



House of Representatives

General Assembly

File No. 251

February Session, 2018

Substitute House Bill No. 5399

House of Representatives, April 5, 2018

The Committee on Banking reported through REP. LESSER of the 100th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE ASSIGNMENT OF CERTAIN PROPERTY TAX, WATER AND SEWER LIENS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-195h of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2019*):

3 (a) Any municipality, by resolution of its legislative body, as
4 defined in section 1-1, may assign, for consideration, any and all liens
5 filed by the tax collector to secure unpaid taxes on real property
6 exceeding three thousand dollars or totaling three years of unpaid
7 liens as provided under the provisions of this chapter. The
8 consideration received by the municipality shall be negotiated between
9 the municipality and the assignee.

10 (b) The assignee or assignees of such liens shall have and possess
11 the same powers and rights at law or in equity [as such] that such
12 municipality and municipality's tax collector would have had if the
13 lien had not been assigned with regard to the precedence and priority
14 of such lien, the accrual of interest and the fees and expenses of
15 collection and of preparing and recording the assignment, except that

16 any such assignee (1) shall not be insulated from liability for its
17 conduct by virtue of the provisions of section 42-110c, and (2) shall be
18 obligated to provide a payoff statement, as defined in section 49-8a, in
19 the same manner as a mortgagee in accordance with the requirements
20 of section 49-10a. The assignee shall have the same rights to enforce
21 such liens as any private party holding a lien on real property,
22 including, but not limited to, foreclosure and a suit on the debt.

23 (c) No such assignment executed on or after July 1, 2019, shall be
24 valid or enforceable unless memorialized in a contract executed by the
25 municipality and the assignee that is in writing and provides: (1) The
26 manner in which the assignee will provide to the owner of the real
27 property that is the subject of the assignment one or more addresses
28 and telephone numbers that may be used for correspondence with the
29 assignee about the debt and payment thereof; (2) the earliest and latest
30 dates by which the assignee shall commence any foreclosure or suit on
31 the debt or the manner for determining such dates, except as may be
32 impacted by any payment arrangement, bankruptcy petition or other
33 circumstance, provided in no event shall the assignee commence a
34 foreclosure suit before one year has elapsed since the assignee's
35 purchase of the lien; (3) the structure and rates of attorney's fees that
36 the assignee may claim against the owner or owners of such real
37 property in any foreclosure, suit on the debt or otherwise, and a
38 prohibition from using as foreclosure counsel any attorney or law
39 office that is owned by, employs or contracts with any person having
40 an interest in such assignee; (4) confirmation that the owner of the real
41 property for which the lien has been filed shall be a third-party
42 beneficiary entitled to enforce the covenants and responsibilities of the
43 assignee as contained in the contract; (5) a prohibition on the assignee
44 assigning the lien without the municipality's prior written consent; (6)
45 the detail and frequency of reports provided to the municipality's tax
46 collector regarding the status of the assigned liens; (7) confirmation
47 that the assignee is not ineligible, pursuant to section 31-57b, to be
48 assigned the lien because of occupational safety and health law
49 violations; (8) disclosure of (A) all resolved and pending arbitrations
50 and litigation matters in which the assignee or any of its principals

51 have been involved within the last ten years, except foreclosure actions
52 involving liens purchased from or assigned by governmental entities,
53 (B) all criminal proceedings that the assignee or any of its principals
54 has ever been the subject, (C) any interest in the subject property held
55 by the assignee or any of its principals, officers or agents, and (D) each
56 instance in which the assignee or any of its principals was found to
57 have violated any state or local ethics law, regulation, ordinance, code,
58 policy or standard, or to have committed any other offense arising out
59 of the submission of proposals or bids or the performance of work on
60 public contract; and (9) such additional terms to which the
61 municipality and the assignee mutually agree, consistent with
62 applicable law.

63 (d) The assignee, or any subsequent assignee, shall provide written
64 notice of an assignment, not later than [thirty] sixty days after the date
65 of such assignment, to the owner and any holder of a mortgage on the
66 real property that is the subject of the assignment, provided such
67 owner or holder is of record as of the date of such assignment. Such
68 notice shall include information sufficient to identify (1) the property
69 that is subject to the lien and in which the holder has an interest, (2) the
70 name and addresses of the assignee, and (3) the amount of unpaid
71 taxes, interest and fees being assigned relative to the subject property
72 as of the date of the assignment.

73 (e) Not less than sixty days prior to commencing an action to
74 foreclose a lien under this section, the assignee shall provide a written
75 notice, by first-class mail, to the holders of all first or second security
76 interests on the property subject to the lien that were recorded before
77 the date the assessment the lien sought to be enforced became
78 delinquent. Such notice shall set forth: (1) The amount of unpaid debt
79 owed to the assignee as of the date of the notice; (2) the amount of any
80 attorney's fees and costs incurred by the assignee in the enforcement of
81 the lien as of the date of the notice; (3) a statement of the assignee's
82 intention to foreclose the lien if the amounts set forth pursuant to
83 subdivisions (1) and (2) of this subsection are not paid to the assignee
84 on or before sixty days after the date the notice is provided; (4) the

85 assignee's contact information, including, but not limited to, the
86 assignee's name, mailing address, telephone number and electronic
87 mail address, if any; and (5) instructions concerning the acceptable
88 means of making a payment on the amounts owed to the assignee as
89 set forth pursuant to subdivisions (1) and (2) of this subsection. Any
90 notice required under this subsection shall be effective upon the date
91 such notice is provided.

92 (f) When providing the written notice required under subsection (e)
93 of this section, the assignee may rely on the last recorded security
94 interest of record in identifying the name and mailing address of the
95 holder of such interest, unless the holder of such interest is the plaintiff
96 in an action pending in Superior Court to enforce such interest, in
97 which the case the assignee shall provide the written notice to the
98 attorney appearing on behalf of the plaintiff.

99 (g) Each aspect of a foreclosure, sale or other disposition under this
100 section, including, but not limited to, the costs, attorney fees, method,
101 advertising, time, date, place and terms, shall be commercially
102 reasonable.

