



2013 ASSEMBLY BILL 622

January 15, 2014 - Introduced by Representatives GOYKE, JOHNSON, HULSEY, BERCEAU, HEBL, ZEPNICK, KESSLER, SINICKI, OHNSTAD, BARNES, ZAMARRIPA and WRIGHT, cosponsored by Senators HARRIS and L. TAYLOR. Referred to Committee on Housing and Real Estate.

- 1 **AN ACT** *to amend* 66.0413 (1) (f) and 66.0413 (1) (i); and *to create* 846.03 of the
2 statutes; **relating to:** requiring a demolition bond in foreclosure actions.

Analysis by the Legislative Reference Bureau

The statutes specify a procedure for municipalities (cities, villages, and towns) to follow for the razing of old, dilapidated, or out-of-repair buildings. The municipality may order the owner of such a building to repair it, if the building can be made safe by reasonable repairs, or to raze it. If the cost of repair would exceed a specified percentage in relation to the assessed value of the building, repairs are presumed unreasonable. The order is served on the owner like a summons and specifies a time within which the repairing or razing must be done. If the owner does not comply with the order, the municipality may commence a legal action for a court order requiring the owner to raze the building or may proceed to raze the building through a public agency or by contract with a private party. The cost of razing the building may be charged against the real estate on which the building was located and, if so, becomes a lien on the real estate and may be assessed and collected as a special tax. A first class city (Milwaukee) may enact ordinances with alternative or additional provisions governing razing buildings.

This bill requires the plaintiff in a mortgage foreclosure action to post a surety bond with the clerk of circuit court when the action is commenced. The bond is to guarantee reimbursement by the plaintiff to the municipality in which the property in foreclosure is located for up to \$15,000 in costs incurred by the municipality if the municipality razes a building on the property during the foreclosure action. The clerk is required to return the bond to the plaintiff if a building on the property is not

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razed before the first of any of the following occurs: 1) the foreclosure action is dismissed; 2) the mortgagor redeems the property (pays the amount owed); or 3) the court confirms the sale of the property at the end of the foreclosure action. The bill prohibits any of the costs incurred by the plaintiff from being recovered from the mortgagor or from being included in the amount of the judgment, in the amount of any deficiency, in the amount that the mortgagor must pay to redeem the property, or in the costs of the foreclosure action.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 66.0413 (1) (f) of the statutes is amended to read:

2 66.0413 (1) (f) *Failure to comply with order; razing building.* An order under
3 par. (b) shall specify the time within which the owner of the building is required to
4 comply with the order and shall specify repairs, if any. If the owner fails or refuses
5 to comply within the time prescribed, the building inspector or other designated
6 officer may proceed to raze the building through any available public agency or by
7 contract or arrangement with private persons, or to secure the building and, if
8 necessary, the property on which the building is located if unfit for human habitation,
9 occupancy, or use. The cost of razing or securing the building may be charged in full
10 or in part against the real estate upon which the building is located, and if that cost
11 is so charged it is a lien upon the real estate and may be assessed and collected as
12 a special tax. Any portion of the cost charged against the real estate that is not
13 reimbursed under s. 632.103 (2) from funds withheld from an insurance settlement,
14 or under s. 846.03 by the plaintiff in a foreclosure action against the real estate, may
15 be assessed and collected as a special tax.

16 **SECTION 2.** 66.0413 (1) (i) of the statutes is amended to read:

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1 66.0413 (1) (i) *Removal of personal property.* If a building subject to an order
2 under par. (b) contains personal property or fixtures which that will unreasonably
3 interfere with the razing or repair of the building or if the razing makes necessary
4 the removal, sale, or destruction of the personal property or fixtures, the building
5 inspector or other designated officer may order in writing the removal of the personal
6 property or fixtures by a date certain. The order shall be served as provided in par.
7 (d). If the personal property or fixtures are not removed by the time specified the
8 inspector may store, sell, or, if it has no appreciable value, destroy the personal
9 property or fixture. If the property is stored the amount paid for storage is a lien
10 against the property and against the real estate and, to the extent that the amount
11 is not reimbursed under s. 632.103 (2) from funds withheld from an insurance
12 settlement or under s. 846.03 by the plaintiff in a foreclosure action against the real
13 estate, shall be assessed and collected as a special tax against the real estate if the
14 real estate is owned by the owner of the personal property and fixtures. If the
15 property is stored the owner of the property, if known, shall be notified of the place
16 of storage and if the property is not claimed by the owner it may be sold at the
17 expiration of 6 months after it has been stored. The handling of the sale and the
18 distribution of the net proceeds after deducting the cost of storage and any other costs
19 shall be as specified in par. (j) and a report made to the circuit court as specified in
20 par. (j). A person affected by any order made under this paragraph may appeal as
21 provided in par. (h).

22 **SECTION 3.** 846.03 of the statutes is created to read:

23 **846.03 Bond for demolition costs. (1)** In this section, “property” means the
24 property that is subject to the mortgage foreclosure action.

ASSEMBLY BILL 622**SECTION 3**

1 (2) Upon commencement of a mortgage foreclosure action, the plaintiff shall
2 file with the clerk of circuit court for the county in which the action is commenced a
3 bond furnished by a surety company authorized to do business in this state. The bond
4 shall guarantee reimbursement to the municipality in which the property is located
5 for up to \$15,000 in costs associated with the demolition of any building or structure
6 or any portion of a building or structure located on the property.

7 (3) If, at any time before an occurrence under sub. (4), the municipality in which
8 the property is located razes a building or structure or any portion of a building or
9 structure on the property using the procedure under s. 66.0413 or under a local
10 ordinance relating to demolition, the plaintiff shall reimburse the municipality for
11 up to \$15,000 in costs incurred by the municipality in the course of enforcing s.
12 66.0413 or the local ordinance, including reasonable administrative costs incurred
13 in connection with that enforcement, such as expenses for inspection, clerical,
14 supervisory, and attorney services.

15 (4) Unless sub. (3) applies, the clerk shall return the bond to the plaintiff upon
16 the first of any of the following to occur:

- 17 (a) The foreclosure action is dismissed.
- 18 (b) The mortgagor redeems the property.
- 19 (c) The court confirms the sale of the property.

20 (5) No costs incurred under this section may be recovered from the mortgagor.
21 No amount paid by the plaintiff under this section may be included in the amount
22 of the judgment, the amount of any deficiency due the plaintiff after sale of the
23 property, the amount required to redeem the property under s. 846.13, or as costs
24 under this chapter.

25 **SECTION 4. Initial applicability.**

