
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2188 Session of
2008

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LENTZ, PAYTON, WAGNER AND MOYER, JANUARY 23, 2008

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, OCTOBER 7, 2008

AN ACT

1 Providing for court-appointed conservators to bring residential,
2 commercial and industrial buildings into municipal code
3 compliance when owners fail to comply.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Abandoned and
8 Blighted Property Conservatorship Act.

9 Section 2. Legislative findings and purpose.

10 The General Assembly finds and declares that:

11 (1) Pennsylvanian's older communities are important to
12 the Commonwealth's economic health by providing a focal point
13 for businesses and services and to this Commonwealth's
14 quality of life with its rich histories and diverse
15 communities. However, many older communities suffer from

1 blighted properties that have been abandoned by their owners.

2 (2) Many citizens of this Commonwealth are adversely
3 affected by abandoned and blighted residential, commercial
4 and industrial properties, including those citizens who live
5 in proximity to such substandard buildings as well as those
6 who own property in the vicinity of such buildings.

7 (3) Substandard, deteriorating and abandoned
8 residential, commercial and industrial structures are a
9 public safety threat and nuisance and their blighting effect
10 diminishes property values in the communities in which these
11 properties are located.

12 (4) If these buildings are not rehabilitated, they are
13 likely to remain abandoned and further deteriorate, resulting
14 in increased costs to the Commonwealth, municipality and
15 taxpayers to secure and ultimately demolish them.

16 (5) Providing a mechanism to transform abandoned and
17 blighted buildings into productive reuse is an opportunity
18 for communities to modernize, revitalize and grow and to
19 improve the quality of life for neighbors who are already
20 there.

21 (6) If the owner of a residential, commercial or
22 industrial building fails to maintain the property in
23 accordance with applicable municipal codes or standards of
24 public welfare or safety, it is in the best interests of the
25 Commonwealth, the municipality and the community for the
26 court, pursuant to the provisions of this act, to appoint a
27 conservator to make the necessary improvements before the
28 building deteriorates further and necessitates demolition,
29 resulting in the removal of the building from the housing
30 supply or prohibiting future productive economic use.

1 Section 3. Definitions.

2 The following words and phrases when used in this act shall
3 have the meanings given to them in this section unless the
4 context clearly indicates otherwise:

5 "ACTIVELY MARKETED." A "FOR SALE" SIGN HAS BEEN PLACED ON <—
6 THE PROPERTY WITH ACCURATE CONTACT INFORMATION AND THE OWNER HAS
7 DONE AT LEAST ONE OF THE FOLLOWING:

8 (1) ENGAGED THE SERVICES OF A LICENSEE UNDER THE ACT OF
9 FEBRUARY 19, 1980 (P.L.15, NO.9), KNOWN AS THE REAL ESTATE
10 LICENSING AND REGISTRATION ACT, TO PLACE THE PROPERTY IN A
11 MULTIPLE LISTING SERVICE OR OTHERWISE MARKET THE PROPERTY;

12 (2) PLACED WEEKLY OR MORE FREQUENT ADVERTISEMENTS IN
13 PRINT OR ELECTRONIC MEDIA; OR

14 (3) DISTRIBUTED PRINTED ADVERTISEMENTS.

15 "Building." A residential, commercial or industrial building
16 or structure and the land appurtenant thereto.

17 "Code." A building, housing, property maintenance, fire,
18 health or other public safety ordinance enacted by a
19 municipality.

20 "Competent entity." A person or entity, including a
21 governmental unit with experience in the rehabilitation of
22 residential, commercial or industrial buildings and the ability
23 to provide or obtain the necessary financing for such
24 rehabilitation.

25 "Costs of rehabilitation." Costs and expenses for
26 construction, stabilization, rehabilitation, maintenance and
27 operation or demolition, including reasonable nonconstruction
28 costs associated with the project, including, but not limited
29 to, environmental remediation, architectural, engineering and
30 legal fees, permits, financing fees and a developer's fee

1 consistent with the standards for developers' fees established
2 by the Pennsylvania Housing Finance Agency.

