



Luther S. Olsen

State Senator

14th District

TO: Senate Committee on Economic Development, Commerce & Local Government

DATE: Thursday, August 10, 2017

SUBJECT: Testimony in favor of Senate Bill 175/Assembly Bill 253

Thank you Chairman Feyen and the Senate Committee on Economic Development, Commerce and Local Government for holding a hearing and allowing me to testify in favor of Senate Bill 175/Assembly Bill 253.

Under current law, for foreclosed property located outside of Milwaukee County, if the court confirms the sale and the purchaser complies with all of the terms of the sale, including paying any balance due on the purchase price, the Clerk of Courts delivers the sheriff's deed to the purchaser. There is no requirement under current law that the purchaser deliver the sheriff's deed to the Register of Deeds for recording.

The current sheriff's sale process gives the sheriff's deed to the buyer; they may or may not record the deed as there is neither a time limit imposed nor a requirement to record. Often the tax rolls and property ownership are not updated in the county records until several months or even years after the sale. This legislation will ensure the buyer of a foreclosed property sale is on record after confirmation and all funds have been received by the courts. This protects the integrity of the county land records, holds the correct owner responsible for any taxes, zoning, and health issue that could affect the citizens of Wisconsin.

In addition, this legislation provides the Clerk of Courts the option of notifying the Register of Deeds that a sheriff's deed is available for recording instead of requiring the Clerk of Court to transmit a sheriff's deed to the Register of Deeds. It also requires that a notice of a foreclosure sale include the street address of the property to be sold at the sale and the sum of the judgment.

The following groups are in support of this legislation:

- Wisconsin Counties Association
- Wisconsin Society of Land Surveyors
- Badger State Sheriffs' Association
- Wisconsin Sheriffs & Deputy Sheriffs Association
- Wisconsin Land Title Association
- Wisconsin Land Information Association
- Wisconsin County Treasurers Association
- Wisconsin Realtors Association
- Wisconsin Mortgage Bankers Association
- Wisconsin Property Taxpayers Inc.
- NAIOP Wisconsin (Commercial Real Estate Development Association)

Thank you members, I ask for your support and would be more than happy to answer any questions.



JOAN BALLWEG

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WISCONSIN STATE REPRESENTATIVE

41ST ASSEMBLY DISTRICT

AB 253/SB 175: Procedures Related to a Sale of Foreclosed Property by a Sheriff or Referee
Testimony of State Representative Joan Ballweg
Senate Committee on Economic Development, Commerce and Local Government
August 10, 2017

Thank you, Chair Feyen, and members of the Committee on Economic Development, Commerce and Local Government for holding this public hearing on AB 253/SB 175.

AB 253/SB 175 is a good government bill that will improve the process for how sheriff's deeds are filed after a property is sold at auction. The current sheriff's sale process gives the sheriff's deed to the Clerk of Courts, and after the court confirms the sale and the purchaser complies with all of the terms of the sale, the deed is then delivered to the purchaser; they may or may not record the deed as there is neither a time limit imposed nor a requirement to record. If the deed is not recorded, or if it is not done in a timely manner, the previous owner remains responsible for the property. This creates confusion because the previous owner will continue to receive the tax bill, delinquent notices, compliance notices and other property related notices.

AB 253/SB 175 fixes this problem by keeping the entire process within the county. Rather than the Clerk of Courts giving the deed to the buyer to transfer it, AB 253/SB 175 requires the Clerk of Courts to notify the Register of Deeds that a sheriff's deed is available for recording. Then, it is up to each county on how the deed is transferred between the two offices. Keeping the entire process within the county ensures deeds are actually transferred and are done so in a timely manner.

This change to the process was made in Milwaukee County during the negotiations for the Buck's Arena. AB 253/SB 175 extends this process to the rest of the state to provide consistency. The modification under AB 253/SB 175 is the Clerk of Courts has the option to notify the register of deeds rather than requiring the Clerk of Courts to transfer the deed. This change was made as a result of conversations with the Clerk of Courts.