103 Sec. 2. Section 7-254 of the general statutes is repealed and the
104 following is substituted in lieu thereof (*Effective July 1, 2019*):

105 (a) Any assessment of benefits or any installment thereof, not paid
106 within thirty days after the due date, shall be delinquent and shall be
107 subject to interest from such due date at the interest rate and in the
108 manner provided by the general statutes for delinquent property taxes.
109 Each addition of interest shall be collectible as a part of such
110 assessment.

111 (b) Whenever any installment of an assessment becomes delinquent,
112 the interest on such delinquent installment shall be as provided in
113 subsection (a) of this section or five dollars, whichever is greater. Any
114 unpaid assessment and any interest due thereon shall constitute a lien
115 upon the real estate against which the assessment was levied from the
116 date of such levy. Each such lien may be continued, recorded and

117 released in the manner provided by the general statutes for continuing,
118 recording and releasing property tax liens. Each such lien shall take
119 precedence over all other liens and encumbrances except taxes and
120 may be enforced in the same manner as property tax liens. The tax
121 collector of the municipality may collect such assessments in
122 accordance with any mandatory provision of the general statutes for
123 the collection of property taxes and the municipality may recover any
124 such assessment in a civil action against any person liable therefor.

125 (c) Any municipality, by resolution of its legislative body, may
126 assign, for consideration, any and all liens filed by the tax collector to
127 secure unpaid sewer assessments either exceeding three thousand or
128 totaling three years of unpaid liens as provided under the provisions
129 of this chapter. The consideration received by the municipality shall be
130 negotiated between the municipality and the assignee.

131 (d) The assignee or assignees of such liens shall have and possess
132 the same powers and rights at law or in equity as such municipality
133 and municipality's tax collector would have had if the lien had not
134 been assigned with regard to the precedence and priority of such lien,
135 the accrual of interest and the fees and expenses of collection, except
136 that any such assignee (1) shall not be insulated from liability by virtue
137 of the provisions of section 42-110c, and (2) shall be obligated to
138 provide a payoff statement, as defined in section 49-8a, in the same
139 manner as a mortgagee in accordance with the requirements of section
140 49-10a. The assignee shall have the same rights to enforce such liens as
141 any private party holding a lien on real property, including, but not
142 limited to, foreclosure and a suit on the debt. [Costs and reasonable
143 attorneys' fees incurred by the assignee as a result of any foreclosure
144 action or other legal proceeding brought pursuant to this section and
145 directly related to the proceeding shall be taxed in any such
146 proceeding against each person having title to any property subject to
147 the proceedings. Such costs and fees may be collected by the assignee
148 at any time after demand for payment has been made by the assignee.]

149 (e) No such assignment executed on or after July 1, 2019, shall be

150 valid or enforceable unless memorialized in a contract executed by the
151 authority and the assignee that is in writing and provides: (1) The
152 manner in which the assignee will provide to the owner of the real
153 property that is the subject of the assignment one or more addresses
154 and telephone numbers that may be used for correspondence with the
155 assignee about the debt and payment thereof; (2) the earliest and latest
156 dates by which the assignee shall commence any foreclosure or suit on
157 the debt or the manner for determining such dates, except as may be
158 impacted by any payment arrangement, bankruptcy petition or other
159 circumstance, provided in no event shall the assignee commence a
160 foreclosure suit before one year has elapsed since the assignee's
161 purchase of the lien; (3) the structure and rates of attorney's fees that
162 the assignee may claim against the owner or owners of such real
163 property in any foreclosure, suit on the debt or otherwise, and a
164 prohibition from using as foreclosure counsel any attorney or law
165 office that is owned by, employs or contracts with any person having
166 an interest in such assignee; (4) confirmation that the owner of the real
167 property for which the lien has been filed shall be a third-party
168 beneficiary entitled to enforce the covenants and responsibilities of the
169 assignee as contained in the contract; (5) a prohibition on the assignee
170 assigning the lien without the municipality's prior written consent; (6)
171 the detail and frequency of reports provided to the municipality's tax
172 collector regarding the status of the assigned liens; (7) confirmation
173 that the assignee is not ineligible, pursuant to section 31-57b, to be
174 assigned the lien because of occupational safety and health law
175 violations; (8) disclosure of (A) all resolved and pending arbitrations
176 and litigation matters in which the assignee or any of its principals
177 have been involved within the last ten years, except foreclosure actions
178 involving liens purchased from or assigned by governmental entities,
179 (B) all criminal proceedings that the assignee or any of its principals
180 has ever been the subject, (C) any interest in the subject property held
181 by the assignee or any of its principals, officers or agents, and (D) each
182 instance in which the assignee or any of its principals was found to
183 have violated any state or local ethics law, regulation, ordinance, code,
184 policy or standard, or to have committed any other offense arising out

185 of the submission of proposals or bids or the performance of work on
186 public contract; and (9) such additional terms to which the
187 municipality and the assignee mutually agree, consistent with
188 applicable law.

189 (f) The assignee, or any subsequent assignee, shall provide written
190 notice of an assignment, not later than sixty days after the date of such
191 assignment, to the owner and any holder of a mortgage on the real
192 property that is the subject of the assignment, provided such owner or
193 holder is of record as of the date of such assignment. Such notice shall
194 include information sufficient to identify (1) the property that is subject
195 to the lien and in which the holder has an interest, (2) the name and
196 addresses of the assignee, and (3) the amount of unpaid taxes, interest
197 and fees being assigned relative to the subject property as of the date
198 of the assignment.

199 (g) Not less than sixty days prior to commencing an action to
200 foreclose a lien under this section, the assignee shall provide a written
201 notice, by first-class mail, to the holders of all first or second security
202 interests on the property subject to the lien that were recorded before
203 the date the assessment of the lien sought to be enforced became
204 delinquent. Such notice shall set forth: (1) The amount of unpaid debt
205 owed to the assignee as of the date of the notice; (2) the amount of any
206 attorney's fees and costs incurred by the assignee in the enforcement of
207 the lien as of the date of the notice; (3) a statement of the assignee's
208 intention to foreclose the lien if the amounts set forth pursuant to
209 subdivisions (1) and (2) of this subsection are not paid to the assignee
210 on or before sixty days after the date on which the notice is provided;
211 (4) the assignee's contact information, including, but not limited to, the
212 assignee's name, mailing address, telephone number and electronic
213 mail address, if any; and (5) instructions concerning the acceptable
214 means of making a payment on the amounts owed to the assignee as
215 set forth pursuant to subdivisions (1) and (2) of this subsection. Any
216 notice required under this subsection shall be effective upon the date
217 such notice is provided.

