account, *including municipal claims, municipal liens, taxes, tax claims and tax liens*, a municipality shall, by United States certified mail, return receipt requested, postage prepaid, mail to the owner the notice required by this subsection.

(2) If within thirty days of mailing the notice in accordance with clause (1) the certified mail is refused or unclaimed or the return receipt is not received, then at least ten days prior to assessing or imposing attorney fees in connection with the collection of a delinquent account, a municipality shall, by United States first class mail, mail to the owner the notice required by this subsection.

(3) The notice required by this subsection shall be mailed to the owner's last known post office address by virtue of the knowledge and information possessed by the municipality and by the county office responsible for

assessments and revisions of taxes. It shall be the duty of the municipality to determine the owner's last post office address known to said collector and county assessment office.

(4) The notice to the owner shall include the following:

(i) A statement of the municipality's intent to impose or assess attorney fees within thirty days of mailing the notice pursuant to clause (1) or within ten days of the mailing of the notice pursuant to clause (2).

(ii) The manner in which the imposition or assessment of attorney fees may be avoided by payment of the delinquent account.

(b) With the exception of those claims which have been assigned, any municipal claim, *municipal lien, tax, tax claim or tax lien*, including interest, penalty and costs, imposed by a city of the first class, shall be a judgment only against the said property when the lien has been docketed by the prothonotary. The docketing of the lien shall be given the effect of a judgment against the said property only with respect to which the claim is filed as a lien. The prothonotary shall maintain an in rem index, the form and location of which shall be within the prothonotary's discretion. All tax claims, water rents or rates, lighting rates, power rates and sewer rates heretofore filed are hereby ratified, confirmed and made valid subsisting liens as of the date of their original filing.

(c) A writ of execution may issue directly without prosecution to judgment of a writ of scire facias. Any property sold in execution shall be sold in compliance with the provisions of section 31.2.

(d) Attorney fees may be imposed and collected in accordance with this section upon all taxes, tax claims, tax liens, municipal claims, municipal liens, writs of scire facias, judgments or executions filed on or after December 19, 1990.

Section 3. Section 9 of the act, amended December 13, 1982 (P.L.1196, No.274), is amended to read:

Section 9. Claims for taxes, water rents or rates, lighting rates, power rates, and sewer rates, must be filed in the court of common pleas of the county in which the property is situated unless the property is situate in the City of Philadelphia and the taxes or rates do not exceed the maximum amount over which the Municipal Court of Philadelphia has original jurisdiction, in which event the claim must be filed in the Municipal Court of Philadelphia. All such claims shall be filed on or before the last day of the third calendar year after that in which the taxes or rates are first payable, except that in cities and school districts of the first class claims for taxes and other municipal claims, which have heretofore become liens pursuant to the provisions of this act or which have been entered of record as liens or which have been liened and revived, shall continue and remain as liens for the period of twenty years from such revival, entry or lien by operation of law, whichever shall have last occurred; and other municipal claims must be filed in said court of common pleas or the Municipal Court of Philadelphia within six months from the time the work was done in front

of the particular property, where the charge against the property is assessed or made at the time the work is authorized; within six months after the completion of the improvement, where the assessment is made by the municipality upon all the properties after the completion of the improvement; and within six months after confirmation by the court, where confirmation is required; the certificate of the surveyor, engineer, or other officer supervising the improvement, filed in the proper office, being conclusive of the time of completion thereof, but he being personally liable to anyone injured by any false statement therein. Where a borough lies in more than one county, any such claim filed by such borough may be filed in each of such counties. In case the real estate benefited by the improvement is sold before the municipal claim is filed, the date of completion in said certificate shall determine the liability for the payment of the claim as between buyer and seller, unless otherwise agreed upon or as above set forth. A number of years' taxes or rates of different kinds if payable to the same plaintiff may be included in one claim. Interest as determined by the municipality at a rate not to exceed ten per cent per annum shall be collectible on all municipal claims from the date of the completion of the work after it is filed as a lien, and on claims for taxes, water rents or rates, lighting rates, or sewer rates from the date of the filing of the lien therefor: Provided, however, That after the effective date of this amendatory act where municipal claims are filed arising out of a municipal project which required the municipality to issue bonds to finance the project interest shall be collectible on such claims at the rate of interest of the bond issue or at the rate of twelve per cent per annum, whichever is less. Where the provisions of any other act relating to claims for taxes, water rents or rates, lighting rates, power rates, sewer rents or rates or for any other type of municipal claim or lien utilizes the procedures provided in this act and where the provisions of such other act establishes a different rate of interest for such claims or liens, the maximum rate of interest of ten per cent per annum as provided for in this section shall be applicable to the claims and liens provided for under such other acts: Provided, however, That after the effective date of this amendatory act where municipal claims are filed arising out of a municipal project which required the municipality to issue bonds to finance the project interest shall be collectible on such claims at the rate of interest of the bond issue or at the rate of twelve per cent per annum, whichever is less.

