

HOUSE BILL 1246

Q1, L1, L3

8lr3814
CF SB 954

By: **Delegate Holmes**

Introduced and read first time: February 8, 2018

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax – In Rem Foreclosure and Sale – Vacant and Abandoned Property**

3 FOR the purpose of requiring a tax collector to withhold from tax sale certain real property
4 designated by a county or municipal corporation for sale under a certain process;
5 authorizing a county or municipal corporation to initiate an in rem foreclosure and
6 sale of certain real property for delinquent taxes; requiring a county or municipal
7 corporation to enact certain laws authorizing in rem foreclosure and sale of certain
8 real property; requiring the tax collector to commence an in rem foreclosure action;
9 prohibiting the collector from commencing an in rem foreclosure action until tax on
10 real property has been delinquent for a certain period; requiring the collector to send
11 certain notice to certain taxing agencies before filing a certain complaint; requiring
12 a taxing agency receiving a certain notice to certify certain information to the
13 collector within a certain period of time; requiring certain taxes to be included in the
14 foreclosure action; requiring the collector to file the foreclosure action in a certain
15 circuit court; requiring the complaint for an in rem foreclosure to include certain
16 information; allowing the complaint for an in rem foreclosure to be amended for
17 certain purposes; requiring a hearing on the in rem foreclosure complaint to be
18 conducted at a certain time; providing that an interested party has the right to be
19 heard at the hearing; requiring the court to enter a certain judgment on a certain
20 finding; authorizing the court to postpone proceedings under certain circumstances;
21 requiring the court to set the redemption amount; authorizing an interested party to
22 redeem the property prior to the entry of judgment of foreclosure; requiring the
23 redemption payment to be made to the collector; requiring the court to dismiss the
24 complaint on redemption; requiring the collector to sell at public auction real
25 property after entry of a certain judgment; specifying the time of the sale; specifying
26 the minimum bid for the sale; requiring the property to be sold to the highest bidder;
27 authorizing a county or municipal corporation to bid the minimum bid under certain
28 circumstances; requiring the collector to deposit certain excess bid amounts in
29 escrow; requiring certain funds to be distributed to interested parties in a certain
30 manner; requiring the collector to provide certain notice to the court of a sale;
31 establishing that a sale of certain properties is final and binding, subject to a certain

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 right of redemption; authorizing the owner of the property to redeem the property
 2 within a certain number of days after sale; establishing the process for a certain
 3 redemption; requiring a certain deed to be recorded if property is not redeemed;
 4 requiring the collector to report certain information to the court; requiring the Court
 5 of Appeals to adopt certain rules; defining certain terms; and generally relating to in
 6 rem foreclosure and sale of tax delinquent vacant and abandoned property.

7 BY repealing and reenacting, without amendments,
 8 Article – Tax – Property
 9 Section 14–801(d)
 10 Annotated Code of Maryland
 11 (2012 Replacement Volume and 2017 Supplement)

12 BY repealing and reenacting, with amendments,
 13 Article – Tax – Property
 14 Section 14–811
 15 Annotated Code of Maryland
 16 (2012 Replacement Volume and 2017 Supplement)

17 BY adding to
 18 Article – Tax – Property
 19 Section 14–873 through 14–880 to be under the new part “Part V. Judicial In Rem
 20 Tax Foreclosure”
 21 Annotated Code of Maryland
 22 (2012 Replacement Volume and 2017 Supplement)

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

25 **Article – Tax – Property**

26 14–801.

27 (d) (1) “Tax” means any tax, or charge of any kind due to the State or any of
 28 its political subdivisions, or to any other taxing agency, that by law is a lien against the
 29 real property on which it is imposed or assessed.

30 (2) “Tax” includes interest, penalties, and service charges.

31 14–811.

32 (a) Except as provided in [subsection (b)] **SUBSECTIONS (B) AND (C)** of this
 33 section, the collector may withhold from sale any property, when the total taxes on the
 34 property, including interest and penalties, amount to less than \$250 in any 1 year.

1 (b) In Baltimore City, the collector shall withhold from sale owner-occupied
2 residential property, when the total taxes on the property, including interest and penalties,
3 amount to less than \$750.