218 (h) When providing the written notice required under subsection (g)
219 of this section, the assignee may rely on the last recorded security
220 interest of record in identifying the name and mailing address of the
221 holder of such interest, unless the holder of such interest is the plaintiff
222 in an action pending in Superior Court to enforce such interest, in
223 which case the assignee shall provide the written notice to the attorney
224 appearing on behalf of the plaintiff.

225 (i) Each aspect of a foreclosure, sale or other disposition under this
226 section, including, but not limited to, the costs, attorney fees, method,
227 advertising, time, date, place and terms, shall be commercially
228 reasonable.

229 Sec. 3. Section 7-258 of the general statutes is repealed and the
230 following is substituted in lieu thereof (*Effective July 1, 2019*):

231 Any charge for connection with or for the use of a sewerage system,
232 not paid within thirty days of the due date, shall thereupon be
233 delinquent and shall bear interest from the due date at the rate and in
234 the manner provided by the general statutes for delinquent property
235 taxes. Each addition of interest shall be collectible as a part of such
236 connection or use charge. Any such unpaid connection or use charge
237 shall constitute a lien upon the real estate against which such charge
238 was levied from the date it became delinquent. Each such lien may be
239 continued, recorded and released in the manner provided by the
240 general statutes for continuing, recording and releasing property tax
241 liens. Each such lien shall take precedence over all other liens and
242 encumbrances except taxes and may be foreclosed in the same manner
243 as a lien for property taxes. The municipality may by ordinance
244 designate the tax collector or any other person as collector of sewerage
245 system connection and use charges and such collector of sewerage
246 system connection and use charges may collect such charges in
247 accordance with the provisions of the general statutes for the collection
248 of property taxes. The municipality may recover any such charges in a
249 civil action against any person liable therefor. For the purpose of
250 establishing or revising such connection or use charges and for the

251 purpose of collecting such charges any municipality may enter into
252 agreements with any water company or municipal water department
253 furnishing water in such municipality for the purchase from such
254 water company or municipal water department of information or
255 services and such agreement may designate such water company or
256 municipal water department as a billing or collecting agent of the
257 collector of sewerage system connection and use charges in the
258 municipality. Any water company or municipal water department
259 may enter into and fulfill any such agreements and may utilize for the
260 collection of such charges any of the methods utilized by it for the
261 collection of its water charges.

262 (b) Any municipality, by resolution of its legislative body, may
263 assign, for consideration, any and all liens filed by the tax collector or
264 collector of sewerage system connection and use charges to secure
265 unpaid sewerage connection and use charges exceeding three
266 thousand dollars or totaling three years of unpaid liens as provided
267 under the provisions of this chapter. The consideration received by the
268 municipality shall be negotiated between the municipality and the
269 assignee.

270 (c) The assignee or assignees of such liens shall have and possess the
271 same powers and rights at law or in equity as such municipality and
272 municipality's tax collector would have had if the lien had not been
273 assigned with regard to the precedence and priority of such lien, the
274 accrual of interest and the fees and expenses of collection, except that
275 any such assignee (1) shall not be insulated from liability for its
276 conduct by virtue of the provisions of section 42-110c, and (2) shall be
277 obligated to provide a payoff statement, as defined in section 49-8a, in
278 the same manner as a mortgagee in accordance with the requirements
279 of section 49-10a. The assignee shall have the same rights to enforce
280 such liens as any private party holding a lien on real property,
281 including, but not limited to, foreclosure and a suit on the debt. [Costs
282 and reasonable attorneys' fees incurred by the assignee as a result of
283 any foreclosure action or other legal proceeding brought pursuant to
284 this section and directly related to the proceeding shall be taxed in any

285 such proceeding against each person having title to any property
286 subject to the proceedings. Such costs and fees may be collected by the
287 assignee at any time after demand for payment has been made by the
288 assignee.]

289 (d) No such assignment executed on or after July 1, 2019, shall be
290 valid or enforceable unless memorialized in a contract executed by the
291 authority and the assignee that is in writing and provides: (1) The
292 manner in which the assignee will provide to the owner of the real
293 property that is the subject of the assignment one or more addresses
294 and telephone numbers that may be used for correspondence with the
295 assignee about the debt and payment thereof; (2) the earliest and latest
296 dates by which the assignee shall commence any foreclosure or suit on
297 the debt or the manner for determining such dates, except as may be
298 impacted by any payment arrangement, bankruptcy petition or other
299 circumstance, provided in no event shall the assignee commence a
300 foreclosure suit before one year has elapsed since the assignee's
301 purchase of the lien; (3) the structure and rates of attorney's fees that
302 the assignee may claim against the owner or owners of such real
303 property in any foreclosure, suit on the debt or otherwise, and a
304 prohibition from using as foreclosure counsel any attorney or law
305 office that is owned by, employs or contracts with any person having
306 an interest in such assignee; (4) confirmation that the owner of the real
307 property for which the lien has been filed shall be a third-party
308 beneficiary entitled to enforce the covenants and responsibilities of the
309 assignee as contained in the contract; (5) a prohibition on the assignee
310 assigning the lien without the municipality's prior written consent; (6)
311 the detail and frequency of reports provided to the municipality's tax
312 collector regarding the status of the assigned liens; (7) confirmation
313 that the assignee is not ineligible, pursuant to section 31-57b, to be
314 assigned the lien because of occupational safety and health law
315 violations; (8) disclosure of (A) all resolved and pending arbitrations
316 and litigation matters in which the assignee or any of its principals
317 have been involved within the last ten years, except foreclosure actions
318 involving liens purchased from or assigned by governmental entities,
319 (B) all criminal proceedings that the assignee or any of its principals

320 has ever been the subject, (C) any interest in the subject property held
321 by the assignee or any of its principals, officers or agents, and (D) each
322 instance in which the assignee or any of its principals was found to
323 have violated any state or local ethics law, regulation, ordinance, code,
324 policy or standard, or to have committed any other offense arising out
325 of the submission of proposals or bids or the performance of work on
326 public contract; and (9) such additional terms to which the
327 municipality and the assignee mutually agree consistent with
328 applicable law.