3 "Court." The appropriate court of common pleas.

4 "Historic property." A property which is listed on the
5 National Register of Historic Places or is a contributing
6 property in a national register historic district or is located
7 in a local government ordinance historic district.

8 "Immediate family." A parent, spouse, child, brother or
9 sister.

10 "Nonprofit corporation." A nonprofit corporation that has as
11 one of its purposes community development activities, including
12 economic development, historic preservation or the promotion or
13 enhancement of affordable housing opportunities.

14 "Owner." The holder or holders of title to, or of a legal or
15 equitable interest in, a residential, commercial or industrial
16 building. The term shall include an heir, assignee, trustee,
17 beneficiary and lessee provided the ownership interest is a
18 matter of public record.

19 "Party in interest." A person or entity who has a direct and
20 immediate interest in a residential, commercial or industrial
21 building, including:

22 (1) The owner.

23 (2) A lienholder and other secured creditor of the
24 owner.

25 (3) A resident or business owner within 500 feet of the
26 building.

27 ~~(4) A nonprofit corporation within the municipality~~ <—
28 ~~where the building is located, including a redevelopment~~
29 ~~authority.~~

30 (4) A NONPROFIT CORPORATION, INCLUDING A REDEVELOPMENT <—

1 AUTHORITY, WHICH:

2 (I) EXCEPT AS SET FORTH IN SUBPARAGRAPH (II), IS
3 LOCATED IN THE MUNICIPALITY WHERE THE BUILDING IS
4 LOCATED; AND

5 (II) FOR A BUILDING LOCATED IN A CITY OF THE FIRST
6 CLASS, IS LOCATED IN THE CITY AND HAS PARTICIPATED IN A
7 PROJECT WITHIN A ONE-MILE RADIUS OF THE LOCATION OF THE
8 BUILDING.

9 (5) A municipality or school district in which the
10 building is located.

11 "Public nuisance." A property that, because of physical
12 condition or use, has been declared BY THE APPROPRIATE OFFICIAL <—
13 a public nuisance in accordance with the local housing,
14 building, health, fire or related code or is determined to be a
15 public nuisance by the court.

16 "SUBSTANTIAL REHABILITATION." REPAIRS TO THE BUILDING WHERE: <—

17 (1) THE COST OF REPAIRS, REPLACEMENTS AND IMPROVEMENTS
18 EXCEEDS 15% OF THE PROPERTY'S VALUE AFTER COMPLETION OF ALL
19 REPAIRS, REPLACEMENTS AND IMPROVEMENTS; OR

20 (2) MORE THAN ONE MAJOR BUILDING COMPONENT IS BEING
21 REPLACED. MAJOR BUILDING COMPONENTS INCLUDE:

22 (I) ROOF STRUCTURES;

23 (II) CEILINGS;

24 (III) WALL OR FLOOR STRUCTURES;

25 (IV) FOUNDATIONS;

26 (V) PLUMBING SYSTEMS;

27 (VI) HEATING AND AIR CONDITIONING SYSTEMS; AND

28 (VII) ELECTRICAL SYSTEMS.

29 Section 4. Initiation of action.

30 (a) Filing of petition.--A petition for the appointment of a

1 conservator to take possession and to undertake the
2 rehabilitation of a building may be filed by a party in interest
3 in a court in the county in which the building is located. The
4 proceeding on the petition shall constitute an action in rem.

5 (b) Contents.--The petition submitted to the court shall
6 ~~include a concise statement of the reasons a conservator should~~ <—
7 ~~be appointed~~ INCLUDE A SWORN STATEMENT THAT, TO THE BEST OF THE <—
8 PETITIONER'S KNOWLEDGE, THE PROPERTY MEETS THE CONDITIONS FOR
9 CONSERVATORSHIP SET FORTH IN SECTION 5(D) and, to the extent
10 available to the petitioner AFTER REASONABLE EFFORTS TO OBTAIN <—
11 SUCH INFORMATION:

12 (1) A copy of any citation charging the owner with being
13 in violation of municipal code requirements or declaring the
14 building to be a public nuisance.

