

SENATE BILL 954

Q1, L1, L3

8lr2246
CF HB 1246

By: **Senators Eckardt and Ferguson**

Introduced and read first time: February 5, 2018

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 16, 2018

CHAPTER _____

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~~ county or municipal corporation to
9 commence an in rem foreclosure action; prohibiting the ~~collector~~ county or municipal
10 corporation from commencing an in rem foreclosure action until tax on real property
11 has been delinquent for a certain period; requiring the ~~collector~~ county or municipal
12 corporation to send certain notice to certain taxing agencies before filing a certain
13 complaint; requiring a taxing agency receiving a certain notice to certify certain
14 information to the ~~collector~~ county or municipal corporation within a certain period
15 of time; requiring certain taxes to be included in the foreclosure action; requiring a
16 county or municipal corporation to obtain a certain lien release or make a certain
17 payment before filing a certain action; requiring the ~~collector~~ county or municipal
18 corporation to file the foreclosure action in a certain circuit court; requiring the
19 complaint for an in rem foreclosure to include certain information; allowing the
20 complaint for an in rem foreclosure to be amended for certain purposes; requiring a
21 hearing on the in rem foreclosure complaint to be conducted at a certain time;
22 providing that an interested party has the right to be heard at the hearing; requiring
23 the court to enter a certain judgment on a certain finding; ~~authorizing the court to~~
24 ~~postpone proceedings under certain circumstances~~; ~~requiring the court to set the~~
25 ~~redemption amount~~; ~~authorizing an interested party to redeem the property prior to~~

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.



~~the entry of judgment of foreclosure; requiring the redemption payment to be made to the collector; requiring the court to dismiss the complaint on redemption; requiring the collector~~ county or municipal corporation to sell at public auction real property after entry of a certain judgment; specifying the time of the sale; specifying the minimum bid for the sale; requiring the property to be sold to the highest bidder; authorizing a county or municipal corporation to bid the minimum bid under certain circumstances; requiring the ~~collector~~ county or municipal corporation to deposit certain excess bid amounts in escrow; requiring certain funds to be distributed to interested parties in a certain manner; requiring the ~~collector~~ county or municipal corporation to provide certain notice to the court of a sale; establishing that a sale of certain properties is final and binding, ~~subject to a certain right of redemption; authorizing the owner of the property to redeem the property within a certain number of days after sale; establishing the process for a certain redemption; requiring a certain deed to be recorded if property is not redeemed;~~ requiring the ~~collector~~ county or municipal corporation to report certain information to the court; requiring the Court of Appeals to adopt certain rules; defining certain terms; and generally relating to in rem foreclosure and sale of tax delinquent vacant and abandoned property.

BY repealing and reenacting, without amendments,

Article – Tax – Property

Section 14–801(d)

Annotated Code of Maryland

(2012 Replacement Volume and 2017 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 14–811

Annotated Code of Maryland

(2012 Replacement Volume and 2017 Supplement)

BY adding to

Article – Tax – Property

Section 14–873 through ~~14–880~~ 14–878 to be under the new part “Part V. Judicial In Rem Tax Foreclosure”

Annotated Code of Maryland

(2012 Replacement Volume and 2017 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

That the Laws of Maryland read as follows:

Article – Tax – Property

14–801.

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

4 (2) "Tax" includes interest, penalties, and service charges.

5 14-811.

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

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

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

15 **14-871. RESERVED.**

16 **14-872. RESERVED.**

17 **PART V. JUDICIAL IN REM TAX FORECLOSURE.**

18 **14-873.**

19 **(A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS**
20 **INDICATED.**

21 **(B) "INTERESTED PARTY" MEANS:**

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

24 **(2) A MORTGAGEE OF THE PROPERTY OR ASSIGNEE OF A MORTGAGE**
25 **OF RECORD;**

26 **(3) A HOLDER OF A BENEFICIAL INTEREST IN A DEED OF TRUST**
27 **RECORDED AGAINST THE REAL PROPERTY; OR**

28 **(4) ANY PERSON HAVING AN INTEREST IN THE REAL PROPERTY**
29 **WHOSE IDENTITY AND ADDRESS ARE:**

1 (I) REASONABLY ASCERTAINABLE FROM THE COUNTY LAND
2 RECORDS; OR

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

5 (C) "TAX" HAS THE MEANING STATED IN § 14-801 OF THIS SUBTITLE.
6 14-874.

