

HOUSE BILL 940

Q1

4lr1617

By: **Delegate Stukes**

Introduced and read first time: February 5, 2014

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Sales – Reimbursement for Expenses**

3 FOR the purpose of requiring a certain notice sent by the holder of a tax sale
4 certificate to the owner of the property to include certain information; clarifying
5 that certain costs incurred by the holder of a tax sale certificate shall be
6 reimbursed on redemption of the property; providing that the holder of a tax
7 sale certificate shall be reimbursed a certain amount for attorney's fees if an
8 action to foreclose the right of redemption has not been filed and establishing
9 that amount as reasonable; altering the amount of attorney's fees that the
10 holder of a tax sale certificate shall be reimbursed if an action to foreclose the
11 right of redemption has been filed; providing that the holder of a tax sale
12 certificate shall be reimbursed for certain fees incurred for obtaining certain
13 judgment reports; and generally relating to tax sales of property.

14 BY repealing and reenacting, with amendments,
15 Article – Tax – Property
16 Section 14–833(a–1)(3)(v) and 14–843(a)
17 Annotated Code of Maryland
18 (2012 Replacement Volume and 2013 Supplement)

19 BY repealing and reenacting, without amendments,
20 Article – Tax – Property
21 Section 14–833(a–1)(3)(vi)
22 Annotated Code of Maryland
23 (2012 Replacement Volume and 2013 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
25 MARYLAND, That the Laws of Maryland read as follows:

26 **Article – Tax – Property**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 14-833.

2 (a-1) (3) The notices required under this subsection shall include at least
3 the following:

4 (v) a statement that if the property is redeemed before an action
5 to foreclose the right of redemption is filed, the amount that shall be paid to redeem
6 the property is:

- 7 1. the total lien amount on the property at the time of
8 sale, with interest;
- 9 2. any taxes, interest, and penalties paid by the holder of
10 the certificate of sale;
- 11 3. any taxes, interest, and penalties accruing after the
12 date of the tax sale; and
- 13 4. the following expenses incurred by the holder of the
14 certificate of sale:
 - 15 A. costs for recording the certificate of sale;
 - 16 B. a title search fee, not to exceed \$250;
 - 17 C. the postage and certified mailing costs actually
18 incurred for the notices; **[and]**
 - 19 D. reasonable attorney's fees, not to exceed \$500; **AND**
 - 20 **E. COSTS FOR OBTAINING NECESSARY JUDGMENT**
21 **REPORTS;**

22 (vi) a statement that if the property is redeemed after an action
23 to foreclose the right of redemption has been filed, the amount that shall be paid to
24 redeem the property is the sum of:

- 25 1. the total lien amount on the property at the time of
26 sale, with interest;
- 27 2. any taxes, interest, and penalties paid by the holder of
28 the certificate of sale;
- 29 3. any taxes, interest, and penalties accruing after the
30 date of the tax sale; and

1 4. attorney's fees and expenses to which the holder of
2 the certificate of sale may be entitled under § 14-843(a)(4) and (5) of this subtitle;

3 14-843.

4 (a) (1) Except as provided in subsection (b) of this section, on redemption,
5 the plaintiff or the holder of a certificate of sale [may] **SHALL** be reimbursed for
6 expenses incurred in any action or in preparation for any action to foreclose the right
7 of redemption as provided in this section.

8 (2) The plaintiff or holder of a certificate of sale is not entitled to be
9 reimbursed for any other expenses or attorney's fees that are not included in this
10 section.

11 (3) If an action to foreclose the right of redemption has not been filed,
12 and the property is redeemed more than 4 months after the date of the tax sale, the
13 holder of a certificate of sale [may] **SHALL** be reimbursed for the following expenses
14 actually incurred:

15 (i) costs for recording the certificate of sale;

16 (ii) a title search fee, not to exceed \$250;

17 (iii) the postage and certified mailing costs for the notices
18 required under § 14-833(a-1) of this title; [and]

19 (iv) [reasonable attorney's fees, not to exceed \$500]
20 **ATTORNEY'S FEES IN THE AMOUNT OF \$500, WHICH AMOUNT SHALL BE DEEMED**
21 **REASONABLE FOR WORK PERFORMED PRIOR TO FILING AN ACTION TO**
22 **FORECLOSE THE RIGHT OF REDEMPTION; AND**

23 (v) **COSTS FOR OBTAINING NECESSARY JUDGMENT**
24 **REPORTS.**

25 (4) If an action to foreclose the right of redemption has been filed, the
26 plaintiff or holder of a certificate of sale [may] **SHALL** be reimbursed for:

27 (i) attorney's fees in the amount of:

28 1. [**\$1,300**] **\$1,500** if an affidavit of compliance has not
29 been filed, which amount shall be deemed reasonable for both the preparation and
30 filing of the action to foreclose the right of redemption; or

31 2. [**\$1,500**] **\$1,750** if an affidavit of compliance has been
32 filed, which amount shall be deemed reasonable for both the preparation and filing of
33 the action to foreclose the right of redemption;

1 (ii) in exceptional circumstances, other reasonable attorney's
2 fees incurred and specifically requested by the plaintiff or holder of a certificate of sale
3 and approved by the court, on a case by case basis; and

4 (iii) if the plaintiff or holder of a certificate of sale provides a
5 signed affidavit attesting to the fact that the expenses were actually incurred, the
6 following expenses actually incurred by the plaintiff or holder of a certificate of sale:

7 1. filing fee charged by the circuit court for the county in
8 which the property is located;

9 2. service of process fee, including fees incurred
10 attempting to serve process;

11 3. a title search fee, not to exceed \$250;

12 4. if a second title search is conducted more than 6
13 months after the initial title search, a title search update fee, not to exceed \$75;

14 5. publication fee charged by a newspaper of general
15 circulation in the county in which the property is located;

16 6. posting fee;

17 7. postage and certified mail;

18 8. substantial repair order fee, not to exceed the fee
19 charged by the government agency issuing the certificate of substantial repair; [and]

20 9. any court approved expense for stabilization or
21 conversion of the property under § 14-830 of this subtitle or in accordance with an
22 action taken against the property by the county in which the property is located in
23 accordance with the applicable building, fire, health, or safety codes; AND

24 **10. COSTS FOR OBTAINING NECESSARY JUDGMENT**
25 **REPORTS.**

26 (5) In addition to the expenses and attorney's fees under paragraph (3)
27 or (4) of this subsection, the plaintiff or holder of a certificate of sale may be
28 reimbursed for:

29 (i) taxes paid at the tax sale, together with redemption interest,
30 arising after the date of sale to the date of redemption;

31 (ii) the high bid premium paid at the tax sale, if applicable; and

1 (iii) in Baltimore City only, taxes, interest, and penalties paid in
2 accordance with subsection (c) of this section and interest at the rate of redemption
3 provided in § 14-820 of this subtitle from the date of payment to the date of
4 redemption.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 July 1, 2014.