15 (2) A recommendation as to which person or entity should
16 be appointed conservator.

17 (3) A preliminary plan with initial cost estimates for
18 rehabilitation of the building to bring it into compliance
19 with all municipal codes and duly adopted plans for the area
20 in which the building is located and anticipated funding
21 sources.

22 (c) Notice of lis pendens.--The petitioner shall file a
23 notice of lis pendens in the office of the recorder of deeds for
24 the county in which the property is located.

25 (d) Notification of owner, political subdivisions and
26 lienholders.--

27 (1) Upon filing the petition with the court, the
28 petitioner shall notify the current owner of the property,
29 all political subdivisions in which the property is located
30 and all lienholders of the filing by registered or certified

1 mail to the last known address of each and by posting a copy
2 of the notice on the building.

3 (2) In the event the registered or certified mail is
4 returned with notation by the postal authorities that the
5 recipient refused to accept the mail, the petitioner may mail
6 a copy to the recipient at the same address by ordinary mail
7 with the return address of the petitioner appearing thereon.

8 (3) Service by ordinary mail shall be presumed complete
9 if the mail is not returned to the petitioner within ~~15~~ 30 ←
10 days after mailing.

11 (4) In the event the registered or certified mail is
12 returned with the notation by the postal authorities that it
13 was unclaimed, the notice shall be personally served.

14 (5) In the event that the personal service is not able
15 to be made after two such attempts, then the petitioner shall
16 mail the petition to the recipient at the same address by
17 ordinary mail with the return address of the petitioner
18 appearing thereon with service by ordinary mail deemed
19 complete if the mail is not returned to the petitioner within
20 15 days after the mailing.

21 (6) The petitioner shall also notify the owner and each
22 lienholder of the hearing date and provide notice that the
23 owner and lienholders may petition to intervene in the
24 action.

25 Section 5. Appointment of conservator.

26 (a) General rule.--The court shall act upon a petition
27 submitted by holding a hearing within 120 days of receipt of the
28 petition and rendering a decision no later than 30 days after
29 completion of the hearing.

30 (b) Intervention.--~~Subject to the court's discretion,~~ a A ←

1 party in interest may intervene in the proceeding and be heard
2 with respect to the petition, the requested relief or any other
3 matter which may come before the court in connection with the
4 proceeding.

5 (c) Hearing.--At the hearing, any party in interest shall be
6 permitted to present evidence to support or contest the
7 petition.

8 (d) Conditions for conservatorship.--If a petition is filed
9 under section 4, the court may appoint a conservator if all of
10 the following apply:

11 (1) The building has not been legally occupied for at
12 least the previous 12 months.

13 (2) The building has not been actively marketed during
14 the 60 days prior to the date of the petition.

15 (3) The building is not subject to an existing
16 foreclosure action.

17 (4) The current owner fails to present sufficient
18 evidence that he has acquired the property within the
19 preceding six months. The evidence shall not include
20 instances where the prior owner is a member of the immediate
21 family of the current owner, unless the transfer of title
22 results from the death of the prior owner, or where the
23 current or prior owner is a corporation, partnership or other
24 entity in which either owner or the immediate family of
25 either owner has an interest in excess of 5%.

26 (5) The court finds at least three of the following:

27 (i) The building or physical structure is a public
28 nuisance.

29 (ii) The building is in need of substantial
30 rehabilitation and no rehabilitation has taken place

1 during the previous 12 months.

2 (iii) The building is unfit for human habitation,
3 occupancy or use.

4 (iv) The condition and vacancy of the building
5 materially increase the risk of fire to the building and
6 to adjacent properties.