Claims for taxes, water rents, or rates, lighting rates, power rates and sewer rates may be in the form of written or typewritten lists showing the names of the taxables and descriptions of the properties against which said claims are filed, together with the amount of the taxes due such municipality. Such lists may be filed on behalf of a single municipality, or they may cover the unpaid taxes due any two or more municipalities whose taxes are collected by the same tax collector, provided the amounts due each municipality are separately shown. All tax claims, water rents, or rates,

lighting rates, power rates and sewer rates, heretofore filed in such form, are hereby ratified, confirmed and made valid subsisting liens as of the date of their original filing.

A number of years' taxes or rates of different kinds, if payable to the same plaintiff, may be included in one claim. Municipal claims shall likewise be filed within said period, where any appeal is taken from the assessment for the recovery of which such municipal claim is filed. In such case the lien filed shall be in the form hereinafter provided, except that it shall set forth the amount of the claim as an undetermined amount, the amount thereof to be determined by the appeal taken from the assessment upon which such municipal claim is based, pending in a certain court (referring to the court and the proceeding where such appeal is pending). Upon the filing of such municipal claim, the claim shall be indexed by the prothonotary upon the judgment index and upon the locality index of the court, and the amount of the claim set forth therein as an undetermined amount.

If final judgment is not obtained upon such appeal within twenty years from the filing of such municipal claim, the claimant in the lien shall, within such period of twenty years, file a suggestion of nonpayment, in the form hereinafter set forth, which shall have the effect of continuing the lien thereof for a further period of twenty years from the date of filing such suggestion, except that with respect to claims for taxes and other municipal claims, in cities and school districts of the first class, if final judgment is not obtained upon such appeal within twenty years from the filing of such municipal claims, the claimant in the lien shall, within such period of twenty years, file a suggestion of nonpayment in the prescribed form which shall have the effect of continuing the lien thereof for a further period of twenty years from the date of filing such suggestion. Such municipal claim shall be revived in a similar manner during each recurring period of twenty years thereafter, until final judgment is entered upon said appeal and the undetermined amount of such municipal claim is fixed in the manner hereinafter provided, except that with respect to claims for taxes and other municipal claims, in cities and school districts of the first class, such municipal claims shall be revived in a similar manner during each recurring period of twenty years thereafter until final judgment is entered upon said appeal and the undetermined amount of such municipal claim is fixed in the manner hereinafter provided.

When the final judgment is obtained upon such appeal, the court in which said municipal claim is pending shall, upon the petition of any interested party, make an order fixing the undetermined amount claimed in such claim at the amount determined by the final judgment upon said appeal, which shall bear interest from the date of the verdict upon which final judgment was entered, and thereafter the amount of said claim shall be the sum thus fixed. Proceedings upon said municipal claim thereafter shall be as in other cases.

Where, on final judgment upon said appeal, it appears that no amount is due upon the assessment for the recovery of which such claim is filed, the court in which such municipal claim is pending shall, upon the petition of any interested party, make an order striking such municipal claim from the record, and charge the costs upon such claim to the plaintiff in the claim filed.

Where such appeal is discontinued, the court in which such municipal claim is pending shall, upon the petition of any interested party, make an order fixing the undetermined amount claimed at the amount of the original assessment, which shall bear interest from the date that such assessment was originally payable, and thereafter the amount of such claim shall be the sum thus fixed.

