

SENATE BILL 509

Q1, D3, L1

(9lr1413)

ENROLLED BILL

— Budget and Taxation / Ways and Means —

Introduced by **Senators Eckardt, Ferguson, Rosapepe, Serafini, ~~and Washington~~
Washington, and Salling**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

AN ACT concerning

Property Tax – In Rem Foreclosure and Sale ~~and Sale~~ – Vacant and Abandoned Property

FOR the purpose of requiring a tax collector to withhold from tax sale certain real property designated by a county or municipal corporation for *foreclosure and* sale under a certain process; authorizing a county or municipal corporation to initiate an in rem foreclosure and sale of certain real property for delinquent taxes; ~~requiring~~ authorizing a county or municipal corporation to enact certain laws authorizing in rem foreclosure and sale of certain real property; ~~requiring~~ authorizing the county or municipal corporation to commence an in rem foreclosure action; prohibiting the county or municipal corporation from commencing an in rem foreclosure action until tax on real property has been delinquent for a certain period and the right to appeal a certain notice has tolled; ~~requiring the county or municipal corporation to send certain notice to certain taxing agencies before filing a certain complaint; requiring~~

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.

Italics indicate opposite chamber / conference committee amendments.



~~a taxing agency receiving a certain notice to certify certain information to the county or municipal corporation within a certain period of time; requiring certain taxes to be included in the foreclosure action; requiring a county or municipal corporation to obtain a certain lien release or make a certain payment before filing a certain action; requiring the county or municipal corporation to file the foreclosure action in a certain circuit court and send notice and a copy of the complaint to each interested party within a certain period of time and in a certain manner; requiring the complaint for an in rem foreclosure to include certain information; allowing the complaint for an in rem foreclosure to be amended for certain purposes; providing that an interested party has a certain right to cure certain delinquent taxes and liens on the real property under certain circumstances; requiring a hearing on the in rem foreclosure complaint to be conducted at a certain time; providing that an interested party has the right to be heard at the hearing; requiring the court to enter a certain judgment on a certain finding; requiring the judgment to be recorded in certain land records; providing that title acquired in a certain foreclosure proceeding shall be a certain absolute or fee simple title except under certain circumstances; providing that a judgment in an action under this Act is binding and conclusive, regardless of legal disability, on certain persons; requiring the 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 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 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 requiring the county or municipal corporation to report certain information to the court; requiring the Court of Appeals to adopt certain rules; prohibiting a county or municipality from filing an in rem foreclosure action in accordance with this Act until the Court of Appeals have adopted certain rules; defining certain terms; and generally relating to in rem foreclosure and sale 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 2018 Supplement)

BY repealing and reenacting, with amendments,
 Article – Tax – Property
 Section 14–811(a)
 Annotated Code of Maryland
 (2012 Replacement Volume and 2018 Supplement)

BY adding to
 Article – Tax – Property

Section 14–811(e) and 14–873 through ~~14–878~~ 14–876 to be under the new part “Part V. Judicial In Rem Tax Foreclosure”
Annotated Code of Maryland
(2012 Replacement Volume and 2018 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.

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

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

14–811.

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

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

14–871. RESERVED.

14–872. RESERVED.

PART V. JUDICIAL IN REM TAX FORECLOSURE.

14–873.

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

(B) “INTERESTED PARTY” MEANS:

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

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

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

(4) A TAXING AGENCY THAT HAS THE AUTHORITY TO COLLECT TAX ON THE REAL PROPERTY; OR

~~(4)~~ (5) ANY PERSON HAVING AN INTEREST IN THE REAL PROPERTY WHOSE IDENTITY AND ADDRESS ARE:

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

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

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

14-874.

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

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

(A) REAL PROPERTY MAY BE SUBJECT TO FORECLOSURE AND SALE UNDER THIS PART ONLY IF:

(1) THE PROPERTY CONSISTS OF A VACANT LOT OR IMPROVED PROPERTY CITED AS VACANT AND UNSAFE OR UNFIT FOR HABITATION OR OTHER AUTHORIZED USE ON A HOUSING OR BUILDING VIOLATION NOTICE; AND

(2) THE TOTAL AMOUNT OF LIENS FOR UNPAID TAXES ON THE PROPERTY EXCEEDS THE LESSER OF THE TOTAL VALUE OF THE PROPERTY AS LAST DETERMINED BY THE DEPARTMENT OR AS DETERMINED BY AN APPRAISAL REPORT PREPARED NOT MORE THAN 6 MONTHS BEFORE THE FILING OF A COMPLAINT UNDER THIS SECTION BY A REAL ESTATE APPRAISER WHO IS LICENSED UNDER TITLE 16 OF THE BUSINESS OCCUPATIONS AND PROFESSIONS ARTICLE.