4 (C) THE COLLECTOR SHALL WITHHOLD FROM SALE UNDER THIS PART OF
5 THIS SUBTITLE ANY REAL PROPERTY DESIGNATED BY THE GOVERNING BODY OF A
6 COUNTY OR MUNICIPAL CORPORATION FOR SALE UNDER PART V OF THIS SUBTITLE.

7 14-871. RESERVED.

8 14-872. RESERVED.

9 PART V. JUDICIAL IN REM TAX FORECLOSURE.

10 14-873.

11 (A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS
12 INDICATED.

13 (B) "INTERESTED PARTY" MEANS:

14 (1) THE PERSON WHO LAST APPEARS AS OWNER OF REAL PROPERTY
15 ON THE COLLECTOR'S TAX ROLL;

16 (2) A MORTGAGEE OF THE PROPERTY OR ASSIGNEE OF A MORTGAGE
17 OF RECORD;

18 (3) A HOLDER OF A BENEFICIAL INTEREST IN A DEED OF TRUST
19 RECORDED AGAINST THE REAL PROPERTY; OR

20 (4) ANY PERSON HAVING AN INTEREST IN THE REAL PROPERTY
21 WHOSE IDENTITY AND ADDRESS ARE:

22 (I) REASONABLY ASCERTAINABLE FROM THE COUNTY LAND
23 RECORDS; OR

24 (II) REVEALED BY A FULL TITLE SEARCH CONSISTING OF AT
25 LEAST 50 YEARS.

26 (C) "TAX" HAS THE MEANING STATED IN § 14-801 OF THIS SUBTITLE.

27 14-874.

1 **(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A COUNTY OR**
2 **MUNICIPAL CORPORATION MAY DESIGNATE REAL PROPERTY TO BE SOLD UNDER**
3 **THIS PART.**

4 **(B) ONLY REAL PROPERTY THAT CONSISTS OF A VACANT LOT OR IMPROVED**
5 **PROPERTY CITED AS VACANT AND UNFIT FOR HABITATION ON A HOUSING OR**
6 **BUILDING VIOLATION NOTICE MAY BE SOLD UNDER THIS PART.**

7 **(C) (1) A COUNTY OR MUNICIPAL CORPORATION SHALL AUTHORIZE BY**
8 **LAW AN IN REM FORECLOSURE AND SALE IN ACCORDANCE WITH THIS PART.**

9 **(2) A LAW THAT AUTHORIZES AN IN REM FORECLOSURE AND SALE**
10 **SHALL:**

11 **(I) STATE THE DATE AFTER WHICH REAL PROPERTY MAY BE**
12 **SUBJECT TO IN REM FORECLOSURE AND SALE UNDER THIS PART;**

13 **(II) ESTABLISH CRITERIA FOR DESIGNATING REAL PROPERTY**
14 **TO BE FORECLOSED AND SOLD UNDER THIS PART;**

15 **(III) AUTHORIZE THE COLLECTOR TO FILE A COMPLAINT FOR AN**
16 **IN REM FORECLOSURE UNDER THIS PART ON BEHALF OF THE GOVERNING BODY OF**
17 **THE COUNTY OR MUNICIPAL CORPORATION; AND**

18 **(IV) INCLUDE ADMINISTRATIVE RULES AND PROCEDURES**
19 **NECESSARY TO CARRY OUT AN IN REM FORECLOSURE AND SALE UNDER THIS PART.**

20 **14-875.**

21 **(A) AFTER REAL PROPERTY IS DESIGNATED FOR SALE UNDER THIS PART,**
22 **THE COLLECTOR SHALL FILE A COMPLAINT FOR AN IN REM FORECLOSURE ACTION**
23 **IN ACCORDANCE WITH THIS PART.**

24 **(B) THE COLLECTOR MAY NOT FILE A COMPLAINT FOR AN IN REM**
25 **FORECLOSURE ACTION UNLESS THE TAX ON THE REAL PROPERTY HAS BEEN**
26 **DELINQUENT FOR AT LEAST 12 MONTHS.**

27 **(C) (1) AT LEAST 60 DAYS BEFORE FILING A COMPLAINT FOR AN IN REM**
28 **FORECLOSURE, THE COLLECTOR SHALL NOTIFY ALL OTHER TAXING AGENCIES THAT**
29 **HAVE THE AUTHORITY TO COLLECT TAX ON THE REAL PROPERTY OF THE**
30 **COLLECTOR'S INTENTION TO FILE A COMPLAINT FOR AN IN REM FORECLOSURE OF**
31 **THE REAL PROPERTY.**

