

State of California

Excess Proceeds Guide

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Introduction

The Excess Proceeds Guide is produced by the State Controller's Office (SCO), Local Government Programs and Services Division, Tax Programs Unit. This guide provides an overview of the steps necessary to process excess proceeds for distribution following a county property tax sale and recommendations for developing an Excess Proceeds Distribution Program that adheres to the California Revenue and Taxation Code.

The SCO forms referred to within this guide are samples that contain all of the required information pursuant to statute. The county tax collector's office may use these sample forms or create their own. Forms used must contain all information required by statute.

NOTICE: SCO provides this publication as a general resource for California's county tax collectors. Processes and forms are recommended to assist the counties in performing their duties under the law. This publication is written primarily for use by county tax collectors and does not constitute legal advice. This publication has been reviewed by members of the California Association of County Treasurers and Tax Collectors.

CHAPTER I – Excess Proceeds Distribution Process

Distribution of Tax Sale Proceeds: Excess Proceeds

Excess proceeds are the amount remaining from the sale of tax-defaulted property after all required distributions have been made (Rev. & Tax. Code, [§4674](#)). When excess proceeds from the sale of tax-defaulted property exceed \$150, notice of the right to claim excess proceeds must be given to all parties of interest [Rev. & Tax. Code, [§4676\(a\)](#)].

General Information

The county tax collector is responsible for the sale of eligible tax-defaulted property, pursuant to Revenue and Taxation Code section [3691 et seq.](#) The tax collector sets a minimum bid as outlined by Revenue and Taxation Code. The minimum bid may not be less than the amount necessary to redeem the property (Rev. & Tax. Code, [§3698.5](#)) unless the property did not sell at a previous tax sale. At the discretion of the tax collector, the minimum bid may be greater than the amount to redeem the property or the winning bid of a property may result in an amount above the minimum bid, creating the opportunity for excess proceeds.

Excess proceeds are retained for a period of at least one year following the date of recordation of the tax deed to the purchaser of the property. There is no duty incumbent upon the county to audit expenses, invest the excess proceeds, or pay interest to excess proceeds claimants [[Hodges v. County of Placer](#) 41 Cal.App.5th 537 (2019)].

During the one-year period, the excess proceeds may be claimed by any party of interest in the property at the time of the sale (Rev. & Tax. Code, [§4675](#)).

Board of Supervisors – General

The board of supervisors shall determine the information and proof deemed necessary to establish a claimant's rights (Rev. & Tax. Code, [§4675\(d\)](#)) and priority to any excess proceeds. The board of supervisors of any county may, by resolution, authorize any county officer to perform on its behalf any act required or authorized to be performed under Revenue and Taxation Code section [4675](#). The resolution must specify administrative rules and procedures concerning any act performed under the authorization [[Rev. & Tax. Code, 4675.1](#)].

If the board of supervisors has been petitioned to rescind the tax sale and the board's decision is that the sale should not be rescinded, then excess proceeds may not be distributed until at least one year following the board's decision.

NOTE: If the person petitioning the board of supervisors has commenced a proceeding in court pursuant to Revenue and Taxation Code section [3725](#), the excess proceeds may not be distributed until issuance of a final court order [Rev. & Tax. Code, [§4675\(e\)\(2\)\(B\)](#)]. The proceeding must commence within 90 days after the date of the board of supervisors' decision [Rev. & Tax. Code, [§4675\(g\)](#)].

Identifying Properties with Excess Proceeds

Task	Timeframe	Details
Identify Properties with Excess Proceeds	Immediately	Identify properties with excess proceeds and retain excess proceeds in a delinquent tax sale trust fund for at least one year following the recordation of the tax deed, immediately following the tax sale.

Immediately following the tax sale, once the deed has been recorded to the purchaser, properties with excess proceeds must be identified pursuant to Revenue and Taxation Code section [4674](#).

Parties of Interest Lists

Task	Timeframe	Details
Parties of Interest (POI) List	Immediately	A POI list must be completed for each property with excess proceeds.

GENERAL INFORMATION

Although the county has completed a search for POI, in order to meet statutory tax sale requirements for POI notification of the sale of tax-defaulted property, an additional POI search will be required following the tax sale for properties with excess proceeds. The excess proceeds POI search will cover the period between the county's tax sale POI search and the recordation of the tax deed.

The law requires the tax collector to make a reasonable effort to ascertain the names and last known addresses of POI [[Jones v. Flowers](#) 547 U.S. 220 (2006)]. However, the validity of a sale is not compromised if any names cannot be obtained through reasonable effort (Rev. & Tax. Code, [§3701](#)).

During the one-year period, the excess proceeds may be claimed by any POI in the property at the time of the sale (Rev. & Tax. Code, [§4675](#)) in the following order of priority:

- First, lienholders of record prior to recordation of the tax deed to the purchaser, in the order of their priority.
- Second, any person with title of record to all or any portion of the property prior to recordation of the tax deed to the purchaser.

