

# SENATE BILL 439

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CF 5lr2508

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By: **Senator McFadden (By Request – Baltimore City Administration)**

Introduced and read first time: February 6, 2015

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Baltimore City – Tax Sales**

3 FOR the purpose of requiring the tax collector in Baltimore City to withhold property from  
4 a tax sale when the taxes on the property are under a certain amount; altering the  
5 time at which a holder of a certificate of sale may file to foreclose the right of  
6 redemption in Baltimore City; altering the time at which a certain notice of intent to  
7 foreclose the right of redemption on property in Baltimore City may be sent;  
8 authorizing an owner of property in Baltimore City to request the holder of a  
9 certificate of sale to provide certain information; requiring the request to be sent in  
10 a certain manner; requiring the holder of a certificate of sale who receives a certain  
11 request to provide certain information within a certain number of days; prohibiting  
12 a holder of a certificate of sale who receives a certain request from filing a complaint  
13 to foreclose the right of redemption on property in Baltimore City until a certain  
14 amount of time has passed; altering the amount of time that has to pass before a  
15 holder of a certificate of sale of property in Baltimore City may be reimbursed for  
16 certain expenses when the property is redeemed; prohibiting a plaintiff or holder of  
17 a certificate of sale of property in Baltimore City from being reimbursed for certain  
18 expenses incurred before a certain period of time has passed; authorizing the Mayor  
19 and City Council of Baltimore City to establish, by law, a process to make property  
20 redemption payments by installment; requiring a court to include certain  
21 information in a final order in an action to foreclose the right of redemption of  
22 property in Baltimore City; altering the amount of a lien for unpaid water and sewer  
23 service which would authorize Baltimore City to sell the property at a tax sale;  
24 making conforming changes; and generally relating to tax sales of property in  
25 Baltimore City.

26 BY repealing and reenacting, with amendments,  
27 Article – Tax – Property  
28 Section 14–811, 14–833, 14–843, 14–844, and 14–849.1  
29 Annotated Code of Maryland  
30 (2012 Replacement Volume and 2014 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Tax – Property**

4 14–811.

5 **(A) [The] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THE**  
6 collector may withhold from sale any property, when the total taxes on the property,  
7 including interest and penalties, amount to less than \$250 in any 1 year.

8 **(B) IN BALTIMORE CITY, THE COLLECTOR SHALL WITHHOLD FROM SALE**  
9 **ANY PROPERTY, WHEN THE TOTAL TAXES ON THE PROPERTY, INCLUDING INTEREST**  
10 **AND PENALTIES, AMOUNT TO LESS THAN \$500.**

11 14–833.

12 (a) **(1) Except as provided in PARAGRAPH (2) OF THIS SUBSECTION AND**  
13 subsections [(a–1), (e), (f), and (g)] **(A–1) AND (E)** of this section, at any time after 6 months  
14 from the date of sale a holder of any certificate of sale may file a complaint to foreclose all  
15 rights of redemption of the property to which the certificate relates.

16 **(2) EXCEPT AS PROVIDED IN SUBSECTIONS (A–1), (E), (F), AND (G) OF**  
17 **THIS SECTION, AT ANY TIME AFTER 12 MONTHS FROM THE DATE OF SALE OF**  
18 **PROPERTY LOCATED IN BALTIMORE CITY, A HOLDER OF ANY CERTIFICATE OF SALE**  
19 **MAY FILE A COMPLAINT TO FORECLOSE ALL RIGHTS OF REDEMPTION OF THE**  
20 **PROPERTY TO WHICH THE CERTIFICATE RELATES.**

21 (a–1) (1) The holder of a certificate of sale may not file a complaint to foreclose  
22 the right of redemption until at least 2 months after sending the first notice and at least 30  
23 days after sending the second notice required under this subsection to:

24 (i) the person who last appears as owner of the property on the  
25 collector's tax roll; and

26 (ii) 1. the current mortgagee of the property, assignee of a  
27 mortgagee of record, or servicer of the current mortgage; or

28 2. the current holder of a beneficial interest in a deed of trust  
29 recorded against the property.

30 (2) The holder of a certificate of sale is not required to provide the notices  
31 under this subsection if subsection (e), (f), or (g) of this section applies to the property.