1 **(2) WITHIN 30 DAYS AFTER RECEIVING NOTICE UNDER PARAGRAPH**
2 **(1) OF THIS SUBSECTION, A TAXING AGENCY SHALL CERTIFY TO THE COLLECTOR A**
3 **STATEMENT OF ALL TAXES DUE TO THE TAXING AGENCY.**

4 **(3) ALL TAXES CERTIFIED IN ACCORDANCE WITH PARAGRAPH (2) OF**
5 **THIS SUBSECTION SHALL:**

6 **(I) BE INCLUDED IN THE FORECLOSURE ACTION; AND**

7 **(II) CEASE TO BE A LIEN AGAINST THE REAL PROPERTY IF A**
8 **JUDGMENT IS ENTERED FORECLOSING THE EXISTING INTERESTS OF ALL**
9 **INTERESTED PARTIES IN THE REAL PROPERTY.**

10 **(D) THE COLLECTOR SHALL FILE THE COMPLAINT FOR AN IN REM**
11 **FORECLOSURE IN THE CIRCUIT COURT OF THE COUNTY:**

12 **(1) WHERE THE REAL PROPERTY IS LOCATED; AND**

13 **(2) THAT THE COLLECTOR REPRESENTS.**

14 **(E) THE COMPLAINT FOR AN IN REM FORECLOSURE SHALL INCLUDE:**

15 **(1) THE IDENTITY OF THE COUNTY OR MUNICIPAL CORPORATION ON**
16 **BEHALF OF WHICH THE COLLECTOR IS FILING THE COMPLAINT;**

17 **(2) THE NAME AND ADDRESS OF THE COLLECTOR;**

18 **(3) A DESCRIPTION OF THE REAL PROPERTY AS IT APPEARS IN THE**
19 **COUNTY LAND RECORDS;**

20 **(4) THE TAX IDENTIFICATION NUMBER OF THE REAL PROPERTY;**

21 **(5) A STATEMENT THAT THE TAXES ARE DELINQUENT AT THE TIME OF**
22 **THE FILING;**

23 **(6) THE AMOUNT OF TAXES THAT ARE DELINQUENT AS OF THE DATE**
24 **OF FILING;**

25 **(7) THE NAMES AND ADDRESSES OF ALL INTERESTED PARTIES IN THE**
26 **REAL PROPERTY;**

1 **(8) A STATEMENT THAT THE REAL PROPERTY IS A VACANT LOT OR**
2 **IMPROVED PROPERTY CITED AS VACANT AND UNFIT FOR HABITATION ON A HOUSING**
3 **OR BUILDING VIOLATION NOTICE;**

4 **(9) COPIES OF ANY VIOLATION NOTICE CITED UNDER PARAGRAPH (8)**
5 **OF THIS SUBSECTION;**

6 **(10) A REQUEST THAT THE CIRCUIT COURT NOT SCHEDULE A HEARING**
7 **ON THE COMPLAINT UNTIL 30 DAYS AFTER THE DATE THAT THE COMPLAINT IS**
8 **FILED; AND**

9 **(11) A REQUEST THAT THE CIRCUIT COURT ENTER A JUDGMENT THAT**
10 **FORECLOSES THE EXISTING INTERESTS OF ALL INTERESTED PARTIES IN THE REAL**
11 **PROPERTY AND ORDERS THE REAL PROPERTY TO BE SOLD AT PUBLIC AUCTION.**

12 **(F) A COMPLAINT FOR AN IN REM FORECLOSURE MAY BE AMENDED TO**
13 **INCLUDE ALL TAXES THAT BECOME DELINQUENT AFTER THE COMMENCEMENT OF**
14 **THE IN REM FORECLOSURE ACTION.**

15 **14-876.**

16 **(A) A CIRCUIT COURT MAY NOT SET A HEARING FOR AN IN REM**
17 **FORECLOSURE UNTIL 30 DAYS AFTER THE COMPLAINT FOR AN IN REM**
18 **FORECLOSURE IS FILED.**