7 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A COUNTY OR
8 MUNICIPAL CORPORATION MAY DESIGNATE REAL PROPERTY TO BE SOLD UNDER
9 THIS PART.

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

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

15 (2) A LAW THAT AUTHORIZES AN IN REM FORECLOSURE AND SALE
16 SHALL:

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

19 (II) ESTABLISH CRITERIA FOR DESIGNATING REAL PROPERTY
20 TO BE FORECLOSED AND SOLD UNDER THIS PART;

21 (III) AUTHORIZE THE ~~COLLECTOR~~ COUNTY OR MUNICIPAL
22 CORPORATION TO FILE A COMPLAINT FOR AN IN REM FORECLOSURE UNDER THIS
23 PART ~~ON BEHALF OF THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL~~
24 ~~CORPORATION~~; AND

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

27 14-875.

28 (A) AFTER REAL PROPERTY IS DESIGNATED FOR SALE UNDER THIS PART,
29 THE ~~COLLECTOR~~ COUNTY OR MUNICIPAL CORPORATION SHALL FILE A COMPLAINT
30 FOR AN IN REM FORECLOSURE ACTION IN ACCORDANCE WITH THIS PART.

1 (B) ~~THE COLLECTOR~~ COUNTY OR MUNICIPAL CORPORATION MAY NOT FILE
2 A COMPLAINT FOR AN IN REM FORECLOSURE ACTION UNLESS THE TAX ON THE REAL
3 PROPERTY HAS BEEN DELINQUENT FOR AT LEAST 12 MONTHS.

4 (C) (1) AT LEAST 60 DAYS BEFORE FILING A COMPLAINT FOR AN IN REM
5 FORECLOSURE, ~~THE COLLECTOR~~ COUNTY OR MUNICIPAL CORPORATION SHALL
6 NOTIFY ALL OTHER TAXING AGENCIES THAT HAVE THE AUTHORITY TO COLLECT TAX
7 ON THE REAL PROPERTY OF ~~THE COLLECTOR'S~~ COUNTY'S OR MUNICIPAL
8 CORPORATION'S INTENTION TO FILE A COMPLAINT FOR AN IN REM FORECLOSURE
9 OF THE REAL PROPERTY.

10 (2) WITHIN 30 DAYS AFTER RECEIVING NOTICE UNDER PARAGRAPH
11 (1) OF THIS SUBSECTION, A TAXING AGENCY SHALL CERTIFY TO ~~THE COLLECTOR~~
12 COUNTY OR MUNICIPAL CORPORATION A STATEMENT OF ALL TAXES DUE TO THE
13 TAXING AGENCY.

14 (3) ALL TAXES CERTIFIED IN ACCORDANCE WITH PARAGRAPH (2) OF
15 THIS SUBSECTION SHALL:

16 (I) BE INCLUDED IN THE FORECLOSURE ACTION; AND

17 (II) CEASE TO BE A LIEN AGAINST THE REAL PROPERTY IF A
18 JUDGMENT IS ENTERED FORECLOSING THE EXISTING INTERESTS OF ALL
19 INTERESTED PARTIES IN THE REAL PROPERTY.

20 (4) BEFORE FILING THE COMPLAINT UNDER SUBSECTION (D) OF THIS
21 SECTION, THE COUNTY OR MUNICIPAL CORPORATION SHALL:

22 (I) OBTAIN A LIEN RELEASE FROM THE STATE FOR ANY LIENS
23 FOR UNPAID STATE PROPERTY TAXES, INTEREST, AND PENALTIES; OR

24 (II) PAY TO THE STATE, IN ACCORDANCE WITH § 4-202 OF THIS
25 ARTICLE, ANY UNPAID STATE PROPERTY TAXES, INTEREST, AND PENALTIES.