329 (e) The assignee, or any subsequent assignee, shall provide written
330 notice of an assignment, not later than sixty days after the date of such
331 assignment, to the owner and any holder of a mortgage on the real
332 property that is the subject of the assignment, provided such owner or
333 holder is of record as of the date of such assignment. Such notice shall
334 include information sufficient to identify (1) the property that is subject
335 to the lien and in which the holder has an interest, (2) the name and
336 addresses of the assignee, and (3) the amount of unpaid taxes, interest
337 and fees being assigned relative to the subject property as of the date
338 of the assignment.

339 (f) Not less than sixty days prior to commencing an action to
340 foreclose a lien under this section, the assignee shall provide a written
341 notice, by first-class mail, to the holders of all first or second security
342 interests on the property subject to the lien that were recorded before
343 the date the assessment of the lien sought to be enforced became
344 delinquent. Such notice shall set forth: (1) The amount of unpaid debt
345 owed to the assignee as of the date of the notice; (2) the amount of any
346 attorney's fees and costs incurred by the assignee in the enforcement of
347 the lien as of the date of the notice; (3) a statement of the assignee's
348 intention to foreclose the lien if the amounts set forth pursuant to
349 subdivisions (1) and (2) of this subsection are not paid to the assignee
350 on or before sixty days after the date the notice is provided; (4) the
351 assignee's contact information, including, but not limited to, the
352 assignee's name, mailing address, telephone number and electronic
353 mail address, if any; and (5) instructions concerning the acceptable

354 means of making a payment on the amounts owed to the assignee as
355 set forth pursuant to subdivisions (1) and (2) of this subsection. Any
356 notice required under this subsection shall be effective upon the date
357 such notice is provided.

358 (g) When providing the written notice required under subsection (f)
359 of this section, the assignee may rely on the last recorded security
360 interest of record in identifying the name and mailing address of the
361 holder of such interest, unless the holder of such interest is the plaintiff
362 in an action pending in Superior Court to enforce such interest, in
363 which case the assignee shall provide the written notice to the attorney
364 appearing on behalf of the plaintiff.

365 (h) Each aspect of a foreclosure, sale or other disposition under this
366 section, including, but not limited to, the costs, attorney fees, method,
367 advertising, time, date, place and terms, shall be commercially
368 reasonable.

369 Sec. 4. Section 7-239 of the general statutes is repealed and the
370 following is substituted in lieu thereof (*Effective July 1, 2019*):

371 (a) The legislative body shall establish just and equitable rates or
372 charges for the use of the waterworks system authorized in this
373 subsection, to be paid by the owner of each lot or building which is
374 connected with and uses such system, and may change such rates or
375 charges from time to time. Such rates or charges shall be sufficient in
376 each year for the payment of the expense of operation, repair,
377 replacements and maintenance of such system and for the payment of
378 the sums in this subsection required to be paid into the sinking fund.
379 In establishing such rates or charges, the legislative body shall consider
380 measures that promote water conservation and reduce the demand on
381 the state's water and energy resources. Such rates or charges may
382 include: (1) Demand projections that recognize the effects of
383 conservation, (2) implementation of metering and measures to provide
384 timely price signals to consumers, (3) multiyear rate plans, (4)
385 measures to reduce system water losses, and (5) alternative rate
386 designs that promote conservation. No such rate or charge shall be

387 established until after a public hearing at which all the users of the
388 waterworks system and the owners of property served or to be served
389 and others interested shall have an opportunity to be heard concerning
390 such proposed rate or charge. Notice of such hearing shall be given, at
391 least ten days before the date set therefor, in a newspaper having a
392 circulation in such municipality. Such notice shall set forth a schedule
393 of rates or charges, and a copy of the schedule of rates or charges
394 established shall be kept on file in the office of the legislative body and
395 in the office of the clerk of the municipality, and shall be open to
396 inspection by the public. The rates or charges so established for any
397 class of users or property served shall be extended to cover any
398 additional premises thereafter served which are within the same class,
399 without the necessity of a hearing thereon. Any change in such rates or
400 charges may be made in the same manner in which they were
401 established, provided, if any change is made substantially pro rata as
402 to all classes of service, no hearing shall be required. The provisions of
403 this section shall not apply to the sale of bottled water.

404 (b) If any rates or charges established pursuant to this section are
405 not paid within thirty days after the due date, demand for such rates
406 or charges may be made on the owner of the premises served in the
407 manner provided in subsection (a) of section 12-155, and thereafter an
408 alias tax warrant may be issued in the manner provided in sections 12-
409 135 and 12-162. The rates or charges established pursuant to this
410 section, if not paid when due, shall constitute a lien upon the premises
411 served and a charge against the owner thereof, which lien and charge
412 shall bear interest at the same rate as would unpaid taxes. Such a lien
413 not released of record prior to October 1, 1993, shall not continue for
414 more than two years unless the superintendent of the waterworks
415 system has filed a certificate of continuation of the lien in the manner
416 provided under section 12-174 for the continuance of tax liens, and
417 when so continued shall be valid for fifteen years. A lien described in
418 this section shall take precedence over all other liens or encumbrances
419 except taxes and may be foreclosed against the lot or building served
420 in the same manner as a lien for taxes.

421 (c) Any municipality, by resolution of its legislative body, may
422 assign, for consideration, any and all liens filed by the superintendent
423 of the waterworks system or tax collector to secure unpaid water
424 charges exceeding three thousand dollars or totaling three years of
425 unpaid liens as provided under the provisions of this chapter. The
426 consideration received by the municipality shall be negotiated between
427 the municipality and the assignee.

428 (d) The assignee or assignees of such liens shall have and possess
429 the same powers and rights at law or in equity as such municipality
430 and municipality's tax collector would have had if the lien had not
431 been assigned with regard to the precedence and priority of such lien,
432 the accrual of interest and the fees and expenses of collection, except
433 that any such assignee (1) shall not be insulated from liability for its
434 conduct by virtue of the provisions of section 42-110c, and (2) any such
435 assignee shall be obligated to provide a payoff statement, as defined in
436 section 49-8a, in the same manner as a mortgagee in accordance with
437 the requirements of section 49-10a. The assignee shall have the same
438 rights to enforce such liens as any private party holding a lien on real
439 property, including, but not limited to, foreclosure and a suit on the
440 debt.

