

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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SENATE BILL 196

Short Title: GSC Sale of Property Amendments. (Public)

Sponsors: Senators Edwards and Galey (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 9, 2021

A BILL TO BE ENTITLED

AN ACT TO (I) UPDATE THE MAILING METHOD OF NOTICE TO A JUDGMENT DEBTOR OF AN EXECUTION SALE OF REAL PROPERTY, (II) CLARIFY THE EFFECTS OF A DEFAULT BID IN PRIVATE JUDICIAL SALES AND PUBLIC OR PRIVATE PARTITION SALES, AND (III) PROVIDE THAT IN A TAX FORECLOSURE ACTION A COMMISSIONER'S FEE SHALL NOT BE INCLUDED IN THE AMOUNT NECESSARY TO REDEEM THE REAL PROPERTY DURING THE PERIOD BETWEEN THE DATE OF SALE AND THE JUDGMENT CONFIRMING THE SALE AND MAKE TECHNICAL CHANGES, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION.

The General Assembly of North Carolina enacts:

PART I. UPDATE MAILING METHOD OF NOTICE IN EXECUTION SALES

SECTION 1.(a) G.S. 1-339.54 reads as rewritten:

"§ 1-339.54. Notice to judgment debtor of sale of real property.

In addition to complying with G.S. 1-339.52, relating to posting and publishing the notice of sale, the sheriff shall, at least ten days before the sale of real property, take the following action:

- (1) If the judgment debtor is found in the county, serve a copy of the notice of sale on ~~him personally, or the judgment debtor personally.~~
- (2) If the judgment debtor is not found in the county, send and serve notice as follows:
 - a. Send a copy of the notice of sale by registered ~~mail or certified mail, return receipt requested,~~ to the judgment debtor at ~~his the judgment debtor's last address known to the sheriff, and sheriff.~~
 - b. Serve a copy of the notice of sale on the judgment debtor's agent, if there is in the county a person known to the sheriff to be an agent who has custody or management of, or who exercises control over, any property in the county belonging to the judgment debtor."

SECTION 1.(b) This section becomes effective October 1, 2021, and applies to executions issued on or after that date.

PART II. CLARIFY EFFECTS OF DEFAULT BIDS IN PRIVATE JUDICIAL SALES AND PUBLIC OR PRIVATE PARTITION SALES

SECTION 2.(a) G.S. 1-339.36 reads as rewritten:

"§ 1-339.36. Private sale; upset bid; subsequent ~~procedure.~~ procedure; defaulting bidder.



1 (a) Every private sale of real or personal property, except a sale of personal property as
2 provided by G.S. 1-339.34, is subject to an upset bid on the same conditions and in the same
3 manner as is provided by G.S. 1-339.25.

4 (b) When an upset bid is made for property sold at private sale, subsequent procedure
5 with respect to the upset bid is the same as for upset bids submitted in connection with real
6 property sold at public sale, except that the notice of any resale of personal property held pursuant
7 to an order granted under G.S. 1-339.27A need not be published in a newspaper but shall be
8 posted as provided by G.S. 1-339.17.

9 (c) Subsections (e) and (f) of G.S. 1-339.30 apply to a defaulting bidder in a private sale."

10 **SECTION 2.(b)** Part 3 of Article 2 of Chapter 46A of the General Statutes is
11 amended by adding a new section to read:

12 **"§ 46A-84.5. Petition for revocation based on default bid.**

13 If a purchaser in a partition sale defaults on the purchaser's bid, any party to the partition
14 proceeding or the officer or person designated to make the sale may at any time petition the court
15 to revoke its order confirming the partition sale. The petitioner for revocation shall serve all
16 parties required to be served under G.S. 1A-1, Rule 5, and, if the purchaser is not a party, serve
17 the purchaser under G.S. 1A-1, Rule 4(j). If the court finds that the purchaser defaulted on the
18 purchaser's bid and is unable to cure the default, the court shall revoke its order of confirmation
19 and order a resale."