NOTE: In the event that a person with title of record is deceased at the time of the distribution of the excess proceeds, the heirs may submit an affidavit pursuant to [California Probate Code sections 13100 et seq.](#), to support their claim for excess proceeds [Rev. & Tax. Code, [§4675\(f\)](#)].

NOTE: A quitclaim deed does not necessarily affect a transfer of the right to collect the excess proceeds remaining after the tax sale [[Mission Valley East, INC. v. County of Kern](#) 120 Cal.App.3d 89 (1981)].

OBTAINING NAMES AND ADDRESSES

There are three primary methods used to obtain names and addresses of POI:

Research Consultant - Hiring a research consultant involves contracting with a company that locates lienholders or POI of real property.

Title Company - This option involves the use of services which provide information sufficient to determine POI.

In-House Research - In-house research involves updating existing POI lists or, when a list is absent, creating one using third-party research resources to locate POI.

RESEARCH RESOURCES

Low or no cost resources:

County Grantor/Grantee Index

The grantor-grantee index is a publicly available record system maintained by most county recorders which provides property transaction records that are generally accessible either by the name of the seller (grantor) or buyer (grantee), providing

identifying information about the parcel or property. Record dates vary from an average of 1980 through current, but in some cases, go as far back as the mid-1800's.

Fee or subscription-based resources:

LexisNexis Accurint

Used to find personal and location information about POI.

Relevant LexisNexis Accurint Report Types:

- Advanced Person Search
- Death Record Search
- Virtual Identity/Email Search
- Real-Time Phone Search
- Property Search (Property Assessments, Deeds, Mortgages)
- Bankruptcies, Liens, & Judgements
- Marriages/Divorce
- Business Search
- Driver License
- Voter Registration

RealQuest Professional by CoreLogic

Used to search property and ownership information.

Relevant RealQuest Report Types:

- Property Owner by Address
- Property Owner by Name
- Property Owner by Assessor's Parcel Number
- Advanced Property Search
- Mailing Address Search

Notification Procedures

Task	Timeframe	Details
Develop and Mail Notifications	Within 90 Days	Within 90 days after the recordation of the tax deed, notices must be mailed to those on the POI list.
Publish Notifications	Within 90 Days	If the last known address of POI cannot be obtained, the notice must be published once a week for three successive weeks.

MAILING NOTIFICATIONS

The county must make a reasonable effort to obtain the name and last known mailing address of each POI, and each POI must receive a notification at their respective addresses [Rev. & Tax. Code, [§4676\(b\)](#)].

The written notice must be mailed no later than 90 days after the sale [Rev. & Tax. Code, [§4676\(b\)](#)]. The sale is complete when full payment is received by the tax collector [Rev. & Tax. Code, [§3707\(c\)](#)]. See SCO sample form, *Notice of Excess Proceeds from the Sale of Tax-Defaulted Property* ([SCO 8- 20](#)).

PUBLISHING NOTIFICATIONS

If the last known address for POI cannot be obtained, publication is sufficient to constitute notice [[Walker v. City of Hutchinson](#) 352 U.S. 112 (1956)]. In this case, the county must publish a notice of the right to claim excess proceeds in a ‘newspaper of general circulation’.

Generally, a ‘newspaper of general circulation’ means a newspaper printed in the language most commonly spoken in the area in which it circulates, and which is readily available for purchase by all inhabitants in that area. The newspaper should not be intended primarily for advertisements, for members of a particular group, or with the sole purposes of carrying legal notices (Gov. Code, [§6000 et seq.](#)).

The notice must be published once a week for three successive weeks. Publication of the notice must begin no later than 90 days after the sale of the property [Rev. & Tax. Code, [§4676\(c\)](#)]. See SCO sample form, *Notice of Right to Claim Excess Proceeds From The Sale of Tax-Defaulted Property (Parties of Interest)* ([SCO Figure 9.8](#)).

NOTE: Publication is not required if the cost of publication is equal to or greater than the excess proceeds [Rev. & Tax. Code, [§4676\(c\)](#)].

COST OF NOTIFICATION

Upon completion of the notification process, calculate the cost of obtaining the name and last known mailing address of POI and the mailing or publishing of the right to claim excess proceeds notification and deduct the cost from the balance of the excess proceeds. The amount deducted must be deposited into the county general fund [Rev. & Tax. Code, [§4676\(d\)](#)].

Review Claims for Excess Proceeds

Task	Timeframe	Details
Review Claims for Excess Proceeds	According to County Policy/Procedure	It is recommended to date and time stamp submitted claim forms and all supporting documentation upon receipt. Review each claim form according to normal county procedures.

Claims for excess proceeds must be postmarked on or before the one-year expiration date following the recordation of the tax deed to the purchaser to be considered timely. A claim may be deposited in the United States mail in a sealed envelope, properly addressed with required postage. Other options include depositing for shipment with an Internal Revenue Service (IRS) designated delivery service or another independent delivery service approved by the tax collector, which must be in a sealed envelope or package, properly addressed with prepaid fees.

