

SB

132

ALASKA STATE LEGISLATURE

Co-chair, Joint Armed Services
Committee
•
Resources Committee
•
Judiciary Committee
•
Transportation Committee



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SENATOR BILL WIELECHOWSKI

March 21, 2007

Senator Hollis French, Chair
Senate Judiciary Committee
Room 506, State Capitol
Juneau, Alaska 99801

I am writing to request a hearing on SB 132, "An Act relating to an appeal to the superior court from a determination by the State Assessment Review Board; and providing for an effective date."

This bill would limit the superior court's review of the board's action solely to review of the record established at the hearing before the board. Currently AS 43.56.130(i), which was enacted in 1973, provides for "trial de novo of the board's action," allowing for introduction of new evidence on appeal. Any proceeding before the State Assessment Review Board is therefore rendered superfluous and wastes valuable state resources. This bill would make the appeal process for this board conform to the process for the Board of Equalization. It is supported by the Attorney General's Office, will streamline the review process, and help reduce backlogs in the courts.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Wielechowski".

Senator Bill Wielechowski

25-LS0153V

Bannister

3/27/07

CS FOR SENATE BILL NO. 18()**IN THE LEGISLATURE OF THE STATE OF ALASKA****TWENTY-FIFTH LEGISLATURE - FIRST SESSION****BY****Offered:****Referred:****Sponsor(s): SENATOR BUNDE****A BILL****FOR AN ACT ENTITLED**

1 **"An Act relating to real property foreclosures, to the sale of property on execution, and**
2 **to deeds of trust."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 09.35.140 is amended to read:

5 **Sec. 09.35.140. Notice of sale on execution.** Before the sale of property on
6 **excution, notice of the sale shall be given as follows:**

7 (1) **notice of the sale of personal property is given by posting a written**
8 **or printed notice of the time and place of sale in three public places within five miles**
9 **of the place where the sale is to be held, not less than 10 days before the day of sale;**
10 **[ONE OF THE NOTICES SHALL BE POSTED AT THE POST OFFICE NEAREST**
11 **TO THE PLACE WHERE THE SALE IS TO TAKE PLACE;]**

12 (2) **notice of the sale of real property is given by posting a similar**
13 **notice particularly describing the property, including the property's street address if**
14 **there is a street address for the property, not less than 30 days before the day of sale in**

1 three public places, as provided in (1) of this section, and publishing a copy of the
2 notice four times, once a week for four successive weeks in a newspaper of general
3 circulation published nearest to the place of sale; an inaccuracy in the street address
4 may not be used to set aside a sale if the legal description is correct; in this paragraph,
5 "newspaper of general circulation" means a publication that

6 (A) is published in newspaper format;

7 (B) is distributed at least once a week for at least 50 weeks
8 each year within the judicial district, excluding a period when publication is
9 interrupted by a labor dispute or by a natural disaster or other casualty that the
10 publisher cannot control; and has a total paid circulation or paid distribution of
11 at least 500 copies, or 10 percent of the total population of the judicial district,
12 whichever is less; in this subparagraph, "judicial district" means the judicial
13 district where the place of sale is located;

14 (C) holds a second class mailing permit from the United States
15 Postal Service;

16 (D) is not published primarily to distribute advertising; and

17 (E) is not intended primarily for a particular professional or
18 occupational group.

19 * **Sec. 2.** AS 09.35.140 is amended by adding new subsections to read:

20 (b) In addition to the notice required by (a) of this section, notice of the sale of
21 real property on execution shall be given by publishing a notice of the sale on an
22 Internet website beginning at least 45 days before the date of the sale. The notice must
23 be published on at least 30 days, including at least 10 of the last 15 days before the
24 actual date of the sale. Giving notice under this subsection is not required unless there
25 is an Internet website that qualifies under (c) of this section.

26 (c) To qualify as an Internet website on which notices of sale may be
27 published under (b) of this section, an Internet website must

28 (1) be available to any person;

29 (2) be completely free to the public for viewing and not require a
30 subscription;

31 (3) be used primarily to advertise real property under foreclosure;

1 (4) have been in continuous operation for more than one year;

2 (5) have a viewership of at least 5,000 different visitors each month
3 that is verified by an independent audit; and

4 (6) have an office in the state and the office has staff that includes a
5 senior management person.