441 (e) No such assignment executed on or after July 1, 2019, shall be
442 valid or enforceable unless memorialized in a contract executed by the
443 authority and the assignee that is in writing and provides: (1) The
444 manner in which the assignee will provide to the owner of the real
445 property that is the subject of the assignment one or more addresses
446 and telephone numbers that may be used for correspondence with the
447 assignee about the debt and payment thereof; (2) the earliest and latest
448 dates by which the assignee shall commence any foreclosure or suit on
449 the debt or the manner for determining such dates, except as may be
450 impacted by any payment arrangement, bankruptcy petition or other
451 circumstance, provided in no event shall the assignee commence a
452 foreclosure suit before one year has elapsed since the assignee's
453 purchase of the lien; (3) the structure and rates of attorney's fees that
454 the assignee may claim against the owner or owners of such real

455 property in any foreclosure, suit on the debt or otherwise, and a
456 prohibition from using as foreclosure counsel any attorney or law
457 office that is owned by, employs or contracts with any person having
458 an interest in such assignee; (4) confirmation that the owner of the real
459 property for which the lien has been filed shall be a third-party
460 beneficiary entitled to enforce the covenants and responsibilities of the
461 assignee as contained in the contract; (5) a prohibition on the assignee
462 assigning the lien without the municipality's prior written consent; (6)
463 the detail and frequency of reports provided to the municipality's tax
464 collector regarding the status of the assigned liens; (7) confirmation
465 that the assignee is not ineligible, pursuant to section 31-57b, to be
466 assigned the lien because of occupational safety and health law
467 violations; (8) disclosure of (A) all resolved and pending arbitrations
468 and litigation matters in which the assignee or any of its principals
469 have been involved within the last ten years, except foreclosure actions
470 involving liens purchased from or assigned by governmental entities,
471 (B) all criminal proceedings that the assignee or any of its principals
472 has ever been the subject, (C) any interest in the subject property held
473 by the assignee or any of its principals, officers or agents, and (D) each
474 instance in which the assignee or any of its principals was found to
475 have violated any state or local ethics law, regulation, ordinance, code,
476 policy or standard, or to have committed any other offense arising out
477 of the submission of proposals or bids or the performance of work on
478 public contract; and (9) such additional terms to which the
479 municipality and the assignee mutually agree consistent with
480 applicable law.

481 (f) The assignee, or any subsequent assignee, shall provide written
482 notice of an assignment, not later than sixty days after the date of such
483 assignment, to the owner and any holder of a mortgage on the real
484 property that is the subject of the assignment, provided such owner or
485 holder is of record as of the date of such assignment. Such notice shall
486 include information sufficient to identify (1) the property that is subject
487 to the lien and in which the holder has an interest, (2) the name and
488 addresses of the assignee, and (3) the amount of unpaid taxes, interest
489 and fees being assigned relative to the subject property as of the date

490 of the assignment.

491 (g) Not less than sixty days prior to commencing an action to
492 foreclose a lien under this section, the assignee shall provide a written
493 notice, by first-class mail, to the holders of all first or second security
494 interests on the property subject to the lien that were recorded before
495 the date the assessment of the lien sought to be enforced became
496 delinquent. Such notice shall set forth: (1) The amount of unpaid debt
497 owed to the assignee as of the date of the notice; (2) the amount of any
498 attorney's fees and costs incurred by the assignee in the enforcement of
499 the lien as of the date of the notice; (3) a statement of the assignee's
500 intention to foreclose the lien if the amounts set forth pursuant to
501 subdivisions (1) and (2) of this subsection are not paid to the assignee
502 on or before sixty days after the date the notice is provided; (4) the
503 assignee's contact information, including, but not limited to, the
504 assignee's name, mailing address, telephone number and electronic
505 mail address, if any; and (5) instructions concerning the acceptable
506 means of making a payment on the amounts owed to the assignee as
507 set forth pursuant to subdivisions (1) and (2) of this subsection. Any
508 notice required under this subsection shall be effective upon the date
509 such notice is provided.

510 (h) When providing the written notice required under subsection (g)
511 of this section, the assignee may rely on the last recorded security
512 interest of record in identifying the name and mailing address of the
513 holder of such interest, unless the holder of such interest is the plaintiff
514 in an action pending in Superior Court to enforce such interest, in
515 which case the assignee shall provide the written notice to the attorney
516 appearing on behalf of the plaintiff.

517 (i) Each aspect of a foreclosure, sale or other disposition under this
518 section, including, but not limited to, the costs, attorney fees, method,
519 advertising, time, date, place and terms, shall be commercially
520 reasonable. Costs and reasonable attorneys' fees incurred by the
521 assignee as a result of any foreclosure action or other legal proceeding
522 brought pursuant to this section and directly related to the proceeding

523 shall be taxed in any such proceeding against each person having title
524 to any property subject to the proceedings. Such costs and fees may be
525 collected by the assignee at any time after demand for payment has
526 been made by the assignee.

527 [(d)] (j) The amount of any such rate or charge which remains due
528 and unpaid for thirty days may, with reasonable attorneys' fees, be
529 recovered by the legislative body in a civil action in the name of the
530 municipality against such owners. The municipality shall be subject to
531 the same rates or charges under the same conditions as other users of
532 such waterworks system.

533 Sec. 5. Section 49-92p of the general statutes is repealed and the
534 following is substituted in lieu thereof (*Effective July 1, 2019*):

535 (a) Any regional water authority established under an act of the
536 General Assembly, may assign, for consideration, any and all liens
537 filed by such regional water authority to secure unpaid water
538 assessments or connection or use charges of the authority either
539 exceeding three thousand dollars or totaling three years of unpaid
540 liens.