In counties of the second class and municipalities therein, interest at the applicable per annum rate shall accrue monthly on all taxes, tax claims and municipal claims on the first day of the month for the entire month, or part thereof, in which the taxes, tax claims or municipal claims are paid. Interest shall not be paid on a per diem basis. In counties of the second class, all county taxes after the same become delinquent, as provided by law, shall include a penalty of five per centum for such delinquency.

In counties of the second class, taxes and tax claims, when collected, shall be paid into the county treasury for the use of the county unless the taxes and tax claims are assigned, in which event there is no requirement that the taxes and tax claims collected by the assignee be paid into the county treasury.

In counties of the second class, the county shall not be required to advance or pay any fee to the prothonotary for the filing of paper or electronic filing or performing any services for the second class county relating to the filing, satisfaction, assignment, transfer, revival, amendment, enforcement and collection of taxes, tax claims and tax liens. The prothonotary shall accept filings by or on behalf of the second class county relating to the taxes, tax claims and tax liens and note the cost for such service performed on the docket, and the second class county, its employees, representatives, agents and assigns shall thereafter collect such fee as a cost as part of the taxes, tax claims and tax liens.

Section 4. Section 31 of the act is amended to read:

Section 31. The lien of a tax or a municipal claim shall not be divested by any judicial sale of the property liened, where the amount due is indefinite or undetermined, or where the same is not due and payable; nor shall the lien of a tax or municipal claim be divested by any judicial sale of the property liened, as respects so much thereof as the proceeds of such sale may be insufficient to discharge; nor, except as hereinafter provided, shall a judicial sale of the property liened, under a judgment obtained on a tax or municipal claim, discharge the lien of any other tax or municipal claim than that upon which said sale is had, except to the extent that the proceeds

realized are sufficient for its payment, after paying the costs [and], *charges and fees, including reasonable attorney fees*, expenses of the sale, and of the writ upon which it was made, and any other prior tax or municipal claims to which the fund may first be applicable. On any such sale being made all tax claims shall be paid out of the proceeds thereof: first, the oldest tax having priority; and municipal claims shall be paid next, the oldest in point of lien having priority. Mortgages, ground-rents, and other charges on or estates in the property which were recorded, or created where recording is not required, before any tax other than for the current year accrue, or before the actual doing of the work in front of or upon the particular property for which the municipal claim is filed, shall not be disturbed by such sale unless a prior lien is also discharged thereby.

In case the property be not sold for a sum sufficient to pay all taxes and municipal claims, together with the costs thereon, the plaintiff in any such claim may postpone the sale, without payment of costs, and file his petition setting forth that more than one year has elapsed since the filing of his claim; that he has exposed the property to sheriff's sale thereunder, and was unable to obtain a bid sufficient to pay the upset price in full; and, [if a municipal claimant other than a municipality] *if the plaintiff is not a municipality as defined in this act*, that he will bid sufficient to pay the upset price, and upon the production of searches or a title insurance policy showing the state of the record and the ownership of the property, and of all tax and municipal claims, mortgages, ground-rents, or other charges on or estates in the land, the court shall grant a rule upon all parties thus shown to be interested to appear and show cause why a decree should not be made that said property be sold, freed, and cleared of their respective claims, mortgages, charges, and estates. If, upon a hearing thereafter, the court is satisfied that service has been made of said rule upon the parties respondent, in the manner provided in [this act for the service of writs of scire facias to obtain judgments upon tax and municipal claims] *section 39.2*, and that the facts stated in the petition be true, it shall order and decree that said property be sold at a subsequent sheriff's sale day, to be fixed by the court without further advertisement, clear of all claims, liens, mortgages, charges, and estates, to the highest bidder at such sale; and the proceeds realized therefrom shall be distributed in accordance with the priority of such claims; and the purchaser at such sale shall take, and forever thereafter have, an absolute title to the property sold, free, and discharged of all tax and municipal claims, liens, mortgages, charges, and estates of whatsoever kind, subject only to the right of redemption as provided by law. *In counties of the second class, upon return of the writ upon which the sale was made and upon the expiration of the statutory right of redemption and if no petition to set aside the sale is pending, the prothonotary shall satisfy all tax claims and municipal claims divested by the judicial sale in accordance with the order of court authorizing such sale.*

Any person interested may, at any time before the sale, pay the petitioner the whole of his claim, with interest **[and]**, costs, *charges, expenses, fees and attorney fees*, whereupon the proceedings on petition shall at once determine.

