

An Act

ENROLLED HOUSE

BILL NO. 2147

By: Lay and Waldron of the
House

and

Stanley of the Senate

An Act relating to cities and towns; creating the Municipal Code Lien Enforcement Act of 2025; defining terms; providing applicability to all municipalities; providing an exception for owner-occupied property; authorizing liens against property for violations of housing and building codes; providing for judicial in rem foreclosures of municipal code liens by enactment of an ordinance or resolution; providing certain requirements for municipal ordinances or resolutions making certain proceeding exempt from personal liability actions; providing rights and remedies to governmental entities authorized by law to enforce municipal ordinances; requiring municipalities to utilize judicial in rem proceedings as the sole remedy under certain circumstances; directing municipalities to initiate enforcement proceedings; providing time frame for filing a petition for judicial in rem foreclosure for a municipal code lien; providing requirements for filing a petition for judicial in rem foreclosure for unpaid taxes; providing notice requirements; providing for codification; and providing an effective date.

SUBJECT: Cities and Towns

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 22-140 of Title 11, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Municipal Code Lien Enforcement Act of 2025".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 22-140.1 of Title 11, unless there is created a duplication in numbering, reads as follows:

As used in this act:

1. "Code enforcement director" means an employee of a municipality who is tasked by the municipal governing body with the enforcement of state law or local ordinances related to the condition of real property within the jurisdiction of the municipality;

2. "Interested party" means:

- a. the person who last appears as owner of the real property in the county records,
- b. the current mortgagee of record of the property or assignee of record of the mortgagee,
- c. the current holder of a beneficial interest in a deed of trust recorded against the real property,
- d. a tax certificate holder, or
- e. any party having an interest in the real property, or in any part thereof, legal or equitable, in severalty or as tenant in common, whose identity and address are reasonably ascertainable from the records of the municipality or records maintained in the county records or as revealed by a full title search, consisting of fifty (50) years or more.

An interested party shall not include the holder of the benefit of an easement which burdens the real property, the holder of the benefit or burden of a real covenant which burdens the real property, or the holder of the benefit of a utility easement which burdens the real property;

3. "Minimum bid price" means the price that equals the redemption amount;

4. "Municipal code lien" means any lien that has been levied against real property by a municipality that is the result of the nonpayment of any fine, penalty, abatement cost, or enforcement cost incurred by a municipality related to the enforcement of state or local housing and building codes. Such lien shall include only those liens which arise out of a failure to comply with any law of the State of Oklahoma, or from the failure to comply with a municipality's ordinances or resolutions.

A municipal code lien shall not include any lien that has previously been certified to the tax collector of the county for inclusion on the property tax bill associated with the real property;

5. "Municipal code lien payoff" means the principal amount of a municipal code lien, interest accrued at the rate of seven and one-half percent (7.5%) per annum from the date the municipal code lien was filed in the office of the county clerk, any fees or costs incurred in the collection of such a lien under this act including, without limitations, the cost of title examinations and publication of notices, and any other penalties allowable under either the laws of the State of Oklahoma or under an ordinance or resolution enacted by the municipality;

6. "Owner-occupied" means real property that is lawfully occupied as a principal residence that is any of the following:

- a. a homestead as described in Section 2888 of Title 68 of the Oklahoma Statutes,
- b. exempt from ad valorem taxation under Sections 2904 through 2911 of Title 68 of the Oklahoma Statutes, and
- c. eligible for the designations listed in subparagraph a or b or this paragraph, but which has not yet been granted such designation and which is lawfully occupied by the family of a deceased individual;

7. "Redemption amount" means the sum of:

- a. the full amount of the municipal code lien payoff for each municipal code lien on which the municipality is seeking to foreclose under this act, and
- b. any tax payoff that may be applicable to the property on which the municipality is seeking to foreclose under this act;

8. "Taxes" means those taxes assessed against real property by either the State of Oklahoma, the county in which the real property is situated, or the municipality that are delinquent as of the date a proceeding under this act is commenced or at any time before final resolution of the same, and shall also include any taxes assessed against real property that are unpaid from any previous year and any amounts required for redemption. As provided in Section 3103 of Title 68 of the Oklahoma Statutes, a lien for taxes shall be superior to all other liens, including municipal code liens;

