

HB496 INTRODUCED



1 HB496
2 RB4Q3YN-1
3 By Representatives Drummond, Clarke, Jones (N & P)
4 RFD: Mobile County Legislation
5 First Read: 24-Feb-26



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SYNOPSIS:

Under existing law, Class 2 municipalities have the authority to foreclose on properties for unpaid municipal code violations after notice to interested parties, including the property owner.

This bill would require Class 2 municipalities to provide adjoining homeowners with notice of foreclosure proceedings and to establish procedures that allow adjoining homeowners to bid on the property before the public auction.

This bill would also make nonsubstantive, technical revisions to update the existing code language to current style.

A BILL
TO BE ENTITLED
AN ACT

Relating to Class 2 municipalities; to amend Section 11-40-62, as last amended by Act 2025-348, 2025 Regular Session, and Section 11-40-69, Code of Alabama 1975; to include adjoining homeowners as interested parties that must receive notice of municipal lien foreclosures; to allow adjoining homeowners to have bidding preference in



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29 foreclosures of municipal liens; and to make nonsubstantive,
30 technical revisions to update the existing code language to
31 current style.

32 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

33 Section 1. Section 11-40-62, as last amended by Act
34 2025-348, 2025 Regular Session, and Section 11-40-69, Code of
35 Alabama 1975, are amended to read as follows:

36 "§11-40-62

37 As used in this article, the following words and
38 phrases have the following meanings:

39 (1) ADJOINING OWNERS. Property owners of owner-occupied
40 property that share a common property line or boundary with
41 the property.

42 (2) INTERESTED PARTY. a. Includes the following
43 parties:

44 1. The person who last appears as owner of the real
45 property in the county office of the judge of probate's
46 property records.

47 2. The current mortgagee of record of the property or
48 assignee of record of the mortgagee.

49 3. The current holder of a beneficial interest in a
50 deed of trust recorded against the real property.

51 4. A tax certificate holder.

52 5. A tax sale purchaser that holds a deed of purchase
53 in accordance with Section 40-10-29.

54 6. Any party having an interest in the real property,
55 or in any part thereof, legal or equitable, in severalty or as
56 a tenant in common, whose identity and addresses are



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57 reasonably ascertainable from the records of the Class 2
58 municipality or from records maintained in the county office
59 of the judge of probate or as revealed by a full title search,
60 consisting of 50 years or more.

61 7. Adjoining owners.

62 b. The term does not include: (i) the holder of the
63 benefit of an easement that burdens the real property; (ii)
64 the holder of the benefit or burden of a real covenant that
65 burdens the real property; or (iii) the holder of the benefit
66 of a utility easement that burdens the real property, unless
67 the holders are adjoining owners.

68 ~~(2)~~ (3) MINIMUM BID PRICE. The price that equals the
69 redemption amount.

70 ~~(3)~~ (4) MUNICIPAL CODE LIEN. Any lien ~~that has been~~
71 levied against real property by a Class 2 municipality ~~which~~
72 ~~is the result of~~ resulting from the nonpayment of any fine,
73 penalty, abatement cost, or enforcement cost incurred by the
74 Class 2 municipality ~~related to the enforcement of~~ in
75 enforcing state or local housing and building codes. The term
76 includes only those liens that arise ~~out of~~ from a failure to
77 comply with a Class 2 municipality's ordinance or resolution
78 enacted pursuant to the authority granted in Article 2 of
79 Chapter 40 or a failure to comply with ~~any of the following~~
80 ~~provisions of the~~ Sections 11-47-117, 11-47-118, 11-47-130,
81 11-47-131, 11-47-140, Chapter 53, Chapter 53B, or Article 1 of
82 Chapter 67 Code of Alabama 1975., ~~or from the failure to comply~~
83 ~~with a Class 2 municipality's ordinance or resolution enacted~~
84 ~~pursuant to the authority granted in Article 2 of Chapter 40;~~



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85 ~~Sections 11-47-117, 11-47-118, 11-47-130, 11-47-131, or~~
86 ~~11-47-140, Chapter 53, Chapter 53B, or Article 1 of Chapter~~
87 ~~67.~~

88 ~~(4)~~ (5) MUNICIPAL CODE LIEN PAYOFF. The principal amount
89 of a municipal code lien, interest accrued at the rate of
90 seven and one-half percent per annum from the date the
91 municipal code lien was filed in the office of the judge of
92 probate, any fees or costs incurred in the collection of such
93 a lien under this article including, without limitations, the
94 cost of title examinations and the publication of notices, and
95 any other penalties allowable under either state law or ~~under~~
96 an ordinance or resolution enacted by the Class 2
97 municipality.

