

Enforcement of Vacant and Abandoned Property Ordinances on Rise

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Banks and other mortgage servicers are receiving notices from companies like ProChamps, which have been retained to assist municipalities with enforcement of vacant property ordinances. These enforcement actions could significantly impact the foreclosure process.

Over the past several years, Pennsylvania cities, boroughs and municipalities have enacted wide-ranging vacant and abandoned property registration ordinances. The stated intent of these ordinances is to establish processes to address the deterioration and blight on neighborhoods caused by the increasing amount of properties subject to mortgage foreclosure and to identify and regulate foreclosed properties located within a community.

In central Pennsylvania, registration ordinances have been established in cities and boroughs such as Reading, Lancaster, Harrisburg, Steelton and York.

Generally, the ordinances require lenders or servicers to complete inspections within days of filing a foreclosure action or confessing judgment to determine the occupancy status, and then register the property regardless of the occupancy status. Ordinances require registration fees, which may be due annually or biannually, and range from as little as \$50 to as much as \$500. Typically, ordinances include penalties for failure to register properties timely. Registering properties requires the lender/servicer to provide detailed contact information to the municipality, and imposes significant property maintenance requirements. The expectation is that the lender/servicer will help maintain the property during the foreclosure process, and failure to do so can result in penalties against the lender. The ordinances intend to serve two purposes - generate revenue through fees and penalties and ensure that an interested party reasonably maintains the property until a new owner is secured.

Until recently, enforcement of these ordinances has been irregular. However, a number of communities across Pennsylvania have engaged Community Champions and their affiliate ProChamps to actively help the enforcement of vacant and abandoned property ordinances. ProChamps works in conjunction with community officials to research, identify and track properties in foreclosure, then enforce the municipal ordinances. Lenders and servicers should be aware of their involvement in Pennsylvania and understand the role they play in assisting communities with the enforcement of ordinances.

Vacant and abandoned property ordinances can be tricky to navigate and lenders may have rights not apparent on the face of the ordinance. If you have questions regarding a specific ordinance, are subject to penalties for failure to register a property or want to discuss your rights with respect to an ordinance, contact any of the attorneys in our [Finance & Creditors' Rights Practice Group](#) for assistance.

WRITTEN BY:



Scott F. Landis

Partner

Tel: (717) 399-1503

Email: slandis@barley.com