

MAINE STATE LEGISLATURE

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L.D. 937

DATE: 5-19-03

(Filing No. H- 470)

**MINDORITY
TAXATION**

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

COMMITTEE AMENDMENT "B" 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, unless selling the property to the former owner, 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;

- 2 (3) The fee established in section 943 for sending a
notice if the notice is actually sent, including
4 certified mail, return receipt requested fees;
- 6 (4) Any court costs;
- 8 (5) All expenses incurred in disposing of the real
estate; and
- 10 (6) A penalty of up to 25% of the difference between
12 the amount obtained for the disposition less the amount
of the tax liens.

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

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

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

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42 **SUMMARY**

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

COMMITTEE AMENDMENT

COMMITTEE AMENDMENT "B" to H.P. 694, L.D. 937

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.

FISCAL NOTE REQUIRED
(See attached)

**121st Maine Legislature
Office of Fiscal and Program Review**



LD 937

**An Act To Require the Net Proceeds from the Sale of a Foreclosed
Property To Be Returned to the Former Owner**

LR 0345(03)

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Current Cost - State Mandate.

New or Expanded Activity

Requires a municipality to utilize a competitive bid process to dispose of certain property and requires the municipality to disburse the excess of any funds to the former owner.

Unit Affected

Municipality

Costs

Significant