

**NYC**™ Department of  
Housing Preservation  
& Development

# ZOMBIE HOMES INITIATIVE



**A Lender and Servicer's Guide to  
Managing Vacant Homes**

July 2021

The New York City Department of Housing Preservation and Development (HPD), through its Zombie Homes Initiative, works with lenders and servicers to ensure that the vacant, small homes in their portfolios are appropriately managed and maintained.

This brochure will provide an overview of the City programs and policies concerning vacant, small homes.

*Note: This brochure is for informational purposes only and does not constitute legal advice. This brochure is not a complete statement of the responsibilities of building owners, lenders, or servicers relating to residential property or any other topic.*

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## Property Registration

### Do I need to register my vacant property with HPD?

Property owners or managers of residential buildings are required by law to register annually with HPD.

This applies to all multiple dwellings (3+ residential units), and private dwellings (1-2 residential units) where neither the owner nor the owner's immediate family resides.

Building registrations must be filed annually by September 1st or whenever there is a change in ownership or registration information (for example, a new managing agent or contact information).

Registration can be done online using HPD's Property Registration Online System (PROS). Submission of a hard copy signature document is required for the registration to become valid. Payment can also be done electronically. Failure to register will result in fines and other penalties.

For more information, please visit the [property registration page](#) on the HPD website.



## Violations and Summons

### What is an HPD violation and how do I address it?

HPD issues violations when properties do not comply with the NYC Housing Maintenance Code and the NYS Multiple Dwelling Law. You can see all violations on a building through [HPDONLINE](#). After inspecting a property and issuing violations, HPD will mail a Notice of Violation to the managing agent registered with HPD (or to the owner directly if there is no managing agent). HPD violations are issued with class designations that determine the timeframe for correction and the penalty for not completing the correction:

Violation Class	Type	Time Owner Has To Correct From Notice
Class A	Non-Hazardous	90 days
Class B	Hazardous	30 Days
Class C	Immediately Hazardous: Lead-Based Paint, Windows Guard, Mold, Mice, Cockroaches, and Rats	21 Days
	Immediately Hazardous: Not Related to Heat, Hot Water or Illegal Devices or Lead-Based Paint	24 Hours
	Immediately Hazardous: Heat and Water Violations	Immediately

Corrections must be made within the stated time frame and certified either by mail or by using [eCertification](#).

For more information, please refer to the "Complaints, Violations, and Enforcement" section of the [ABCs of Housing](#) on the HPD website.



## What is a DOB violation and how do I address it?

The NYC Department of Buildings (DOB) issues violations when a property is not in compliance with the NYC Building Code or other applicable codes, rules, or local laws, including orders from the Commissioner of DOB. A list of DOB violations is available on the [DOB website](#). To view violations on a particular property, access the [Building Information System \(BIS\)](#).

[To remove a DOB violation from a property record](#), property owners/servicers must correct the condition, provide proof of that correction to the appropriate issuing unit, and pay the applicable DOB civil penalty.

Visit the [Contact Us](#) page for the location and phone number of each issuing unit.

For more information, please visit the resolving violations page on the DOB [website](#).

## What is OATH? What should I do if I receive an OATH summons?

The NYC Office of Administrative Trials and Hearings (OATH) is an administrative tribunal that holds hearings on summonses issued by a variety of City agencies including the Department of Buildings (DOB), the Department of Environmental Protection (DEP), and the Department of Health and Mental Hygiene (DOHMH).

**OATH gives corrections and recommendations on all cases heard in the tribunal at OATH.**

**1. If your summons *does not state that you must appear*:**

You may pay the penalty and not appear at the hearing. Penalties can be paid online, by mail, or in person.

**2. If your summons *states "Must Appear"*:**

You must appear at the time, date, and location of the scheduled OATH hearing as indicated on the summons. Summonses may not be contested by mail, online, or over the phone.

Due to the COVID-19 outbreak, OATH offices are currently closed and OATH will not be holding in-person hearings except in limited, pre-approved cases. OATH is still holding remote hearings, trials, conferences, and Help Center sessions and all summons must be responded to on or before the scheduled hearing date. For more information, please visit the "Hearing by Phone" page on the [OATH website](#).

For more information, please visit the "Understanding Your Summons" page on the [OATH website](#).



## What is an OATH/ECB violation and how do I address it?

DOB issues an OATH/Environmental Control Board (ECB) violation when a property is not in compliance with the New York City Construction Codes or Zoning Resolution. OATH violations carry an additional order to certify correction. There are three classes of OATH/ECB violations:

**Class 1 (Immediately Hazardous), Class 2 (Major), Class 3 (Lesser).**

**To resolve an OATH/ECB violation, you must do one of the following:**

- Correct the condition(s) cited on the violation and certify the correction with DOB
- Admit guilt
- Attend an OATH hearing to contest the violation.