19 **(B) AT THE HEARING, ANY INTERESTED PARTY SHALL HAVE THE RIGHT TO**
20 **BE HEARD AND TO CONTEST THE DELINQUENCY OF THE TAXES AND THE ADEQUACY**
21 **OF THE PROCEEDINGS.**

22 **(C) IF THE CIRCUIT COURT FINDS THAT THE INFORMATION SET FORTH IN**
23 **THE COMPLAINT IS ACCURATE, THE COURT SHALL:**

24 **(1) ENTER A JUDGMENT THAT:**

25 **(I) THE TAXES ARE DELINQUENT;**

26 **(II) PROPER NOTICE HAS BEEN PROVIDED TO ALL INTERESTED**
27 **PARTIES; AND**

28 **(III) THE REAL PROPERTY IS A VACANT LOT OR IMPROVED**
29 **PROPERTY CITED AS VACANT AND UNFIT FOR HABITATION ON A HOUSING OR**
30 **BUILDING VIOLATION NOTICE; AND**

1 **(2) ORDER THAT:**

2 **(I) THE REAL PROPERTY BE SOLD IN ACCORDANCE WITH THIS**
3 **PART;**

4 **(II) THE SALE OF THE REAL PROPERTY IS FINAL AND BINDING**
5 **60 DAYS AFTER THE SALE; AND**

6 **(III) THE REAL PROPERTY IS TO BE SOLD FREE AND CLEAR OF**
7 **ALL LIENS, CLAIMS, AND ENCUMBRANCES EXCEPT:**

8 **1. RIGHTS OF REDEMPTION PROVIDED UNDER FEDERAL**
9 **LAW;**

10 **2. LIENS HELD BY THE STATE, UNLESS THE STATE FILES**
11 **AN AFFIDAVIT OF LIEN RELEASE BEFORE ENTRY OF JUDGMENT;**

12 **3. EASEMENTS AND RIGHTS-OF-WAY HELD BY A PERSON**
13 **WHO IS NOT AN INTERESTED PARTY; AND**

14 **4. BENEFITS OR BURDENS OF ANY REAL COVENANTS**
15 **RECORDED AS OF THE DATE THE COMPLAINT IS FILED.**

16 **(D) THE CIRCUIT COURT MAY POSTPONE THE PROCEEDINGS FOR UP TO 6**
17 **MONTHS, IF THE CIRCUIT COURT, ON THE PRODUCTION OF EVIDENCE BY ANY PARTY,**
18 **DETERMINES THAT AN INTERESTED PARTY DIED WITHIN THE 6-MONTH PERIOD**
19 **PRECEDING THE FILING OF THE COMPLAINT.**

20 **14-877.**

21 **(A) (1) THE CIRCUIT COURT SHALL SET THE REDEMPTION AMOUNT.**

22 **(2) THE REDEMPTION AMOUNT SHALL CONSIST OF:**

23 **(I) ALL UNPAID TAXES ON THE REAL PROPERTY; AND**

24 **(II) COSTS INCURRED BY THE COUNTY OR MUNICIPAL**
25 **CORPORATION FOR TITLE EXAMINATION AND PUBLICATION OF NOTICES.**

26 **(B) (1) BEFORE THE SALE OF REAL PROPERTY UNDER THIS PART, ANY**
27 **INTERESTED PARTY MAY REDEEM THE REAL PROPERTY BY PAYING THE**
28 **REDEMPTION AMOUNT.**

1 **(2) AN INTERESTED PARTY SHALL PAY THE REDEMPTION AMOUNT TO**
2 **THE COLLECTOR.**

3 **(3) ON NOTICE THAT THE REDEMPTION AMOUNT HAS BEEN PAID, THE**
4 **CIRCUIT COURT SHALL DISMISS THE COMPLAINT.**

5 **14-878.**

6 **(A) (1) AFTER ENTRY OF JUDGMENT UNDER § 14-876 OF THIS SUBTITLE,**
7 **THE COLLECTOR SHALL SELL, IN ACCORDANCE WITH THE MARYLAND RULES, THE**
8 **REAL PROPERTY AT PUBLIC AUCTION.**