AB 253/SB 175 also makes changes to the information included on foreclosure sale notices to provide as much information to potential buyers as possible before the auction. Currently, these notices are only required to "describe the property to be sold...with reasonable certainty". AB 253/SB 175 takes best practice examples from certain counties statewide by requiring all foreclosure sale notices to include the street address of the property to be sold at the sale if available, and the sum of the judgment. This has been included at the request of Rep. Considine who introduced this as a separate bill.

Numerous organizations, including the Wisconsin Register of Deeds Association, Wisconsin Counties Association, Wisconsin Sheriff's & Deputy Sheriff's Association, Wisconsin County Treasurers Association, Wisconsin County Surveyors Association, Wisconsin Land Title Association, Wisconsin Real Property Listers Association, Wisconsin Land Information Association, and the Wisconsin Land Information Officer Network support AB 253/SB 175 to improve the process for everyone involved in these transactions. AB 253 passed the Assembly on a voice vote on June 14th, 2017. Thank you for considering AB 253/SB 175, and I am happy to answer any questions.



Wisconsin Register of Deeds Association Legislative Committee

Committee Members: Tyson Fettes- Co-Chair, Sarah Guenther – Co-Chair, Heather Schwersenska, Kyle Franson, Karen Manske, Karen Miller, JoEllyn Storz, Mike Mazemke, Margo Katterhagen, Carey Petersilka, Susan Ginter, Staci Hoffman

<http://www.wrdaonline.org/Index.htm>

Re: Support of Foreclosed Property Sale AB-253 and SB-175

The Wisconsin Register of Deeds Association (WRDA) **supports Foreclosed Property Sale AB-253 and SB-175**. The passage of this legislation will create efficiencies through accurate property records servicing multiple government agencies and the public.

- **Seamless Foreclosure Process.** With the implementation of the new legislation, the sheriff will hold the sale, the courts will confirm the sale, and the clerk of courts will notify the Register of Deeds.
- **Ownership Record Integrity.** The county ownership records, tax and assessment rolls, county zoning, municipal housing regulations, and state agencies records will show the correct owner on record immediately. This will assist not only these departments in contacting the correct owner regarding property issues but will also assist utility companies, realtors and law enforcement agencies.
- **Previous Owner Liability.** When the deed is not recorded in a timely manner, the tax bill is sent to the owner of record, the person who lost their property. They also receive delinquent notices, compliance notices and other property related notices to a home they no longer own.
- **Unscrupulous Purchasers.** Some Sheriff's deed purchasers choose not to record the deed; they do not pay municipal or county taxes and fees nor do they follow the standard landlord requirements. They collect rent but do not make necessary improvements to the property to ensure the safety of their renters.
- **Unkept Property.** Unkept properties lead to declining property values to the entire neighborhood, animal and bug infestation, health issues, as well as neighbor complaints to the municipal, county and law enforcement personnel.
- **Increased Crime.** Statistics show that unkept property leads to higher crime rate including squatters, drug houses, and vandalism. When a home is sold on Sheriff's sale, it is publically noticed, criminals look for these homes to steal plumbing and electrical items, and conduct criminal activity.

For these reasons, **the WRDA strongly supports Foreclosed Property Sale AB-253 and SB-175**. This protects the integrity of the county land records, holds the correct owner responsible for any taxes, zoning, safety and health issues that could affect the citizens of Wisconsin.

Foreclosed Property Sales - This is a Statewide Issue

AB253 & SB175

Barron County

We had a Sheriff's deed floating out there from May until the end of September. The new owner tried to get a building permit and discovered that he wasn't in title according to the county property records.