The claim is deemed received on the date shown by the post office cancellation mark on the envelope or the shipment date shown on the packing slip/air bill from the approved delivery service. If a claim mailed via the United States Postal Service lacks an official postmark, the date of filing will be the date received by the county treasurer-tax collector's office. [Rev. & Tax. Code, [§4675\(a\)\(2\)](#)].

INITIAL REVIEW

The county may consider establishing policies on whether to notify claimants on the county's receipt of the claim and whether the submittal is complete. In addition, allowing claimants to supplement an incomplete claim for excess proceeds may be included in a policy document.

DOCUMENTATION TO SUPPORT CLAIMS

The county may require proof deemed necessary to establish the claimant's interest in the property. It is the responsibility of the county's board of supervisors to determine the documentation, including support documentation, that will be accepted by the county as proof for claiming excess proceeds. Some examples of documentation in support of a claim for excess proceeds include the following:

Claim Type	Primary Support Documentation	Possible Additional Support Documentation
Lienholder(s) of record	<ul style="list-style-type: none"> • Trust deed and any assignments • Deed • Promissory note • Lien • Other documentation as determined by the board of supervisors 	<ul style="list-style-type: none"> • Court order • Documentation on the amount due and owing (interest up to the date of sale) • Copy of judgement and proof of record ownership of property • Articles of incorporation • Partnership agreement • Limited Liability Company (LLC) Certificate of Registration • Other documentation as determined by the board of supervisors
Person with title of record	<ul style="list-style-type: none"> • Deed • Other documentation as determined by the board of supervisors 	<ul style="list-style-type: none"> • Court order • Documentation on the amount due and owing (interest up to the date of sale) • Copy of judgement and proof of record ownership of property • Articles of incorporation

		<ul style="list-style-type: none"> • Partnership agreement • LLC Certificate of Registration • Other documentation as determined by the board of supervisors
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NOTE: Additional examples of documentation in support of a claim for excess proceeds may be found in Chapter II, beginning on [page 17](#).

If the claimant has been assigned the right to claim, is acting on behalf of a claimant, or is an heir of a party of interest, additional documentation will be required with the documents listed in the table above [Rev. & Tax. Code, [§4675\(c\) and \(f\)](#)].

Other Claim Type	Required Support Documentation
Assignment of claim	<ul style="list-style-type: none"> • Assignment of excess proceeds with affidavit of assignment, notarized, and signed after the tax sale. • Assignment of interest that explicitly states that the right to claim excess proceeds is being assigned.
Acting on behalf, or in place of, a party of interest	<ul style="list-style-type: none"> • Proof that the amount and source of excess proceeds have been disclosed to POI. • Proof that POI has been advised of their right to file a claim for the excess proceeds on their own behalf at no cost.
Heir of a party of interest	<p>If the claimant is submitting a claim as an heir pursuant to California Probate Code sections 13100 et seq., in addition to proof required of lienholders and persons with title of record, other documentation that may be required include the following:</p> <ul style="list-style-type: none"> • Probate documentation

	<ul style="list-style-type: none"> • Death certificate • Will • Affidavit and notarized verification of proof of identity • Other documentation as determined by the board of supervisors
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Whether the submitted document must be the original, a copy, a certified copy, notarized, verified under penalty of perjury, and/or requires an affidavit, shall be decided by the county if not specified in law.

If it is unclear whether the information or proof submitted by a claimant meets the county's standards for claiming excess proceeds, county counsel should be consulted.

NOTE: An assignment of judgement may be sufficient to submit a claim as POI [[Fjaeran v. Board of Supervisors of San Bernardino County](#) 210 Cal.App.3d 434 (1989)].

Processing Claim Requests

Task	Timeframe	Details
Process Claim Requests	One year	No sooner than one year following recordation of the tax deed to the purchaser, determine/confirm eligibility and amount of excess proceeds distribution.

Once the determination of eligible excess proceeds claims is complete, the county must determine the amount each claimant will receive.

Pursuant to Revenue and Taxation Code section [4675\(e\)](#), valid lienholders of record prior to the recordation of the tax deed have first priority to a property's excess proceeds. In general, the order of priority for lienholders will be dependent on the date and time the lien was recorded.

Following the determination of the amount of excess proceeds that will be distributed to valid lienholders of record, determine both the ownership interest and the ownership portion of approved claimants with title of record, as proceeds are distributed in direct

proportion to the ownership interest that was held in the property prior to recordation of the tax deed.

The county must distribute each portion of excess proceeds which are properly claimed by POI. If there is fractional ownership in a property, the excess proceeds should be distributed according to ownership [*First Corporation, INC. v. County of Santa Clara* 146 Cal.App.3d 841 (1983)]. For example, the holder of a one-quarter divided interest could claim no more than one-quarter of the total excess proceeds.

When the distribution involves more than one person and/or entity and the total monetary claims are more than the available proceeds, determine the order of priority of POI as defined in the [Parties of Interest List](#).

Consultation with county counsel is recommended if there are questions regarding the determination of valid claimants, priority of lienholders, ownership interest, or any other issues arising while processing excess proceeds claim requests.

Notification of Distribution Determination

Task	Timeframe	Details
Notification of Distribution Determination	One year	Recommend notification to eligible claimant(s) following the board of supervisors' eligible claimant(s) distribution decision.

