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## OLR Bill Analysis

### sSB 485

#### ***AN ACT CONCERNING THE PROVISION OF A PAYOFF STATEMENT BY A JUDGMENT LIENHOLDER.***

#### **SUMMARY**

This bill creates a process by which a judgment lienholder may provide a payoff statement to a debtor, the debtor's attorney, or current owner of the property subject to the lien.

Specifically, the bill:

1. requires a judgment lienholder or the lienholder's attorney to provide a written payoff statement within a specified time period after receiving a written request for it;
2. allows the request to be sent to the lienholder using the name and address on the property records, but requires it to be sent to the lienholder's attorney if the lienholder has taken enforcement action regarding the lien; and
3. prohibits charging a fee for the first payoff statement request each calendar year, unless there is a request for expedited delivery and certain conditions are met.

By law, a judgment lien secures the unpaid amount of any money judgment and may be placed on any real property of the debtor by recording it on the land records in the town where the property lies (see BACKGROUND).

EFFECTIVE DATE: October 1, 2018

#### **JUDGMENT LIENHOLDER PAYOFF STATEMENT**

##### ***Debtor's Written Request***

Under the bill, a request to a judgment lienholder or the lienholder's

attorney for a payoff statement must be made in writing. In identifying the lienholder's name and mailing address, the bill allows the debtor, debtor's attorney, or authorized representative for the current owner of the property subject to the lien to rely on the last recorded lien that secures the lienholder's judgment. A request must be provided to the lienholder's attorney if the lienholder is a plaintiff in an enforcement action pending in Superior Court regarding the lien.

### ***Lienholder's Payoff Statement***

The bill requires a judgment lienholder, or the attorney who has filed an appearance on the lienholder's behalf, to provide a written payoff statement after receiving a request. The lienholder must do so by the date specified in the request, provided it is at least 21 business days after the lienholder received the payoff statement request.

### ***Fees***

The bill generally prohibits the judgment lienholder or the attorney from imposing a fee or a charge for the first payoff statement requested within a calendar year. The bill makes an exception if the judgment debtor or the judgment debtor's attorney or other authorized agent requests expedited delivery, agrees to pay a fee for such delivery, and the payoff statement is provided by the date the parties agreed on.

## **BACKGROUND**

### ***Judgement Lien***

By law, a judgment lien expires 20 years after the judgment was rendered (10 years for those related to small claims), unless the party claiming the lien (1) begins a foreclosure action within that time period and (2) records a formal notice of the foreclosure proceeding on the land records (CGS § 52-380a).

A judgment lien that expires for failure to comply with the above time limitations is automatically nullified and its continued existence does not affect the record owner's title or the property's marketability (CGS § 52-380c).

## **COMMITTEE ACTION**

Judiciary Committee

Joint Favorable Substitute

Yea 39 Nay 1 (04/04/2018)