541 (b) The consideration received by the authority shall be negotiated
542 between the authority and the assignee. The assignee or assignees of
543 such liens shall have and possess the same powers and rights at law or
544 in equity as such authority would have had if the lien had not been
545 assigned with regard to the precedence and priority of such lien, the
546 accrual of interest and the fees and expenses of collection, except that
547 such assignee (1) shall not be insulated from liability for its conduct by
548 virtue of the provisions of section 42-110c, and (2) shall be obligated to
549 provide a payoff statement, as defined in section 49-8a, in the same
550 manner as a mortgagee in accordance with the requirements of section
551 49-10a. The assignee shall have the same rights to enforce such liens as
552 any private party holding a lien on real property, including, but not
553 limited to, foreclosure and a suit on the debt.

554 (c) No such assignment executed on or after July 1, 2019, shall be

555 valid or enforceable unless memorialized in a contract executed by the
556 authority and the assignee that is in writing and provides: (1) The
557 manner in which the assignee will provide to the owner of the real
558 property that is the subject of the assignment one or more addresses
559 and telephone numbers that may be used for correspondence with the
560 assignee about the debt and payment thereof; (2) the earliest and latest
561 dates by which the assignee shall commence any foreclosure or suit on
562 the debt or the manner for determining such dates, except as may be
563 impacted by any payment arrangement, bankruptcy petition or other
564 circumstance, provided in no event shall the assignee commence a
565 foreclosure suit before one year has elapsed since the assignee's
566 purchase of the lien; (3) the structure and rates of attorney's fees that
567 the assignee may claim against the owner or owners of such real
568 property in any foreclosure, suit on the debt or otherwise, and a
569 prohibition from using as foreclosure counsel any attorney or law
570 office that is owned by, employs or contracts having any person with
571 an interest in such assignee; (4) confirmation that the owner of the real
572 property for which the lien has been filed shall be a third-party
573 beneficiary entitled to enforce the covenants and responsibilities of the
574 assignee as contained in the contract; (5) a prohibition on the assignee
575 assigning the lien without the municipality's prior written consent; (6)
576 the detail and frequency of reports provided to the municipality's tax
577 collector regarding the status of the assigned liens; (7) confirmation
578 that the assignee is not ineligible, pursuant to section 31-57b, to be
579 assigned the lien because of occupational safety and health law
580 violations; (8) disclosure of (A) all resolved and pending arbitrations
581 and litigation matters in which the assignee or any of its principals
582 have been involved within the last ten years, except foreclosure actions
583 involving liens purchased from or assigned by governmental entities,
584 (B) all criminal proceedings that the assignee or any of its principals
585 has ever been the subject, (C) any interest in the subject property held
586 by the assignee or any of its principals, officers or agents, and (D) each
587 instance in which the assignee or any of its principals was found to
588 have violated any state or local ethics law, regulation, ordinance, code,
589 policy or standard, or to have committed any other offense arising out

590 of the submission of proposals or bids or the performance of work on
591 public contract; and (9) such additional terms to which the
592 municipality and the assignee mutually agree consistent with
593 applicable law.

594 (d) The assignee, or any subsequent assignee, shall provide written
595 notice of an assignment, not later than sixty days after the date of such
596 assignment, to the owner and any holder of a mortgage on the real
597 property that is the subject of the assignment, provided such owner or
598 holder is of record as of the date of such assignment. Such notice shall
599 include information sufficient to identify (1) the property that is subject
600 to the lien and in which the holder has an interest, (2) the name and
601 addresses of the assignee, and (3) the amount of unpaid taxes, interest
602 and fees being assigned relative to the subject property as of the date
603 of the assignment.

604 (e) Not less than sixty days prior to commencing an action to
605 foreclose a lien under this section, the assignee shall provide a written
606 notice, by first-class mail to the holders of all first or second security
607 interests on the property subject to the lien that were recorded before
608 the date the assessment of the lien sought to be enforced became
609 delinquent. Such notice shall set forth: (1) The amount of unpaid debt
610 owed to the assignee as of the date of the notice; (2) the amount of any
611 attorney's fees and costs incurred by the assignee in the enforcement of
612 the lien as of the date of the notice; (3) a statement of the assignee's
613 intention to foreclose the lien if the amounts set forth pursuant to
614 subdivisions (1) and (2) of this subsection are not paid to the assignee
615 on or before sixty days after the date the notice is provided; (4) the
616 assignee's contact information, including, but not limited to, the
617 assignee's name, mailing address, telephone number and electronic
618 mail address, if any; and (5) instructions concerning the acceptable
619 means of making a payment on the amounts owed to the assignee as
620 set forth pursuant to subdivisions (1) and (2) of this subsection. Any
621 notice required under this subsection shall be effective upon the date
622 such notice is provided.

623 (f) When providing the written notice required under subsection (e)
624 of this section, the assignee may rely on the last recorded security
625 interest of record in identifying the name and mailing address of the
626 holder of such interest, unless the holder of such interest is the plaintiff
627 in an action pending in Superior Court to enforce such interest, in
628 which case the assignee shall provide the written notice to the attorney
629 appearing on behalf of the plaintiff.

630 (g) Each aspect of a foreclosure, sale or other disposition under this
631 section, including, but not limited to, the costs, attorney fees, method,
632 advertising, time, date, place and terms, shall be commercially
633 reasonable. Costs and reasonable attorneys' fees incurred by the
634 assignee as a result of any foreclosure action or other legal proceeding
635 brought pursuant to this section and directly related to the proceeding
636 shall be taxed in any such proceeding against each person having title
637 to any property subject to the proceedings. Such costs and fees may be
638 collected by the assignee at any time after demand for payment has
639 been made by the assignee.

640 Sec. 6. Section 49-92o of the general statutes is repealed and the
641 following is substituted in lieu thereof (*Effective July 1, 2019*):

642 (a) Any regional sewer authority established under an act of the
643 General Assembly, may assign, for consideration, any and all liens
644 filed by such regional sewer authority to secure unpaid sewer
645 assessments or connection or use charges of the authority either
646 exceeding three thousand dollars or totaling three years of unpaid
647 liens. The consideration received by the authority shall be negotiated
648 between the authority and the assignee.

