

MAINE STATE LEGISLATURE

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MINDORITY TAXATION

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STATE OF MAINE HOUSE OF REPRESENTATIVES 121ST LEGISLATURE FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 694, L.D. 937, Bill, "An Act To Require the Net Proceeds from the Sale of a Foreclosed Property To Be Returned to the Former Owner"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 36 MRSA §949 is enacted to read:

§949. Disbursement of excess funds

A municipality that obtains title to residential real estate occupied by the former owner under the operation of this article may only sell the real estate through a competitive bidding process, and the municipality shall disburse to the former owner the excess of any funds as provided in this section.

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Excess of any funds" means the amount obtained for the disposition of the real estate less:

(1) All tax liens imposed on the real estate by the municipality, including interest;

(2) Fees for recordation and discharge of the lien as established by Title 33, section 751, plus \$13;

(3) The fee established in section 943 for sending a notice if the notice is actually sent, including certified mail, return receipt requested fees;

(4) Any court costs;

(5) All expenses incurred in disposing of the real estate; and

(6) A penalty of up to 25% of the difference between the amount obtained for the disposition less the amount of the tax liens.

B. "Former owner" means the party named on the tax lien mortgage at the time of the levy of the tax lien or that party's successors, heirs or assigns.

2. Time and form of return; notice. Within 30 days of the disposition of the real estate, the municipality shall mail by certified mail, return receipt requested, to the former owner's last known address, notice of the excess of any funds. The notice must include an itemized statement showing the amount for which the real estate was sold and all deductions made from that amount. The notice also must include directions for the redemption of the excess of any funds, including the hours of the operation of the clerk of the municipality.

3. Escrow; failure to redeem. The municipality shall hold the excess of any funds in escrow for 36 months for the benefit of the former owner. The municipality shall pay immediately the excess of any funds upon the personal appearance of the former owner or a legal representative of the former owner. If the former owner or a legal representative of the former owner fails to appear personally within 36 months, the excess of any funds must be paid to the Treasurer of State to be credited to the General Fund until the excess of any funds becomes abandoned under the Uniform Unclaimed Property Act, at which point it must be reported and paid to the State in accordance with that Act.'

SUMMARY

This amendment requires municipalities acquiring by foreclosure residential real estate that is occupied by the former owner to use a competitive bidding process when disposing of the property. The amendment also permits the municipality to retain a 25% penalty from the proceeds of sale, removes the

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2 requirement that the municipality reimburse former owners within 180 days of the foreclosure even if the property has not been sold and removes the retroactivity provision from the bill.

COMMITTEE AMENDMENT