20 **SECTION 2.(c)** G.S. 46A-83 reads as rewritten:

21 **"§ 46A-83. Petition for revocation of confirmation order.**

22 (a) Grounds for Revocation. – Notwithstanding G.S. 46A-76 or any other provision of
23 law, within 15 days of entry of the order confirming the partition sale of real property, the
24 purchaser or any party to the partition proceeding may petition the court to revoke its order of
25 confirmation and to order the withdrawal of the purchaser's offer to purchase the property upon
26 the following grounds:

- 27 (1) In the case of a purchaser, a lien remains unsatisfied on the property to be
28 conveyed.
- 29 (2) In the case of any party to the partition proceeding, any of the following:
- 30 a. Notice of the partition was not served on the petitioner for revocation
31 as required by G.S. 1A-1, Rule 4.
- 32 b. Notice of the sale was not mailed to the petitioner for revocation as
33 required by G.S. 46A-76(d).
- 34 c. The amount bid or price offered is inadequate and inequitable and will
35 result in irreparable damage to the owners of the real property.

36 In no event shall the confirmation order become final during the pendency of a petition under
37 this section. No upset bid shall be permitted after the entry of the confirmation order.

38 ...

39 (c) Service; Notice of Hearing. – The party petitioning for revocation shall ~~deliver a copy~~
40 ~~of the petition to serve~~ all parties required to be served under G.S. 1A-1, Rule 5, and shall serve
41 the officer or person designated to make the sale under G.S. 1A-1, Rule 4(j). The court shall
42 schedule a hearing on the petition within a reasonable time and shall cause a notice of the hearing
43 to be served on the petitioner, the officer or person designated to make the sale, and all parties
44 required to be served under G.S. 1A-1, Rule 5.

45"

46 **SECTION 2.(d)** This section is effective when it becomes law and applies to actions
47 or proceedings pending on or commenced on or after that date.

49 **PART III. AMENDMENTS REGARDING COMMISSIONER'S FEES IN TAX**
50 **FORECLOSURE ACTIONS AND REMOVAL OF OBSOLETE LANGUAGE**

51 **SECTION 3.(a)** G.S. 105-374 reads as rewritten:

1 **"§ 105-374. Foreclosure of tax lien by action in nature of action to foreclose a mortgage.**

2 (a) General Nature of Action. – The foreclosure action authorized by this section is in the
3 nature of an action to foreclose a mortgage and shall be instituted in the appropriate division of
4 the General Court of Justice in the county in which the real property is ~~situated and shall be an~~
5 action in the nature of an action to foreclose a mortgage, situated.

6 (b) Tax Lien. – Taxing units may proceed under this section, ~~either section~~ on the original
7 tax lien created by ~~G.S. 105-355(a) or on the lien acquired at a tax lien sale held under former~~
8 ~~G.S. 105-369 before July 1, 1983, with or without a lien sale certificate; and the amount of~~
9 ~~recovery in either case shall be the same. To this end, it is hereby declared that the original~~
10 ~~attachment of the tax lien under G.S. 105-355(a) is sufficient to support a tax foreclosure action~~
11 ~~by a taxing unit, that the issuance of a lien sale certificate to the taxing unit for lien sales held~~
12 ~~before July 1, 1983, is a matter of convenience in record keeping within the discretion of the~~
13 ~~governing body of the taxing unit, and that issuance of such certificates is not a prerequisite to~~
14 ~~perfection of the tax lien.~~G.S. 105-355(a).

15 (c) Parties; Summonses. – ~~The owner of record as of the date the taxes became delinquent~~
16 ~~and spouse (if any), any subsequent owner, all other taxing units having tax liens, all other~~
17 ~~lienholders of record, and all persons who would be entitled to be made parties to a court action~~
18 ~~(in which no deficiency judgment is sought) to foreclose a mortgage on such property,~~Summons.
19 – Each of the following persons shall be made parties and shall be served with summonses a
20 summons in the manner provided by ~~G.S. 1A-1, Rule 4.~~G.S. 1A-1, Rule 4:

21 (1) The owner of record and the owner's spouse, if any.

22 (2) All other taxing units having tax liens.

23 (3) All other lienholders of record.

24 (4) All persons that would be entitled to be made parties to a court action to
25 foreclose a mortgage on the property in which no deficiency judgment is
26 sought.