Following a decision by the board of supervisors or the board's designated official regarding eligible claims for excess proceeds, any action or proceeding to review the decision to accept or deny a claim must begin within 90 days of the decision [Rev. & Tax. Code, [§4675\(g\)](#)].

Therefore, it is recommended the county notify claimants of the excess proceeds distribution decision and, if no requests of a review of the decision have been made, commence the distribution of excess proceeds no sooner than 90 days after the county's distribution decision date.

Distribution of Excess Proceeds

Task	Timeframe	Details
Distribution of Excess Proceeds	One year	Distribute proceeds no sooner than one year following the recordation of the tax deed to the purchaser.

If the information submitted on the claim application meets the requirements outlined in Revenue and Taxation Code section [4675](#), make the proper distribution according to the policy of the county.

No sooner than one year following the recordation of the tax deed to the purchaser, and if the excess proceeds have been claimed by any POI, the excess proceeds shall be distributed on order of the board of supervisors [Rev. & Tax. Code, [§4675\(e\)\(1\)](#)]. However, it is recommended counties distribute excess proceeds no sooner than 90 days following a decision by the board of supervisors or the board's designated official regarding eligible claims for excess proceeds. The excess proceeds must be distributed to eligible POI who have claimed the excess proceeds in the order of priority.

PETITIONING OF THE BOARD OF SUPERVISORS

A delay of the distribution of excess proceeds must occur if the board of supervisors has been petitioned to rescind the tax sale. Any excess proceeds should not be distributed to POI sooner than one year following the date the board of supervisors determines the tax sale should not be rescinded, and only if the person who petitioned the board of supervisors has not commenced a proceeding in court pursuant to Revenue and Taxation Code section [3725](#).

If a proceeding has been commenced in a court pursuant to Revenue and Taxation Code section [3725](#), any excess proceeds shall not be distributed to POI until a final court order is issued [Rev. & Tax. Code, [§4675\(e\)\(2\)\(B\)](#)].

REMAINING EXCESS PROCEEDS FOLLOWING DISTRIBUTION

Any proceeds remaining following distribution of excess proceeds pursuant to Revenue and Taxation Code section [4675](#) may be transferred to the county general fund (Rev. & Tax. Code, [§4674](#)). Prior to the transfer, the county may deduct the costs of maintaining the redemption and tax-defaulted property files, and those costs of administering and processing the claims for excess proceeds, that have not been recovered under any other law.

CHAPTER II – Developing an Excess Proceeds Distribution Program

Board of Supervisors Resolution

INTRODUCTION

Pursuant to Revenue and Taxation Code section [4675](#), the board of supervisors is responsible for establishing the process for distributing excess proceeds from the sale of tax-defaulted property. To fulfill this requirement, the board of supervisors should adopt a resolution that outlines the procedures for the distribution of excess proceeds.

RESOLUTION

The resolution should outline the processes established by the board of supervisors, as well as any additional processes deemed relevant by the county, for the administration of the distribution of excess proceeds.

Statutory requirements and the needs of individual counties may vary from the outlined suggestions, therefore, it is advisable to consult with county counsel before finalizing any official documents.

The following is a general outline of the items that a county may consider when adopting a resolution regarding the distribution of excess proceeds:

- An outline of the relevant sections of Revenue and Taxation Code that establish the authority of the board of supervisors over the distribution of excess proceeds. Including Revenue and Taxation Code section [4675](#).
- The authorization of any county officer(s) to perform on behalf of the board of supervisors all or part of the processing of the distribution of excess proceeds (Rev. & Tax. Code, [§4675.1](#)).

NOTE: If the board of supervisors chooses to keep the authority to make the final decision of excess proceeds distribution, including this information in the resolution is recommended.

- The development of an excess proceeds notification and application claim form and process.
- The determination of what documents will be required to support a claim for excess proceeds (Rev. & Tax. Code, [§4675\(d\)](#)).
- The development of a process for reviewing and determining the eligibility of a claim for excess proceeds.

- The development of a process for the final approval of eligible claimants and the amounts to be distributed to each claimant (Rev. & Tax. Code, [§4675\(e\)](#)).
- An outline of the process for distribution of the excess proceeds.

NOTE: See [Appendix III](#) for a sample resolution.

County Policy and Procedures

INTRODUCTION

Counties are encouraged to establish a well-defined set of policies and procedures that clearly outline the processes required to complete an application for excess proceeds. These policies should include criteria and requirements to establish a claimant's eligibility to receive all or any portion of excess proceeds, as determined by the board of supervisors.

SECTIONS

The following recommendations provide a structured framework that can be used to create policies for the distribution of excess proceeds. It is important to note that statutory requirements may vary from the suggestions outlined in these sections, therefore, it is advisable to consult with county counsel before finalizing any official documents.

PURPOSE

A section that defines the purpose of the policy should be included at the beginning of the document. This section should aim to provide clarity and consistency in the handling of excess proceeds claims, ensuring that all parties involved in the sale are aware of their rights and responsibilities, and that excess proceeds are distributed fairly and in accordance with Revenue and Taxation Code section [4675](#).

