

SENATE BILL 591

Q1, N1

6lr2745
CF HB 970

By: **Senator King**

Introduced and read first time: February 5, 2016

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: March 8, 2016

CHAPTER _____

1 AN ACT concerning

2 **Tax Sales – Condominium Assessments and Homeowners Association Fees**

3 FOR the purpose of requiring a certain notice of an action to foreclose the right of
4 redemption to be sent to a homeowners association or a condominium association
5 under certain circumstances; requiring a plaintiff in a certain action to foreclose the
6 right of redemption on property to be liable for the payment of certain assessments
7 or fees incurred after the date of judgment foreclosing the right of redemption;
8 authorizing a certain action to be filed to collect certain assessments or fees;
9 prohibiting a certain defense from being raised in a certain action to collect certain
10 assessments or fees; and generally relating to tax sales of property.

11 BY repealing and reenacting, without amendments,
12 Article – Tax – Property
13 Section 14–836(b)(1), (2), and (3)
14 Annotated Code of Maryland
15 (2012 Replacement Volume and 2015 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Tax – Property
18 Section 14–836(b)(4)(i) and 14–844
19 Annotated Code of Maryland
20 (2012 Replacement Volume and 2015 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



Article – Tax – Property

14–836.

(b) (1) Except as otherwise provided in this subsection, the defendants in any action to foreclose the right of redemption shall be:

(i) the record title holder of the property as disclosed by a search performed in accordance with generally accepted standards of title examination of the land records of the county, of the records of the register of wills of the county, and of the records of the circuit court for the county;

(ii) if the property is subject to a ground rent, the record title holder of the fee–simple title and the owner of the leasehold title as disclosed by a search performed in accordance with generally accepted standards of title examination of the land records of the county, of the records of the register of wills of the county and of the records of the circuit court for the county;

(iii) any mortgagee of the property or any assignee of the mortgagee of record, named as such in any unreleased mortgage recorded in the land records of the county;

(iv) the trustee under any deed of trust recorded against the property or any holder of a beneficial interest in a deed of trust who files notice of the interest, which notice shall include identification of the deed of trust, the book and page where the deed of trust is recorded, and the address at which the holder may be served with a summons;

(v) the county where the property is located; and

(vi) if appropriate, the State.

(2) The plaintiff may choose not to include as a defendant any of the persons enumerated in paragraph (1) of this subsection. However, the rights of any person not included as a defendant are not affected by the proceedings.

(3) Subject to the provisions of paragraph (4) of this subsection, it is not necessary to name as defendant any other person that has or claims to have any right, title, interest, claim, lien or equity of redemption in the property sold by the collector. Any of these persons are included as defendants by the designation “all persons that have or claim to have any interest in property (giving a description of the property in substantially the same form as the description that appears on the Collector’s certificate of tax sale).” Any of these persons may be designated throughout the proceeding by the above designation and the cause may proceed against them by publication under order of court as provided in this subtitle.

1 (4) (i) Notwithstanding the provisions of paragraph (3) of this
2 subsection, the plaintiff shall send written notice of the proceeding to:

3 1. all persons having a recorded interest, claim, or lien,
4 including a judgment, who have not been made a defendant in the proceeding, and, if the
5 subject property is [the common areas owned by or legally dedicated to] **PART OF** a
6 homeowners association **OR CONDOMINIUM ASSOCIATION**, to the homeowners
7 association **OR CONDOMINIUM ASSOCIATION** governing the property, at the last
8 reasonably ascertainable address; and

9 2. each tenant of the subject property whose identity is
10 known to the plaintiff, at the tenant's last reasonably ascertainable address.

11 14-844.

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

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

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

28 (d) **(1)** Once a judgment is granted, the plaintiff immediately becomes liable
29 for the payment of all taxes due and payable after the judgment. The plaintiff may be sued
30 in an action under § 14-864 of this subtitle to collect all taxes due and payable after the
31 judgment and it is not a defense that a deed to the property has not been recorded. On the
32 entry of judgment, the plaintiff shall pay the collector any surplus bid and all taxes together
33 with interest and penalties on the taxes due on the property.

34 **(2) (I) ONCE A JUDGMENT IS GRANTED, THE PLAINTIFF**
35 **IMMEDIATELY BECOMES LIABLE FROM THE DATE OF JUDGMENT FOR THE PAYMENT**
36 **OF ASSESSMENTS OR FEES CHARGED BY A HOMEOWNERS ASSOCIATION OR A**
37 **CONDOMINIUM ASSOCIATION DUE AND PAYABLE FROM THE DATE OF THE**
38 **JUDGMENT.**

1 **(II) THE PLAINTIFF MAY BE SUED IN AN ACTION TO COLLECT**
 2 **ALL ASSESSMENTS OR FEES CHARGED BY A HOMEOWNERS ASSOCIATION OR A**
 3 **CONDOMINIUM ASSOCIATION DUE AND PAYABLE FROM THE DATE OF THE**
 4 **JUDGMENT, AND IT IS NOT A DEFENSE THAT A DEED TO THE PROPERTY HAS NOT**
 5 **BEEN RECORDED.**

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

11 (f) In Baltimore City, for a proceeding concerning an owner–occupied residential
 12 property, if the court finds for the plaintiff, the final judgment shall state whether there is
 13 a bid balance as a result of the tax sale and that the former owner’s portion of the bid
 14 balance may be obtained by contacting the Baltimore City Bureau of Revenue Collections.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
 16 1, 2016.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.