26 (D) ~~THE COLLECTOR~~ COUNTY OR MUNICIPAL CORPORATION SHALL FILE
27 THE COMPLAINT FOR AN IN REM FORECLOSURE IN THE CIRCUIT COURT OF THE
28 COUNTY:

29 ~~(1) WHERE THE REAL PROPERTY IS LOCATED; AND~~

30 ~~(2) THAT THE COLLECTOR REPRESENTS.~~

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

1 **(1) THE IDENTITY OF THE COUNTY OR MUNICIPAL CORPORATION ON**
2 **BEHALF OF WHICH ~~THE COLLECTOR IS FILING~~ THE COMPLAINT IS FILED;**

3 **(2) THE NAME AND ADDRESS OF THE ~~COLLECTOR~~ COUNTY OR**
4 **MUNICIPAL CORPORATION;**

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

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

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

10 **(6) THE AMOUNT OF TAXES THAT ARE DELINQUENT AS OF THE DATE**
11 **OF FILING;**

12 **(7) THE NAMES AND LAST KNOWN ADDRESSES OF ALL INTERESTED**
13 **PARTIES IN THE REAL PROPERTY AND, IF APPLICABLE, A STATEMENT THAT THE**
14 **ADDRESS OF A PARTICULAR INTERESTED PARTY IN THE REAL PROPERTY IS**
15 **UNKNOWN;**

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

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

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

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

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

30 **14-876.**

1 (A) A CIRCUIT COURT MAY NOT SET A HEARING FOR AN IN REM
2 FORECLOSURE UNTIL 30 DAYS AFTER THE COMPLAINT FOR AN IN REM
3 FORECLOSURE IS FILED.

4 (B) AT THE HEARING, ANY INTERESTED PARTY SHALL HAVE THE RIGHT TO
5 BE HEARD AND TO CONTEST THE DELINQUENCY OF THE TAXES AND THE ADEQUACY
6 OF THE PROCEEDINGS.

7 (C) IF THE CIRCUIT COURT FINDS THAT THE INFORMATION SET FORTH IN
8 THE COMPLAINT IS ACCURATE, THE COURT SHALL:

9 (1) ENTER A JUDGMENT THAT:

10 ~~(I) THE TAXES ARE DELINQUENT;~~

11 ~~(H) (I) PROPER NOTICE HAS BEEN PROVIDED TO ALL~~
12 INTERESTED PARTIES; AND

13 ~~(H) (II) THE REAL PROPERTY IS A VACANT LOT OR IMPROVED~~
14 PROPERTY CITED AS VACANT AND UNFIT FOR HABITATION ON A HOUSING OR
15 BUILDING VIOLATION NOTICE; AND

16 (2) ORDER THAT:

17 ~~(I) THE REAL PROPERTY BE SOLD IN ACCORDANCE WITH THIS~~
18 PART;

19 ~~(II) THE SALE OF THE REAL PROPERTY IS FINAL AND BINDING~~
20 ~~60 DAYS AFTER THE SALE; AND~~

21 ~~(III) THE REAL PROPERTY IS TO BE SOLD FREE AND CLEAR OF~~
22 ~~ALL LIENS, CLAIMS, AND ENCUMBRANCES EXCEPT:~~

23 ~~1. RIGHTS OF REDEMPTION PROVIDED UNDER FEDERAL~~
24 ~~LAW;~~

25 ~~2. LIENS HELD BY THE STATE, UNLESS THE STATE FILES~~
26 ~~AN AFFIDAVIT OF LIEN RELEASE BEFORE ENTRY OF JUDGMENT;~~

27 ~~3. EASEMENTS AND RIGHTS OF WAY HELD BY A PERSON~~
28 ~~WHO IS NOT AN INTERESTED PARTY; AND~~

29 ~~4. BENEFITS OR BURDENS OF ANY REAL COVENANTS~~
30 ~~RECORDED AS OF THE DATE THE COMPLAINT IS FILED.~~

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

~~14-877.~~

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

~~(2) THE REDEMPTION AMOUNT SHALL CONSIST OF:~~

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

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

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

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

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

~~14-878. 14-877.~~

(A) (1) AFTER ENTRY OF JUDGMENT UNDER § 14-876 OF THIS SUBTITLE, THE ~~COLLECTOR~~ COUNTY OR MUNICIPAL CORPORATION SHALL SELL, IN ACCORDANCE WITH THE MARYLAND RULES, THE REAL PROPERTY AT PUBLIC AUCTION.