Dodge County

An elderly couple in City of Beaver Dam, due to illness lost their property on Sheriff's sale. The purchaser from the sale never recorded the Sheriff's deed. The couple is now being harassed by the city and other bill collectors for payment on maintenance of the property, such as snow removal and lawn mowing, etc. and they no longer reside there. There is no current owner or address listed for the Treasurer to send the property tax bills to.

Eau Claire County

A third party purchased a foreclosed property; they made major improvements to the house, when the weatherization inspector prepared the certificate of compliance it was discovered that the deed and the stipulation were never recorded. Unfortunately after months of calling and searching the deed could not be located, a new deed was prepared, causing extra work and costs for everyone involved.

Jefferson County

In 2014 a home was sold on Sheriff's sale; for the first year the neighbors mowed the lawn, not only to keep the neighborhood looking nice but also for safety purposes. The neighbors called our office on a regular basis to see if the name had changed on the property, but after a while they stopped calling, mowing and checking on the home. The foreclosing lender never checked on the house for over a year; sometime during the winter of 2015, a water heater freezes and bursts. Neighbors start seeing black mold on the doors, they look in the windows and the entire house is full of black mold, the drywall is falling off the vaulted ceilings. The home that was valued at \$204,200 when the foreclosure action started sold in 2016 for \$86,000.

Oneida County

I just had the Deputy Clerk of Court come down last week looking for a check that never cleared from 2014. It was made out to the register of deeds for the \$30 recording fee that was supposed to be for a Sheriff's Deed to be recorded. The lis pendens was recorded in October 2013 and the sheriff's sale took place in August 2014. At that time, the Clerk of Court gave the deed and recording fee check directly to the new owner who was supposed to walk down to our office and record the deed and pay the recording fees. As of today, the new owner never came in to record the Sheriff's Deed and the real estate is still being shown on the tax roll under the old owner's name. The taxes have been paid by the new owner the last two years but no deed of record.

Racine County

A few weeks ago I had a customer come to the counter because her tax bill was still coming in the previous owner's name. A third party purchased the property from a Sheriff's sale; he never recorded the sheriff's deed, however he then sold the property to the new buyer. The county tax roll did not change because there was a lapse in title. After many phone calls, research and work from both the new buyer and several county offices we were able to track down the person who purchased the property on sheriff's sale; he simply forgot to record the deed and still had the check from the Clerk of Courts. The new buyer took the sheriff's deed and brought it to the Register of Deeds office for recording. The county could then change the tax roll to reflect her being the owner of this property.

