

HCS HB 649 -- FORECLOSURE PROCEEDS

SPONSOR: Plocher

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Financial Institutions by a vote of 10 to 0. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 13 to 0.

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 or collector's deed is issued 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.

PROPONENTS: Supporters say that this bill makes it clear that there is no payout of funds until liens are cleared and that under the current system fraud is taking place because the surplus of funds can be taken by a land owner even when taxes are owed.

Testifying for the bill were Representative Plocher; Charles Pullium; Missouri Bankers Association; and Heartland Credit Union Association.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that the bill needs to clarify that the surplus shall be distributed according to priority of the former liens and to outline a process for making a claim.

Testifying on the bill was Missouri County Collectors' Association.