Attending a hearing can result in different outcomes for penalties:

- Dismissal: No penalty imposed
- In violation: Standard penalty imposed
- Mitigation: Reduced penalty imposed
- Stipulation at hearing: Standard penalty imposed
- Default: Five times standard penalty imposed

**Failure to appear at a requested hearing will result in penalties of up to \$25,000.**

For more information, please visit the [OATH summons/violations page](#) on the DOB website.

## What happens if there are rats found on my vacant property?

DOHMH is responsible for inspecting private and public properties for rats. Any evidence of rats on a property will result in a failed inspection. **Property owners or managers with properties that fail an inspection will receive a Commissioner's Order to Correct and will have five days to correct the issue.** If the property fails a second inspection, the owner or manager will receive a Notice of Violation, which results in fines. For severe infestations, DOHMH will exterminate or clean up the property and bill the owner or manager for the cost of extermination or clean-up through their property tax bill.

For more information, please refer to the [Preventing Rats on Your Property guide](#).



## What are DSNY violations and how do I address them?

Department of Sanitation (DSNY) inspectors issue violations for dirty sidewalks and dirty areas.

**Property owners and managers are responsible for the cleanliness of their property and sidewalk, as well as for the curb into the street.** This includes the removal of any amount of garbage, large or small, from the property and the public sidewalks adjacent to the property. Even if refuse was dumped on the property and the owner or manager filed a report, they are responsible for removing the garbage. DSNY may issue a ticket for garbage that should have been cleared by the owner or manager but was not. These tickets are adjudicated in OATH hearings.

Call **911** to report illegal dumping in progress. You can report past or chronic illegal dumping of material such as trash bags, construction debris, and appliances from a vehicle onto public or private property [here](#).

For more information on resolving DSNY tickets and summons, please refer to the "What is OATH?" and "What is an OATH/ECB violation and how do I address it?" sections of this guide.

## What are DSNY lot clean-ups?

DSNY cleans vacant homes and lots, as well as the surrounding perimeter, removing garbage, bulk refuse, and weeds, if they are found to be dirty by a City agency or via a 311 complaint.

DSNY can apply for a warrant that, when signed by a judge, allows cleaning personnel to enter and clean a privately-owned property that harbors rodents.

**All work is charged to the property where the lot cleaning occurs and will be included as a charge on the quarterly property tax bill.**

If the property owner or manager fails to pay, the City will convert the charge to a tax lien against the property.

For more information, please visit the [DSNY website](#).



# Zombie Law

## What is a zombie home?

A zombie home is a vacant and abandoned, physically distressed, one-to-four-unit home with a mortgage that is delinquent by 90 days or more. Mortgage note holders are responsible for maintaining zombie homes in their portfolios in accordance with the [Abandoned Property Neighborhood Relief Act of 2016](#) (Section 1308, et seq., of the New York State Real Property Actions and Proceedings Law).

## What is the “Zombie Law”?

The New York State Legislature passed the Abandoned Property Neighborhood Relief Act (the “Zombie Law”) in 2016 to address the problems of foreclosures and vacancies in small homes across New York State.

There are three main provisions of the act:

1. Mortgage holders (lenders and servicers) must determine whether a property for which they hold the note is vacant and abandoned. If the property is confirmed vacant and abandoned, the mortgage holder is obligated to secure it and ensure that it is maintained according to certain provisions in the New York State (NYS) Property Maintenance Code.
2. Mortgage holders must report all vacant and abandoned properties, their foreclosure status, and ownership information to the New York State Department of Financial Services (DFS) on a quarterly basis.
3. Mortgage holders that fail to maintain the vacant and abandoned properties in their portfolios can be fined up to \$500 per property per day. DFS and local government may enforce and retain any penalties won.

Real estate owned (REO) properties are not considered zombie homes under New York State Law. However, the lenders that hold vacant REO properties are responsible for maintaining and securing them in accordance with all applicable State and local laws.



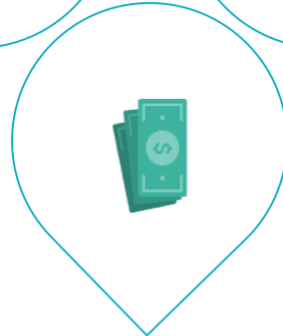


## Mortgage holders:

1. Responsible for identifying and maintaining zombie homes



2. Required to report zombie homes in their portfolios to DFS



3. May be fined up to \$500 per property per day for failing to maintain zombie homes

### What should I do if my organization receives a Zombie Homes notice from HPD?

HPD sends notices to mortgage holders when the City of New York intends to take litigation action against the mortgage holder for failure to appropriately maintain the zombie homes in their portfolio. The notice contains the list of violations the mortgage holder has committed in its failure to maintain the property. **Mortgage holders must respond within 20 business days of the receipt of the notice to provide evidence of the remediation of the issues outlined in the notice. This evidence can include photographs, invoices, or other documentation of the work done.** If it is not feasible to correct the maintenance issues within the specified timeframe, please submit an explanation outlining the actions that will be taken and the timeline for correcting these issues. Mortgage holders who do not respond to the notices within the specified timeframe may incur civil penalties of up to \$500 per day.

