

Summary of comments from written and oral [testimony](#) on [HB 4056\(2024\)](#)

The following illustrates major topics to be discussed with regard a process for distribution of surplus proceeds on the sale of tax foreclosed properties.

This list is not exhaustive, nor should it imply support or opposition for any part of this brief summary.

DOR Role in conversation

- Coordinate, convene, and facilitate stakeholder input on complex legal and policy issues to develop recommendations for a uniform statutory process to determine the surplus, what counties can subtract, and notice requirements
- Report by September 15 and suggest legislation

Goal

Uniform process

- Need a statewide template on how to process tax foreclosure claims - who can submit claim, process, and length of time available to make a claim
- Consistent process across the state for surplus calculation and distribution of proceeds of surplus equity after property taxes, fees, and interest are paid

Considerations

- Process that benefits counties, property owners, and lien holders
- Promotes fairness, efficiency, and transparency in the process

What

How to determine fair market value and surplus

- Need fair and impartial process for determining the fair market value of a property and surplus amount

Maximizing value

- Role of the counties in maximizing the value of the property (Should they have one?)

Costs that can be deducted from sale

- Need reasonable and clear method to compensate counties for narrowly defined expenses

Who

Claimant

- Definition of a claimant - former property owners of tax foreclosed properties

Liens

- Payment of liens – surplus payment to go to recorded liens on the property; child support enforcement and victim restitution; and private entities like unpaid contractors and lenders
- Lienholder rights – liens are extinguished when a property is subject to tax foreclosures. Lienholders can seek payment of debt from surplus and creditors can use existing law to pursue claims

Lien topics

- Require county to give 30-day notice to lienholders – give deadline that funds go to owner unless garnishment is received

- Example in ORS 86.794 for a process to return surplus – example is bank foreclosure – proceeds to creditor to pay expense of the sale, then to the obligation secured by the deed, then recorded liens, then homeowner/successors. No expenses allowed
- Interplead funds into the court – that provides even playing field for everyone with a claim and allows county to recover attorney fees

Heirs

- Heirs should have access to excess surplus
- Heirs of small estates – Existing estate law addresses identification of heirs already

How

General interest in notice and outreach

- Essential requirement of outreach and communication to impacted property owners and communities – develop guidelines around sequence of notices and outreach

Language

- Offer clear and regular information about homeowner rights and claims process (plain language, foreign language, and large font)

Notice to former owners, family members, and heirs

- Place responsibility on county for outreach process that is consumer-centered and addresses multi-generational ownership

Disproportionate impact on older people and communities of color

- Engage older Oregonians and communities of color to develop a fair and equitable process

When

Length of statute of limitations

- Create a look-back, longer than six years, for owners who did not receive surplus
- Statute of limitations – Six-year statute of limitations is typical across constitutional claims

Other Topics

Auditing/oversight

- Ensure process management oversight and accountability

Unusual properties

- Exception process when a county attempts to sell property at public sale (nuisance property) – no buyers – county can't sell at private sale

Homeowner assistance

- Counties helping homeowners determine the current value of amounts inappropriately taken

Suggestion to change the foreclosure process

- Consider making the foreclosure process shorter than six years

DOR Website for Meeting Materials and Information

https://www.oregon.gov/dor/programs/property/Pages/property_tax-foreclosure_sales.aspx

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