

By: Representative Denny

To: Municipalities

HOUSE BILL NO. 992

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

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

5 **SECTION 1.** The governing authorities of all municipalities
6 within the State of Mississippi may within their discretion
7 forgive liens imposed on real property for the costs, finds,
8 penalties and other assessments associated with the
9 municipalities' cleaning of real property under Section 21-19-11
10 subject to the following:

11 (a) The real property must be in a blighted condition.
12 For purposes of this act, real property shall be considered to be
13 in a blighted condition if it has been vacant and in a
14 deteriorated condition which necessitated the municipality's
15 imposition of a mechanic's lien in order to correct specific code
16 violations.

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

20 (c) The real property must be purchased by a nonprofit
21 entity or for-profit developer and converted from its blighted
22 condition. For purposes of this act, "nonprofit entity" means an
23 association, organization or corporation which has been declared
24 to be a nonprofit organization in accordance with Section
25 501(c)(3) of the Internal Revenue Code and provides proof of its
26 tax exempt status to the municipality. "For-profit developer"
27 means an individual, partnership or corporation, other than the



28 real property's owner, who purchases property considered to be in
29 blighted condition and converts the property to productive use.

30 (d) The owner of the real property must sell the
31 blighted real estate to a nonprofit entity or for-profit developer
32 for a sum not exceeding seventy percent (70%) of the appraised
33 value of the real estate.

34 (e) The for-profit developer or nonprofit entity must
35 file a joint application with the municipality seeking lien
36 amnesty. The joint application must include the following:

37 (i) The contract of sale;

38 (ii) Appraisal reports from two (2) reputable real
39 estate appraisers; and

40 (iii) Plans for the development and anticipated
41 use of the real estate.

42 (f) The for-profit developer or nonprofit entity may be
43 conditionally granted lien amnesty and allowed eighteen (18)
44 months to develop the blighted real property. For good cause
45 shown, the municipality may within its discretion allow the
46 developer or nonprofit an additional six (6) to twelve (12) months
47 to develop the blighted property.

48 (g) If the blighted property remains undeveloped after
49 eighteen (18) months, and the municipality has not extended the
50 period for development of the real estate, the nonprofit entity or
51 for-profit developer must pay the principal amount of the
52 municipality's lien plus interest at the rate of eight percent
53 (8%) per annum.

54 (h) If the nonprofit entity or for-profit developer
55 desires to sell or dispose of the real property before its
56 development, the nonprofit entity or for-profit developer must
57 obtain the municipality's approval. If the municipality approves
58 the sale or disposal of the real estate before development, the
59 nonprofit entity or for-profit developer shall pay the principal
60 amount of the lien on or before the closing date of the sale



61 unless a subsequent purchaser of the blighted realty property has
62 applied for and has been granted conditional lien amnesty.

63 (i) If a for-profit developer or nonprofit entity sells
64 or disposes of the real property before development from its
65 blighted condition without the municipality's approval, then the
66 for-profit developer or nonprofit entity shall be liable to the
67 city for the principal amount of the lien plus interest at the
68 rate of eight percent (8%), and a penalty of Fifteen Hundred
69 Dollars (\$1,500.00) shall also be assessed against the developer.

70 (j) Nonprofit entities or for-profit developers
71 receiving conditional lien amnesty may not assign or transfer the
72 lien amnesty to others.

73 (k) No lien imposed upon real property under the
74 provisions of Section 21-19-11 shall be released until real
75 property in a blighted condition has been developed according to
76 plan.

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