27 The fact that the owner of record ~~as of the date the taxes became delinquent, any subsequent~~
28 ~~owner, or any other defendant is a minor, is incompetent, or is under any other disability shall~~
29 ~~not prevent or delay the tax lien sale or the foreclosure of the tax lien; and all such each of these~~
30 ~~persons shall be made parties and shall be served with a summons in the same manner as in other~~
31 ~~civil actions.~~

32 ~~Persons who have disappeared or who that cannot be located and located, persons whose~~
33 ~~names and whereabouts are unknown, and all possible heirs or assignees of such persons, these~~
34 ~~persons may be served by publication; and such these persons, their heirs, and assignees may be~~
35 ~~designated by general description or by fictitious names in such an the action.~~

36 (c1) Lienholders Separately Designated. – The word "lienholder" shall appear
37 immediately after the name of each lienholder (including trustees and beneficiaries in deeds of
38 trust, and holders of judgment liens) whose name appears in the caption of any action instituted
39 under ~~the provisions of this section. Such~~This designation is intended to make clear to the public
40 the capacity of ~~such these persons which that~~ necessitated their having been made parties to ~~such~~
41 the action. Failure to add ~~such this~~ designation to captions shall does not constitute grounds for
42 attacking the validity of ~~actions an action~~ brought under this section, section or ~~titles the title~~
43 real property derived from such actions the action.

44 (d) Complaint as Lis Pendens. – The complaint in an action brought under this section
45 shall, from the time it is filed in the office of the clerk of superior court, serve as notice of the
46 pendency of the foreclosure action, and every person whose interest in the real property is
47 subsequently acquired or whose interest ~~therein in the property~~ is subsequently registered or
48 recorded shall be bound by all proceedings taken in the foreclosure action after the filing of the
49 complaint in the same manner as if those persons had been made parties to the action. It ~~shall not~~
50 be is not necessary to have the complaint cross-indexed as a notice of action pending to have the
51 effect prescribed by this ~~subsection (d).~~subsection.

1 (e) Subsequent Taxes. – The complaint in a tax foreclosure action brought under this
2 section by a taxing unit shall, in addition to alleging the tax lien on which the action is based,
3 include a general allegation of subsequent taxes ~~which that~~ are or may become a lien on the same
4 real property in favor of the plaintiff unit. Thereafter it shall not be necessary to amend the
5 complaint to incorporate the subsequent taxes by specific allegation. In case of redemption before
6 confirmation of the foreclosure sale, the person redeeming shall be required to pay, before the
7 foreclosure action is discontinued, at least all taxes on the real property ~~which that~~ have at the
8 time of discontinuance become due to the plaintiff unit, plus penalties, interest, and ~~costs thereon.~~
9 costs. Immediately prior to judgment ordering sale in a foreclosure ~~action (if action, if~~ there has
10 been no redemption prior to that ~~time), time,~~ the tax collector or the attorney for the plaintiff unit
11 shall file in the action a certificate setting forth all taxes ~~which that~~ are a lien on the real property
12 in favor of the plaintiff ~~unit (other unit, other~~ than taxes the amount of which has not been
13 definitely ~~determined).~~ determined.

14 (e1) Taxes Paid by Plaintiff. – Any plaintiff in a tax foreclosure ~~action (other action, other~~
15 than a taxing ~~unit) unit,~~ may include in ~~his the~~ complaint, originally or by amendment, all other
16 taxes and special assessments paid by ~~him which the plaintiff that~~ were liens on the same real
17 property.

18 (f) Joinder of Parcels. – All real property within the taxing unit subject to liens for taxes
19 levied against the same taxpayer for the first year involved in the foreclosure action may be joined
20 in one action. However, if real property is transferred by the listing taxpayer subsequent to the
21 first year involved in the foreclosure action, all subsequent taxes, penalties, interest, and costs
22 ~~(for for~~ which the property is ordered sold under ~~the terms of this Subchapter) this Subchapter~~
23 shall be prorated to ~~such the~~ property in the same manner as if payments were being made to
24 release ~~such the~~ property from the tax lien under ~~the provisions of~~ G.S. 105-356(b).

25 (g) Special Benefit Assessments. – A cause of action for the foreclosure of the lien of any
26 special benefit assessments may be included in any complaint filed under this section.

27 (h) Joint Foreclosure by Two or More Taxing Units. – Liens of different taxing units on
28 the same parcel of real property, representing taxes in the hands of the same tax collector, shall
29 be foreclosed in one action. Liens of different taxing units on the same parcel of real property,
30 representing taxes in the hands of different tax collectors, may be foreclosed in one action in the
31 discretion of the governing bodies of the taxing units.