For the purpose of enabling the petitioner in any such proceedings to give the notice required, he may take the testimony of the defendant in the claim, or of any other person whom he may have reason to believe has knowledge of the whereabouts of any of the parties respondent, either by deposition, commission, or letters rogatory.

Any **[county,]** municipality**[, township, or school district]**, being a claimant, shall have the right, and is hereby empowered, to bid and become the purchaser of the property at such sale; and while the said property, so purchased, is held and owned by **[either a county or a municipality, township, or school district]** *any county, city, borough, incorporated town, township, school district or a body politic and corporate created as a municipal authority pursuant to law*, it shall not be subject to tax claims, unless it be redeemed by the former owner or other person having the right to redeem, as provided by law. If, however, a **[county,]** municipality**[, township, or school district]** shall become the purchaser at said sale, the former owner or other person, desiring to redeem, shall pay all taxes and municipal claims accrued and chargeable against the property prior to the sale thereof, together with the costs and interest thereon, and also all taxes and claims, whether filed or not, which would have accrued and become chargeable against the property had the same been purchased at the sale by some party other than the **[county, city, or other municipal division]** *municipality*.

Upon the delivery by the sheriff of a deed for any property sold under a tax or municipal claim, the judgment upon which such sale was had shall thereupon and forever thereafter be final and conclusive as to all matters of defense which could have been raised in the proceeding, including payment, and no error or irregularity in obtaining or entering of such judgment shall effect the validity thereof.

Section 5. Section 31.1 of the act, added May 22, 1945 (P.L.844, No.342), is amended to read:

Section 31.1. In addition to the remedy prescribed in sections twenty-eight and thirty-one of this act, whenever a claimant in any county of the first class has obtained a judgment upon its tax or municipal claim, it may file its petition in the court in which the proceeding is pending, setting forth the facts necessary to show the right to sell, together with searches or a title insurance policy, showing the state of the record and the ownership of the property, and of all tax and municipal claims, mortgages, ground rents, or other charges on, or estates in, the land, as shown by the official records of the county, or the political subdivision in which the real estate is situate, and thereupon the court shall grant a rule upon all parties thus shown to be interested, to appear and show cause why a decree should not be made that

said property be sold, freed and cleared of their respective claims, mortgages, ground rents, charges and estates, and without any right of redemption after such sale. If upon a hearing, thereafter the court is satisfied that service has been made of said rule upon **[the parties respondent in the manner provided in this act for the service of writs of scire facias to obtain judgments upon tax and municipal claims, and that contemporaneously with the service of the rule on the parties respondent notice of the rule has been published by the claimant in at least one newspaper of general circulation in the county, and in a legal periodical published therein, if any,] all interested parties in accordance with section 39.2** and that the facts stated in the petition be true, it shall order and decree that said property be sold at a subsequent sheriff's sale at a time to be fixed thereafter by the claimant, at least one year after the date of the decree, clear of all claims, liens, mortgages, ground rents, charges and estates to the highest bidder at such sale, and the proceeds realized therefrom, shall be distributed in accordance with the priority of such claims, liens, mortgages, ground rents, charges and estates, and the purchaser at such sale shall take and forever thereafter have an absolute title to the property sold, free and discharged of all tax and municipal claims, liens, mortgages, ground rents, charges and estates of whatsoever kind, and not thereafter subject to any right of redemption. Advertisement of such sale shall be made and the deed to the purchaser shall be executed, acknowledged and delivered as in other real estate sales by the sheriff: Provided, however, That any person interested may at any time prior to the proposed sale pay all the costs of the proceedings, including a reasonable fee for the necessary title search or title insurance policy to be fixed by the court, and all tax and municipal claims, penalties and interest thereon, charged against the property; whereupon the proceedings on petition shall at once determine, notice of this proviso shall be included with each service and in each publication of the aforesaid rule.

