AN ACT TO PERMIT MUNICIPALITIES TO GRANT LIEN AMNESTY TO NONPROFITS AND OTHERS INTERESTED IN DEVELOPING BLIGHTED REAL ESTATE; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. (1) The governing authority of any municipality may forgive liens imposed on real property for the costs, fines, penalties and other assessments associated with the municipality's cleaning of real property pursuant to Section 21-19-11, Mississippi Code of 1972, subject to the following:

(a) The real property must be in a blighted condition if it has been vacant and in a deteriorated condition which necessitated the municipality's imposition of a lien in order to correct specific code violations.

(b) The liens imposed by the municipality must have been in existence and declared uncollectible for a period of at least five (5) years.

(c) The real property must be purchased by a nonprofit entity or for profit developer and converted from its blighted condition. For purposes of this act, "nonprofit" entity means an association, organization, or corporation which is a nonprofit organization in accordance with Section 501(c)(3) of the Internal Revenue Code and provides proof of its tax exempt status. "For profit developer" means an individual partnership or corporation other than the real property's owner who purchases property considered to be in blighted condition and converts it to productive use.
(d) The nonprofit entity or for profit developer must have obtained the blighted estate for a sum not exceeding seventy percent (70%) of the real estate's appraised value.

(2) The for profit developer or nonprofit entity must file an application with the municipality seeking lien amnesty. The application must include the following:

(i) the contract of sale;
(ii) appraisal reports from two reputable real estate appraisers and
(iii) plans for the real estate's development and anticipated use.

(3) The for profit developer or nonprofit entity may be granted conditional lien amnesty and allowed eighteen (18) months to develop the blighted real property. For good cause shown, the municipality may allow the developer or nonprofit an additional six (6) to twelve (12) months to develop the blighted property.

(4) If the blighted property remains undeveloped after eighteen (18) months and the municipality has not extended the period for development of the real estate, the nonprofit entity or for profit developer must pay the principal amount of the municipality's lien plus interest at the rate of eight percent (8%) per annum.

(5) If the nonprofit entity or for profit developer desires to sell or dispose of the real property prior to its development, the non-profit entity or for-profit developer must first obtain the municipality's approval. If the municipality approves the sale or disposal of the real estate prior to development, the nonprofit entity or for profit developer shall pay the principal amount of the lien on or before the closing date of the sale unless a subsequent purchaser of the blighted realty property has applied for and been granted conditional lien amnesty.

(6) If a for profit developer or nonprofit entity sells or disposes of the real property prior to development from its
blighted condition without the municipality's approval, then the for profit developer or nonprofit entity shall be liable to the city for the principal amount of the lien plus interest at the rate of eight percent (8%), and a penalty of One Thousand Five Hundred Dollars ($1,500.00) will also be assessed against the developer.

(7) Conditional lien amnesty may not be sold, conveyed, transferred or assigned.

(8) No lien imposed upon real property pursuant to the provisions of Section 21-19-11 shall be finally released until real property in a blighted condition has been developed according to plan.

SECTION 2. This act shall take effect and be in force from and after July 1, 2002.