6 * Sec. 3. AS 09.35.142 is amended to read:

7 **Sec. 09.35.142. Action to establish newspaper or Internet website status.** A
8 person who owns a publication may bring an action under AS 22.10.020(g) to
9 establish that the publication is a newspaper of general circulation under
10 **AS 09.35.140(a)(2)** [AS 09.35.140(2)]. **A person who owns an Internet website**
11 **may bring an action under AS 22.10.020(g) to establish that the Internet website**
12 **qualifies as an Internet website on which notices of sale may be published under**
13 **AS 09.35.140(b).**

14 * Sec. 4. AS 34.20.070(b) is amended to read:

15 (b) Not less than 30 days after the default and not less than **90 days** [THREE
16 MONTHS] before the sale, the trustee shall record in the office of the recorder of the
17 recording district in which the trust property is located a notice of default setting out
18 (1) the name of the trustor, (2) the book and page where the trust deed is recorded or
19 the serial number assigned to the trust deed by the recorder, (3) a description of the
20 trust property, including the property's street address if there is a street address for the
21 property, (4) a statement that a breach of the obligation for which the deed of trust is
22 security has occurred, (5) the nature of the breach, (6) the sum owing on the
23 obligation, (7) the election by the trustee to sell the property to satisfy the obligation,
24 and (8) the date, time, and place of the sale. An inaccuracy in the street address may
25 not be used to set aside a sale if the legal description is correct. At any time **up to five**
26 **days** before the sale, if the default has arisen by failure to make payments required by
27 the trust deed, the default may be cured by payment of the sum in default other than
28 the principal that would not then be due if no default had occurred, plus attorney fees
29 or court costs actually incurred by the trustee due to the default. If, under the same
30 trust deed, notice of default under this subsection has been recorded two or more times
31 previously and the default has been cured under this subsection, the trustee may elect

1 to refuse payment and continue the sale.

2 * **Sec. 5.** AS 34.20.070(c) is amended to read:

3 (c) Within 10 days after recording the notice of default, the trustee shall mail a
4 copy of the notice by certified mail to the last known address of each of the following
5 persons or their legal representatives: (1) the trustor [GRANTOR] in the trust deed;
6 (2) the successor in interest to the trustor [GRANTOR] whose interest appears of
7 record or of whose interest the trustee or the beneficiary has actual notice, or who is in
8 actual physical possession of the property; (3) any other person actually in physical
9 possession of [OR OCCUPYING] the property; (4) any person having a lien or
10 interest subsequent to the interest of the trustee in the trust deed, where the lien or
11 interest appears of record or where the trustee or the beneficiary has actual notice of
12 the lien or interest. The notice may be delivered personally instead of by mail.

13 * **Sec. 6.** AS 34.20.070 is amended by adding new subsections to read:

14 (e) In (c) of this section, if the existence of a lien or nonpossessory interest can
15 only be inferred from an inspection of the real property, the person holding the lien or
16 nonpossessory interest is not entitled to notice under this subsection unless the lien or
17 nonpossessory interest appears of record or a written notice of the lien or
18 nonpossessory interest has been given to the beneficiary or trustee before the
19 recording of the notice of default.

20 (f) If the trustee delivers notice personally under (c) of this section to the
21 property or to an occupant of the property, the trustee may, notwithstanding (c) of this
22 section, deliver the notice up to 20 days after the notice of default is recorded. If there
23 is not a structure on the property and a person is not present on the property at the time
24 of delivery, the trustee may place the notice on the property, or as close as practicable
25 to the property if

26 (1) there is not a practical road access to the property; or

27 (2) access to the property is restricted by gates or other barriers.

28 (g) If the trustee or other person who delivered notice under (f) of this section
29 signs an affidavit for the delivery, the affidavit is prima facie evidence that the trustee
30 complied with (f) of this section. After one year from the delivery, as evidenced by the
31 affidavit, the trustee is conclusively presumed to have complied with (f) of this section

1 unless, within one year from the delivery, an action has been filed in court to contest
2 the foreclosure based on failing to comply with (f) of this section.

3 (h) If a person who is entitled to receive notice by mail under (c) of this
4 section is known by the beneficiary or trustee to be deceased, the trustee may satisfy
5 the notice requirements of (c) of this section by mailing the notice to the last known
6 address of the deceased person and to the personal representative of the deceased
7 person if the beneficiary or trustee knows that a personal representative has been
8 appointed for the deceased person.