32 The lien of any taxing unit made a party defendant in any foreclosure action shall be alleged
33 in an answer filed by the taxing unit, and the tax collector of each answering unit shall, prior to
34 judgment ordering sale, file a certificate of subsequent taxes similar to that filed by the tax
35 collector of the plaintiff unit, and the taxes of each answering unit shall be of equal dignity with
36 the taxes of the plaintiff unit. Any answering unit may, in case of payment of the plaintiff unit's
37 taxes, continue the foreclosure action until all taxes due to it have been paid, and it ~~shall not be~~
38 is not necessary for any answering unit to file a separate foreclosure action or to proceed under
39 G.S. 105-375 with respect to ~~any such the~~ taxes.

40 If a taxing unit properly served as a party defendant in a foreclosure action fails to answer
41 and file the certificate of subsequent taxes provided for in ~~the preceding paragraph, this~~
42 subsection, all of its taxes shall be barred by the judgment of sale except to the extent that the
43 purchase price at the foreclosure ~~sale (after sale, after~~ payment of costs and of the liens of all
44 taxing units whose liens are properly alleged by complaint or answer and ~~certificates) may be~~
45 certificates, is sufficient to pay ~~such the~~ taxes. However, if a defendant taxing unit is plaintiff in
46 another foreclosure action pending against the same property, or if it has begun a proceeding
47 under G.S. 105-375, its answer may allege that fact in lieu of alleging its liens, and the court, in
48 its discretion, may order consolidation of ~~such the~~ actions or such other disposition ~~thereof (and~~
49 ~~such disposition of the costs therein) of the actions, including disposition of the costs,~~ as it ~~may~~
50 ~~deem deems~~ deems advisable. ~~Any such~~ The order may be made by the clerk of the superior court,
51 subject to appeal as provided in G.S. 1-301.1.

1 (i) Costs. – ~~Subject to the provisions of this subsection (i),~~ Except as modified by this
2 subsection, costs may be taxed in any foreclosure action brought under this section in the same
3 manner as in other civil actions. When costs are collected, either by payment prior to the sale or
4 upon payment of the purchase price at the foreclosure sale, the fees allowed officers shall be paid
5 to those entitled to receive them. In foreclosure actions in which the plaintiff is a taxing unit, no
6 prosecution bond shall be required.

7 The word "costs," as used in this ~~subsection (i), shall be construed to include one subsection,~~
8 includes a reasonable attorney's fee for the plaintiff in such amount as the court shall, in its
9 discretion, determine and allow. When a taxing unit is made a party defendant in a tax foreclosure
10 action and files an answer therein, there may be included an answer, the court may include in the
11 costs an attorney's fee for the defendant unit in such amount as the court shall, an amount that
12 the court, in its discretion, determine and allow. determines and allows. The governing body of
13 any taxing unit may, in its discretion, pay a smaller or greater sum than that allowed as costs to
14 its attorney as a suit fee, and the governing body may allow a reasonable commission to its
15 attorney on taxes collected by ~~him after they have been placed in his hands; or the attorney.~~
16 Alternatively, the governing body may arrange with its attorney for the handling of tax
17 foreclosure suits on a salary basis or may make any other reasonable agreement with its ~~attorney~~
18 ~~or attorneys.~~ attorney. Any arrangement made between a taxing unit and its attorney may provide
19 that attorneys' fees collected as costs in foreclosure actions shall be collected for the use of the
20 taxing unit.

21 In any foreclosure action in which ~~real property is actually sold after judgment, the court~~
22 enters a judgment confirming the sale of real property, costs shall include a commissioner's fee
23 to be fixed by the court, not exceeding five percent (5%) of the purchase ~~price; and in price. In~~
24 case of redemption between the date of sale and the order prior to the judgment of confirmation,
25 ~~the a commissioner's fee shall not be added to the amount otherwise necessary for redemption.~~
26 In case more than one sale is made of the same property in any action, the commissioner's fee
27 may be based on the highest amount bid, but the commissioner shall not be allowed a separate
28 fee for each such sale. The governing body of any plaintiff unit may request the court to appoint
29 as commissioner a salaried official, attorney, or employee of the unit and, when the requested
30 appointment is made, may require that the commissioner's fees, when collected, be paid to the
31 plaintiff unit for its use.

