

PENN ATTORNEYS

TITLE ALERT

DATE: 06/21/05

RE: Pennsylvania Redemption Rights

The purpose of this Title Alert is to review the right to redeem (repurchase) property that has been sold at a Sheriff's Sale under Pennsylvania law and under what circumstances that right can be exercised. **There is no right to redeem by any party as a result of a Sheriff's Sale pursuant to an action in mortgage foreclosure or the Real Estate Tax Sale Law of 1947 (72 P.S. Section 5860.101 et seq. as amended) (Tax Claim Bureau sales).** However, the Second Class City Treasurer's Sale and Collection Act (53 P.S. Section 27101 et seq. as amended) as to Pittsburgh, and the Municipal Claim and Tax Lien Law of 1923 (53 P.S. Section 7101 et seq. as amended) as to all other counties, including Philadelphia, do include specific redemption rights.

The Second Class City Treasurer's Sale and Collection Act applies to sales held for the collection of municipal liens and taxes in the City of Pittsburgh. Within 90 days after the date of the sale, the owner (or a person legally entitled to the property through the owner or an interested party or person legally entitled to the property through the interested party) may redeem the property. Thus, if your title search reveals that the property was sold as a result of a City of Pittsburgh Treasurer's sale within the past 90 days, you should report same on your Preliminary Certificate and Report on Title and the following exception will appear on your commitment:

"Subject to any right of redemption of _____ [insert owner's name] or a person legally entitled to the property through the owner or an interested party or person legally entitled to the property through the interested party as a result of City of Pittsburgh Treasurer's sale held on _____."

The Municipal Claim and Tax Lien Law of 1923 provides that property owners, including their assignees, or parties whose lien or estate has been discharged by a sheriff's sale have the right to redeem. The right to redeem is contingent upon filing a petition with the court within nine months (three months in Allegheny County) of the acknowledgment date of the sheriff's deed. Prior to September 15, 2004, this time period for filing the petition was one year, but Act No. 83 of 2004 shortens this deadline to nine months.

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After the petition is filed, the court will grant a rule to show cause why the purchaser at the sale should not reconvey to the party that filed the petition. If, upon hearing, the court is satisfied of the facts it will make the rule absolute and enforce it after the petitioner has made payment.

Thus, if your title search reveals that the property was sold recently as a result of a tax sale (excluding Tax Claim Bureau sales) or a municipal claim within the past nine months of your commitment's effective date (three months in Allegheny County), you should report same on your Preliminary Certificate and Report on Title and the following exception will appear in your commitment as follows:

**“Subject to any right of redemption in favor of _____
[insert the name of the property owner at the time of the sale and any
party whose lien or estate has been discharged by the sale] as a result
of sale to collect tax or municipal claims held on _____.”**

Note that: “There shall be no redemption of vacant property by any person after the date of the acknowledgement of the sheriff’s deed. Property shall be deemed to be “vacant property” unless it was continuously occupied by the same individual or basic family unit as a residence for at least 90 days prior to the date of the sale and continues to be so occupied on the date of the acknowledgement of the sheriff’s deed.”

Please also refer to our prior Bulletin 2005-05: Municipal Claims and Tax Liens, available at www.pennattorneys.com .

We hope you find this information useful and if you have further questions please contact your servicing Penn Attorneys office.

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PLEASE INSERT INTO YOUR FORMS, POLICIES & PROCEDURES BINDER