

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: H3/17/25 S4/8/25

A Bill

HOUSE BILL 1695

By: Representatives J. Richardson, Andrews, Hudson

By: Senator Crowell

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING MUNICIPAL LIENS RELATED TO NEGLECTED PROPERTY AND TAX-DELINQUENT PROPERTY; TO CLARIFY THE FORECLOSURE PROCESS FOR PROPERTY SUBJECT TO A MUNICIPAL LIEN; TO ALLOW A MUNICIPALITY TO *PETITION TO SET ASIDE* THE SALE OF PROPERTY BY THE STATE TO A PERSON THAT OWNS TAX-DELINQUENT PROPERTY IN THIS STATE; TO PROVIDE FOR THE PRIORITY OF UNRECORDED MUNICIPAL LIENS OVER OTHER UNRECORDED LIENS; AND FOR OTHER PURPOSES.

Subtitle

TO CLARIFY THE FORECLOSURE PROCESS FOR PROPERTY SUBJECT TO A MUNICIPAL LIEN; TO ALLOW A MUNICIPALITY TO PETITION TO SET ASIDE THE SALE OF PROPERTY TO CERTAIN PERSONS; AND TO PROVIDE FOR THE PRIORITY OF UNRECORDED MUNICIPAL LIENS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

*SECTION 1. Arkansas Code § 14-54-901 is amended to read as follows:
14-54-901. Municipal authority.*

(a) Incorporated towns and cities of the first and second class are empowered to order the owner of lots and other real property within their towns or cities to cut weeds; to remove garbage, rubbish, and other unsightly and unsanitary articles and things upon the property; and to eliminate, fill up, or remove stagnant pools of water or any other unsanitary thing, place,



or condition which might become a breeding place for mosquitoes, flies, and germs harmful to the health of the community, after the town or city has provided therefor by an ordinance to that effect.

(b) A city of the first class, a city of the second class, or an incorporated town may order the removal or razing of, or remove or raze, buildings or houses that in the opinion of the city council or town council have become dilapidated, unsightly, unsafe, unsanitary, obnoxious, or detrimental to the public welfare and shall provide by ordinance the manner of removing and making these removals.

SECTION 2. Arkansas Code § 14-54-903(b), concerning the refusal of a property owner to comply with a municipal notice related to neglected property, is amended to read as follows:

(b)(1) If the owner or lienholder of any lot or other real property within an incorporated town or city neglects or refuses to remove, abate, or eliminate any condition under an ordinance passed by the city or town as provided in § 14-54-901, after having been given seven (7) days' notice in writing to do so, then the town or city may do whatever is necessary to correct the condition and to charge the cost thereof to the owner of the lots or other real property.

(2) A city or town incurring costs under subdivision (b)(1) of this section may collect the costs from the owner of the lot or other real property in the manner provided for the collection of a civil judgment.

SECTION 3. Arkansas Code § 14-54-903(c)(2), concerning the refusal of a property owner to comply with a municipal notice related to neglected property, is amended to read as follows:

(2) ~~The town or city~~ or town shall file the lien with the ~~circuit court~~ county recorder no later than one hundred twenty (120) days after the town or city completes the clean-up work on the property.

SECTION 4. Arkansas Code § 14-54-903(i), concerning the refusal of a property owner to comply with a municipal notice related to neglected property, is amended to read as follows:

(i) The city or town shall file its lien with the ~~circuit clerk~~ county recorder no later than sixty (60) days after the governing body of the city

or town confirms the lien amount, or if the lien is appealed, within *sixty (60) days* after the city or town wins on appeal.

SECTION 5. Arkansas Code § 14-54-903(j)(2), concerning the refusal of a property owner to comply with a municipal notice related to neglected property, is amended to read as follows:

(2) Priority status shall be awarded to the priority clean-up lien with respect to any previously recorded lien if the court determines that such lienholder has failed to exercise its rights to foreclose its lien when the obligation it secures becomes in default or has failed to pay the costs of work undertaken by a city or town that composes the clean-up lien. However, the amount as to which the clean-up lien shall have priority shall be the amount the court finds reasonable and is limited to:

(A) No more than ~~one two~~ two thousand dollars ~~(\$1,000)~~ (\$2,000) for grass or weed cutting;

(B) No more than ~~five ten~~ ten thousand dollars ~~(\$5,000)~~ (\$10,000) to board and secure the property;

(C) No more than ~~seven thousand five hundred dollars~~ ~~(\$7,500)~~ fifteen thousand dollars (\$15,000) to demolish any structures on the property; or

(D) No more than ~~fifteen~~ thirty thousand dollars ~~(\$15,000)~~ (\$30,000) for environmental remediation.

SECTION 6. Arkansas Code § 14-54-903, concerning the refusal of a property owner to comply with a municipal notice related to neglected property, is amended to add an additional subsection to read as follows:

(k) If an indebtedness filed as a lien under this section is paid and satisfied, the city or town shall enter satisfaction of the lien on the record in the office of the county recorder within thirty (30) days of the satisfaction of the lien.

SECTION 7. Arkansas Code § 14-54-904(a)(1), concerning the manner of enforcing a lien for clearance by municipality, is amended to read as follows:

(1)(A) By an action for foreclosure in the circuit court by the city or town, or if the city or town has established a land bank, by a land

bank that has been assigned the lien.

(B)(i) A city or town that has been granted a lien under this subchapter may:

(a)(1) File an action for foreclosure under this subdivision (a)(1) in the circuit court that has jurisdiction over the property that is subject to the lien.

(2) An action for foreclosure under this subdivision (a)(1) shall name all lienholders of record over which a city or town claims the city or town has priority as parties to the foreclosure.