NOTIFICATIONS

The policy should include a section that clearly defines the notifications and timelines for communication with POI throughout the excess proceeds claim process. This section should specify the types of notifications that will be sent, the methods by which they will be delivered, and the key dates and deadlines that parties must be aware of, including:

- A notice of the right to claim excess proceeds will be sent to the last known mailing address of interested parties.
- That if the last known address of an interested party cannot be obtained, the Notice of the Right to Claim Excess Proceeds will be published in a newspaper of general circulation.
- That a Claim for Excess Proceeds Form will be included along with the Notice of Excess Proceeds to Interested Parties.

NOTE: The 90-day timeframe to notify potential claimants of the right to claim excess proceeds should be stated clearly.

FORMS

A section should be included that clearly explains the requirement for claimants to submit a completed Claim for Excess Proceeds form, along with supporting documentation, in order to provide information and proof of their right to all or any portion of the excess proceeds. This form should be designed to gather all necessary information and documentation as determined by the county, to facilitate the efficient and accurate processing of claims.

The policy should include information on how interested parties or other claimants can obtain copies of the Claim for Excess Proceeds form, if needed. This might include details on where to download the form from the county's website, how to request a copy by mail or in person, or any other relevant instructions.

CLAIM FOR EXCESS PROCEEDS FORM

SCO provides a sample [Claim for Excess Proceeds Form](#) that can be used as a reference by counties to draft their own forms. While the sample form provides a standardized framework for conveying essential information, counties can customize forms to suit their specific needs and local requirements.

SUPPORTING DOCUMENTATION

Revenue and Taxation Code section [4675\(d\)](#) provides that any claim for excess proceeds must contain the information and proof deemed necessary by the board of supervisors to establish the right to all or any portion of excess proceeds.

In order to ensure the validity of a claim, it is necessary that the claimant provide supporting documentation to verify the request. Supporting documentation provides evidence that helps to ensure that the claim is legitimate and helps prevent errors or fraud.

The types of supporting documentation required of the claimant should be listed clearly in the policy. This list should include all the necessary documents and evidence that the claimant needs to provide in order to support their claim. The policy should also specify the format in which the supporting documentation should be provided, such as electronic or hard copy, and any specific requirements for the documentation, such as certification or notarization.

The policy should also clarify who is responsible for obtaining and providing the supporting documentation, such as the claimant or business.

INDIVIDUAL APPLICANT REQUIREMENTS

The requirements for individual applications may differ from those for business applicants and counties should adapt these requirements to the needs of the county. County policy should include requirements for supporting documents from the various

types of individual applicants, such as lienholders of record, assignees of an interest party, and persons with title of record or heirs.

BUSINESS APPLICANTS

The requirements to verify the validity of a business applicant's claim are often more comprehensive and complex than those for individual applicants. These requirements may include requesting additional documentation such as business licenses, tax returns, or articles of incorporation. Counties should tailor these requirements to the specific needs of the county.

County policy should include requirements for the supporting documents for the various types of business applicants, such as corporations, limited liability companies, limited partnerships, general partnerships, and sole proprietorships.

SUPPORTING DOCUMENTATION EXAMPLES

PERSON(S) WITH TITLE OF RECORD

Options for documents that can be required of a person(s) or an entity(ies) who held record title to the tax-defaulted property can include the following:

- Documents (e.g., deed, court order) supporting claimant's right to excess proceeds as the person(s) or entity(ies) that held record title to the tax-defaulted property. Except as stated below, copies of these documents may be submitted in place of the original recorded document if accompanied by additional documentation sufficient to support the claim (e.g., at least two utility and/or tax bills for the property in the claimant(s)'s name, such as electric, television, internet subscriptions, and original tax bills).
- If title to the property was in a recorded trust, the original trust document indicating that the claimant(s) is/are the trustee(s) or successor trustee(s) of the trust authorized to file claims on behalf of the trust.

NOTE: If a business held record title to the tax-defaulted property, the claimant should submit the appropriate documents that show the business and claimant's right to make a claim.

QUALIFIED HEIR(S) OR SUCCESSOR OF PERSON(S) OR ENTITY(IES) WITH TITLE OF RECORD OR OTHER INTERESTED PARTY

Options for documents that can be required of qualified heir(s) of a person who held record title to the tax-defaulted property or other interested party can include the following:

- Documentation proving claimant is an heir (e.g., court order, petition for letters of administration).
- If applicable, a notarized probate affidavit (Cal. Prob. Code, [§§13100-13117](#)).

- If applicable, the last will and testament and any codicils thereto of a person(s) who held record title to the tax-defaulted property or other interested party.
- If the interested party is a business, the claimant must submit documents that show the business and claimant's right to make a claim.