9 (i) If a person who is entitled to receive notice by mail under (c) of this section
10 is known by the beneficiary or trustee to be deceased but the trustee and the
11 beneficiary do not know that a personal representative has been appointed for the
12 deceased person, the trustee may satisfy the notice requirements of (c) of this section
13 by

14 (1) mailing the notice to the heirs and devisees of the deceased person

15 (A) whose names and addresses are known to the beneficiary or
16 trustee; or

17 (B) who have recorded a notice of their interest in the property;

18 and

19 (2) publishing and posting the notice of the foreclosure as provided by
20 law for the sale of real property on execution, except that the notice must be titled "To
21 the Heirs or Devisees of (insert the name of the deceased person)" and include in the
22 body of the notice a list of the names of the persons who are known by the beneficiary
23 or trustee to be the heirs and devisees of the deceased person.

24 (j) If notice is given as required by (h) and (i) of this section, an heir or
25 devisee of the deceased person may not challenge the foreclosure on the ground that
26 the heir or devisee did not receive notice of the sale, unless the heir or devisee
27 challenges the foreclosure on this ground within three months after the sale.

28 (k) A person may bring an action in court to enjoin a foreclosure on real
29 property only if the person is the trustor of the deed of trust under which the real
30 property was foreclosed, a guarantor of the obligation that the real property is
31 securing, a person who has an interest in the real property that has been recorded, a

1 person who has a recorded lien against the real property, an heir to the real property, a
2 devisee of the real property, or the attorney general acting under other legal authority.

3 (l) If a person brings an action under (k) of this section to stop a sale of real
4 property, and if the sale is being brought because of a default in the performance of a
5 nonmonetary obligation required by the deed of trust that the real property is securing,
6 the court may impose on the person the conditions that the court determines are
7 appropriate to protect the beneficiary.

8 (m) In this section, "devisee," "heir," and "personal representative" have the
9 meanings given in AS 13.06.050.

10 * Sec. 7. AS 34.20.080(a) is amended to read:

11 (a) The sale authorized in AS 34.20.070 shall be made under the terms and
12 conditions and in the manner set out in the deed of trust. **The proceeds from a sale**
13 **shall be placed in escrow until they are disbursed.** However, the sale shall be made

14 (1) at public auction held at the front door of a courthouse of the
15 superior court in the judicial district where the property is located, unless the deed of
16 trust specifically provides that the sale shall be held in a different place, **except that a**
17 **trustee may also accept bids by telephone, the Internet, and electronic mail if the**
18 **trustee has taken reasonable steps to ensure that the bidding methods using the**
19 **telephone, the Internet, or electronic mail are fair, accessible, and designed to**
20 **result in money that is immediately available for disbursement;** and

21 (2) after public notice of the time and place of the sale has been given
22 in the manner provided by law for the sale of real property on execution.

23 * Sec. 8. AS 34.20.080(b) is amended to read:

24 (b) The attorney for the trustee **or another agent of the trustee** may conduct
25 the sale and act in the sale as the auctioneer for the trustee. **The trustee may set**
26 **reasonable rules and conditions for the conduct of the sale.** Sale shall be made to
27 the highest and best bidder. The beneficiary under the trust deed may bid at the
28 trustee's sale. **Except as provided by (g) of this section, the [THE] trustee shall**
29 **execute and deliver to the purchaser a deed to the property sold.**

30 * Sec. 9. AS 34.20.080(e) is amended to read:

31 (e) The trustee may postpone sale of all or any portion of the property by

1 delivering to the person conducting the sale a written and signed request for the
2 postponement to a stated date and hour. The person conducting the sale shall publicly
3 announce the postponement to the stated date and hour at the time and place originally
4 fixed for the sale. This procedure shall be followed in any succeeding postponement,
5 but the foreclosure may not be postponed for more than 12 months unless a new
6 notice of the sale is given under (a)(2) of this section. A sale may be postponed for
7 up to 12 months from the sale date stated in the notice of default under
8 AS 34.20.070(b) without providing a basis for challenging the validity of the
9 foreclosure process because of the length of time the foreclosure has been
10 pending.