In addition to the remedy prescribed in section 28, whenever a municipality in any county of the second class has obtained a judgment on a tax or municipal claim, it may file its petition in the court in which the proceeding is pending. The petition shall set forth the facts necessary to show the right to sell; a title search or a title insurance policy showing the state of the record and the ownership of the property; and all tax and municipal claims, mortgages, ground rents or other charges on, or estates in, the land as shown by the official records of the county or the political subdivision in which the real estate is situate. The court shall issue a rule upon all parties named in the petition to appear and show cause why a decree shall not be made to sell the property free and clear of all claims, mortgages, ground rents, charges and estates and without any right of redemption after such sale. If, upon a hearing thereafter, the court is satisfied that proper service has been made of said rule on all interested parties in accordance with section 39.2 and that the facts stated in the

petition are true, it shall order and decree that the property be sold at a subsequent sheriff's sale at a time fixed by the claimant, clear of all claims, liens, mortgages, ground rents, charges and estates, to the highest bidder at such sale, and the proceeds realized therefrom shall be distributed in accordance with the priority of such claims, liens, mortgages, ground rents, charges and estates, and the purchaser shall take and forever thereafter have an absolute title to the property sold, free and discharged of all tax and municipal claims, liens, mortgages, ground rents, charges and estates of whatsoever kind, and not thereafter subject to any right of redemption. Advertisement of such sale shall be made and the deed to the purchaser shall be executed, acknowledged and delivered as in other real estate sales by the sheriff. An interested person may, at any time prior to the proposed sale, pay all the costs, charges, expenses and fees and attorney fees of the proceedings, including the cost for the title search or title insurance policy, and all tax and municipal claims charged against the property, whereupon the sale proceedings shall at once terminate. Notice of this provision shall be included with each service of the aforesaid rule. In counties of the second class, upon return of the writ upon which the sale was made and if no petition to set aside the sale is pending, the prothonotary shall satisfy all tax claims and municipal claims divested by the judicial sale.

For the purpose of enabling the petitioner in any such proceedings to give the notice required, it may take the testimony of the defendant in the claim, or of any other person whom it may have reason to believe has knowledge of the whereabouts of any of the parties respondent, either by deposition, commission or letters rogatory.

Any claimant shall have the right, and is hereby empowered, to bid and become the purchaser of the property at such sale, and if such purchaser shall be a taxing authority within the county. such property, while held and owned by such taxing authority, shall not be subject to tax claims.

Upon the delivery by the sheriff of a deed for any property sold under the provisions of this section, the judgment upon which such sale was had shall thereupon and forever thereafter be final and conclusive, and the validity thereof shall not be questioned for any cause whatsoever.

Section 6. Section 33 of the act is amended to read:

Section 33. *Any tax or municipal claim filed or to be filed, under the provisions of this act, and any judgment recovered thereon, may be assigned or transferred to a third party, either absolutely or as collateral security[, and such assignee shall have all the rights of the original holder thereof.] for an amount to be determined by the municipality or other assignor. The lien of such tax or municipal claim assigned shall continue as a tax or municipal claim in favor of the assignee. An assignee, upon assignment or reassignment of such tax or municipal claim not originating as a use-plaintiff claim of a nonmunicipality, shall have and enjoy the same rights, privileges and remedies as were held by the*

assigning municipality to enforce and collect the assigned tax or municipal claim under the provisions of this act or any other laws applicable to the collection and enforcement of tax or municipal claims. A third party, upon assignment or reassignment of a use-plaintiff municipal claim originating with a nonmunicipality, shall have and enjoy the same rights, privileges and remedies as the original holder thereof to enforce and collect the assigned use-plaintiff municipal claim under the provisions of this act and any other laws applicable to the collection and enforcement of use-plaintiff municipal claims. A defendant, upon the assignment or reassignment of such tax, municipal claim or use-plaintiff municipal claim to a third party, shall have and enjoy the same rights and defenses under the provisions of this act and any other laws applicable to the collection and enforcement of taxes, tax claims, municipal claims and use-plaintiff municipal claims against the assignee that the defendant held against the assignor.

Where the *tax or municipal* claim has been paid in full by one of several defendants therein, whether originally named as such or allowed to intervene and defend, it shall be satisfied of record as to him, and marked to his use as against the other defendants, pro rata, according to their respective interests in the property bound by the claim.

