



## **ONCE THE CITY TAX LIENS HAD BEEN ASSIGNED PAYMENT TO THE CITY, INSTEAD OF THE LIENHOLDER, IS NOT APPLIED TO THE DEBT (FIRST DEPT).**

The First Department, reversing Supreme Court, determined the tax and sewer charges paid to the city by defendant after defendant had been notified that the tax liens had been assigned could not be applied to the debt:

Plaintiffs are the lawful assignees of certain City of New York water and sewer tax liens against property owned by defendant. The City complied fully with the provisions of Administrative Code of City of NY § 11-320, which requires, inter alia, that four notices of the sale of the liens be sent to the property owner at specified intervals before the sale and that another notice be sent 30 days after the sale ... . The City's four pre-sale notices informed defendant of the debt, of the impending sale, and of defendant's obligation to pay the City, if at all, by August 1, 2011. The notices also informed defendant that, after the sale, it should make payment arrangements with the new lienholder's representative.

Defendant did not pay the amounts owed by August 1, 2011. On the day after the tax liens were assigned to plaintiffs, defendant made payments to the City. The payments were not credited against defendant's debt, because, once the assignment had taken place, payments had to be made to plaintiffs ... .

Contrary to defendant's argument, there is no tension between the Administrative Code's provisions for tax liens and tax sales and the law generally governing payments of an assigned debt. Once a debtor has notice that the debt has been assigned, or has been put "on inquiry" as to an assignment of the debt, payments to the assignor (the original creditor) are not applied to the debt ... . [NYCTL 1998-2 Trust v 70 Orchard LLC, 2018 NY Slip Op 09004, First Dept 12-27-18](#)