

HCS SCS SB 623 -- FORECLOSURE PROCEEDS

Currently, any surplus amount received on a tax or other debt sale of real estate by the sheriff or county collector is held by the treasurer for the owners of the property until a redemption period or collector's deed is issued for up to three years. After three years, the surplus funds go to the school fund of the county. This bill adds the record lien holders as primary recipients on any excess proceeds from a foreclosure sale and specifies that the record lien holders will receive a distribution before the owners. Additionally, this bill requires that the proceeds of the sale will be held in trust for the lesser of three years or 90 days following the expiration of the redemption period.

Any claim on the proceeds of the sale must be made within 90 days after the expiration of the redemption period and be made in writing with a reference to the lien of record. If more than one party makes a claim to any surplus funds and cannot reach a satisfactory agreement, the county commission will petition the court for judgment.