Section 7. Section 39.2(a) of the act, amended February 7, 1996 (P.L.1, No.1), is amended and the section is amended by adding subsections to read:

Section 39.2. (a) In cities of the first class, notice of a rule to show cause why a property should not be sold free and clear of all encumbrances issued by a court pursuant to a petition filed by a claimant under section 31.2 of this act shall be served by the claimant upon owners, mortgagees, holders of ground rents, liens and charges or estates of whatsoever kind as follows:

(1) By posting a true and correct copy of the petition and rule on the most public part of the property;

(2) By mailing by first class mail to the address registered by any interested party pursuant to section 39.1 of this act a true and correct copy of the petition and rule; and

(3) By reviewing a title search, title insurance policy or tax information certificate that identifies interested parties of record who have not registered their addresses pursuant to section 39.1 of this act, the city shall mail by first class mail and either by certified mail, return receipt requested, or by registered mail to such addresses as appear on the respective records relating to the premises a true and correct copy of the petition and rule.

Service of notice pursuant to this section shall be deemed accomplished on the date of mailing. The city shall file an affidavit of service with the court prior to seeking a decree ordering the sale of the premises.

(a.1) In counties of the second class and municipalities therein, notice of a rule to show cause why a property should not be sold free and clear

of all liens and encumbrances issued by a court pursuant to a petition filed by a claimant under sections 28 and 31.1 of this act shall be served by the claimant upon owners, mortgagees, holders of ground rents, liens and charges or estates of whatsoever kind as follows:

(1) By posting a true and correct copy of the petition and rule on the most public part of the property.

(2) By reviewing a title search, title insurance policy or tax information certificate that identifies interested parties of record, the county or municipality shall mail by first class mail and either by certified mail, return receipt requested, or by certificate of mailing to such addresses as appear on the respective records relating to the premises a true and correct copy of the petition and rule. Notice pursuant to this section shall be deemed accomplished on the date of mailing. The county or municipality shall file an affidavit of service with the court prior to seeking a decree ordering the sale of the premises.

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(b.1) No party whose interest did not appear on a title search or title insurance policy, because of the party's failure to record or properly record its interest, shall have standing to complain of improper notice if the county or municipality shall have complied with subsection (a.1). This provision shall not apply if the mortgage or interest was otherwise properly recorded in the Office of the Recorder of Deeds and the document contains a current address sufficient to satisfy the notice requirements of this section. Notwithstanding any other requirement set forth by subsection (a.1), notice thereunder shall constitute the only notice required before a court may enter a decree ordering a tax sale free and clear of liens.

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(d) Except in cities of the first class, in sales pursuant to a petition filed by a claimant under section 31.1, notice of the court's decree ordering a tax sale, together with the time, place and date of the sale, shall be served along with the notice of sheriff's sale and shall be provided to all parties entitled to receive notice pursuant to Pa.R.C.P. No.3129.1 (relating to sale of real property; notice; affidavit).

(e) Except in cities of the first class, in sales pursuant to a petition filed by a claimant under section 28, notice of the court's decree ordering a sale, together with the time, place and date of the sale, shall be served by first class mail upon all parties who receive notice pursuant to Pa.R.C.P. No.3129.1 prior to the initial sale. Notice under this section shall be provided no later than seven days prior to the continued sale.

Section 8. The act is amended by adding a section to read:

Section 39.5. The tax claim bureaus of the several counties may adopt and use the procedures set forth in this act in addition to the procedures set forth in the act of July 7, 1947 (P.L.1368, No.542), known as the "Real Estate Tax Sale Law."

Section 9. Section 2 of the act of May 31, 1933 (P.L.1135, No.280), entitled "An act relating to the collection of delinquent county taxes in counties of the second class; repealing all acts or parts of acts, general, local or special, inconsistent herewith," is repealed.

Section 10. The amendment of sections 1, 3, 9, 31, 31.1, 33 and 39.2 of the act shall be retroactive to January 1, 1996.

Section 11. This act shall take effect immediately.

APPROVED—The 14th day of August, A.D. 2003.

EDWARD G. RENDELL