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

(B) THE MINIMUM BID FOR THE SALE OF THE REAL PROPERTY SHALL BE ~~THE REDEMPTION AMOUNT~~ DETERMINED BY THE COUNTY OR MUNICIPAL CORPORATION.

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

1 (2) THE PERSON MAKING THE HIGHEST BID SHALL PAY THE FULL BID
2 AMOUNT TO THE ~~COLLECTOR~~ COUNTY OR MUNICIPAL CORPORATION.

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

6 (D) (1) IF THE HIGHEST BID EXCEEDS THE MINIMUM BID AMOUNT, THE
7 ~~COLLECTOR~~ COUNTY OR MUNICIPAL CORPORATION SHALL DEPOSIT THE FUNDS IN
8 EXCESS OF THE MINIMUM BID IN AN ESCROW ACCOUNT.

9 (2) THE CIRCUIT COURT SHALL DISTRIBUTE THE FUNDS DEPOSITED
10 INTO ESCROW TO THE INTERESTED PARTIES IN THE ORDER OF PRIORITY OF THE
11 INTERESTS OF THE INTERESTED PARTIES ~~AFTER THE EXPIRATION OF THE~~
12 ~~REDEMPTION PERIOD UNDER § 14-879 OF THIS SUBTITLE.~~

13 (E) AFTER THE SALE, THE ~~COLLECTOR~~ COUNTY OR MUNICIPAL
14 CORPORATION SHALL FILE A NOTICE INFORMING THE CIRCUIT COURT OF THE SALE
15 AND STATING THE DATE OF THE SALE.

16 (F) THE SALE OF REAL PROPERTY UNDER THIS SECTION IS FINAL AND
17 BINDING ON THE MAKER OF THE HIGHEST BID, ~~SUBJECT ONLY TO THE RIGHT OF~~
18 ~~REDEMPTION UNDER § 14-879 OF THIS SUBTITLE.~~

19 ~~14-879.~~

20 (A) (1) ~~WITHIN 60 DAYS AFTER THE SALE OF REAL PROPERTY UNDER §~~
21 ~~14-878 OF THIS SUBTITLE, THE OWNER OF RECORD OF THE REAL PROPERTY MAY~~
22 ~~REDEEM THE PROPERTY UNDER THIS SECTION.~~

23 (2) ~~THE RIGHT OF REDEMPTION TERMINATES 60 DAYS AFTER THE~~
24 ~~DATE THAT THE REAL PROPERTY IS SOLD.~~

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

27 (4) ~~REDEMPTION BY THE OWNER SHALL VOID ANY SALE THAT HAS~~
28 ~~OCCURRED.~~

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

31 (B) ~~IF THE PROPERTY IS NOT REDEEMED, WITHIN 90 DAYS AFTER THE DATE~~
32 ~~OF SALE THE CIRCUIT COURT SHALL ENTER A FINAL ORDER FOR THE COLLECTOR~~

1 ~~TO EXECUTE A DEED TO THE PURCHASER IN FEE SIMPLE AND RECORD THE DEED IN~~
2 ~~THE COUNTY LAND RECORDS.~~

3 ~~14-880. 14-878.~~

4 (A) WITHIN 90 DAYS AFTER EACH SALE, THE ~~COLLECTOR~~ COUNTY OR
5 MUNICIPAL CORPORATION SHALL FILE A REPORT OF THE SALE WITH THE CIRCUIT
6 COURT.

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

9 (C) THE ~~COLLECTOR~~ COUNTY OR MUNICIPAL CORPORATION MAY
10 CONSOLIDATE MULTIPLE SALE REPORTS.

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

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.