9. "Tax certificate holder" means any of the following:

- a. a tax sale purchaser who holds a certificate of purchase,
- b. the state, where it has accepted and recorded a certificate of purchase obtained at a tax sale,
- c. any party to which a certificate of purchase obtained at a tax sale has been assigned, or
- d. the purchaser or assignee of a tax lien certificate; and

10. "Tax payoff" means all amounts necessary to satisfy any claims for delinquent taxes assessed against the real property on which the municipality is seeking foreclosure under this act. Those amounts shall include:

- a. if the taxes associated with the property are delinquent, but the property has not yet been sold for taxes, the full amount of delinquent taxes, costs, fees, and charges due to the county tax collector,
- b. if the property has been sold for taxes to either the state or to a party other than the state, those amounts required for redemption, except for when a

municipality is the prevailing bidder, the tax payoff amount shall be the lesser of these amounts, and

- c. if a tax lien has been sold by a county, the amount required for redemption.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 22-140.2 of Title 11, unless there is created a duplication in numbering, reads as follows:

A. The provisions of this act shall apply to any municipal governing body that adopts the provisions of this act, and are applicable to the collection of municipal code liens as to real property, other than owner-occupied property, in the municipality.

B. The provisions of this act shall not apply to owner-occupied property.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 22-140.3 of Title 11, unless there is created a duplication in numbering, reads as follows:

Notwithstanding any law to the contrary, any fees, penalties, and abatement costs imposed against property other than owner-occupied real property for violations of a municipality's housing and building codes adopted pursuant to the statutes of the State of Oklahoma may be enforced in rem as a lien in accordance with this act; provided, however, such enforcement shall not commence until the cumulative amount of fees, penalties, and abatement costs outstanding equals or exceeds One Thousand Five Hundred Dollars (\$1,500.00).

Every municipal code lien, as defined in this act, shall be superior to all other liens, except those liens for taxes described or referenced in Section 3103 of Title 68 of the Oklahoma Statutes.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 22-140.4 of Title 11, unless there is created a duplication in numbering, reads as follows:

A. Any municipality to which this act applies may proceed with judicial in rem foreclosures of municipal code liens in accordance with the provisions of this act by enactment of an ordinance or resolution of the governing authority of the municipality in which the real property is located, which ordinance or resolution shall be

sufficient authority for use of this act by the municipality to enforce its municipal code liens.

B. The ordinance or resolution of a municipality authorizing and approving the use of this act shall include all of the following:

1. The initial effective date for application of these procedures;

2. The explicit exclusion of owner-occupied properties from the application of the judicial in rem foreclosure procedures authorized in this act;

3. The nature and extent of notices, support services, and referrals to be provided to the owners and occupants of owner-occupied properties; and

4. Any other matters the municipality specifies to be addressed through administrative regulations and policies.

C. Proceedings in accordance with this act are to solely enforce the municipal code lien for real property subject to the municipal code lien and shall not constitute an action for personal liability for the municipal code liens against the owner or owners of the real property.

D. The rights and remedies set forth in this act are available solely to the governmental entities authorized by law to enforce municipal ordinances and shall not extend to any nongovernmental transferee of municipal code liens.

E. A municipality that has adopted the provisions of this act and that seeks to enforce a municipal code lien through the sale of real property shall utilize the judicial in rem proceedings of this act as the sole remedy for the enforcement through the sale of real property.

F. The enforcement proceedings authorized by this act may be initiated only by the municipality.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 22-140.5 of Title 11, unless there is created a duplication in numbering, reads as follows:

A. After a municipal code lien has been recorded with the office of the county clerk of the county in which the real property is located, the code enforcement director may identify those properties on which to commence a judicial in rem foreclosure in accordance with this act, except that those properties the code enforcement director identifies as owner-occupied shall not be subject to judicial in rem foreclosure under this act. The code enforcement director shall not file a petition for judicial in rem foreclosure in accordance with this act for a period of six (6) months following the date upon which the municipal code lien is recorded in the office of the county clerk. A petition for judicial in rem foreclosure may include any other municipal code lien that has been filed prior to the date the petition is filed. After enforcement proceedings have commenced in accordance with this act, the enforcement proceedings may be amended to include any subsequently arising municipal code liens and, if applicable, any and all taxes as defined in this act.