MORTGAGE LENDERS AND DEED OF TRUST BENEFICIARIES

Options for documents that can be required of mortgage lenders and deed of trust beneficiaries can include the following:

- The promissory note(s) and all amendments or other modifications (if any) on the tax-defaulted property.
 - Copies of any promissory note(s) and/or modifications of the promissory note(s) are unacceptable.
 - The only alternative to providing an original promissory note is a court order pursuant to California Civil Code section [3415](#), which establishes the existence and terms of a lost note.
- The Deed of Trust/Mortgage.
- Assignments (if any).
- A statement setting forth:
 - The original amount of the obligation.
 - Any advances or modifications to the original obligation.
 - The total amount of payment(s) received, and date(s) received.
- The amount still due and payable as of the date of the sale of the tax-defaulted property.
- If the note was in default according to its terms at the time of the tax sale (other than for defaulted taxes), documentation evidencing all collection efforts by the claimant.
- If the mortgage lender or deed of trust beneficiary is a business, the claimant must submit documents that show the business and claimant's right to make a claim.

JUDGMENT CREDITORS

Options for documents that can be required of a judgment creditor can include the following:

- Documents showing the judgment creditor was the person(s) who possessed record ownership of the tax-defaulted property at the time of the tax sale.
- Documents showing the judgment debtor was the person(s) who possessed record ownership of the tax-defaulted property at the time of the tax sale.

- The judgment(s)/lien(s).
- Any statement or orders setting forth any modification(s) to the judgment(s)/lien(s).
- A statement setting forth:
 - The total amount of payment(s) received, and date(s) received.
 - The amount still due and payable as of the date of the sale of the tax-defaulted property.
- If the judgment creditor is a business, the claimant should submit documents that show the business and claimant's right to make a claim.

ASSIGNEE(S) OF AN INTERESTED PARTY

Options for documents that can be required of an assignee of an interested party can include the following:

- Proof that the amount and source of excess proceeds was disclosed to the interested party.
- Proof that the interested party was advised of his/her right to file a claim for excess proceeds on his/her own behalf directly with the county at no cost.
- Contact information of the interested party, including name, address, phone number, and email.

If the assignee of an interested party is a business, the claimant should submit documents that show the business and claimant's right to make a claim.

CLAIMS FILED ON BEHALF OF A BUSINESS

A claimant making a claim on behalf of a business should provide proof that the claimant is an individual with corporate authority for the business, such as an officer, general partner, or the sole proprietor, depending on the legal status of the business.

Options for documents that can be required include:

- "Letter of Confirmation" from the IRS showing assignment of the Federal Employer ID Number (FEIN).
- Copy of a tax receipt statement, such as:
 - IRS Form 1098, Statement of Interest Paid.
 - IRS Form 1099-INT or 1099-DIV, Statement of Interest or Dividends Earned.
 - IRS assignment of FEIN interact confirmation page.

CORPORATION

A claimant making a claim on behalf of a corporation should provide proof that the claimant is an officer of the corporation who has authority to make a claim on behalf of the corporation. The documentation should also show the legal standing of the corporation.

Options for documents that can be required include:

- Articles of Incorporation.
- The most recent Statement of Information filed with the California Secretary of State (or equivalent from the state in which the business operates). If the business e-filed, provide a copy of the Statement of Information and a copy of the payment receipt provided by the California Secretary of State.
- Corporation Resolution.
- Certificate of Dissolution, if applicable.
- Other documents that prove that the claimant is a corporate officer who has authority to make a claim on behalf of the corporation.

NOTE: A parent corporation, regardless of the percentage of shares owned, is not an interested party of its subsidiary's recorded lien or title of record because the parent corporation is merely a shareholder of its subsidiary corporation; it does not own the corporate property of its subsidiary.

LIMITED LIABILITY COMPANY

A claimant making a claim on behalf of a limited liability company should provide proof that the claimant is a manager or officer of the limited liability company who has authority to make a claim on behalf of the company. The documentation should also show the legal standing of the limited liability company.

Options for documents that can be required include:

- Company Resolution.
- Company Operating Agreement.
- Articles of Incorporation
- The most recent Statement of Information filed with the Secretary of State (or equivalent from the state in which the business operates). If the business e-filed, provide a copy of the Statement of Information and a copy of the payment receipt provided by the Secretary of State.
- Certificate of Dissolution, if applicable.

- Other documents that prove that the claimant is a manager or officer of the limited liability company with authority to make a claim.

LIMITED PARTNERSHIP

A claimant making a claim on behalf of a limited partnership should provide proof that the claimant is a general partner of the limited partnership who has authority to make a claim on behalf of the partnership. The documentation should also show the legal standing of the limited partnership.

Options for documents that can be required include:

- Certificate of Limited Partnership filed with the California Secretary of State (or equivalent from the state in which the business operates). If the business e-filed, provide a copy of the document and a copy of the payment receipt provided by the California Secretary of State.
- Partnership Agreement.
- Certificate of Dissolution, if applicable.
- Other documents that prove that the claimant is a general partner of the limited partnership.

GENERAL PARTNERSHIP

A claimant making a claim on behalf of a general partnership should provide proof that the claimant is a general partner who has authority to make a claim on behalf of the partnership. The documentation should also show the legal standing of the general partnership.

