



NEW YORK STATE SENATOR

Catharine Young

## Senate Passes Legislation to Help Former Property Owners Claim Surplus Auction Funds

CATHARINE YOUNG January 30, 2018

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ALBANY – Job loss, bankruptcy, or death are just a few of the catalysts that can result in someone's property going into foreclosure.

Once a property is foreclosed on and sold at auction, the municipality withholds the funds generated to cover any outstanding tax burden and utility liens, and then deducts administrative and other fees. Once all payments have been made a surplus fund can be left

behind, which by law belongs to the parties with recorded interest in the property – lienholders, judgment creditors and the former owners.

But existing law doesn't require a municipality to tell those stakeholders that the funds exist, and in many cases the respective governing body simply doesn't initiate contact.

Legislation sponsored by Senator Catharine Young (R,C,I- 57th District), S.3948, which has now passed the Senate, would close this loophole, potentially helping thousands of former homeowners who are losing out on millions of dollars that could help them get back on their feet.

"When someone is already experiencing hardship, the loss of their home to foreclosure is a tremendous financial and emotional blow that can further compound their difficulties. When a municipality doesn't notify an individual that they may be entitled to surplus funds from the sale of their former home, they are depriving them of their ability to claim what is rightfully theirs and preventing them from accessing resources that could help them cover medical bills, car payments or other expenses," said Senator Young.

Officials estimate that nearly \$12 million in surplus funds is owed to former homeowners in the City of Buffalo alone, because the city has a policy of not actively notifying former homeowners that surplus auction funds are available to be claimed.

"People down on their luck shouldn't be driven further down by government. In many cases, these additional funds amount to tens-of-thousands of dollars. This money belongs in the rightful hands of the individual," Senator Young said.

If the surplus funds gained through the property's auction are unclaimed for five years, the money is turned over to the State Comptroller's Office and becomes a part of the State's general fund. However, claims can still be made through the respective County Clerk's

Office.