32 (j) Contested Actions. – Any action brought under this section in which an answer raising
33 an issue requiring trial is filed within the time allowed by law ~~shall be is~~ is entitled to a preference
34 as to time of trial over all other civil actions.

35 (k) Judgment of Sale. – Any judgment in favor of the plaintiff or any defendant taxing
36 unit in an action brought under this section shall order the sale of the real property or as much as
37 may be necessary for the satisfaction of all of the following:

- 38 (1) Taxes adjudged to be liens in favor of the ~~plaintiff (other plaintiff, other than~~
39 ~~taxes the amount of which has not been definitely determined) determined,~~
40 together with penalties, interest, and ~~costs thereon.~~ costs.
- 41 (2) Taxes adjudged to be liens in favor of other taxing ~~units (other units, other~~
42 ~~than taxes the amount of which has not yet been definitely determined) determined,~~
43 if those taxes have been alleged in answers filed by the other
44 taxing units, together with penalties, interest, and ~~costs thereon.~~ costs.

45 The judgment shall appoint a commissioner to conduct the sale and shall order that the property
46 be sold in fee simple, free and clear of all interests, rights, claims, and liens whatever, except that
47 the sale shall be subject to (i) taxes the amount of which cannot be definitely determined at the
48 time of the judgment, (ii) taxes and special assessments of taxing units which are not parties to
49 the action, ~~and, and~~ (iii) in the discretion of the court, taxes alleged in other tax foreclosure actions
50 or proceedings pending against the same real property.

1 In all cases in which no answer is filed within the time allowed by law, and in cases in which
2 answers filed do not seek to prevent sale of ~~said the~~ property, the clerk of the superior court may
3 enter the judgment, subject to appeal as provided in G.S. 1-301.1.

4 (l) Advertisement of Sale. – The sale ~~shall be advertised,~~ and all necessary resales shall
5 be ~~advertised,~~ advertised in the manner provided by Article 29A of Chapter 1 of the General
6 ~~Statutes or by any statute enacted in substitution therefor.~~ Statutes.

7 (m) Sale. – The sale shall be by public auction to the highest bidder and shall, in
8 accordance with the judgment, be held at the courthouse door on any day of the week except a
9 Sunday or legal holiday when the courthouse is closed for transactions. ~~(In~~ In actions brought by
10 a municipality that is not a county seat, the court may, in its discretion, direct that the sale be held
11 at the city or town hall ~~door.)~~ door.

12 (m1) Deposit from Bidder. – The commissioner conducting the sale may, in ~~his~~ the
13 commissioner's discretion, require from any successful bidder a deposit equal to not more than
14 twenty percent (20%) of ~~his bid, which deposit, in the bid. In~~ the event that the bidder refuses to
15 take title and a resale becomes necessary, the deposit shall be applied to pay the costs of sale and
16 any loss resulting. ~~(However, this provision shall not deprive~~ Nothing in this subsection deprives
17 the commissioner of ~~his~~ the commissioner's right to sue for specific performance of the ~~contract.)~~
18 contract. No deposit shall be required of a taxing unit that has made the highest bid at the
19 foreclosure sale.

20 (n) Report of Sale. – Within three days following the foreclosure ~~sale~~ sale, the
21 commissioner shall report the sale to the court giving full particulars ~~thereof.~~ of the sale.

22 (o) Exceptions and Increased Bids. – At any time within 10 days after the commissioner
23 files ~~his~~ the report of the foreclosure sale, any person having an interest in the real property may
24 file exceptions to the report, and at any time within that 10-day ~~period~~ period, an increased bid
25 may be filed in the amount specified by and subject to the provisions ~~(other than provisions in~~
26 ~~conflict herewith)~~ of Article 29A of Chapter 1 of the General Statutes or the provisions (other
27 than provisions in conflict herewith) of any law enacted in substitution therefor. Statutes, except
28 as otherwise provided by this section. In the absence of exceptions or increased bids, the court
29 may, whenever it deems ~~such action~~ it necessary for the best interests of the parties, order resale
30 of the property.