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

3                           (i)     a statement of the fact of the issuance of a certificate of sale;

4                           (ii)    a copy of the certificate of sale, if the holder of the certificate of  
5 sale received the certificate of sale before the notice was sent under this paragraph;

6                           (iii)  a statement that the owner, a mortgage holder, or any other  
7 person that has an estate or interest in the property may redeem the property at any time  
8 until the right of redemption has been finally foreclosed under the provisions of this  
9 subtitle;

10                          (iv)   a statement that the holder of the certificate of sale may file an  
11 action to foreclose the right of redemption at any time after 2 months from the date of the  
12 first notice;

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

16                                   1.     the total lien amount on the property at the time of sale,  
17 with interest;

18                                   2.     any taxes, interest, and penalties paid by the holder of the  
19 certificate of sale;

20                                   3.     any taxes, interest, and penalties accruing after the date  
21 of the tax sale; and

22                                   4.     the following expenses incurred by the holder of the  
23 certificate of sale:

24   A.     costs for recording the certificate of sale;

25   B.     a title search fee, not to exceed \$250;

26   C.     the postage and certified mailing costs actually incurred  
27 for the notices; and

28   D.     reasonable attorney's fees, not to exceed \$500;

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



1           (5)    **(I)**    If a certificate of sale is assigned after the first notice required  
2 under this subsection is sent and before an action to foreclose the right of redemption is  
3 filed, the assignee:

4                   **[(i)] 1.**     at any time after the assignment, shall send one additional  
5 notice under this subsection reflecting the new holder of the certificate; and

6                   **[(ii)] 2.**    may not file a complaint to foreclose the right of  
7 redemption until at least 2 months after the additional notice has been sent.

8                   **(II) 1.**    **IN BALTIMORE CITY, PRIOR TO THE FILING OF A**  
9 **COMPLAINT TO FORECLOSE THE RIGHT OF REDEMPTION, AN OWNER OF PROPERTY**  
10 **SOLD UNDER THIS SUBTITLE MAY SEND A REQUEST FOR THE CURRENT PAYOFF**  
11 **AMOUNT TO REDEEM THE PROPERTY.**

12                           **2.**    **A REQUEST MADE UNDER SUBSUBPARAGRAPH 1 OF**  
13 **THIS SUBPARAGRAPH SHALL BE SENT TO THE HOLDER OF THE CERTIFICATE OF**  
14 **SALE BY FIRST-CLASS CERTIFIED MAIL, POSTAGE PREPAID, RETURN RECEIPT**  
15 **REQUESTED, BEARING A POSTMARK FROM THE UNITED STATES POSTAL SERVICE.**

16                           **3.**    **WITHIN 10 DAYS OF DELIVERY OF A NOTICE SENT**  
17 **UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH, THE HOLDER OF A**  
18 **CERTIFICATE OF SALE SHALL SEND THE OWNER OF THE PROPERTY THE CURRENT**  
19 **PAYOFF AMOUNT TO REDEEM THE PROPERTY, AS OF THE DATE THE REQUEST WAS**  
20 **MADE.**

21                           **4.**    **A HOLDER OF A CERTIFICATE OF SALE WHO RECEIVES**  
22 **A REQUEST FOR A CURRENT PAYOFF AMOUNT TO REDEEM PROPERTY UNDER THIS**  
23 **SUBPARAGRAPH MAY NOT FILE A COMPLAINT TO FORECLOSE THE RIGHT OF**  
24 **REDEMPTION UNTIL THE LATER OF:**

25                                   **A. 20 DAYS AFTER THE REQUEST UNDER**  
26 **SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IS SENT;**

27                                   **B. 10 DAYS AFTER THE HOLDER OF THE CERTIFICATE OF**  
28 **SALE SENDS THE OWNER OF THE PROPERTY THE CURRENT PAYOFF AMOUNT TO**  
29 **REDEEM THE PROPERTY; OR**

30                                   **C. THE DATE ON WHICH A HOLDER OF THE CERTIFICATE**  
31 **OF SALE MAY FILE A COMPLAINT TO FORECLOSE THE RIGHT OF REDEMPTION UNDER**  
32 **PARAGRAPHS (1) AND (4) OF THIS SUBSECTION.**

33           (6)    **(i)**    The first of the two notices required under this subsection shall  
34 be sent:

1                   1.     by first-class certified mail, postage prepaid, return  
2 receipt requested, bearing a postmark from the United States Postal Service; and

3                   2.     in an envelope prominently marked on the outside with  
4 the following phrase "Notice of Delinquent Property Tax".