7 (v) The building is subject to unauthorized entry
8 leading to potential health and safety hazards and one of
9 the following applies:

10 (A) The owner has failed to take reasonable and
11 necessary measures to secure the building.

12 (B) The municipality has secured the building in
13 order to prevent such hazards after the owner has
14 failed to do so.

15 (vi) The property is an attractive nuisance to
16 children, including, but not limited to, the presence of
17 abandoned wells, shafts, basements, excavations and
18 unsafe structures.

19 (vii) The presence of vermin or the accumulation of
20 debris, uncut vegetation or physical deterioration of the
21 structure or grounds has created potential health and
22 safety hazards and the owner has failed to take
23 reasonable and necessary measures to remove the hazards.

24 (viii) The dilapidated appearance or other condition
25 of the building negatively affects the economic well-
26 being of residents and businesses in close proximity to
27 the building, including decreases in property value and
28 loss of business, and the owner has failed to take
29 reasonable and necessary measures to remedy appearance or
30 the condition.

1 (ix) The property is an attractive nuisance for
2 illicit purposes, including, prostitution, drug use and
3 vagrancy.

4 (e) Appointment.--

5 (1) If the court determines after a hearing that the
6 property has met the conditions of subsection (d), the court
7 may appoint a conservator and grant such other relief as may
8 be just and appropriate.

9 (2) The court shall give first consideration for
10 appointment as conservator to the senior lienholder on the
11 property.

12 (3) In the event the senior lienholder is found to be
13 not competent or declines the appointment, the court may
14 appoint a nonprofit corporation or other competent entity. IF ←
15 THE PROPERTY IS LOCATED IN A CITY OF THE FIRST CLASS, THE
16 NONPROFIT CORPORATION OR ENTITY MUST BE LOCATED IN THE CITY
17 AND MUST HAVE PARTICIPATED IN A PROJECT WITHIN A ONE-MILE
18 RADIUS OF THE LOCATION OF THE PROPERTY. In appointing a
19 conservator, the court shall:

20 (i) consider any recommendations contained in the
21 petition or otherwise presented by a party in interest;
22 and

23 (ii) give preference to the appointment of a
24 nonprofit corporation or governmental unit over an
25 individual.

26 (f) Conditional relief.--

27 (1) If the court finds after a hearing that the
28 conditions for conservatorship set forth in subsection (d)
29 have been established, but the owner represents that the
30 violations or nuisance or emergency condition will be abated

1 in a reasonable period, the court may allow the owner to
2 proceed to remedy the conditions.

3 (2) If the conditions set forth in paragraph (1) have
4 been satisfied, the court shall enter an order providing
5 that, in the event that the violations or nuisance or
6 emergency conditions are not abated by the owner by a
7 specific date or that other specified remedial activities
8 have not occurred by a specific date or dates, an order
9 granting the relief requested in the petition shall be
10 entered.

11 (3) The court may also require the owner to post a bond
12 in the amount of the repair costs estimated in the petition
13 as a condition to retaining possession of the building.

14 (g) Conservator's lien.--The conservator may file a lien
15 against the property in an amount based on the costs incurred
16 during the conservatorship. The lien amount may be adjusted from
17 time to time.

18 (h) Immediate possession.--The conservator shall promptly
19 take possession of the building and other property subject to
20 the conservatorship and shall immediately be authorized to
21 exercise all powers of this act.

22 (i) Removal by court.--A conservator may be removed by the
23 court at any time upon the request of the conservator or upon a
24 showing by a party to the action that the conservator is not
25 carrying out its responsibilities under this act.

26 Section 6. Powers and duties of conservator.

27 (a) Full powers and duties.--The conservator shall have all
28 powers and duties necessary or desirable, from time to time, for
29 the efficient operation, management and improvement of the
30 building in order to bring it into compliance with all municipal

1 building and housing code requirements and to fulfill the
2 conservator's responsibilities under this act. Such powers and
3 duties shall include, but not be limited to, the power to:

4 (1) Take possession and control of the building,
5 appurtenant land and any personal property of the owner used
6 with respect to the building, including any bank or operating
7 account for the building.