649 (b) The assignee or assignees of such liens shall have and possess
650 the same powers and rights at law or in equity as such authority
651 would have had if the lien had not been assigned with regard to the
652 precedence and priority of such lien, the accrual of interest and the fees
653 and expenses of collection, except that any such assignee (1) shall not
654 be insulated from liability by section 42-110c, and (2) shall be obligated
655 to provide a payoff statement, as defined in section 49-8a, in the same

656 manner as a mortgagee in accordance with the requirements of section
657 49-10a. The assignee shall have the same rights to enforce such liens as
658 any private party holding a lien on real property, including, but not
659 limited to, foreclosure and a suit on the debt.

660 (c) No such assignment executed on or after July 1, 2019, shall be
661 valid or enforceable unless memorialized in a contract executed by the
662 authority and the assignee that is in writing and provides: (1) The
663 manner in which the assignee will provide to the owner of the real
664 property that is the subject of the assignment one or more addresses
665 and telephone numbers that may be used for correspondence with the
666 assignee about the debt and payment thereof; (2) the earliest and latest
667 dates by which the assignee shall commence any foreclosure or suit on
668 the debt or the manner for determining such dates, except as may be
669 impacted by any payment arrangement, bankruptcy petition or other
670 circumstance, provided in no event shall the assignee commence a
671 foreclosure suit before one year has elapsed since the assignee's
672 purchase of the lien; (3) the structure and rates of attorney's fees that
673 the assignee may claim against the owner or owners of such real
674 property in any foreclosure, suit on the debt or otherwise, and a
675 prohibition from using as foreclosure counsel any attorney or law
676 office that is owned by, employs or contracts with any person having
677 an interest in such assignee; (4) confirmation that the owner of the real
678 property for which the lien has been filed shall be a third-party
679 beneficiary entitled to enforce the covenants and responsibilities of the
680 assignee as contained in the contract; (5) a prohibition on the assignee
681 assigning the lien without the municipality's prior written consent; (6)
682 the detail and frequency of reports provided to the municipality's tax
683 collector regarding the status of the assigned liens; (7) confirmation
684 that the assignee is not ineligible, pursuant to section 31-57b, to be
685 assigned the lien because of occupational safety and health law
686 violations; (8) disclosure of (A) all resolved and pending arbitrations
687 and litigation matters in which the assignee or any of its principals
688 have been involved within the last ten years, except foreclosure actions
689 involving liens purchased from or assigned by governmental entities,
690 (B) all criminal proceedings that the assignee or any of its principals

691 has ever been the subject, (C) any interest in the subject property held
692 by the assignee or any of its principals, officers or agents, and (D) each
693 instance in which the assignee or any of its principals was found to
694 have violated any state or local ethics law, regulation, ordinance, code,
695 policy or standard, or to have committed any other offense arising out
696 of the submission of proposals or bids or the performance of work on
697 public contract; and (9) such additional terms to which the
698 municipality and the assignee mutually agree consistent with
699 applicable law.

700 (d) The assignee, or any subsequent assignee, shall provide written
701 notice of an assignment, not later than sixty days after the date of such
702 assignment, to the owner and any holder of a mortgage on the real
703 property that is the subject of the assignment, provided such owner or
704 holder is of record as of the date of such assignment. Such notice shall
705 include information sufficient to identify (1) the property that is subject
706 to the lien and in which the holder has an interest, (2) the name and
707 addresses of the assignee, and (3) the amount of unpaid taxes, interest
708 and fees being assigned relative to the subject property as of the date
709 of the assignment.

710 (e) Not less than sixty days prior to commencing an action to
711 foreclose a lien assigned under this section, the assignee shall provide
712 a written notice, by first-class mail to the holders of all first or second
713 security interests on the property subject to the lien that were recorded
714 before the date the assessment of such lien became delinquent. Such
715 notice shall set forth: (1) The amount of unpaid debt owed to the
716 assignee as of the date of the notice; (2) the amount of any attorney's
717 fees and costs incurred by the assignee in the enforcement of the lien as
718 of the date of the notice; (3) a statement of the assignee's intention to
719 foreclose the lien if the amounts set forth pursuant to subdivisions (1)
720 and (2) of this subsection are not paid to the assignee on or before sixty
721 days after the date the notice is provided; (4) the assignee's contact
722 information, including, but not limited to, the assignee's name, mailing
723 address, telephone number and electronic mail address, if any; and (5)
724 instructions concerning the acceptable means of making a payment on

725 the amounts owed to the assignee as set forth pursuant to subdivisions
 726 (1) and (2) of this subsection. Any notice required under this
 727 subsection shall be effective upon the date such notice is provided.

728 (f) When providing the written notice required under subsection (e)
 729 of this section, the assignee may rely on the last recorded security
 730 interest of record in identifying the name and mailing address of the
 731 holder of such interest, unless the holder of such interest is the plaintiff
 732 in an action pending in Superior Court to enforce such interest, in
 733 which case the assignee shall provide the written notice to the attorney
 734 appearing on behalf of the plaintiff.

735 (g) Each aspect of a foreclosure, sale or other disposition under this
 736 section, including, but not limited to, the costs, attorney fees, method,
 737 advertising, time, date, place and terms, shall be commercially
 738 reasonable. Costs and reasonable attorneys' fees incurred by the
 739 assignee as a result of any foreclosure action or other legal proceeding
 740 brought pursuant to this section and directly related to the proceeding
 741 shall be taxed in any such proceeding against each person having title
 742 to any property subject to the proceedings. Such costs and fees may be
 743 collected by the assignee at any time after demand for payment has
 744 been made by the assignee.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2019	12-195h
Sec. 2	July 1, 2019	7-254
Sec. 3	July 1, 2019	7-258
Sec. 4	July 1, 2019	7-239
Sec. 5	July 1, 2019	49-92p
Sec. 6	July 1, 2019	49-92o

Statement of Legislative Commissioners:

In Section 1(e), "of such lien" was changed to "the lien sought to be enforced" for clarity and consistency.

BA Joint Favorable Subst. -LCO

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 19 \$	FY 20 \$
All Municipalities	Revenue Loss	Potential	Potential

Explanation

The bill results in a potential revenue loss to municipalities, to the extent that the limit the bill places on the use of liens makes it more difficult for municipalities to collect overdue taxes. The revenue loss will vary based on the number of liens affected by the bill, and their total value.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5399****AN ACT CONCERNING THE ASSIGNMENT OF CERTAIN PROPERTY TAX, WATER AND SEWER LIENS.****SUMMARY**

This bill imposes a floor on the amount of property tax, water, and sewer liens that can be assigned (e.g., sold) and imposes new restrictions on the entities that obtain them (i.e., assignees).

