



ARREARS SALE BY-LAW

REG-18

1. TITLE

1.1 This document shall be referred to and cited as the “Arrears Sale By-Law.”

2. ADOPTION

2.1 Whereas Section 7 of the Towns and Local Service Districts Act requires that a Council shall adopt an Arrears Sale By-Law, the Town Council of the Town of Bonavista hereby enacts the following.

3. DEFINITIONS

- 3.1 “Town Clerk” shall mean the Town Clerk of the Town of Bonavista.
- 3.2 “Town” shall mean the Town of Bonavista.
- 3.3 “Council” shall mean the Town Council for the Town of Bonavista.
- 3.4 “The Act” shall mean the Towns and Local Service Districts Act.
- 3.5 “Arrears” means unpaid taxes, fees, or other financial obligations as defined under the Act.

4. HIERARCHY OF AUTHORITY

4.1 This by-law is enacted pursuant to the Towns and Local Service Districts Act. In the event of a conflict, the provisions of the Act or other higher-level legislation shall prevail.

5. APPLICATION

5.1 This by-law applies to the sale of real property for which a notice of arrears has been served in accordance with Division 8 of the Towns and Local Service Districts Act.

6. PROCEDURES

6.1 Resolution

6.1.1 Council shall, by resolution, direct the sale of real property by arrears sale upon confirmation by the Town Clerk that the arrears notice was served under Section 146 of the Act.

6.2 Notice of Arrears Sale

6.2.1 The Clerk shall serve notice of arrears sale on all parties with a legal interest in the property, including owners, mortgagees, judgment creditors, lienholders, or other persons having a charge or encumbrance upon or against the real property.

6.2.2 Recipients may appeal within 14 days of notice service, in accordance with the provisions of section 151(2) of the Towns and Local Service Districts Act.

6.2.3 If no appeal is filed, the Town Clerk may proceed to advertise the real property for public auction.

6.2.4 If an appeal is filed, the auction cannot proceed until the appeal is resolved.

6.3 Advertisement

6.3.1 The notice shall be published at least 30 days before the auction date, stating the time, place, and description of the property, in compliance with Section 292 of the Act.

6.4 Arrears Sale by Public Auction

6.4.1 The Town Clerk shall conduct the arrears sale by live or sealed-bid auction. The sale shall be publicly advertised, allowing all interested parties to bid.

➤ For sealed-bid auctions, the Town shall specify the deadline, submission process, and any required deposit or documentation. Bids shall remain confidential until opened by the Town Clerk in the presence of an independent witness. The highest compliant bid shall be accepted if it meets or exceeds the arrears or minimum bid set by Council.

6.4.2 The Town Clerk shall sell as much property as needed to recover all outstanding amounts, including taxes, water and sewer fees, local improvements, interest, and sale-related expenses. If proceeds are insufficient, additional portions may be sold without further notice to the owner but in accordance with applicable laws.

6.4.3 The Town may bid on properties to recover arrears, subject to provincial regulations and Town policies.

6.4.4 The successful bidder must immediately pay in full or provide a deposit covering all arrears, fees, and sale expenses. If the bidder fails to comply, the Clerk shall immediately re-offer the property for sale.



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6.4.5 Upon sale completion, the Clerk shall issue a receipt and property summary. The sale is not final until a legally binding conveyance is completed per Section 6.10.

6.4.6 The sale excludes Crown claims, pre-existing easements, and other exempt encumbrances. The purchaser accepts the property "as-is," subject to these conditions.

6.5 Additional Notice for Unsuccessful Arrears Sale

6.5.1 If a property remains unsold at the scheduled arrears sale due to insufficient bids or inability to meet outstanding amounts, the Town Clerk shall:

- a.) Postpone the sale to a new date, not less than one (1) week and not more than two (2) weeks from the original date;
- b.) Issue notice of the new sale date to all individuals entitled to receive notice under Section 6.2 of this by-law;
- c.) Publish an announcement of the rescheduled sale in accordance with Section 292 of the Towns and Local Service Districts Act, specifying the updated date, time, and location; and
- d.) Proceed with efforts to sell the property at the new public auction date.

6.5.2 At the rescheduled auction, the property may be sold for any reasonable amount that can be realized.

6.6 Void Arrears Sales

6.6.1 If an arrears sale is deemed void due to procedural errors, irregularities, or other valid reasons, the lien on the property shall remain in effect as if the sale had not occurred.

6.6.2 The Town retains the authority to re-sell the property unless all taxes, fees, interest, and expenses are paid in full.

6.7 Allocation of Sale Proceeds

6.7.1 The Town shall apply the proceeds of the auction in the following order:

a.) Taxes, water and sewer fees, local improvement fees, and interest owed to the Town;

b.) Any remaining balance shall be handled as per Sections 6.7.2 to 6.7.5.

6.7.2 If the surplus funds are less than \$200, they shall be paid directly to the former property owner.

6.7.3 If the surplus funds are \$200 or more:

a.) They shall be paid to the former owner if no claim is filed within ninety (90) days of the sale; or

b.) They shall be deposited into the Supreme Court if a claim is filed by another party within the ninety (90) days.

6.7.4 The Town Clerk shall notify individuals entitled to receive surplus funds, specifying the balance and the procedure for filing a claim within the prescribed timeframe.

6.7.5 If the former owner cannot be located, any surplus funds shall be deposited with the Supreme Court.

6.7.6 Payment into the Supreme Court fulfills the Town's obligation, and the Supreme Court may distribute the funds to the rightful claimant upon application.

6.8 Consequences of Non-Payment by Purchaser

6.8.1 The Town Clerk shall re-offer the property for sale at the public auction without delay if the successful bidder at an arrears sale fails to:

a.) Pay the full purchase price immediately; or

b.) Provide a deposit equal to the outstanding taxes, fees, interest, and expenses.

6.9 Assessment of Sold Property

6.9.1 After an arrears sale, the property shall be assessed to the purchaser or their legal successors.

6.9.2 If the Town purchases the property, it shall be assessed in the name of the Town.



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6.10 Transfer of Ownership After Arrears Sale

6.10.1 Following an arrears sale, the Town Council shall issue a legally binding conveyance of the property to the purchaser. This document shall be executed in the name of the Town, signed by the Mayor and the Town Clerk (or another person authorized by the Council), and sealed with the Town's official seal.

6.10.2 The conveyance shall:

- a.) Serve as definitive proof that all statutory requirements under the Towns and Local Service Districts Act related to the arrears sale of the property have been fully satisfied, and all actions necessary to legally complete the sale have been performed; and
- b.) Transfer ownership of the property to the purchaser, or their legal successors, free and clear of encumbrances, except for any claims by the Crown or pre-existing easements.

7. GENERAL PROVISIONS

7.1 Errors or irregularities in the sale process do not discharge liens, which remain enforceable under Section 154 of the Act.

7.2 All actions taken under this by-law shall adhere to the Rules of Procedure adopted by the Town.

8. REGULAR REVIEW OF THE BY-LAW

8.1 The Town Council shall review this by-law every two

9. EFFECTIVE DATE

9.1 This by-law shall become effective upon the 20th day of May 20, 2025 by Motion #25-59.

10. PUBLICATION

10.1 This by-law will be posted to the Town's Website following adoption by Council.

11. REPEAL OF PREVIOUS BY-LAW

11.1 No prior by-laws are repealed by this by-law.

12. REVISION HISTORY

Motion No.	Date:	Description:
25-59	May 20, 2025	New Policy Format Adopted