8 (2) Collect outstanding accounts receivable.

9 (3) Pursue all claims or causes of action of the owner
10 with respect to the building and all other property subject
11 to the conservator.

12 (4) Contract for the repair and maintenance of the
13 building. The contracts shall be appropriately documented and
14 included in the reports and accounting which the conservator
15 is required to submit or file under the provisions of this
16 act. THE CONSERVATOR SHALL MAKE A REASONABLE EFFORT TO
17 SOLICIT THREE BIDS FOR CONTRACTS VALUED AT MORE THAN \$25,000. ←

18 (5) Borrow money and incur credit in accordance with
19 section 8.

20 (6) Contract and pay for the maintenance and restoration
21 of utilities to the building.

22 (7) Purchase materials, goods and supplies to accomplish
23 repairs and operate the building.

24 (8) With the court's approval, enter into new rental
25 contracts and leases for a period not to exceed one year.

26 (9) Affirm, renew or enter into contracts providing for
27 insurance coverage on the building.

28 (10) Engage and pay legal, accounting, appraisal and
29 other professionals to aid the conservator in the conduct of
30 the conservatorship.

1 (11) When the building has been designated a historic
2 property, consult with the municipality's historical
3 commission or board of historical and architectural review, a
4 local historic preservation organization or, in the absence
5 thereof, the Pennsylvania Historical and Museum Commission
6 for recommendations on preserving the property's historic
7 character.

8 (12) Apply for and receive public grants or loans.

9 (13) Sell the building in accordance with section 9.

10 (14) Exercise all authority that an owner of the
11 building would have to improve, maintain and otherwise manage
12 the building.

13 (b) Affirmative duty.--While in possession of the building,
14 the conservator shall:

15 (1) Maintain, safeguard and insure the building.

16 (2) Apply all revenue generated from the building
17 consistent with the provisions of this act.

18 (3) (i) Develop a final plan for abatement of the
19 conditions which caused the petition to be granted or, if
20 no such feasible final plan can be developed, to develop
21 alternatives, including the closing, sealing or
22 demolition of all or part of the building.

23 (ii) When the building has been designated a
24 historic property, rehabilitate architectural features
25 that define the property's historic character.

26 (iii) When demolition of a property in a historic
27 district is necessary, design any replacement
28 construction on the site to comply with applicable
29 standards under current law.

30 (4) Implement the final plan referred to in paragraph

1 (3) upon approval by the court.

2 (5) Submit a status report to the court and parties to
3 the action annually or more frequently as the court may deem
4 appropriate. The status report shall include:

5 (i) A copy of any contract entered into by the
6 conservator regarding the improvement of the building.

7 (ii) An account of the disposition of all revenue
8 generated from the building.

9 (iii) An account of all expenses and improvements.

10 (iv) The status of developing and implementing the
11 final plan pursuant to this subsection.

12 (v) A description of any proposed actions to be
13 taken in the next six months to improve the building.

14 (c) Hearing on conservator's final plan for abatement.--

15 (1) At the time the court appoints a conservator, a
16 hearing date on the conservator's final plan for abatement
17 shall be set within 120 days of the appointment.

18 (2) Thirty days prior to the date of the hearing, the
19 conservator shall submit the plan to the court and to all
20 parties to the action.

21 (3) The plan shall include a cost estimate, a financing
22 plan and either a description of the work to be done for the
23 rehabilitation of the building or, if rehabilitation is not
24 feasible, a proposal for the closing, sealing or demolition
25 of the building.

26 (4) The plan shall conform with all existing municipal
27 codes, duly adopted plans for the area and historic
28 preservation requirements.