9 **(2) THE REAL PROPERTY MAY NOT BE SOLD UNTIL 45 DAYS AFTER**
10 **THE ENTRY OF JUDGMENT.**

11 **(B) THE MINIMUM BID FOR THE SALE OF THE REAL PROPERTY SHALL BE**
12 **THE REDEMPTION AMOUNT.**

13 **(C) (1) THE REAL PROPERTY SHALL BE SOLD TO THE PERSON MAKING**
14 **THE HIGHEST BID.**

15 **(2) THE PERSON MAKING THE HIGHEST BID SHALL PAY THE FULL BID**
16 **AMOUNT TO THE COLLECTOR.**

17 **(3) IF THE MINIMUM BID IS NOT MADE OR EXCEEDED, THE COUNTY**
18 **OR MUNICIPAL CORPORATION THAT FILED THE COMPLAINT MAY BID THE MINIMUM**
19 **BID PRICE AND PURCHASE THE REAL PROPERTY.**

20 **(D) (1) IF THE HIGHEST BID EXCEEDS THE MINIMUM BID AMOUNT, THE**
21 **COLLECTOR SHALL DEPOSIT THE FUNDS IN EXCESS OF THE MINIMUM BID IN AN**
22 **ESCROW ACCOUNT.**

23 **(2) THE CIRCUIT COURT SHALL DISTRIBUTE THE FUNDS DEPOSITED**
24 **INTO ESCROW TO THE INTERESTED PARTIES IN THE ORDER OF PRIORITY OF THE**
25 **INTERESTS OF THE INTERESTED PARTIES AFTER THE EXPIRATION OF THE**
26 **REDEMPTION PERIOD UNDER § 14-879 OF THIS SUBTITLE.**

27 **(E) AFTER THE SALE, THE COLLECTOR SHALL FILE A NOTICE INFORMING**
28 **THE CIRCUIT COURT OF THE SALE AND STATING THE DATE OF THE SALE.**

29 **(F) THE SALE OF REAL PROPERTY UNDER THIS SECTION IS FINAL AND**
30 **BINDING ON THE MAKER OF THE HIGHEST BID, SUBJECT ONLY TO THE RIGHT OF**
31 **REDEMPTION UNDER § 14-879 OF THIS SUBTITLE.**

1 14-879.

2 (A) (1) WITHIN 60 DAYS AFTER THE SALE OF REAL PROPERTY UNDER §
3 14-878 OF THIS SUBTITLE, THE OWNER OF RECORD OF THE REAL PROPERTY MAY
4 REDEEM THE PROPERTY UNDER THIS SECTION.

5 (2) THE RIGHT OF REDEMPTION TERMINATES 60 DAYS AFTER THE
6 DATE THAT THE REAL PROPERTY IS SOLD.

7 (3) TO REDEEM THE PROPERTY, THE OWNER OF RECORD SHALL PAY
8 THE REDEMPTION AMOUNT TO THE COLLECTOR WHO FILED THE COMPLAINT.

9 (4) REDEMPTION BY THE OWNER SHALL VOID ANY SALE THAT HAS
10 OCCURRED.

11 (5) ON REDEMPTION, THE COLLECTOR SHALL REFUND TO THE
12 PURCHASER THE FULL AMOUNT PAID AT THE SALE OF THE REAL PROPERTY.

13 (B) IF THE PROPERTY IS NOT REDEEMED, WITHIN 90 DAYS AFTER THE DATE
14 OF SALE THE CIRCUIT COURT SHALL ENTER A FINAL ORDER FOR THE COLLECTOR
15 TO EXECUTE A DEED TO THE PURCHASER IN FEE SIMPLE AND RECORD THE DEED IN
16 THE COUNTY LAND RECORDS.

17 14-880.

18 (A) WITHIN 90 DAYS AFTER EACH SALE, THE COLLECTOR SHALL FILE A
19 REPORT OF THE SALE WITH THE CIRCUIT COURT.

20 (B) THE REPORT SHALL IDENTIFY THE SALE THAT TOOK PLACE, THE SALE
21 PRICE, AND THE IDENTITY OF THE PURCHASER.

22 (C) THE COLLECTOR MAY CONSOLIDATE MULTIPLE SALE REPORTS.

23 SECTION 2. AND BE IT FURTHER ENACTED, That the Court of Appeals shall
24 adopt rules to carry out the provisions of this Act.

25 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2018.