11 * Sec. 10. AS 34.20.080 is amended by adding new subsections to read:

12 (f) After delivery of a deed under (b) of this section, the trustee shall distribute
13 any cash proceeds of the sale in the following order to

14 (1) the beneficiary of the deed of trust being foreclosed until the
15 beneficiary is paid the full amount that is owed under the deed of trust to the
16 beneficiary;

17 (2) the persons who held, at the time of the sale, recorded interests,
18 except easements, in the property, that were subordinate to the foreclosed deed of
19 trust; the distribution under this paragraph shall be made according to the priority of
20 the recorded interest, and a recorded interest with a higher priority shall be satisfied
21 before distribution is made to the recorded interest that is next lower in priority;
22 however, if a person holds a recorded interest that is an assessment, the person is
23 entitled only to the amount of the assessment that was due at the time of the sale; in
24 this paragraph, "recorded interest" means an interest, including a lease, recorded under
25 AS 40.17;

26 (3) the trustor in the trust deed if the trustor is still the owner of the
27 property at the time of the foreclosure sale, but, if the trustor is not still the owner of
28 the property at the time of the foreclosure sale, then to the trustor's successor in
29 interest whose interest appears of record at the time of the foreclosure sale.

30 (g) The trustee may withhold delivery of the deed under (b) of this section for
31 up to five days after the sale. If, during the five days, the trustee determines that the

1 sale should not have proceeded, the trustee may not issue the deed but shall

2 (1) inform the beneficiary, the otherwise successful bidder, and the
3 trustor of the trust deed or the trustor's successor in interest that the sale is rescinded;
4 and

5 (2) return to the otherwise successful bidder money received from the
6 otherwise successful bidder as a bid on the property; return of this money is the
7 otherwise successful bidder's only remedy if the trustee withholds delivery of the deed
8 under (b) of this section.

9 (h) If a trustee rescinds a sale under (g) of this section and the obligation
10 secured by the deed of trust remains in default, the trustee may, at the request of the
11 beneficiary reschedule the sale for a date that is not less than 45 days after the date of
12 the rescinded sale. Not less than 30 days before the rescheduled sale date, the trustee
13 shall

14 (1) mail notice of the rescheduled sale date by certified mail to the last
15 known address of each of the persons identified by AS 34.20.070(c); and

16 (2) publish and post the notice of the rescheduled sale date as provided
17 by law for the sale of real property on execution.

18 (i) Unless a sale is rescinded under (g) of this section, the sale completely
19 terminates the rights of the trustor of the trust deed in the property.

20 * Sec. 11. AS 34.20.120(a) is amended to read:

21 (a) The trustee under a trust deed upon real property given to secure an
22 obligation to pay money and conferring no duties upon the trustee other than the duties
23 that are incidental to the exercise of the power of sale conferred in the deed may be
24 substituted by recording in the mortgage records of the recording district in which the
25 property is located a substitution executed and acknowledged by

26 (1) all the beneficiaries under the trust deed, or their successors in
27 interest; or

28 (2) the attorneys for all of the beneficiaries or the attorneys for all
29 of the beneficiaries' successors in interest.

30 * Sec. 12. AS 34.20.120(b) is amended to read:

31 (b) The substitution must contain

1 (1) the date of execution of the trust deed;
2 (2) the names of the trustee, trustor, and beneficiary, and, if the
3 substitution is executed by the attorney for the beneficiary or successor in
4 interest to the beneficiary, the name, address, and Alaska Bar Association
5 identification number of the attorney;

6 (3) the book and page where the trust deed is recorded or the serial
7 number assigned to the trust deed by the recorder;

8 (4) the name of the new trustee; and

9 (5) an acknowledgment signed and acknowledged by the trustee
10 named in the trust deed of a receipt of a copy of the substitution, or an affidavit of
11 service of a copy of it.

12 * **Sec. 13.** AS 34.20 is amended by adding a new section to read:

13 **Sec. 34.20.125. Trustee bond required.** (a) Before performing the duties of a
14 trustee under AS 34.20.070 and 34.20.080, a person shall obtain a surety bond in the
15 amount of \$250,000 to protect the trustors and beneficiaries of trust deeds against
16 fraud or defalcation by the trustee in the performance of the duties.

17 (b) The bond required by (a) of this section must be a bond that is terminable
18 at any time by the surety by sending written notice by first class United States mail to
19 the obligee and the principal at the address for each that is last known by the surety,
20 and to the department. The bond terminates when 45 days have expired after the date
21 the notice is mailed. The surety is not liable for an act or omission of the principal that
22 occurs after the termination. The surety is not liable after the termination for more than
23 the face amount of the bond, regardless of the number of claims made against the bond
24 or the number of years the bond remains in force. A revision of the amount of the
25 bond is not cumulative.

