

HB496 ENROLLED



1 HB496
2 7BPSCVE-3
3 By Representatives Drummond, Clarke, Jones (N & P)
4 RFD: Mobile County Legislation
5 First Read: 24-Feb-26



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1 Enrolled, An Act,

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4 Relating to Class 2 municipalities; to amend Section
5 11-40-62, as last amended by Act 2025-348, 2025 Regular
6 Session, and Section 11-40-69, Code of Alabama 1975; to
7 include adjoining homeowners as interested parties that must
8 receive notice of municipal lien foreclosures; to allow
9 adjoining homeowners to have bidding preference in
10 foreclosures of municipal liens; and to make nonsubstantive,
11 technical revisions to update the existing code language to
12 current style.

13 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

14 Section 1. Section 11-40-62, as last amended by Act
15 2025-348, 2025 Regular Session, and Section 11-40-69, Code of
16 Alabama 1975, are amended to read as follows:

17 "§11-40-62

18 As used in this article, the following words and
19 phrases have the following meanings:

20 (1) ADJOINING OWNERS. Property owners of owner-occupied
21 property that share a common property line or boundary with
22 the property.

23 (2) INTERESTED PARTY. a. Includes the following
24 parties:

25 1. The person who last appears as owner of the real
26 property in the county office of the judge of probate's
27 property records.

28 2. The current mortgagee of record of the property or



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29 assignee of record of the mortgagee.

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

32 4. A tax certificate holder.

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

35 6. Any party having an interest in the real property,
36 or in any part thereof, legal or equitable, in severalty or as
37 a tenant in common, whose identity and addresses are
38 reasonably ascertainable from the records of the Class 2
39 municipality or from records maintained in the county office
40 of the judge of probate or as revealed by a full title search,
41 consisting of 50 years or more.

42 7. Adjoining owners.

43 b. The term does not include: (i) the holder of the
44 benefit of an easement that burdens the real property; (ii)
45 the holder of the benefit or burden of a real covenant that
46 burdens the real property; or (iii) the holder of the benefit
47 of a utility easement that burdens the real property, unless
48 the holders are adjoining owners.

49 ~~(2)~~ (3) MINIMUM BID PRICE. The price that equals the
50 redemption amount.

51 ~~(3)~~ (4) MUNICIPAL CODE LIEN. Any lien ~~that has been~~
52 levied against real property by a Class 2 municipality ~~which~~
53 ~~is the result of~~ resulting from the nonpayment of any fine,
54 penalty, abatement cost, or enforcement cost incurred by the
55 Class 2 municipality ~~related to the enforcement of~~ in
56 enforcing state or local housing and building codes. The term



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57 includes only those liens that arise ~~out of~~ from a failure to
58 comply with a Class 2 municipality's ordinance or resolution
59 enacted pursuant to the authority granted in Article 2 of
60 Chapter 40 or a failure to comply with any of the following
61 provisions of the Sections 11-47-117, 11-47-118, 11-47-130,
62 11-47-131, 11-47-140, Chapter 53, Chapter 53B, or Article 1 of
63 Chapter 67 Code of Alabama 1975., ~~or from the failure to comply~~
64 ~~with a Class 2 municipality's ordinance or resolution enacted~~
65 ~~pursuant to the authority granted in Article 2 of Chapter 40;~~
66 ~~Sections 11-47-117, 11-47-118, 11-47-130, 11-47-131, or~~
67 ~~11-47-140, Chapter 53, Chapter 53B, or Article 1 of Chapter~~
68 ~~67.~~

69 ~~(4)~~ (5) MUNICIPAL CODE LIEN PAYOFF. The principal amount
70 of a municipal code lien, interest accrued at the rate of
71 seven and one-half percent per annum from the date the
72 municipal code lien was filed in the office of the judge of
73 probate, any fees or costs incurred in the collection of such
74 a lien under this article including, without limitations, the
75 cost of title examinations and the publication of notices, and
76 any other penalties allowable under either state law ~~or under~~
77 an ordinance or resolution enacted by the Class 2
78 municipality.