5                   (ii)    The second of the two notices required under this subsection  
6 shall be sent:

7                   1.     by first-class certified mail, postage prepaid, return  
8 receipt requested, bearing a postmark from the United States Postal Service; and

9                   2.     in an envelope prominently marked on the outside with  
10 the following phrase "Notice of Delinquent Property Tax".

11                  (7)    The notice required under this subsection shall be sent to each person  
12 at the person's last address known to the holder of the certificate of sale, as obtained from:

13                  (i)    the last deed or mortgage relating to the property recorded  
14 among the land records in the county in which the property is located;

15                  (ii)   the tax rolls of the collector who made the sale, as to the property  
16 described in the certificate of sale; and

17                  (iii) with respect to the address of the resident agent and the  
18 principal office of the current mortgagee of record, the Department of Assessments and  
19 Taxation.

20                  (8)    In a proceeding to foreclose the right of redemption, if the holder of a  
21 certificate of sale, the holder's agent, or the attorney of the holder of a certificate of sale,  
22 files an affidavit, before the court enters a final judgment foreclosing the right of  
23 redemption, attesting to the fact that the affiant has complied with the notice provisions of  
24 this subsection and provides evidence that the second of the two notices required under this  
25 subsection was sent by certified mail as required under paragraph (6)(ii) of this subsection,  
26 then:

27                  (i)    the notice provisions of this subsection shall be deemed satisfied;  
28 and

29                  (ii)   the failure of the owner, mortgagee, or beneficiary of a deed of  
30 trust to receive the required notice does not invalidate the proceeding to foreclose the right  
31 of redemption or the final judgment of the court.

32                  (b)    The right to redeem shall continue until finally barred by decree of the circuit  
33 court in which the foreclosure proceeding is filed.

1 (c) (1) The certificate is void unless a proceeding to foreclose the right of  
2 redemption is filed within 2 years of the date of the certificate of sale.

3 (2) In Baltimore City a certificate for abandoned property sold under §  
4 14–817(c) of this subtitle with a minimum bid less than the lien amount reverts to the  
5 Mayor and City Council and is void as to the private purchaser at tax sale unless:

6 (i) a proceeding to foreclose the right of redemption is filed within 3  
7 months of the date of the certificate of sale; and

8 (ii) unless the holder is granted an extension by the court due to a  
9 showing of extraordinary circumstances beyond the certificate holder's control, the holder  
10 secures a decree from the circuit court in which the foreclosure proceeding was filed within  
11 18 months from the date of the filing of the foreclosure proceeding.

12 (d) (1) If a certificate is void under subsection (c) of this section, then any right,  
13 title, and interest of the holder of the certificate of sale, in the property sold shall cease and  
14 all money received by the collector on account of the sale shall be deemed forfeited, and  
15 shall be applied by the collector on the taxes in arrears on the property.

16 (2) If a certificate for abandoned property reverts to the Mayor and City  
17 Council of Baltimore City under this section, the Mayor and City Council may:

18 (i) file a foreclosure proceeding in its own name; or

19 (ii) 1. resell the certificate; and

20 2. apply all money received on account of the sale to any  
21 outstanding balance remaining after the sale on the tax debt owed by the previous owner  
22 of the abandoned property.

23 (e) If any building or structure is sold and purchased under this subtitle, and the  
24 appropriate government agency certifies that the particular building or structure involved  
25 requires, or within 6 months shall require, substantial repairs to comply with the applicable  
26 building code:

27 (1) the holder of any certificate of sale may at any time after 60 days from  
28 the date of sale file a complaint to foreclose all rights of redemption of the property to which  
29 the certificate relates; and

30 (2) the certificate of the appropriate government agency shall be a part of  
31 the complaint to foreclose the rights of redemption.

32 (f) The holder of a certificate of sale for abandoned property in Baltimore City  
33 sold under § 14–817(c) of this subtitle with a minimum bid less than the lien amount may  
34 file a complaint to foreclose all rights of redemption in the property at any time after the  
35 date of sale.

1 (g) When the Mayor and City Council of Baltimore City becomes the holder of a  
 2 certificate of sale purchased in accordance with § 14–824 of this subtitle, the Mayor and  
 3 City Council of Baltimore City may file a complaint, at any time after the date of sale, to  
 4 foreclose all rights of redemption in abandoned property consisting of:

5 (1) a vacant lot; or

6 (2) improved property cited as vacant and unfit for habitation on a housing  
 7 or building violation notice.

8 14–843.