29 (5) At the time of the hearing, all parties shall be
30 allowed to comment on the plan, and the court shall take all

1 comments into consideration when assessing the feasibility of
2 the plan and the proposed financing.

3 (6) Within 15 days of the hearing, the court shall issue
4 a decision approving the plan or requiring that the plan be
5 amended.

6 (7) If the court decision requires that the plan be
7 amended, a hearing date shall be set within 60 days from the
8 date of the decision.

9 (d) Accounting.--Upon the implementation of the final plan
10 approved by the court, the conservator shall file with the court
11 a full accounting of all income and expenditures during the
12 period of time it took to implement the final plan.

13 Section 7. Ownership of property.

14 (a) Ownership interest of conservator.--A conservator
15 appointed under section 5 shall be deemed to have an ownership
16 interest in and legal control of the property for the purposes
17 of filing plans with public agencies and boards, seeking and
18 obtaining construction permits and other approvals and
19 submitting applications for financing or other assistance to
20 public or private entities.

21 (b) Liability of owner.--Notwithstanding the appointment of
22 a conservator under section 5, nothing in this act shall be
23 construed to relieve the owner of any civil or criminal
24 liability or of any obligation to pay taxes, municipal liens and
25 charges, mortgages, private liens or other fees or charges,
26 whether incurred before or after the appointment of the
27 conservator and no such liability shall transfer to the
28 conservator.

29 (c) Limitation of conservator's environmental liability.--

30 (1) Notwithstanding any law to the contrary, the

1 conservator shall not be held liable for any environmental
2 damage to the building or the real property upon which the
3 building is located that existed prior to the appointment by
4 the court of the conservator.

5 (2) Paragraph (1) does not apply to the owner or any
6 other person or entity regarding the building and its real
7 property that is subject to an appointed conservator under
8 this act.

9 Section 8. Incurring indebtedness.

10 (a) Borrowing.--From time to time a conservator may borrow
11 money or incur indebtedness in order to cover the costs of
12 rehabilitation or to otherwise fulfill the conservator's
13 obligations under this act.

14 (b) Liens.--In order to facilitate the borrowing of funds
15 for the costs of rehabilitation, the court may grant a lien or
16 security interest with priority over all other liens with the
17 exception of municipal or other governmental liens, provided,
18 however, that prior to granting a priority lien, the court has
19 found that:

20 (1) The conservator sought to obtain the necessary
21 financing from the senior lienholder, but the lienholder
22 declined to provide financing for reasonable improvements or
23 other costs of rehabilitation on reasonable terms.

24 (2) Lien priority is necessary in order to induce
25 another lender to provide financing on reasonable terms.

26 (c) Lien status of rehabilitation expenses.--Should the
27 senior lienholder agree to provide financing for the costs of
28 rehabilitation, any funds lent to cover the costs shall be
29 deemed to be added to the senior lienholder's preexisting first
30 lien.

1 (d) Approval of financing.--The court may approve financing
2 for the costs of rehabilitation, the terms of which may include
3 deferred repayment and use restrictions. The terms of the
4 financing may remain with the property after the conservatorship
5 has ended and be assumed by any of the following:

6 (1) The owner, if the owner regains possession of the
7 property under section 10(2).

8 (2) The buyer who takes title under section 9.
9 Section 9. Sale of property.

10 (a) Sale by owner or lienholder.--If a property subject to
11 conservatorship is sold by the owner or foreclosed upon by a
12 lienholder or if any interest therein is transferred, such sale,
13 foreclosure or transfer shall be subject to the conservatorship.

14 (b) Sale by conservator.--Upon application of the
15 conservator, the court may order the sale of the property if the
16 court finds that:

17 (1) Notice and an opportunity to provide comment to the
18 court was given to each record owner of the property and each
19 lienholder.

20 (2) The conservator has been in control of the building
21 for more than six months and the owner has not successfully
22 petitioned to terminate the conservatorship under section 10.