79 ~~(5)~~ (6) OWNER OCCUPIED. Real property that is lawfully
80 occupied as a principal residence and is either: (i) exempt
81 from ad valorem taxation under Sections 40-9-19, 40-9-19.1,
82 40-9-20, and 40-9-21; or (ii) lawfully occupied by the family
83 of a deceased individual who is eligible for an exemption
84 under these sections but has not yet been granted the



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85 ~~exemption. that is any of the following:~~

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

87 ~~b. Exempt from ad valorem taxation under Sections~~

88 ~~40-9-19.1, 40-9-20, and 40-9-21.~~

89 ~~c. Eligible for the designations listed in paragraph a.~~

90 ~~or b., but which has not yet been granted such designation and~~

91 ~~which is lawfully occupied by the family of a deceased~~

92 ~~individual.~~

93 ~~(6)~~ (7) REDEMPTION AMOUNT. The sum of: (i) the full
94 amount of the municipal code lien payoff for each municipal
95 code lien on which the Class 2 municipality is seeking to
96 foreclose under this article; and (ii) any tax payoff that may
97 be applicable to the property on which the Class 2
98 municipality is seeking to foreclose under this article.

99 ~~(7)~~ (8) TAX CERTIFICATE HOLDER. Any of the following:

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

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

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

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

110 ~~(8)~~ (9) TAXES. Those taxes assessed against real
111 property by ~~either~~ the State of Alabama, the county in which
112 the real property is situated, or the Class 2 municipality



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113 ~~which~~ that are delinquent, as defined in Section 40-11-4 or
114 11-51-2, as of the date a proceeding under this article is
115 commenced or at any time before final resolution of the ~~same~~
116 proceeding. The term also includes any taxes assessed against
117 real property which are unpaid from any previous year and any
118 amounts required for redemption under Section 40-10-82,
119 40-10-120, or 11-51-23. As provided in Section 11-51-6, a lien
120 for taxes shall be superior to all other liens, including
121 municipal code liens.

122 ~~(9)~~ (10) TAX PAYOFF. Any and all amounts necessary to
123 satisfy any claims for delinquent taxes assessed against the
124 real property on which the Class 2 municipality is seeking to
125 foreclose under this article. Those amounts shall include:

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

131 b. If the property has been sold for taxes to the
132 state, those amounts required for redemption and described in
133 Sections 40-10-83, 40-10-120, 40-10-121, and 40-10-122, except
134 that when a Class 2 municipality is the prevailing bidder, the
135 tax payoff amount shall be the lesser of these amounts or the
136 amount as determined by Section ~~40-10-132(a)(2)~~
137 40-10-132(b)(2);

138 c. If the property has been sold for taxes to a party
139 other than the state, those amounts required for redemption
140 and described in Sections 40-10-83, 40-10-120, 40-10-121, and



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141 40-10-122; and

142 d. If a tax lien has been sold by a county in
143 accordance with the provisions of Section 40-10-182, the
144 amount required for redemption in accordance with Section
145 40-10-193."

146 "§11-40-69

147 (a) Any municipal ordinance enacted pursuant to this
148 article shall include an avenue for input by adjoining
149 property owners to participate in the rehabilitation and use
150 of the property subject to this article.

151 (b) For all sales conducted pursuant to Section
152 11-40-68, the municipality shall establish procedures that
153 allow adjoining owners to submit bids before any public
154 auction. Bids shall be accompanied by an affidavit or
155 declaration stating: (i) the bidder is the owner-occupant of a
156 property that shares a common property line or border with the
157 property being bid on; and (ii) either the bidder is exempt
158 from ad valorem taxes under Sections 40-9-19, 40-9-19.1,
159 40-9-20, or 40-9-21, or the bidder is a family member of a
160 deceased individual and is eligible for an exemption from ad
161 valorem taxes under these sections but has not yet received
162 the exemption. If bids are received, the municipality shall
163 accept the highest bid from adjoining owners and cancel the
164 public auction. The winning bid shall be due immediately upon
165 acceptance. If there are no bids from adjoining owners, a
166 public sale shall proceed pursuant to Section 11-40-68."

167 Section 2. This act shall become effective on October
168 1, 2026.



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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 17-Mar-26, as amended.

John Treadwell
Clerk

Senate **02-Apr-26**

Passed