31 (p) Judgment of Confirmation. – At any time after the expiration of 10 days from the time
32 the commissioner files ~~his~~ the report, if no exception or increased bid has been filed, the
33 commissioner may apply for judgment of confirmation, and in like manner ~~he~~ the commissioner
34 may apply for ~~such~~ a judgment of confirmation after the court has passed upon exceptions filed,
35 or after any necessary resales have been held and reported and 10 days have elapsed. The
36 judgment of confirmation shall direct the commissioner to deliver the deed upon payment of the
37 purchase price. This judgment may be entered by the clerk of superior court subject to appeal as
38 provided in G.S. 1-301.1.

39 (q) Application of Proceeds; Commissioner's Final Report. – After delivery of the deed
40 and collection of the purchase price, the commissioner shall apply the proceeds as follows:

- 41 (1) First, to payment of all costs of the action, including the commissioner's fee
42 and the attorney's ~~fee, which costs~~ fee. The costs shall be paid to the officials
43 or funds entitled ~~thereto;~~ to them.
- 44 (2) Then to the payment of taxes, penalties, and interest for which the real
45 property was ordered to be sold, and in case the funds remaining are
46 insufficient for this purpose, they shall be distributed pro rata to the various
47 taxing units for whose taxes the property was ordered ~~sold;~~ sold.
- 48 (3) Then pro rata to the payment of any special benefit assessments for which the
49 property was ordered sold, together with interest and ~~costs thereon;~~ costs.

- 1 (4) Then pro rata to payment of taxes, penalties, interest, and costs of taxing units
 2 that were parties to the foreclosure action but ~~which that~~ filed no answers
 3 ~~therein; in the action.~~
 4 (5) Then pro rata to payment of special benefit assessments of taxing units that
 5 were parties to the foreclosure action but ~~which that~~ filed no answers ~~therein;~~
 6 ~~in the action,~~ together with interest and ~~costs thereon; costs.~~
 7 (6) And any balance then remaining shall be paid in accordance with any
 8 directions given by the court and, in the absence of ~~such~~ directions, shall be
 9 paid into court for the benefit of the persons entitled ~~thereto.~~ ~~(If to it.~~ If the
 10 clerk is in doubt as to ~~who~~ which person is entitled to the surplus or if any
 11 adverse claims are asserted ~~thereto,~~ to the surplus, the clerk shall hold the
 12 surplus until rights ~~thereto to it~~ are established in a special proceeding
 13 pursuant to ~~G.S. 1-339.71.)~~ G.S. 1-339.71.

14 Within five days after delivering the deed, the commissioner shall make a full report to the court
 15 showing delivery of the deed, receipt of the purchase price, and the disbursement of the proceeds,
 16 accompanied by receipts evidencing all ~~such~~ the disbursements.

17 (r) Purchase and Resale by Taxing Unit. – The rights of a taxing unit to purchase real
 18 property at a foreclosure sale and resell it are governed by G.S. 105-376."

19 **SECTION 3.(b)** G.S. 105-373 reads as rewritten:

20 "**§ 105-373. Settlements.**

21 (a) Annual Settlement of Tax Collector. –

- 22 (1) Preliminary Report. – After July 1 and before ~~he~~ a tax collector is charged
 23 with taxes for the current fiscal year, the tax collector shall make a sworn
 24 report to the governing body of the taxing unit ~~showing;~~ showing all of the
 25 following:
 26 a. A list of the persons owning real property whose taxes for the
 27 preceding fiscal year remain unpaid and the principal amount owed by
 28 each ~~person;~~ and person.
 29 b. A list of the persons not owning real property whose personal property
 30 taxes for the preceding fiscal year remain unpaid and the principal
 31 amount owed by each person. ~~(To~~ To this list the tax collector shall
 32 append ~~his~~ a statement under oath that ~~he~~ the tax collector has made
 33 diligent efforts to collect the taxes due from the persons listed out of
 34 their personal property and by other means available ~~to him~~ for
 35 collection, and ~~he~~ the tax collector shall report ~~such~~ any other
 36 information concerning these taxpayers ~~as that~~ may be of interest to or
 37 required by the governing body, including a report of ~~his~~ the tax
 38 collector's efforts to make collection outside the taxing unit ~~under the~~
 39 ~~provisions of G.S. 105-364.)~~ G.S. 105-364. The governing body of the
 40 taxing unit may publish this list in any newspaper in the taxing unit.
 41 The cost of publishing this list shall be paid by the taxing unit.
 42 (2) Insolvents. – Upon receiving the report required by subdivision ~~(a)(1),~~ above
 43 (a)(1) of this section, the governing body of the taxing unit shall enter upon
 44 its minutes the names of persons owing ~~taxes~~ taxes, ~~but who~~ but that listed
 45 no real ~~property)~~ whom property, that it finds to be insolvent, and it shall by
 46 resolution designate the list entered in its minutes as the insolvent list to be
 47 credited to the tax collector in ~~his~~ the tax collector's settlement.
 48 (3) Settlement for Current Taxes. – After July 1 and before ~~he~~ a tax collector is
 49 charged with taxes for the current fiscal year, the tax collector shall make full
 50 settlement with the governing body of the taxing unit for all taxes in ~~his~~ the