(3) If a lienholder is not named as a party to a foreclosure under subdivision (a)(1)(B)(i)(a)(2) of this section, the lien held by the lienholder shall remain on the property; and

(b) Petition for the circuit court to order the sale of the property.

(ii)(a) If a city or town petitions a circuit court for the sale of property under subdivision (a)(1)(B)(i) of this section, the circuit court may order the property to be sold at a public sale.

(b) If a circuit court orders the sale of property at a public sale under subdivision (a)(1)(B)(ii)(a) of this section, the circuit court shall appoint a commissioner to oversee the sale of the property.

(iii) A commissioner appointed under subdivision (a)(1)(B)(ii)(b) of this section shall:

(a) Be responsible for conducting the public sale of the property in accordance with the order of the circuit court and any applicable laws; and

(b) Set the time and place of the public sale at a date that is at least thirty (30) days after the circuit court ordered the sale of the property.

(iv)(a) When a commissioner appointed under subdivision (a)(1)(B)(ii) of this section has set the time and place of a public sale under subdivision (a)(1)(B)(iii)(b) of this section, the city or town that petitioned for the sale of the property under subdivision (a)(1)(B)(i) of this section shall provide notice of the sale to the owner of the property at the owner's last known address and any lienholders of record at the address shown in the relevant land records of the time and place of

the public sale of the property.

(b) A city or town is not required to notify a holder of an unrecorded lien or an unrecorded assignee of a lienholder under this subdivision (a)(1)(B)(iv).

(c) The notice to an owner required under subdivision (a)(1)(B)(iv)(a) of this section shall contain at least

(3) The notice to an owner required under subdivision (a)(1)(B)(iii)(c)(1) of this section shall contain at least a partial or abbreviated legal description of the property, the parcel number for the property, the date of the public sale of the property, and a statement that the property will be sold if not redeemed by the date of the public sale; and

(d) Advertise the time and place of the public sale of the property by publishing an advertisement in a newspaper of general circulation in the county in which the property is located at least one (1) time a week for two (2) consecutive weeks before the public sale.

(C) Proceeds from a public sale conducted under subdivision (a)(1)(B) of this section shall be distributed based on the priority of the liens on the property in accordance with the order of disbursement issued by the circuit court.

(D) A lien that exists on property sold at a public sale that complies with the requirements stated in this section and is conducted under subdivision (a)(1)(B) of this section that is not satisfied after the distributions provided under subdivision (a)(1)(C) of this section is extinguished upon the completion of the public sale conducted under subdivision (a)(1)(B) of this section; or

SECTION 8. Arkansas Code § 14-54-904(b)(1)(A), concerning the enforcement of a lien for clearance by municipality, is amended to read as follows:

(b)(1)(A)(i) In any situation in which a city ~~of the first class or city of the second class~~ or town issues an order for the removal, repair to return the structure to compliance with minimum building code standards, or razing of a building or house under the provisions of ~~14-56-203~~ 14-54-901(b) and such order is not complied with by the owner of the building or house and the city or town then removes, repairs, or razes the building or house, a

~~lien is granted and given against the real property for the cost of the owner of the building or house is liable for all costs incurred by the city or town related to the removal, repair, or razing of the building or house, including without limitation any administrative, legal, filing, collection, and title search costs.~~

(ii) A city or town may collect costs incurred under this subsection from the owner of the building or house in any manner provided for the collection of a civil judgment.

(iii) A city or town is granted a lien for the costs incurred under this subsection, which shall be filed in the office of the county recorder within one hundred twenty (120) days.

(iv) If an indebtedness filed as a lien under this subsection is paid and satisfied, the city or town shall enter satisfaction of the lien on the record in the office of the county recorder within thirty (30) days of the satisfaction of the lien.

SECTION 9. Arkansas Code § 14-56-203 is repealed.

~~*14-56-203. Removal or razing of buildings.*~~

~~*Cities of the first class, cities of the second class, and incorporated towns may order the removal or razing of, or remove or raze, buildings or houses that in the opinion of the city council or town council have become dilapidated, unsightly, unsafe, unsanitary, obnoxious, or detrimental to the public welfare and shall provide by ordinance the manner of removing and making these removals.*~~

SECTION 10. Arkansas Code § 26-37-205(b)(2)(A), concerning the distribution of funds from the sale of tax-delinquent property, is amended to read as follows:

(2)(A) ~~After~~ Except as provided in subdivision (b)(2)(E)(ii) of this section, after payment is made to the Commissioner of State Lands pursuant to subdivision (b)(1) of this section, the amount left in the remaining funds shall be paid to the former owners of the tax-delinquent parcel.

SECTION 11. Arkansas Code § 26-37-205(b)(2)(E), concerning the distribution of funds from the sale of tax-delinquent property, is amended to

read as follows:

(E)(i) In the event of any dispute, claim, multiple claims of ownership, controversy regarding the release of the funds, or claim not expressly permitted under this section, the Commissioner of State Lands may require the party or parties to provide a court order to resolve the issues and to establish the party or parties entitled to the remaining funds.

(ii)(a) A city or town incorporated in this state that possesses an unrecorded clean-up lien on property under § 14-54-903(c) or § 14-54-904(b) may file a claim for the amount of the unrecorded lien in circuit court.

(b) A claim for the amount of an unrecorded lien under this subdivision (b)(2)(E)(ii) has priority status over other unrecorded liens.

(c) A court that determines the validity of a claim for the amount of an unrecorded lien under this subdivision (b)(2)(E)(ii) shall issue an order for the amount to be distributed by the Commissioner of State Lands to the city or town from the escrow fund established under subdivision (a)(6) of this section before funds may be released to the former owners of the property.

/s/J. Richardson