

Frequently Asked Questions

What are surplus funds?

When a home is foreclosed due to a tax debt or other unpaid debt, the county will sell the property at auction to collect that debt. If the property sells for more than the amount owed, the difference is called an overage or surplus funds (also called excess proceeds). These funds can range from a couple thousand to tens of thousands of dollars depending on the sale price. They are held by the county for a period of time and are available to be claimed by the previous owner.

Why didn't the county contact me directly to notify me of these funds that are rightfully mine?

The county may have mailed notices already, but they often go to old addresses or never reach the rightful owner. Counties are required by law to hold the funds for a period of time and follow the legal notice procedures, but in most cases they don't have the resources or financial/legal incentive to actively track down former owners beyond those required notifications. This is why funds can sit unclaimed for years.

How long do I have to claim my funds?

Every state has different deadlines or waiting periods. Some allow you to file a claim shortly after the sale date while others require a waiting period from the date of sale. Further, deadlines to file claims can be anywhere between 12 months and 10 years depending on the state and type of foreclosure. It's best to act sooner rather than later to avoid forfeiting funds.

What happens to funds that go unclaimed past the deadline?

One of three things can happen when surplus funds are unclaimed.

1. The funds "escheat" to the state

This means the money gets transferred into the state's unclaimed property division. The owner may still be able to claim it later through the state treasury or comptroller, but the process changes.

2. The funds are redistributed according to statute

In some foreclosure or tax sale systems, the funds can eventually be:

- transferred to junior lien holders,
- deposited into a court registry,
- or absorbed into government funds depending on state law.

3. The claim can be permanently barred

In stricter states, once the deadline passes, the former owner may lose the legal right to recover the funds entirely.