1 tax collector's hands for collection for the preceding fiscal year. The following
2 charges and credits apply:

3 a. In the settlement the tax collector shall be charged with:
4 with all of the
5 following:

6 1. The total amount of all taxes in his
7 the tax collector's hands for
8 collection for the year, including amounts originally charged
9 to him
10 the tax collector and all amounts subsequently charged
11 on account of discoveries;
12 discoveries.

13 2. All penalties, interest, and costs collected by him
14 the tax
15 collector in connection with taxes for the current year;
16 and year.

17 3. All other sums collected by him
18 the tax collector.

19 b. The tax collector shall be credited with:
20 with all of the following:

21 1. All sums representing taxes for the year deposited by him
22 the
23 tax collector to the credit of the taxing unit or received for by
24 a proper official of the unit;
25 unit.

26 2. Releases duly allowed by the governing body;
27 body.

28 3. The principal amount of taxes constituting liens on real
29 property;
30 property.

31 4. The principal amount of taxes included in the insolvent list
32 determined in accordance with subdivision (a)(2),
33 above;
34 (a)(2)
35 of this section.

36 5. Discounts allowed by law;
37 law.

38 6. Commissions (if any) Commissions, if any, lawfully payable
39 to the tax collector as compensation;
40 and compensation.

41 7. The principal amount of taxes for any assessment appealed to
42 the Property Tax Commission when the appeal has not been
43 finally adjudicated.

44 The tax collector shall be liable on his
45 the tax collector's bond for both
46 honesty and faithful performance of duty; for any deficiencies; and, in
47 addition, for all criminal penalties provided by law.

48 The settlement, together with the action of the governing body with
49 respect thereto,
50 to it, shall be entered in full upon the minutes of the governing
51 body.

(4) Disposition of Tax Receipts after Settlement. – Uncollected taxes allowed as
credits in the settlement prescribed in subdivision (a)(3),
above, (a)(3) of this
section, whether represented by tax liens held by the taxing unit or included
in the list of insolvents, shall, for purposes of collection, be recharged to the
tax collector or charged to some other person designated by the governing
body of the taxing unit under statutory authority. The person charged with
uncollected taxes shall take the following actions:

a. Give bond satisfactory to the governing body;
body.

b. Receive the tax receipts and tax records representing the uncollected
taxes;

c. Have and exercise all powers and duties conferred or imposed by law
upon tax collectors;

d. Receive compensation as determined by the governing body.

(b) Settlements for Delinquent Taxes. – Annually, at the time prescribed for the
settlement provided in subdivision (a)(3),
above, (a)(3) of this section, all persons having in their
hands for collection any taxes for years prior to the year involved in the settlement shall settle
with the governing body of the taxing unit for collections made on each such prior year's taxes.
The settlement for the taxes for prior years shall be made in whatever form is satisfactory to the

1 chief accounting officer and the governing body of the taxing unit, and it shall be entered in full
2 upon the minutes of the governing body.

3 (c) Settlement at End of Term. – ~~Whenever any tax collector fails to succeed himself at~~
4 ~~At the end of his a tax collector's last term of office, he the tax collector shall, on the last business~~
5 ~~day of his the term, make full and complete settlement for all taxes (current taxes, current or~~
6 ~~delinquent) delinquent, in his the tax collector's hands and deliver the tax records, tax receipts,~~
7 ~~tax sale certificates, and accounts to his the successor in office. The settlement shall be made in~~
8 whatever form is satisfactory to the chief accounting officer and the governing body of the taxing
9 unit, and it shall be entered in full upon the minutes of the governing body.

