

HB 1658 -- ASSIGNMENT OF PROPERTY TAX LIENS

SPONSOR: Torpey

This bill changes the laws regarding the assignment of property tax liens. In its main provisions, the bill:

(1) Allows a property owner, in the counties of St. Louis, Jackson, Jefferson, Clay or the City of St. Louis, who does not have a pre-existing escrow account for payment of property taxes established with the holder or servicer of a mortgage lien on the owner's real property to authorize the assignment of a lien for the payment of taxes, special assessments, penalties, interest, and costs on the owner's real property to an assignee;

(2) Specifies that the collector will issue a receipt as required to the assignee regarding the lien assignment after receiving written authorization from the property owner, proof the assignee is registered with the Department of Insurance, Financial Institutions and Professional Registration, and payment of all amounts owed by the property owner;

(3) Allows the owner and assignee to enter into an agreement to pay the costs for the lien, including reasonable transaction costs, interest up to 16% for owners younger than 65 years of age or 12% for owners 65 years of age and older, and reasonable and necessary collection costs and fees;

(4) Requires the assignee to have a copy of the receipt recorded with the county recorder;

(5) Specifies that the liens assigned will retain priority as a first lien for general taxes under Section 141.250, RSMo. The payment agreement and issued assignment to the assignee will serve as prima facie evidence of the priority;

(6) Requires, within 20 business days of the satisfaction of all obligations arising under an assignment agreement, the assignee to have a release of the tax lien recorded with the county recorder and provide written notification to the property owner. If an assignee fails to record a release as required the assignee will be liable to the extent provided for under Section 443.130;

(7) Allows an assignee to assign, transfer, or convey a tax lien to another person. The assignment must be recorded with the county recorder to be valid;

(8) Allows the assignee to commence action in circuit court to foreclose if an owner defaults on his or her obligations as

provided in Chapter 443, except the action may not commence earlier than one year from the date the assignment was effectuated or more than three years from the date of the default directly giving rise to the assignee's foreclosure action. The assignee must provide notice to the holder of a mortgage lien recorded against the subject property at least 60 days prior to commencing action. No additional fee can be charged if it is incurred within 30 days of the notice date;

(9) Provides that if a foreclosure sale of the property results in more proceeds than what is owed to the assignee under the agreement between the property owner and the assignee, the funds must be distributed to each party that proves itself entitled to the proceeds in order of lien priority. Any remaining proceeds must be paid to the former owner. The assignee will not be entitled to payment of any amounts in excess of amounts provided for under the payment agreement; and

(10) Prohibits a property owner from having more than one lien agreement on a given property under these provisions at a time.

The provisions of this bill will expire on September 1, 2021.