26 (c) If a bond terminates under (b) of this section, the person who obtained the
27 bond under (a) of this section may not act as a trustee until the person obtains another
28 bond under (a) of this section.

29 (d) Each year, a trustee shall file evidence of the bond with the department.
30 The department shall verify that the evidence is satisfactory to indicate the existence
31 of the bond, keep an updated list of trustees who are bonded, and make the evidence

1 and the list available to the public for inspection. The department may charge the
2 trustee a reasonable fee for verifying the existence of the bond and maintaining the
3 records required by this subsection.

4 (e) The bonding requirements of this section do not apply to

5 (1) a title insurance company authorized under AS 21.66 to transact a
6 title insurance business in this state; or

7 (2) a title insurance limited producer who is licensed as required by
8 AS 21.66.270.

9 (f) In this section, "department" means the Department of Commerce,
10 Community, and Economic Development.

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Senator_Bill_Wielechowski@legis.state.ak.us

SENATOR BILL WIELECHOWSKI

Sponsor Statement for SB 132

"An Act relating to an appeal to the superior court from a determination by the State Assessment Review Board; and providing for an effective date."

SB 132 revises the rules regarding appeals of decisions from the State Assessment Review Board (SARB). This board adjudicates disputes over oil and gas property taxes between the state or a local government and the petroleum industry. It consists of 5 members (assessors and appraisers) appointed by the governor and confirmed by the legislature.

SB 132 would make the appeal process for this board conform to the norm for judicial review of an agency action. It would make the process consistent with AS 29.45.210(d), which provides that appeals of municipal property tax determinations to the superior court are heard on the record established at the hearing before the municipal board of equalization.

The current law, enacted in 1973, is outdated and allows the petroleum industry, unlike an other property owner, to "take two bites out of the apple" by first appealing to the SARB, and then appealing to Superior Court "de novo". "De novo" reviews allow the introduction of new evidence and legal arguments.

This bill will help streamline tax appeal procedures in advance of construction of a gas line. It will save time and money for cities, boroughs, the state and industry by eliminating an unusual redundancy in the appeals process, and enable the courts to focus on more pressing criminal matters.

With a gas line on the horizon, we can't afford to have an archaic and cumbersome appeal process bogging down the courts and impeding progress on more important issues.

Please support this critical legislation.

SECTIONAL ANALYSIS

Senate Bill 132

Prepared by: Ken Diemer
Assistant Attorney General
Oil, Gas & Mining Section
Department of Law
(907) 269-5100

Section 1 of the bill would repeal and reenact AS 43.56.130(i) to establish that an appeal to the court of a State Assessment Review Board determination would be heard on the record established at the hearing before the board.

Section 2 of the bill would establish an immediate effective date.

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SENATOR BILL WIELECHOWSKI

For Immediate Release: March 23, 2007

Legislation Streamlines Gas Pipeline Process *SB 132 Prevents Costly Legal Delays*

(JUNEAU) – Sen. Bill Wielechowski (D – Anchorage) is the prime sponsor of a bill that promises to save the state time and money on future court cases involving oil and gas property taxes owed by the petroleum industry.

Under current law, the State Assessment Review Board – a five-member panel comprised of assessors and appraisers from across Alaska who are appointed by the Governor and confirmed by the legislature – adjudicates property tax disputes between the state or a local government and petroleum companies. After two levels of administrative review, the industry can appeal the board's decision to the Alaska Superior Court and ask for a whole new trial on issues already resolved by the professional Board. The current law permits a "trial de novo of the board's action," which means the industry can introduce new evidence and legal arguments to the court that were not presented to the review board.

Only the oil and gas industry is granted this powerful legal tool under state statutes. Alaska homeowners do not have this right when appealing their property taxes.

"Giving one industry two bites at the apple is unfair," said Wielechowski. "My bill streamlines tax appeal procedures before we hit the construction phase of the gas pipeline and saves taxpayer money at the state and local level. It also gives the court system more time to focus on important criminal cases."

Senate Bill 132 erases that advantage by requiring the court to make its review on the evidence that was presented to the State Assessment Review Board. This is consistent with the norm for appeals of other agency actions.

SB 132 will have its first committee hearing next week in the Senate Judiciary Committee. For more information, contact Michelle Sydeman at (907) 465-6881.

WHO: Senate Judiciary Committee
WHAT: SB 132
WHEN: Wednesday, March 28, 2007 @ 1:30 p.m.
WHERE: Capitol Building, Butrovich Committee Room (# 205)

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