Options for documents that can be required include:

- Statement of Partnership Authority.
- Partnership Agreement.
- Certificate of Dissolution, if applicable.
- Other documents if they prove that the claimant is a general partner.

SOLE PROPRIETORSHIP

Options for documents that can be required of a claimant making a claim on behalf of a sole proprietorship include the following:

- Current or final federal tax return, including Schedule C.
- Most current business license or facility permit.
- Fictitious Business Name filing (filed with county), if applicable.

- Other documents if they prove that the claimant is the sole proprietor of the business.

MERGED BUSINESS

A claimant making a claim for a business that has merged with or was sold to another business, should provide a copy of the merger or purchase agreement, along with the other required information.

SUSPENDED BUSINESS

A claimant making a claim for a business that was previously suspended by either the California Secretary of State or the California Franchise Tax Board, should provide proof that the business is no longer suspended, which may include:

- A Certificate of Good Standing if the business was suspended by the California Secretary of State. The certificate can be obtained by contacting the California Secretary of State Information Services Office at (916) 657-5448, or by following the instructions located on the California Secretary of State's website.
- A copy of an Entity Status Letter if the business was suspended by the Franchise Tax Board.

SUBMISSION OF CLAIMS

The policy shall clearly state the deadline for filing a completed claim, which is one year following the date of the recording of the deed to the purchaser of the tax-defaulted property.

Claims must be:

- Deposited in the United States mail in a sealed envelope with proper postage; or
- Shipped via an IRS-designated delivery service or an independent delivery service approved by the tax collector, in a sealed package with prepaid fees.

The claim is timely if postmarked or shipment-dated on or before the deadline. If a mailed claim lacks an official postmark, the filing date will be the date received by the county treasurer-tax collector's office.

The policy should provide clear and detailed instructions on how to submit the completed Claim for Excess Proceeds form and all supporting documentation. This should include information on the required formatting or file types, as well as the address or website where the claimant must submit the form and documentation.

NOTE: If the county does not allow the claimant to file, nor amend, a claim after the deadline, this should also be included in the policy.

CLAIMS REVIEW

The policy should provide a comprehensive overview of the claims review process, outlining the key steps and decision-making points. Specifically, it should clarify that the

county treasurer-tax collector's office, or designated representative, is responsible for conducting a thorough review of the claims and supporting documentation by the established deadline. The policy should also state that the county treasurer-tax collector's office, or designated representative, will assess the sufficiency of the evidence provided in the claims to determine whether it supports the claimant's entitlement to excess proceeds.

Additionally, the policy should outline the process for determining the order of claimant's priority to the excess proceeds and how the county treasurer-tax collector's office, or designated representative, on behalf of the board of supervisors, will either approve or deny the claim, in whole or in part, and notify the claimants of the decision.

NOTIFICATIONS OF DISTRIBUTION DETERMINATION

The policy should include a comprehensive and transparent description of the Notification of Distribution Determination process, outlining the specific steps and procedures that the county treasurer-tax collector's office, or designated representative, will follow in notifying excess proceeds claimants of the distribution determination.

This should include the following:

1. An assignment of a specific staff position that will be responsible for the notifications.
2. A list of tasks that will be required to prepare and send notifications to claimants including an estimated allotment of time for each task.
3. A list of tasks that will be required if any action or proceeding to review the decision occurs.

DISTRIBUTION OF EXCESS PROCEEDS

The policy should include a comprehensive and transparent description of the excess proceeds distribution process, outlining the specific steps and procedures that the county treasurer-tax collector's office, or designated representative, will follow in distributing the remaining excess proceeds.

This should include the following:

1. An amount equal to the costs of obtaining the name and last known mailing address of interested parties and of mailing or publishing required notices will be deducted and distributed appropriately.
2. If there are sufficient excess proceeds remaining after the above-described distribution, the county treasurer-tax collector's office will pay claimants the amount of their approved claims, in accordance with the priority established by the policy.
3. Any remaining unclaimed excess proceeds will be transferred to the county general fund.

APPENDIX I – Excess Proceeds Task Timeline

Task	Timeframe	Details
Identify Properties with Excess Proceeds	Immediately	Identify properties with excess proceeds and retain excess proceeds in a delinquent tax sale trust fund for at least one year following the recordation of the tax deed, immediately following the tax sale.
Parties of Interest (POI) List	Immediately	A POI list must be completed for each property with excess proceeds.
Develop and Mail Notifications	Within 90 Days	Within 90 days after the recordation of the tax deed, notices must be mailed to those on the POI list.
Publish Notifications	Within 90 Days	If the last known address of POI cannot be obtained, the notice must be published once a week for three successive weeks.
Review Claims for Excess Proceeds	According to County Policy/Procedure	It is recommended to date and time stamp submitted claim forms and all supporting documentation upon receipt. Review each claim form according to normal county procedures.
Process Claim Requests	One year	No sooner than one year following recordation of the tax deed to the purchaser, determine/confirm eligibility and amount of excess proceeds distribution.
Notification of Distribution Determination	One year	Recommend notification to eligible claimant(s) following the board of supervisors' eligible claimant(s) distribution decision.
Distribution of Excess Proceeds	One year	Distribute proceeds no sooner than one year following the recordation of the tax deed to the purchaser.