B. If the property on which the municipality is seeking to foreclose under this act is subject to taxes as defined in this act, then, at least sixty (60) days prior to the filing of the petition, the code enforcement director shall notify all other taxing agencies within the jurisdiction of the municipality and the State of Oklahoma of the code enforcement director's intention to file a petition for judicial in rem foreclosure of the real property on which a municipal code lien exists.

C. In the name of the municipality, the code enforcement director shall, in the appropriate lis pendens record in the office of the county clerk of the county in which the real property is located, file a notice of his or her intent to file a judicial in rem foreclosure action. The notice shall include a legal description of the property, street address of the property if available, a statement that the property is subject to judicial in rem foreclosure proceedings under this act, and a statement that those proceedings may extinguish any legal interests in the property.

D. Simultaneous with the filing of his or her notice of intent to file a judicial in rem foreclosure action, the code enforcement director, in the name of the municipality, shall file a petition with the clerk of the district court for the district in which the real property is located.

E. The petition shall be filed against the real property against which the municipal code lien has been recorded and shall provide all of the following:

1. The identity of the municipality and the name and address of the code enforcement director;
2. The real property address;
3. A description of the real property;
4. The tax identification number of the real property;
5. The municipal code lien which is being foreclosed;
6. The principal amount of the municipal code lien together with applicable interest and penalties;
7. The principal amount of any additional municipal code liens together with applicable interest and penalties in accordance with this section, if any;
8. The year or years for which the taxes are delinquent, if any;
9. The principal amount of the taxes together with interest and penalties, if any;
10. A statement that upon final sale in accordance with this act and payment of the amount due for taxes, if applicable, an interested party's rights of redemption shall be extinguished; and
11. The names and addresses of all interested parties to whom copies of the petition are to be sent in accordance with subsection F of this section.

F. The municipality shall mail copies of the petition by both certified mail, return receipt requested, and by regular mail to all interested parties whose identities and addresses are reasonably ascertainable. Copies of the petition shall also be mailed by first-class mail to the real property address to the attention of the occupants of the property, if any. In addition, notice shall be physically posted on the real property and shall include the following statement: "THIS PROPERTY IS SUBJECT TO A JUDICIAL IN REM FORECLOSURE ACTION AND MAY BE TRANSFERRED TO [NAME OF MUNICIPALITY]

OR ANOTHER PARTY. PERSONS WITH INFORMATION REGARDING THE CURRENT OWNER OF THE PROPERTY ARE REQUESTED TO CONTACT [NAME OF MUNICIPALITY]."

G. Within thirty (30) days of the filing of the petition, the municipality shall cause a notice of the filing of the petition to be published once each week for three (3) consecutive weeks in a newspaper of general circulation in the county in which the property is located. Such notice shall specify:

1. The name and address of the code enforcement director;
2. The real property address;
3. A description of the real property;
4. The tax identification number of the real property;
5. Any applicable municipal code lien which is being foreclosed upon;
6. The principal amount of any municipal code lien together with interest and penalties;
7. The applicable period of tax delinquency, if any;
8. The principal amount of taxes, if any;
9. That upon deposit with the appropriate parties by the court of the tax payoff amount, if any, any and all rights of redemption accorded to interested parties are extinguished; and
10. The date and place of the filing of the petition.

SECTION 7. This act shall become effective November 1, 2025.

Passed the House of Representatives the 21st day of May, 2025.

Presiding Officer of the House
of Representatives

Passed the Senate the 8th day of May, 2025.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____
day of _____, 20_____, at _____ o'clock _____. M.
By: _____

Approved by the Governor of the State of Oklahoma this _____
day of _____, 20_____, at _____ o'clock _____. M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____
day of _____, 20_____, at _____ o'clock _____. M.
By: _____