23 (3) The terms and conditions of the sale are acceptable
24 to the court, and the buyer has a reasonable likelihood of
25 maintaining the property.

26 (c) Sale free and clear.--

27 (1) The court may authorize the conservator to sell the
28 building free and clear of all liens, claims and
29 encumbrances, provided that the proceeds of the sale are
30 distributed pursuant to subsection (d) at settlement.

1 (2) In the event that the proceeds of the sale are
2 insufficient to pay all existing liens, claims and
3 encumbrances, the proceeds shall be distributed according to
4 the priorities set forth in subsection (d) and all unpaid
5 liens, claims or encumbrances which have not been assumed
6 under section 8(d) shall be extinguished.

7 (d) Distribution.--The proceeds of the sale shall be applied
8 in accordance with the following priorities to:

9 (1) All court costs.

10 (2) Municipal or other governmental liens.

11 (3) Costs and expenses of sale.

12 (4) Principal and interest on any borrowing or
13 incurrence of indebtedness granted priority over existing
14 liens and security interest under section 8(b).

15 (5) Costs of rehabilitation and any fees and expenses
16 incurred by the conservator in connection with the sale or
17 the safeguarding of the property for which the lien
18 authorized under section (5)(g) was filed.

19 (6) Valid liens and security interests in accordance
20 with their priority.

21 (7) Any unpaid obligations of the conservator.

22 (8) Costs incurred by the petitioner in requesting the
23 court to place the property in conservatorship.

24 (9) The owner.

25 (e) Owner's proceeds as unclaimed property.--In the event
26 the owner cannot be located, any proceeds from the sale which
27 belong to the owner shall be presumed to be abandoned and
28 unclaimed and shall be subject to the custody and control of the
29 Commonwealth pursuant to Article XIII.1 of the act of April 9,
30 1929 (P.L.343, No.176), known as The Fiscal Code.

1 Section 10. Termination of conservatorship.

2 Upon request of a party in interest or the conservator, the
3 court may order the termination of the conservatorship if it
4 determines:

5 (1) the conditions that were the grounds for the
6 petition and all other code violations have been abated or
7 corrected, the obligations, expenses and improvements of the
8 conservatorship, including all fees and expenses of the
9 conservator, have been fully paid or provided for and the
10 purposes of the conservatorship have been fulfilled;

11 (2) the owner, mortgagee or lienholder has requested the
12 conservatorship be terminated and has provided adequate
13 assurances to the court that the conditions that constituted
14 grounds for the petition will be promptly abated, all
15 obligations, expenses and improvements of the
16 conservatorship, including all fees and expenses of the
17 conservator, have been fully paid or provided for and the
18 purposes of the conservatorship have been fulfilled;

19 (3) the building has been sold by the conservator and
20 the proceeds distributed in accordance with section 9(d); or

21 (4) the conservator has been unable after diligent
22 effort to present a plan that could be approved under section
23 6(b)(3) or implement a previously approved plan or, for any
24 reason, the purposes of the conservatorship cannot be
25 fulfilled.

26 Section 11. Applicability.

27 (a) General inapplicability.--This act shall not apply to
28 commercial and residential buildings, structures or land owned
29 by or held in trust for the Federal Government and regulated
30 under the United States Housing Act of 1937 (Public Law 75-412,

1 50 Stat. 888, 42 U.S.C. § 1437 et seq.) and regulations
2 promulgated under that act.

3 (b) Inapplicability to service members.--This act shall not
4 apply if the property owner has vacated the property in order to
5 perform military service in time of war ~~or armed conflict~~, ARMED <—
6 CONFLICT OR IN ORDER TO ASSIST WITH RELIEF EFFORTS DURING A
7 DECLARED FEDERAL OR STATE EMERGENCY as a member of the United
8 States Armed Forces or its reserve component.

9 Section 20. Effective date.

10 This act shall take effect in 90 days.