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2001 Survey of Rhode Island Law: Cases: Property Law

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Property. *Phoenix J. Finnegan v. Seaside Realty Trust*, 777 A.2d 548 (R.I. 2001). If an interest in a property has not been recorded, failure to notify the property interest owner of the tax sale will not invalidate the tax sale, nor will it invalidate any subsequent foreclosure of a right to redeem the property.

FACTS AND TRAVEL

In 1995, Leslie A. Parillo (Parillo) signed a five-year lease agreement with Seaside Realty Trust (Seaside) for a bathhouse at the Bonnet Shores Beach Club.¹ At the same time, Parillo and Seaside also entered into a purchase and sale agreement allowing Parillo to exercise an option to purchase the bathhouse for \$1 at any time before "30 days prior to the execution of the lease."² Per the lease agreement, Parillo was responsible for the payment of taxes and fees levied against the property.³ Parillo did not record the lease or the option, and did not pay the assessed taxes.⁴

On May 21, 1997, after notification to Seaside and the mortgagees, the tax collector for the Bonnet Shores Fire District sold the property for non-payment of taxes to Phoenix J. Finnegan, a local real estate partnership (Finnegan).⁵ Seaside Realty Trust owned the bathhouse at the time of the sale.⁶ The Bonnet Shores Beach Club was the beneficiary of the trust; the trust instrument was not recorded either.⁷ The Fire District did not give notice to Parillo or the Beach Club.⁸

On April 22, 1999, Finnegan filed a petition to foreclose all rights of redemption in the bathhouse, naming Seaside and the mortgagees as respondents in the petition.⁹ Again, no notice was given to Parillo or the Beach Club.¹⁰ Finnegan's motion was granted June 4, 1999, and the court entered final judgment fore-

1. *Phoenix J. Finnegan v. Seaside Realty Trust*, 777 A.2d 548, 548 (R.I. 2001).

2. *Id.*

3. *Id.*

4. *Id.*

5. *Id.* at 548-49.

6. *Id.* at 548.

7. *Id.*

8. *Id.* at 549.

9. *Id.*

10. *Id.*

closing all rights.¹¹ On June 24, 1999, Parillo filed a motion with the Superior Court to vacate the final judgment in favor of Finnegan, claiming that the tax sale and the redemption foreclosure petition were void.¹² The court denied the motion, and Parillo appealed.¹³

ANALYSIS AND HOLDING

In 1999, the supreme court held that mail or personal notice must be given to "readily identifiable interested parties[.]"¹⁴ Though Parillo clearly possessed a property interest in the bathhouse that was adversely affected by the property sale, the interest had never been recorded.¹⁵ Therefore, notice was not required, as her interest was not readily identifiable to the tax collector or the title examiner hired by Finnegan.¹⁶

CONCLUSION

Since Parillo did not record her property interest, that interest was not readily identifiable to the parties conducting the tax sale of the bathhouse she was leasing with an option to purchase.¹⁷ Due to these facts, Parillo's failure to receive notice did not invalidate the tax sale or the subsequent foreclosure of her right to redeem the property.¹⁸ The court denied Parillo's appeal and affirmed the final judgment entered by the superior court.¹⁹

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11. *Id.*

12. *Id.*

13. *Id.*

14. *Id.* (citing *Robert P. Quinn Trust v. Ruiz*, 723 A.2d 1127, 1129 (R.I. 1999)).

15. *Id.*

16. *Id.*

17. *Id.*

18. *Id.*

19. *Id.*