

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

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**Legislative Document**

**No. 1710**

H.P. 1193

House of Representatives, March 23, 2007

### **An Act To Promote Fairness in Municipal Foreclosure Procedures**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative MILLS of Farmington.

1 **Be it enacted by the People of the State of Maine as follows:**

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

3 **§949. Disbursement of excess funds**

4 A municipality that obtains title to residential real estate under the operation of this  
5 article shall disburse to the former owner the excess of any funds as provided in this  
6 section.

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

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

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

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

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

17 (4) Any court costs; and

18 (5) All expenses incurred in disposing of the residential real estate.

19 B. "Former owner" means a party named on the tax lien mortgage at the time of the  
20 levy of the tax lien or that party's representative or a successor, heir or assign or a  
21 representative of that successor, heir or assign.

22 **2. Time and form of return; notice.** Within 30 days of the disposition of  
23 residential real estate or 180 days of foreclosure, whichever is earlier, a municipality shall  
24 mail by certified mail, return receipt requested, to the former owner's last known address  
25 notice of the excess of any funds. The notice must include an itemized statement  
26 showing the amount for which the real estate was sold and all deductions made from that  
27 amount. The notice also must include directions for the redemption of the excess of any  
28 funds, including the hours of the operation of the clerk of the municipality.

29 **3. Escrow; negotiation; failure to redeem.** A municipality shall hold the excess of  
30 any funds for the benefit of the former owner in escrow in a segregated account for 90  
31 days or until the completion of negotiation, as required by this subsection, or arbitration,  
32 as required by subsection 4, whichever is later. Upon the request of the former owner  
33 within 90 days of the notice provided pursuant to subsection 2, the municipality shall  
34 enter into negotiations for the return of the excess funds. If the former owner is  
35 dissatisfied with the result of the negotiations, the former owner, within 30 days of  
36 negotiation, may seek arbitration as provided in subsection 4. If the former owner fails to  
37 appear personally within 90 days, the excess of any funds may be retained by the  
38 municipality.