APPENDIX II – Case Law

[Walker v. City of Hutchinson](#) 352 U.S. 112 (1956)

Upholds that notice by publication, as opposed to notice in writing, is sufficient to constitute notice.

[Mission Valley East, INC. v. County of Kern](#) 120 Cal.App.3d 89 (1981)

A quitclaim deed does not necessarily affect a transfer of the right to collect the excess proceeds remaining after the tax sale.

[First Corporation, INC. v. County of Santa Clara](#) 146 Cal.App.3d 841 (1983)

If there is fractional ownership in a property, excess proceeds should be distributed according to ownership.

[Fjaeran v. Board of Supervisors of San Bernardino County](#) 210 Cal.App.3d 434 (1989)

An assignment of judgement may be sufficient to submit a claim as POI.

[Jones v. Flowers](#) 547 U.S. 220 (2006)

The law requires the tax collector to make a reasonable effort to ascertain the names and last known addresses of POI.

[Hodges v. County of Placer](#) 41 Cal.App.5th 537 (2019)

There is no duty on the county to audit expenses, invest the excess proceeds, or pay interest to excess proceeds claimants.

APPENDIX III – Board of Supervisors Draft Resolution

Sample Resolution

The following is a general outline of those items a county may consider when adopting a resolution regarding the distribution of excess proceeds.

Resolution No. _____

A Resolution of the Board of Supervisors of the County of _____

Regarding the Distribution of Excess Proceeds

Board of Supervisors Authority: *(The authority of the county board of supervisors includes the establishment of the information and proof necessary to claim excess proceeds and the delegation of action required or authorized to be performed by the board of supervisors to a county officer.)*

Whereas Revenue and Taxation Code section 4671 et seq., governs the distribution of proceeds from the sale of tax-deeded property.

Whereas the board of supervisors is responsible for determining the distribution of excess proceeds from the sale of tax-defaulted property pursuant to Revenue and Taxation Code sections 4675 and 4675.1.

Whereas Revenue and Taxation Code section 4675(d) provides that the board of supervisors shall establish the information and proof necessary to determine a claimant's rights to all or any portion of the excess proceeds.

Whereas Revenue and Taxation Code section 4675.1 provides that the board of supervisors may delegate any act required or authorized to be performed by the board of supervisors under Revenue and Taxation Code section 4675, including the establishment of the information and proof necessary to determine a claimant's rights to all or any portion of the excess proceeds, to any county officer.

Authorizing a County Officer to Perform on Behalf of the Board of Supervisors: *(Although most California county board of supervisors have delegated all phases of the distribution of excess proceeds to one county officer, typically the treasurer-tax collector or auditor-controller, there are examples where the phases have been divided amongst two or more county officers. In addition, some county board of supervisors keep the final decision of the excess proceeds distribution, including the amounts, under their authority.)*

Now, therefore, be it resolved that the _____ County _____ is authorized to act on behalf of the board of supervisors on claims for excess proceeds under the provisions of Revenue and Taxation Code section 4675.

Now, therefore, be it further resolved that the _____ will receive claims for excess proceeds during the period prior to the claim deadline pursuant to Revenue and Taxation Code section 4675.

Now, therefore, be it further resolved that any action or proceeding to review the decision of the _____ shall be commenced within 90-calendar days after the date of the decision of the _____, pursuant to Revenue and Taxation Code section 4675(g).

NOTE: *If the board of supervisors chooses to keep the authority to make the final decision of excess proceeds distribution, including the following paragraphs in the resolution is recommended.*

Now, therefore, be it further resolved that the _____ will present to the board of supervisors valid original claims for excess proceeds meeting the requirements of Revenue and Taxation Code section 4675 or other applicable authority. The _____ will present all valid claims with a recommendation for excess proceeds distribution at a duly noticed board of supervisors' public hearing.

Now, therefore, be it further resolved that the _____ will notify eligible claimants of the public hearing of the board of supervisors at least ____ calendar days prior to the public hearing. Eligible claimants are not required to attend the public hearing. Any interested party may attend the public hearing.

Proof Necessary to Establish Claim for Excess Proceeds: *(The board of supervisors may choose to specifically outline the documents required to claim excess proceeds or include the information in the county's Excess Proceeds Policy and Procedures document. Some counties' current policy requires the claimant to determine the documents to submit with an application claiming excess proceeds.)*

Now, therefore, be it resolved that any person filing a claim for excess proceeds pursuant to Revenue and Taxation Code section 4675 shall submit the following information for the claim to be reviewed for eligibility:

Now, therefore, be it resolved that to establish the claimants right to all or any portion of the excess proceeds pursuant to Revenue and Taxation Code section 4675, additional documentation or information may be required by _____ County.

Duly Passed and Adopted this _____ day of _____, 20__ by the board of supervisors of the County of _____ by the following vote:

Ayes: _____

Noes: _____

Absent: _____

_____, Clerk of the Board

By _____,

Dated: _____