9 (a) (1) Except as provided in subsection (b) of this section, on redemption, the  
 10 plaintiff or the holder of a certificate of sale may be reimbursed for expenses incurred in  
 11 any action or in preparation for any action to foreclose the right of redemption as provided  
 12 in this section.

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

15 (3) (I) **[If EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS**  
 16 **PARAGRAPH, IF** an action to foreclose the right of redemption has not been filed, and the  
 17 property is redeemed more than 4 months after the date of the tax sale, the holder of a  
 18 certificate of sale may be reimbursed for the following expenses actually incurred:

19 [(i)] 1. costs for recording the certificate of sale;

20 [(ii)] 2. a title search fee, not to exceed \$250;

21 [(iii)] 3. the postage and certified mailing costs for the notices  
 22 required under § 14–833(a–1) of this title; and

23 [(iv)] 4. reasonable attorney’s fees, not to exceed \$500.

24 (II) **IN BALTIMORE CITY, IF AN ACTION TO FORECLOSE THE**  
 25 **RIGHT OF REDEMPTION HAS NOT BEEN FILED, AND THE PROPERTY IS REDEEMED**  
 26 **MORE THAN 10 MONTHS AFTER THE DATE OF THE TAX SALE, THE HOLDER OF A**  
 27 **CERTIFICATE OF SALE MAY BE REIMBURSED FOR THE FOLLOWING EXPENSES**  
 28 **ACTUALLY INCURRED:**

29 1. **COSTS FOR RECORDING THE CERTIFICATE OF SALE;**

30 2. **A TITLE SEARCH FEE, NOT TO EXCEED \$250;**



1                                   **3. THE POSTAGE AND CERTIFIED MAILING COSTS FOR**  
2 **THE NOTICES REQUIRED UNDER § 14-833(A-1) OF THIS SUBTITLE; AND**

3                                   **4. REASONABLE ATTORNEY'S FEES, NOT TO EXCEED**  
4 **\$500.**

5                   (4) If an action to foreclose the right of redemption has been filed, the  
6 plaintiff or holder of a certificate of sale may be reimbursed for:

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

8                                   1. \$1,300 if an affidavit of compliance has not been filed,  
9 which amount shall be deemed reasonable for both the preparation and filing of the action  
10 to foreclose the right of redemption; or

11                                  2. \$1,500 if an affidavit of compliance has been filed, which  
12 amount shall be deemed reasonable for both the preparation and filing of the action to  
13 foreclose the right of redemption;

14                   (ii) reasonable attorney's fees, not to exceed \$1,200, incurred by the  
15 plaintiff or holder of a certificate of sale for opening an estate for purposes of service of  
16 process and notice on a defendant's estate;

17                   (iii) in exceptional circumstances, other reasonable attorney's fees  
18 incurred and specifically requested by the plaintiff or holder of a certificate of sale and  
19 approved by the court, on a case by case basis; and

20                   (iv) if the plaintiff or holder of a certificate of sale provides a signed  
21 affidavit attesting to the fact that the expenses were actually incurred, the following  
22 expenses actually incurred by the plaintiff or holder of a certificate of sale:

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

25                                  2. service of process fee, including fees incurred attempting  
26 to serve process;

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

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

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

32                                  6. posting fee;

1 7. postage and certified mail;

2 8. substantial repair order fee, not to exceed the fee charged  
3 by the government agency issuing the certificate of substantial repair;

4 9. expenses and costs incurred for opening an estate of a  
5 deceased defendant for purposes of service of process and notice, not to exceed \$1,200; and

6 10. any court approved expense for stabilization or conversion  
7 of the property under § 14–830 of this subtitle or in accordance with an action taken against  
8 the property by the county in which the property is located in accordance with the  
9 applicable building, fire, health, or safety codes.

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

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

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

15 (iii) in Baltimore City only, taxes, interest, and penalties paid in  
16 accordance with subsection (c) of this section and interest at the rate of redemption  
17 provided in § 14–820 of this subtitle from the date of payment to the date of redemption.

18 (b) (1) **(I)** Except as provided in **SUBPARAGRAPH (II) OF THIS**  
19 **PARAGRAPH AND** paragraph (2) of this subsection, in Allegany County, Anne Arundel  
20 County, [Baltimore City,] Baltimore County, Calvert County, Caroline County, Carroll  
21 County, Cecil County, Charles County, Dorchester County, Frederick County, Garrett  
22 County, Harford County, Howard County, Kent County, Montgomery County, Prince  
23 George’s County, Queen Anne’s County, St. Mary’s County, Somerset County, Washington  
24 County, Wicomico County, and Worcester County, the plaintiff or holder of a certificate of  
25 sale may not be reimbursed for expenses incurred within 4 months after the date of sale.