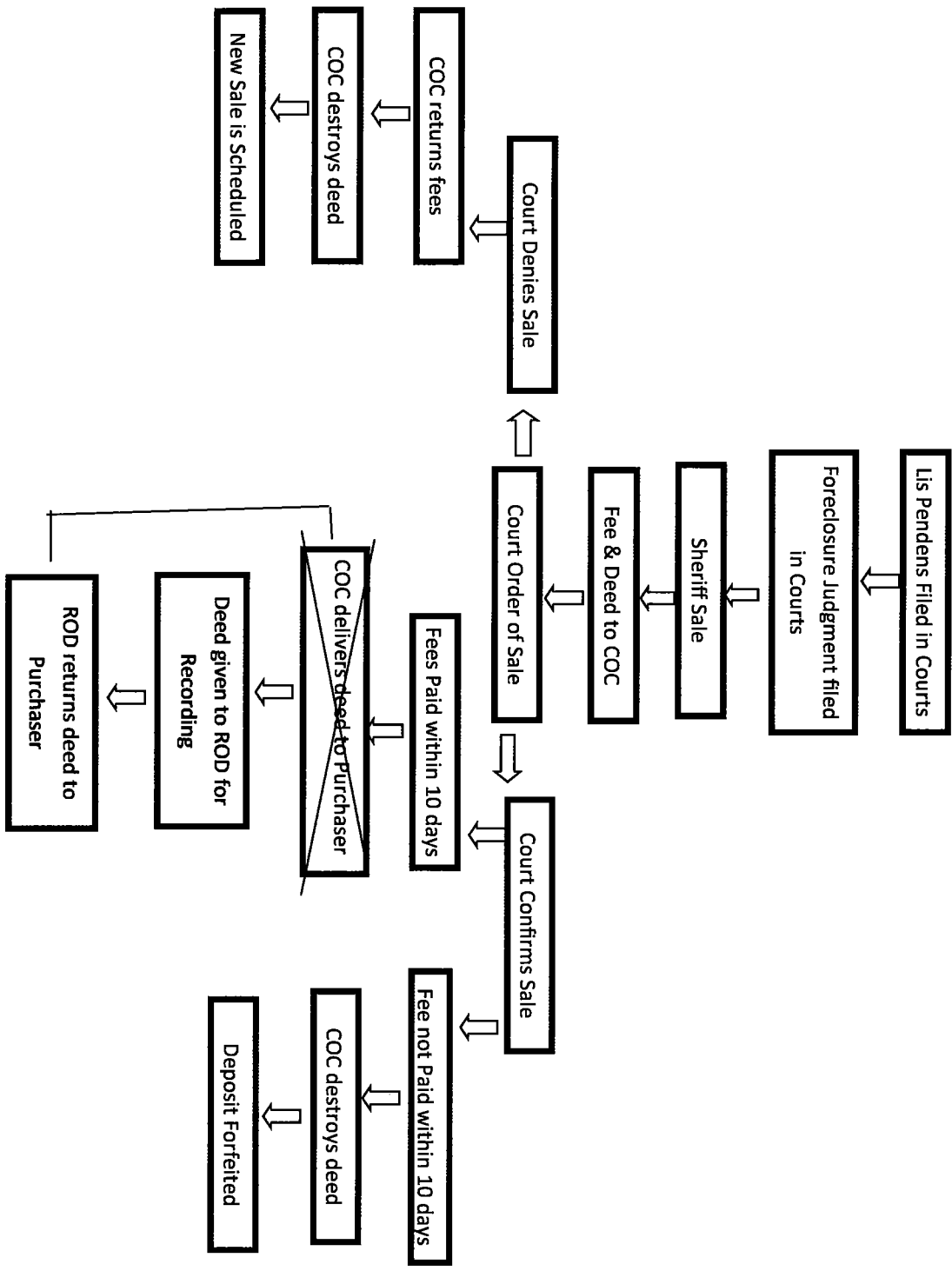
Rock County

The buyer of a sheriff sale did not record the deed for 2 years; the person that was foreclosed on kept receiving the tax bills and utility bills and calling us. The buyer paid the taxes 1.5 years after the Sheriff sale, including delinquent utilities. Then he recorded the deed a few months later. He tried to pay the transfer fee with a stale check which we denied. He paid the fee out of his pocket and is now trying to get the check reissued from the Clerk of Courts to just him.

Sheboygan County

We had some issues with homes being foreclosed on and the bank not knowing what they all owned. I know of one instance where the neighbor tried for over two years to get information about the house next door as he was interested in purchasing it. He tried numerous times to contact CITI bank but received no response. He took care of the property during the whole time; then some homeless folks tried to move in. He finally did end up purchasing the place a few years later.

Updated Sheriff Deed Process AB-253 and SB-175



COC = Clerk of Courts

ROD = Register of Deeds



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MEMORANDUM

TO: Honorable Members of the Senate Committee on Economic Development,
Commerce and Local Government

FROM: Marcie Rainbolt, Government Affairs Associate

DATE: August 10, 2017

SUBJECT: Support for Senate Bill 175 (Assembly Bill 253): Sale of Foreclosed
Property by a Sheriff or Referee

The Wisconsin Counties Association (WCA) supports Senate Bill 175 (SB 175), relating to procedures for the sale of foreclosed property by a sheriff or referee. WCA supports this legislation as it will ensure that sheriff's deeds are properly recorded with the Register of Deeds (ROD) by amending state statute and requiring the Clerk of Courts to notify the ROD that a sheriff's deed is available for recording.