98 ~~(5)~~ (6) OWNER OCCUPIED. Real property that is lawfully
99 occupied as a principal residence and is either: (i) exempt
100 from ad valorem taxation under Sections 40-9-19.1, 40-9-20,
101 and 40-9-21; or (ii) lawfully occupied by the family of a
102 deceased individual who is eligible for a homestead exemption
103 but has not yet been granted the exemption. ~~that is any of the~~
104 ~~following:~~

105 ~~a. A homestead as described in Section 40-9-19.~~

106 ~~b. Exempt from ad valorem taxation under Sections~~
107 ~~40-9-19.1, 40-9-20, and 40-9-21.~~

108 ~~c. Eligible for the designations listed in paragraph a.~~
109 ~~or b., but which has not yet been granted such designation and~~
110 ~~which is lawfully occupied by the family of a deceased~~
111 ~~individual.~~

112 ~~(6)~~ (7) REDEMPTION AMOUNT. The sum of: (i) the full



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113 amount of the municipal code lien payoff for each municipal
114 code lien on which the Class 2 municipality is seeking to
115 foreclose under this article; and (ii) any tax payoff that may
116 be applicable to the property on which the Class 2
117 municipality is seeking to foreclose under this article.

118 ~~(7)~~ (8) TAX CERTIFICATE HOLDER. Any of the following:

119 a. A tax sale purchaser that holds a certificate of
120 purchase in accordance with Section 40-10-19.

121 b. The state, ~~where~~ if it has accepted and recorded a
122 certificate of purchase obtained at a tax sale in accordance
123 with Section 40-10-20.

124 c. Any party to which a certificate of purchase
125 obtained at a tax sale has been assigned in accordance with
126 Section 40-10-21.

127 d. The purchaser or assignee of a tax lien certificate
128 as described in Section 40-10-187.

129 ~~(8)~~ (9) TAXES. Those taxes assessed against real
130 property by ~~either~~ the State of Alabama, the county in which
131 the real property is situated, or the Class 2 municipality
132 ~~which~~ that are delinquent, as defined in Section 40-11-4 or
133 11-51-2, as of the date a proceeding under this article is
134 commenced or at any time before final resolution of the ~~same~~
135 proceeding. The term also includes any taxes assessed against
136 real property which are unpaid from any previous year and any
137 amounts required for redemption under Section 40-10-82,
138 40-10-120, or 11-51-23. As provided in Section 11-51-6, a lien
139 for taxes shall be superior to all other liens, including
140 municipal code liens.



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141 ~~(9)~~ (10) TAX PAYOFF. Any and all amounts necessary to
142 satisfy any claims for delinquent taxes assessed against the
143 real property on which the Class 2 municipality is seeking to
144 foreclose under this article. Those amounts shall include:

145 a. If the taxes associated with the property are
146 delinquent as defined in Section 40-11-4 or 11-51-2, but the
147 property has not yet been sold for taxes, the full amount of
148 delinquent taxes, costs, fees, and charges due to the county
149 tax collector in accordance with Section 40-5-8;

150 b. If the property has been sold for taxes to the
151 state, those amounts required for redemption and described in
152 Sections 40-10-83, 40-10-120, 40-10-121, and 40-10-122, except
153 that when a Class 2 municipality is the prevailing bidder, the
154 tax payoff amount shall be the lesser of these amounts or the
155 amount as determined by Section ~~40-10-132(a)(2)~~
156 40-10-132(b)(2);

157 c. If the property has been sold for taxes to a party
158 other than the state, those amounts required for redemption
159 and described in Sections 40-10-83, 40-10-120, 40-10-121, and
160 40-10-122; and

161 d. If a tax lien has been sold by a county in
162 accordance with the provisions of Section 40-10-182, the
163 amount required for redemption in accordance with Section
164 40-10-193."

165 "§11-40-69

166 (a) Any municipal ordinance enacted pursuant to this
167 article shall include an avenue for input by adjoining
168 property owners to participate in the rehabilitation and use



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169 of the property subject to this article.

170 (b) For all sales conducted pursuant to Section
171 11-40-68, the municipality shall establish procedures that
172 allow adjoining owners to submit bids before any public
173 auction. Bids shall be accompanied by an affidavit or
174 declaration stating: (i) the bidder is the owner-occupant of a
175 property that shares a common property line or border with the
176 property being bid on; and (ii) either the bidder is exempt
177 from ad valorem taxes under Sections 40-9-19.1, 40-9-20, or
178 40-9-21, or the bidder is a family member of a deceased
179 individual and is eligible for an exemption from ad valorem
180 taxes but has not yet received the exemption. If bids are
181 received, the municipality shall accept the highest bid from
182 adjoining owners and cancel the public auction. The winning
183 bid shall be due immediately upon acceptance. If there are no
184 bids from adjoining owners, a public sale shall proceed
185 pursuant to Section 11-40-68."

186 Section 2. This act shall become effective on October
187 1, 2026.