It prohibits municipalities, water pollution control authorities, and regional water and sewer authorities from assigning liens (1) valued at \$3,000 or less or (2) totaling less than three years of unpaid liens. This prohibition applies to liens filed to secure unpaid property taxes, sewer assessments, sewage connection and use charges, and water charges.

The bill makes any assignment executed on or after July 1, 2019 unenforceable unless memorialized in a written contract between the assignee and municipality or authority. The contract must include the disclosure and other provisions the bill specifies.

Under the bill:

1. the assignee must provide (a) a written payoff statement upon request and (b) written notices before beginning a foreclosure;
2. all aspects of a foreclosure sale or other disposition must be “commercially reasonable,” which is undefined; and
3. the assignee is liable for any act deemed an unfair or deceptive trade practice under the Connecticut Unfair Trade Practices Act (see BACKGROUND).

EFFECTIVE DATE: July 1, 2019

REQUIRED CONTRACT PROVISIONS***General Provisions***

For assignments executed on or after July 1, 2019, the bill specifies the provisions that must be included in the contract between the assignee and municipality or authority. The provisions must:

1. specify how the assignee will provide its contact information to the property owner, including an address and telephone number;
2. indicate the earliest and latest dates by which the assignee must begin any foreclosure or suit on the debt or the manner for determining such dates, except as may be impacted by a payment arrangement, bankruptcy petition, or other circumstance, but the assignee may not begin a foreclosure suit within one year after the lien was purchased;
3. specify the attorney's fee structure and rates that the assignee may claim against the property owner or owners, along with a ban on using an attorney or law office that is owned by, employs, or contracts with anyone having an interest in the assignee;
4. confirm that the property owner for which the lien has been filed is a third-party beneficiary entitled to enforce the contract's covenants and responsibilities;
5. prohibit the assignee from assigning the lien without the municipality's prior written consent;
6. specify the detail and frequency of reports provided to the municipality's tax collector on the status of the assigned liens;
7. confirm that the assignee is not ineligible to be assigned the liens because of occupational safety and health law violations;
8. incorporate the bill's disclosure requirements (see below); and

9. include any additional terms to which the parties agree, consistent with applicable law.

Disclosures

The contract must disclose:

1. all resolved and pending arbitration and litigation matters in which the assignee or any of its principals have been involved within the last 10 years, except foreclosure actions involving liens purchased from or assigned by governmental entities;
2. all criminal proceedings that the assignee or any of its principals has ever been the subject of;
3. any interest in the subject property held by the assignee or any of its principals, officers, or agents; and
4. each instance in which the assignee or any of its principals was found to have violated any state or local ethics law, regulation, ordinance, code, policy, or standard, or to have committed any other offense arising out of the submission of proposals or bids or the performance of work on a public contract.

FORECLOSURE REQUIREMENTS

By law, the assignees have the same powers and rights to enforce an assigned lien as the municipality, the municipality's tax collector, or the authority had, which include the right to enforce the lien through foreclosure.

The bill requires assignees to provide specified statements and notices to the property owner when foreclosing on a lien.

Payoff Statement

The assignee must provide a payoff statement in the same manner that a mortgagee must provide one to a mortgagor in a mortgage foreclosure situation.

By law, a mortgagee, upon the written request of the mortgagor, the mortgagor's attorney, or other authorized agent, must provide a written payoff statement or reinstatement payment statement to the person requesting such a statement. The mortgagee must do so by the date specified in the request, provided the request date is at least seven business days after the date of receipt of the written request (CGS § 49-10a).

Written Notice to Holders of First or Second Security Interests

Under the bill, at least 60 days before beginning a foreclosure action, the assignee must send written notice, by first class mail, to the holders of all first or second security interests on the property that were recorded before the date on which the taxes became delinquent.

The notice is effective on the date it is sent and must include:

1. the amount of unpaid debt owed to the assignee as of the notice's date;
2. the amount of any attorney's fees and costs incurred by the assignee in enforcing the lien as of the notice's date;
3. a statement of the assignee's intention to foreclose the lien if these amounts are not paid to the assignee within 60 days after the date on which notice is provided;
4. the assignee's contact information (i.e., name, address, telephone number, and email address, if any); and
5. instructions on acceptable means of making a payment.

To send this notice, the assignee may use the name and mailing address last recorded for the holder of such interest. If the holder of such interest is a plaintiff in a pending related court case to enforce the interest, the assignee must instead provide the written notice to the plaintiff's attorney.

Written Notice to Mortgage Owners and Holders

The bill increases the amount of time within which an assignee must notify the owner about a lien assignment.

Under current law, the assignee must provide written notice within 30 days after the assignment, to any holder of the mortgage that is the subject of a property tax lien assignment, provided the holder is of record as of the date of the assignment. The bill increases the notification period to within 60 days after the assignment and requires that the notice also goes to the owner of the mortgage.

It also extends this notice requirement to the assignment of liens filed to secure unpaid sewer assessments, sewage connection and use charges, or water charges.

The notice must include information to identify the:

1. property that is subject to the lien,
2. name and addresses of the assignee, and
3. amount of unpaid taxes, interest, and fees being assigned as of the date of the assignment. (Presumably the amount of unpaid sewer assessments, sewage connection and use charges, or water charges must be included in the notice, as applicable.)

BACKGROUND

Connecticut Unfair Trade Practices Act

The law prohibits businesses from engaging in unfair and deceptive acts or practices. CUTPA allows the consumer protection commissioner to issue regulations defining what constitutes an unfair trade practice, investigate complaints, issue cease and desist orders, order restitution in cases involving less than \$10,000, enter into consent agreements, ask the attorney general to seek injunctive relief, and accept voluntary statements of compliance. It also allows individuals to sue. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorney's fees; and impose civil penalties of up to \$5,000 for willful violations and \$25,000 for violation

of a restraining order.

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 12 Nay 7 (03/20/2018)