

The Narragansett Bay Commission
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MEDIA RELEASE

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Narragansett Bay Commission Statement on Lien Sale Policy

The Narragansett Bay Commission is saddened at the removal of Madelin Walker from her home due to foreclosure. Like the rest of the community, the NBC was informed about Mrs. Walker's eviction through the local news on Tuesday, December 13, 2005. The Commission is confident, however, of the legality and propriety of all actions regarding the Commission's November 2003 lien sale in which a lien on Mrs. Walker's property was sold due to non-payment of her sewer bill for over four years.

Lien sale authority is statutorily granted to the Narragansett Bay Commission as a method of last resort for collections of severely delinquent accounts. The same authority is given to cities and towns to collect overdue taxes and to municipal water suppliers for overdue water bills. Less than one percent of the Commission's accounts are selected for lien sale in any given year, and of those, only one-tenth actually go to sale.

The Commission has met with community representatives and legislators over the years to improve the lien sale notification process and has achieved great success in this endeavor. Currently, the Urban League receives an updated list of unredeemed lien sale properties every 90 days. As a former Commissioner of the NBC (from 1998-2003), Urban League Director Dennis Langley knows well the NBC's procedures and that the NBC's practices are entirely compliant with Rhode Island General Law. NBC was an active participant in the newly developed procedures for lien sales that passed in the 2005 General Assembly session. Unfortunately, the Walker account lien sale precedes the passage of the new legislation.

It is also unfortunate, in Mrs. Walker's case, that it appears that she did not have adequate advocacy to avoid the foreclosure on her home by the lien holder. Upon recent investigation, it has come to the Narragansett Bay Commission's attention that encumbrances from the Rhode Island District Court exist on this property of \$135,000. This would appear to be in excess of the assessed value of the property of \$107,000.

The Commission's main objective is to serve the customers within its district and to meet its responsibilities under the federal Clean Water Act. The Commission operates entirely on user fees; delinquency, therefore, shifts a greater burden on the vast majority of customers who do pay their bills. However, the Commission remains willing to continue its discussions with all interested parties in the hopes of continually improving its lien sale procedures.

Background information:

Narragansett Bay Commission

- Created by the Rhode Island General Assembly in 1980
- 10 sewer customer communities
- 40% of state's population
- 360,000 people served

Billing Process

- 80,000 Quarterly sewer bills that indicate current charges and past due balances and offer budget assistance to settle overdue account
- Late notice ("dunning") letters, which reiterate the offer of budget assistance to settle overdue accounts and inform the property owner of the implications of non-payment, such as water termination or lien sale
- Phone calls by NBC collection representatives

Lien Sale

- Under RIGL46-25-22; NBC is authorized to collect outstanding fees, charges and assessments in the same manner in which taxes are collected by municipal tax authorities, water boards, fire districts
- A last-resort effort to obtain payment for long delinquent accounts: at least \$700 past due for greater than 90 days
- Presale lien letters, which notify customers if they are on the lien sale list prior to final lien sale selection
- A certified letter, sent approximately six weeks in advance of the lien sale
- Certified notification to all parties of interest indicated on the property title report as having an ownership or secured interest
- In addition, the NBC publishes 4 advertisements in the Providence Journal publicly announcing the sale and listing the property owners and addresses of accounts selected for sale

Post Lien Sale

- Post-sale notification letter to property owner, stating date of lien sale, necessity to redeem property, ramification of not redeeming within one year of lien sale date and an offer to assist property owners in redemption process during the one year redemption period
- Property owner must reimburse lien sale purchaser in the amount of the lien (which includes associated charges such as title fee, certified notices, deed preparation fee, advertisement fee and associated recording fees), plus statutory interest
- NBC offers assistance at no charge with the redemption on the lien
- Since the May, 2004 lien sale the NBC has provided the Urban League with a list of unredeemed properties, updated every 90 days. Presumably, the Urban League follows up with the homeowners of these unredeemed properties to assist them prior to the initiation of foreclosure proceedings.
- **After one year**, NBC can no longer assist the property owner with the redemption process, and the property owner must work directly with the lien purchaser

- **After one year**, the lien purchaser has a right to file a petition to foreclose a property owner's right of redemption in Superior Court. The property owner may redeem through Superior Court until a final decree is entered

Madelin Walker Account

- Account in arrears since 1999; several collection attempts made, including at least 13 late notices, phone calls, and budget plans. No payment made on account from 1999-2003
- Property owner notified in June 2003 that account was selected for November 20, 2003 lien sale with an outstanding balance of \$830.94 in accordance with NBC established selection criteria and notification procedures
- Certified notice to all parties of interest in October 2003; Notice received by property owner on 10/27/03 per signed certified mail receipt
- Outstanding balance increased to \$1125.71 as a result of additional usage and lien sale related costs. Partial payment received on account on 11/17/2003 leaving a remaining balance of \$836.39
- Account sold at 11/20/03 lien sale to Cobble Hill Development LLP for \$836.39
- Post lien sale notification letter and offer of redemption assistance sent to Walker residence on 1/7/04
- NBC received notification of foreclosure on the property in August, 2005
- NBC learns of Mrs. Walker's age and eviction by press on 12/13/05