In 2015, the Wisconsin Legislature passed Wisconsin Act 60 which altered the process in which sheriff sale deeds were recorded in Milwaukee County only. Since the enactment of Act 60, the Wisconsin Register of Deeds Association has pursued legislation to close the loopholes associated with recording sheriff sales for all counties.

Currently, excluding Milwaukee County, when a property is foreclosed, a sheriff sale occurs and the property is sold. The sheriff then turns the sheriff's deed over to the Clerk of Courts. Confirmation of the sale and payments are made before the Clerk of Courts gives the sheriff's deed to the buyer. The buyer is then responsible for recording the deed with the ROD. Currently, buyers do not always file the deed, thus keeping the former owner(s) of the property on record with the ROD. This causes confusion with tax collection, building maintenance, and other issues pertaining to the property.

SB 175 requires that the Clerk of Courts notify the ROD that a sheriff deed is available. The Clerk of Courts would then deliver the deed to the ROD or the ROD would collect the document from the Clerk of Courts. With this change, deeds will be properly and accurately recorded.

WCA requests the committee support this common-sense legislation that closes a loophole and ensures deeds are properly recorded.



Wisconsin County
Surveyors Association

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Wade Petitt

Peter Kuen

Jason Towne

August 7, 2017

To: Senator Luther Olsen - Wisconsin State Senator – District 14

From: Bryan Meyer – President - Wisconsin County Surveyors Association

Re: Support for SB 175 - Sheriff's Deeds Transmittal to Register of Deeds

The Wisconsin County Surveyors Association (WCSA) **strongly supports** Senate Bill 175 -Sheriff's Deed Transmittal to Register of Deeds. This legislation is very much needed and will serve to establish and clarify title records in a timely and efficient manner. We support this legislation for the following reasons:

- **This legislation creates a seamless foreclosure process.** The deed is recorded as part of the Sheriff's sale process with no lag time which currently creates numerous problems. This proposed process creates ownership record integrity. The county ownership records, tax and assessment rolls, county zoning, municipal housing regulations, and state rental weatherization records will show the correct owner on record immediately. This legislation assists utility companies, realtors and law enforcement agencies.
- **This legislation prevents previous owner liability.** Currently, when a deed is not recorded in a timely manner, the tax bill continues to be sent to the owner of record, the person who lost their property via foreclosure. Not only did these citizens lose their home, but they are now receiving tax bills, delinquent notices, compliance notices and other property related notices to a home they no longer own. These citizens have no control over when the deed is recorded and their name is not removed from county ownership records.
- **This legislation will help to eliminate unscrupulous purchasers.** Currently, some Sheriff's deed purchasers intentionally choose not to record the deed from the Sheriff's sale and therefore do not pay municipal or county taxes and fees nor do they follow the standard landlord requirements. They collect rent but do not make necessary improvements to the property to ensure the safety of their renters.
- **This legislation will help to eliminate unkempt property.** Unkempt properties lead to declining property values to the entire neighborhood, animal and bug infestation, health issues, as well as neighbor complaints to the municipal, county and law enforcement personnel. Statistics show that unkempt property leads to higher crime rates including squatters, drug houses, and vandalism. Currently when a home is sold on Sheriff's sale, it is publically noticed, criminals look for these homes to steal plumbing and electrical items, and conduct criminal activity.

For these reasons, **WCSA strongly supports Sheriff's Deed Transmittal to Register of Deeds.** An affirmative vote protects numerous Wisconsin citizens and entities in both the private and public sectors.

Thank you so much for your time as you consider this important legislation.

Sincerely,

Bryan H. Meyer – President – Wisconsin County Surveyors Association
212 6th Street North La Crosse, Wisconsin 54601 608-785-9626