



CONNECTICUT BANKERS ASSOCIATION

March 7, 2013

To: Members of the Banks Committee

Fr: Connecticut Bankers Association

Contacts: Tom Mongellow, Fritz Conway

Re: S.B. No. 913 (RAISED) AN ACT REQUIRING NOTIFICATION OF THE SALE OF A REAL PROPERTY TAX LIEN

Position: Support

When a municipality sells real estate tax liens to a third party, that third party (Buyer), retains the same rights, lien position and interest charging authority (currently 18%), as the city or town that sold them. However, there is no notification requirement to the underlying mortgage holders (Banks), that the lien has been sold and the tax liability is no longer owed to the municipality. There should be transparency to when - and to who - a tax lien is sold.

Senate Bill 913 accomplishes that transparency by requiring the Buyer (not the municipality), to notify the mortgage holder of that purchase, and to provide key contact information within thirty days of the tax lien purchase..

This is a problem because the tax records of the towns (when searched by mortgage holders) may not readily reveal the amount of taxes that are still owed (the town has been paid and is owed nothing). Without notice that the lien has been assigned, the mortgage holder might not know to contact the assignee (who now owns the liability) to determine whether taxes have been paid.

Our bordering states of Massachusetts and Rhode Island have similar notification provisions and we ask for the Committee's support of S.B. 913