## Emergency Repairs

### What is an emergency repair?

### What prompts an emergency repair?

You are responsible for securing the vacant homes in your portfolios. If you fail to do so, HPD may seal your property and will charge you for the cost of repairs. When HPD finds an unsealed property, it will issue a violation and send a Notice of Violation to the managing agent registered with HPD (or to the owner directly if there is no managing agent). **If the owner or managing agent fails to correct the violation within the time period specified on the Notice of Violation, HPD may seal the property through its Emergency Repair Program (ERP), and the cost of the work will be charged to the property where it is performed. The City is subject to laws governing procurement, contracting, and wages that may make such work significantly more expensive than the price the owner could obtain himself.**

The NYC Department of Finance (DOF) will bill for the cost of the emergency repair plus related fees and/or for the cost of sending a contractor to attempt to make repairs, and these charges will appear on the property tax bill. If the property owner or manager fails to pay the charge, the City will file a tax lien against the property for the amount of the work done. Property owners or managers can [view current charges](#) on the DOF website and pay them online, by mail, or in person.

Property owners and managers may protest emergency repair charges by submitting protests in writing and delivering them to the HPD Research and Reconciliation Unit on or before the payment due date listed on the statement of account.

For more information, please visit the Emergency Repair Program page on the HPD [website](#).

## Vacate Order

### What is a Vacate Order? Who issues Vacate Orders?

The City may issue a Vacate Order to protect the public from unstable, illegal, or dangerous conditions that exist on or near a property. If a Vacate Order is issued against a property, it will be posted visibly on the property advising occupants of their need to vacate the premises. Vacate Orders may apply to the entire property or only a portion of the property. The length of time that a Vacate Order is in effect depends on the severity of the conditions precipitating the order and how quickly the unsafe conditions are corrected. Details about the duration and affected areas are provided on the notice posted on the property. **To remove the Vacate Order, the property owner or manager must correct the conditions, and the issuing agency must re-inspect the property to complete the correction process.** The NYC Fire Department (FDNY), DOB, Department of Health and Mental Hygiene (DOHMH), and HPD all have the authority to issue Vacate Orders.

If a Vacate Order is issued, owners may want to check with HPD about whether any tenants accepted relocation assistance and whether there are any charges pending from that relocation. For more information, please visit the Vacate Orders page on the DOB [website](#).

## Demolition

### What prompts a demolition?

You are responsible for ensuring the structural stability of the vacant homes in your portfolios. If DOB finds a building to be unsafe and structurally unsound, the agency will obtain a precept to demolish it from a judge and will issue a Notice of Violation to the managing agent registered with HPD (or to the owner directly if there is no managing agent). DOB may issue a Declaration of Emergency or a Declaration of Immediate Emergency for severe building conditions. If the owner or managing agent fails to respond to the precept or the declaration issued by DOB, HPD will demolish it through a referral from DOB. **If the City demolishes a building, the cost of that work will become a lien upon the demolished property.**

Property owners and managers may demolish properties with a precept at their own expense, and will need to obtain a permit from DOB to do so.

For more information about City-conducted demolitions, please see the Unsafe Buildings page on the DOB [website](#).

## Local Law 4

### What is Local Law 4?

Local Law 4 requires mortgagees to notify HPD within fifteen days when they commence or discontinue a mortgage foreclosure action against any residential property, receive a judgment in a previously reported foreclosure action, or sell a previously reported foreclosed property within New York City.

When notifying HPD, mortgagees are required to submit contact information of the mortgagee plaintiff, defendant (borrower), mortgage servicer, and any other person(s) active in the foreclosure proceedings, the location of the property being foreclosed, date of foreclosure commencement and foreclosure court information, financial information (including principal and interest owed in arrears, interest rate and maturity date, any other indebtedness of the property), and City Register file number or reel and page number for mortgage. **Any mortgagee who fails to notify HPD is liable for a civil penalty – up to \$1000 per property for each week that they fail to notify.** Notification requirements do not apply to any foreclosure actions brought by a government entity. [Notice to HPD must be by electronic submission.](#)

More details can be found in the [Local Law 4 online portal](#).

## Resolving Municipal Liens

### What are municipal liens and how can I resolve them?

Unpaid property taxes, water and sewer charges, and any work done by the City (including, but not limited to, seal-ups, demolitions, and lot clean-ups) may become liens on a property. If the property owner or manager does not pay the lien owed in the time period specified, these unpaid charges become tax liens that may be sold in a tax lien sale. The Department of Finance sells tax liens every year. **Property owners and managers can find information about their liens and how they can be paid [here](#).**