26 **(II) IN BALTIMORE CITY, THE PLAINTIFF OR HOLDER OF A**  
27 **CERTIFICATE OF SALE MAY NOT BE REIMBURSED FOR EXPENSES INCURRED WITHIN**  
28 **10 MONTHS AFTER THE DATE OF SALE.**

29 (2) This subsection does not apply to property for which the holder:

30 (i) may file a complaint any time after 60 days from the date of sale,  
31 pursuant to § 14–833(e) of this subtitle; or

32 (ii) must file a complaint within 3 months from the date of sale,  
33 pursuant to § 14–833(c)(2) of this subtitle.

1 (c) In Baltimore City, on or after October 1 of each year, the plaintiff or holder of  
2 a certificate of sale may pay taxes, interest, and penalties that become due after the date  
3 of the sale on the property described in the tax sale certificate and that have not been paid  
4 by the owner of the property.

5 **(D) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY ESTABLISH,**  
6 **BY LAW, A PROCESS BY WHICH AN OWNER OF PROPERTY SOLD AT TAX SALE IN**  
7 **ACCORDANCE WITH THIS SUBTITLE MAY REDEEM THE PROPERTY THROUGH AN**  
8 **INSTALLMENT PAYMENT PLAN.**

9 14-844.

10 (a) After the time limit set in the order of publication and in the summons expires,  
11 the court shall enter judgment foreclosing the right of redemption. An interlocutory order  
12 is not necessary. The judgment is final and conclusive on the defendants, their heirs,  
13 devisees, and personal representatives and they or any of their heirs, devisees, executors,  
14 administrators, assigns, or successors in right, title, or interest, and all defendants are  
15 bound by the judgment as if they had been named in the proceedings and personally served  
16 with process.

17 (b) If the court finds for the plaintiff, the judgment vests in the plaintiff an  
18 absolute and indefeasible title in fee simple in the property, free and clear of all alienations  
19 and descents of the property occurring before the date of the judgment and encumbrances  
20 on the property, except taxes that accrue after the date of sale and easements of record and  
21 any other easement that may be observed by an inspection of the property to which the  
22 property is subject.

23 (c) If the collector sold the property subject to a ground rent or the plaintiff elected  
24 not to include the ground rent holder as a party, the judgment vests a leasehold interest in  
25 the plaintiff.

26 (d) Once a judgment is granted, the plaintiff immediately becomes liable for the  
27 payment of all taxes due and payable after the judgment. The plaintiff may be sued in an  
28 action under § 14-864 of this subtitle to collect all taxes due and payable after the judgment  
29 and it is not a defense that a deed to the property has not been recorded. On the entry of  
30 judgment, the plaintiff shall pay the collector any surplus bid and all taxes together with  
31 interest and penalties on the taxes due on the property.

32 (e) In Baltimore City where abandoned property has been sold for a sum less than  
33 the amount due under § 14-817 of this subtitle, in a foreclosure proceeding brought by the  
34 Mayor and City Council, the final order may include a judgment in favor of the city and  
35 against the person liable for taxes prior to the sale, in the amount of the unpaid taxes,  
36 interest, penalties, and expenses otherwise due in a tax sale.

37 **(F) IN BALTIMORE CITY, IF THE COURT FINDS FOR THE PLAINTIFF, THE**  
38 **FINAL JUDGMENT SHALL STATE WHETHER THERE IS A BID BALANCE AS A RESULT OF**

1 THE TAX SALE AND THAT THE FORMER OWNER'S PORTION OF THE BID BALANCE MAY  
2 BE OBTAINED BY CONTACTING THE BALTIMORE CITY BUREAU OF REVENUE  
3 COLLECTIONS.

4 14-849.1.

5 (a) In Baltimore City, the Mayor and City Council may not sell a property solely  
6 to enforce a lien for unpaid charges for water and sewer service unless:

7 (1) the lien is for at least [~~\$350~~] **\$500**; and

8 (2) the unpaid charges for water and sewer service are at least 3 quarters  
9 in arrears.

10 (b) Notwithstanding subsection (a) of this section, the Mayor and City Council  
11 may enforce a lien on a property for unpaid water and sewer service that is less than [~~\$350~~]  
12 **\$500** if the property is being sold to enforce another lien.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
14 1, 2015.