

HCS SCS SB 623 -- FORECLOSURE PROCEEDS

SPONSOR: Crawford

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Financial Institutions by a vote of 11 to 0. Voted "Do Pass" by the Rules- Legislative Oversight Committee by a vote of 11 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 period 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. 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.

This bill is similar to HCS HB 1251 (2018).

PROPONENTS: Supporters say that this bill fixes an issue where tax sale proceeds are improperly distributed to the wrong party. Currently, the owner of a home could improperly receive the proceeds of a tax sale, instead of the proceeds going to the lien holder on the home.

Testifying for the bill were Senator Crawford; Missouri Bankers Association; Missouri Independent Bankers Association; Metro St. Louis Sewer District; and Heartland Credit Union Association.

OPPONENTS: There was no opposition voiced to the committee.