

State of Arkansas
95th General Assembly
Regular Session, 2025

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 ENJOIN 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 ENJOIN 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 § 14-54-902(b)(2), concerning notice to
unknown or nonresident owners of unsafe or unsanitary conditions on property,
is amended to read as follows:

(2) An attorney ad litem ~~shall~~ may be appointed to ~~notify the~~
provide any notice described in § 14-54-903(c)(6) to a nonresident defendant
~~by certified letter~~ regular mail and certified mail with return receipt
requested addressed to his or her last known place of residence if it can be



1 found.

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

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

13 (2) A city or town incurring costs under subdivision (b)(1) of
14 this section may collect the costs from the owner of the lot or other real
15 property in the manner provided for the collection of a civil judgment.
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17 SECTION 3. Arkansas Code § 14-54-903(c)(2), concerning the refusal of
18 a property owner to comply with a municipal notice related to neglected
19 property, is amended to read as follows:

20 (2) The town or city shall file the lien with the circuit clerk
21 no later than ~~one hundred twenty (120)~~ three hundred sixty-five (365) days
22 after the town or city completes the clean-up work on the property.
23

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

27 (i) The city or town shall file its lien with the circuit clerk no
28 later than ~~sixty (60)~~ one hundred eighty (180) days after the governing body
29 of the city or town confirms the lien amount, or if the lien is appealed,
30 within ~~sixty (60)~~ one hundred eighty (180) days after the city or town wins
31 on appeal.
32

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

36 (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 thousand dollars ~~(\$1,000)~~ (\$2,000) for grass or weed cutting;

(B) No more than ~~five~~ 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 or the margin of the record in the office of the clerk of the circuit court within ten (10) 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) 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; and

(b) Petition for the circuit court to order

1 the sale of the property.

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

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

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

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

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

17 (c)(1) Notify the owner of the property at the
18 owner's last known address and any lienholders of record at the address shown
19 in the relevant land records of the time and place of the public sale of the
20 property.

21 (2) A commissioner appointed under
22 subdivision (a)(1)(B)(ii)(b) of this section is not required to notify a
23 holder of an unrecorded lien or an unrecorded assignee of a lienholder under
24 this subdivision (a)(1)(B)(iii).

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

31 (d) Advertise the time and place of the public
32 sale of the property by posting printed advertisements at the courthouse door
33 and upon the property to be sold and by publishing an advertisement in a
34 newspaper of general circulation in the county in which the property is
35 located at least one (1) time a week for two (2) consecutive weeks before the
36 public sale.

1 (C) Proceeds from a public sale conducted under
2 subdivision (a)(1)(B) of this section shall be distributed in the following
3 order:

4 (i) First, an amount equal to the costs and expenses
5 incurred in conducting the public sale, including the administrative service
6 fee provided for in § 21-6-412, shall be distributed to the commissioner
7 appointed under subdivision (a)(1)(B)(ii)(b) of this section;

8 (ii) Second, an amount equal to the amount required
9 to satisfy the municipal liens held by the city or town that filed the
10 foreclosure action, including all administrative costs, collection costs,
11 court costs, and attorney's fees, shall be distributed to the city or town
12 that filed the foreclosure action under subdivision (a)(1)(B) of this
13 section;

14 (iii) Third, an amount equal to any delinquent real
15 and personal property taxes plus any applicable penalties owed by the owner
16 of the property, as certified by the county collector of the county in which
17 the property is located, shall be distributed to the county in which the
18 property is located;

19 (iv) Fourth, any amount remaining after the
20 distributions under subdivisions (a)(1)(C)(i)-(iii) of this section shall be
21 used to satisfy any other lienholders or assignees of recorded liens on the
22 property, in order of priority;

23 (v) Fifth, any amount remaining after the
24 distributions under subdivisions (a)(1)(C)(i)-(iv) of this section shall be
25 used to satisfy any lienholders or assignees of unrecorded liens who are
26 present at the public sale conducted under subdivision (a)(1)(B) of this
27 section; and

28 (vi) Any amount remaining after the distributions
29 under subdivisions (a)(1)(C)(i)-(v) of this section shall be distributed to
30 the person who was the owner of the property immediately preceding the public
31 sale conducted under subdivision (a)(1)(B) of this section.

32 (D) A lien that exists on property sold at a public sale
33 conducted under subdivision (a)(1)(B) of this section that is not satisfied
34 or exhausted after the distributions provided under subdivision (a)(1)(C) of
35 this section is extinguished upon the completion of the public sale conducted
36 under subdivision (a)(1)(B) of this section; or

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

5 (b)(1)(A)(i) In any situation in which a city ~~of the first class or~~
6 ~~city of the second class or town~~ issues an order for the removal, repair to
7 return the structure to compliance with minimum building code standards, or
8 razing of a building or house under the provisions of § 14-56-203 and such
9 order is not complied with by the owner of the building or house and the city
10 ~~or town~~ then removes, repairs, or razes the building or house, ~~a lien is~~
11 ~~granted and given against the real property for the cost of~~ the owner of the
12 building or house is liable for all costs incurred by the city or town
13 related to the removal, repair, or razing of the building or house, including
14 without limitation any administrative, legal, filing, collection, and title
15 search costs.

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

19 (iii) A city or town is granted a lien for the costs
20 incurred under this subsection, which shall be filed in the office of the
21 circuit clerk within three hundred sixty-five (365) days.

22 (iv) If an indebtedness filed as a lien under this
23 subsection is paid and satisfied, the city or town shall enter satisfaction
24 of the lien on the record or in the margin of the record in the office of the
25 clerk of the circuit court within ten (10) days of the satisfaction of the
26 lien.

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28 SECTION 9. Arkansas Code § 26-37-203(b), concerning contesting the
29 conveyance of tax-delinquent land to the purchaser, is amended to add an
30 additional subdivision to read as follows:

31 (3) A city or town incorporated in this state may file an action
32 in circuit court to enjoin a conveyance under this section to a person or
33 entity that is the owner in whole or in part of other real property in this
34 state that:

35 (A) Is subject to a property lien in circuit court; or

36 (B) Is certified as a current tax-delinquent property in

1 any county in this state.

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

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

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

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

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

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

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