10 (d) Settlement upon Vacancy during Term. – When a tax collector voluntarily resigns, ~~he~~
11 ~~the tax collector shall, upon his the last day in office, make full settlement (in in the manner~~
12 ~~provided in subsection (e), above) (c) of this section for all taxes in his the tax collector's hands~~
13 ~~for collection. In default of such a settlement, or in case of a vacancy occurring during a term for~~
14 ~~any reason, it shall be the duty of the chief accounting officer or, in the discretion of the governing~~
15 ~~body, of some other qualified person appointed by it immediately to prepare and submit to the~~
16 ~~governing body a report in the nature of a settlement made on behalf of the former tax collector.~~
17 ~~The report, together with the governing body's action with respect thereto, to it, shall be entered~~
18 ~~in full upon the minutes of the governing body. Whenever a settlement must be is made in on~~
19 ~~behalf of a former tax collector, as provided in this subsection (d), the governing body may~~
20 ~~deliver the tax receipts, tax records, and tax sale certificates tax receipts and tax records to a~~
21 ~~successor collector immediately upon the occurrence of the vacancy, or it may make whatever~~
22 ~~temporary arrangements for the collection of taxes as may be expedient, but in no event shall any~~
23 ~~person be permitted to collect taxes until he the person has given bond satisfactory to the~~
24 governing body.

25 (e) Effect of Approval of Settlement. – Approval of any settlement by the governing body
26 does not relieve the tax collector or ~~his the tax collector's~~ bondsmen of liability for any shortage
27 actually existing at the time of the settlement and thereafter discovered; nor does it relieve the
28 collector of any criminal liability.

29 (f) Penalties. – In addition to any other civil or criminal penalties provided by law, any
30 member of a governing body of a taxing unit, tax collector, or chief accounting officer who fails
31 to perform any duty imposed upon ~~him that person~~ by this section ~~shall be is~~ guilty of a Class 1
32 misdemeanor.

33 (g) Relief from Collecting Insolvents. – The governing body of any taxing unit may, in
34 its discretion, relieve the tax collector of the charge of taxes owed by persons on the insolvent
35 list that are five or more years past due when it appears to the governing body that ~~such the~~ taxes
36 are uncollectible.

37 (h) Relief from Collecting Taxes on Classified Motor ~~Vehicles. Vehicles.~~ – The board of
38 county commissioners may, in its discretion, relieve the tax collector of the charge of taxes on
39 classified motor vehicles listed pursuant to ~~G.S. 105-330.3(a)(1)~~ G.S. 105-330.3(a) that are one
40 year or more past due when it appears to the board that the taxes are uncollectible. This relief,
41 when granted, shall include municipal and special district taxes charged to the collector."

42 **SECTION 3.(c)** G.S. 105-378 reads as rewritten:

43 **"§ 105-378. Limitation on use of remedies.**

44 (a) Use of Remedies Barred. – No county or municipality ~~may shall~~ maintain an action
45 or procedure to enforce any remedy provided by law for the collection of taxes or the enforcement
46 of any tax liens ~~(whether liens, whether the taxes or tax liens are evidenced by the original tax~~
47 ~~receipts, tax sales certificates, tax receipts or otherwise) otherwise, unless the action or procedure~~
48 is instituted within 10 years from the date the taxes became due.

49 (b) Not Applicable to Special Assessments. – ~~The provisions of subsection (a), above,~~
50 ~~shall not be construed to~~ Subsection (a) of this section does not apply to the lien of special
51 assessments.

1 (c) Repealed by Session Laws 1998-98, s. 26, effective August 14, 1998.

2 (d) Enforcement and Collection Delayed Pending Appeal. – When the board of county
3 commissioners or municipal governing body delivers a tax receipt to a tax collector for any
4 assessment that has been or is subsequently appealed to the county board of equalization and
5 review or the Property Tax Commission, the tax collector ~~may~~shall not seek collection of taxes
6 or enforcement of a tax lien resulting from the assessment until the appeal has been finally
7 adjudicated. The tax collector, however, may send an initial bill or notice to the taxpayer."

8 **SECTION 3.(d)** This section becomes effective October 1, 2021. Subsection (a) of
9 this section applies to tax foreclosure actions commenced on or after that date.

10

11 **PART IV. EFFECTIVE DATE**

12 **SECTION 4.** Except as otherwise provided, this act is effective when it becomes
13 law.