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

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

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

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

(III) AUTHORIZE THE COUNTY OR MUNICIPAL CORPORATION TO FILE A COMPLAINT FOR AN IN REM FORECLOSURE UNDER THIS PART; AND

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

~~(B)~~ (C) (1) SUBJECT TO SUBSECTION ~~(C)~~ (D) OF THIS SECTION, A COUNTY OR MUNICIPAL CORPORATION MAY AUTHORIZE, BY LAW, THE SALE OF REAL PROPERTY AFTER AN IN REM FORECLOSURE AND DESIGNATE REAL PROPERTY TO BE SOLD UNDER THIS PART.

(2) A LAW THAT AUTHORIZES A SALE OF REAL PROPERTY AFTER AN IN REM FORECLOSURE SHALL:

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

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

(III) INCLUDE ADMINISTRATIVE RULES AND PROCEDURES NECESSARY TO CARRY OUT A SALE UNDER THIS PART.

~~(C)~~ (D) ONLY REAL PROPERTY THAT CONSISTS OF A VACANT LOT OR IMPROVED PROPERTY CITED AS VACANT AND UNSAFE OR UNFIT FOR HABITATION OR OTHER AUTHORIZED USE ON A HOUSING OR BUILDING VIOLATION NOTICE MAY BE SOLD UNDER THIS PART.

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

(B) THE COUNTY OR MUNICIPAL CORPORATION MAY NOT FILE A COMPLAINT FOR AN IN REM FORECLOSURE ACTION UNLESS:

(1) THE TAX ON THE REAL PROPERTY HAS BEEN DELINQUENT FOR AT LEAST 6 MONTHS; AND

(2) THE RIGHT TO APPEAL THE NOTICE OF THE PROPERTY AS VACANT AND UNSAFE OR UNFIT HAS TOLLED.

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

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

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

~~(i) (1) BE INCLUDED IN THE FORECLOSURE ACTION; AND~~

~~(ii) (2) CEASE TO BE A LIEN AGAINST THE REAL PROPERTY IF A JUDGMENT IS ENTERED FORECLOSING THE EXISTING INTERESTS OF ALL INTERESTED PARTIES IN THE REAL PROPERTY.~~

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

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

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

(D) THE COUNTY OR MUNICIPAL CORPORATION SHALL:

(1) FILE THE COMPLAINT FOR AN IN REM FORECLOSURE IN THE CIRCUIT COURT OF THE COUNTY WHERE THE REAL PROPERTY IS LOCATED; AND

(2) WITHIN 5 DAYS AFTER FILING THE COMPLAINT, SEND NOTICE AND A COPY OF THE COMPLAINT TO EACH INTERESTED PARTY BY FIRST-CLASS MAIL AND CERTIFIED MAIL, POSTAGE PREPAID, RETURN RECEIPT REQUESTED, BEARING A POSTMARK FROM THE UNITED STATES POSTAL SERVICE.

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

(1) THE IDENTITY OF THE COUNTY OR MUNICIPAL CORPORATION ON BEHALF OF WHICH THE COMPLAINT IS FILED;

(2) THE NAME AND ADDRESS OF THE COUNTY OR MUNICIPAL CORPORATION;

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

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

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

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

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

(8) A STATEMENT THAT THE REAL PROPERTY IS A VACANT LOT OR IMPROVED PROPERTY CITED AS VACANT AND UNSAFE OR UNFIT FOR HABITATION OR OTHER AUTHORIZED USE ON A HOUSING OR BUILDING VIOLATION NOTICE;

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

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

(11) A REQUEST THAT THE CIRCUIT COURT ENTER A JUDGMENT THAT FORECLOSES THE EXISTING INTERESTS OF ALL INTERESTED PARTIES IN THE REAL PROPERTY AND ORDERS OWNERSHIP OF THE REAL PROPERTY TO BE ~~SOLD AT PUBLIC AUCTION~~ TRANSFERRED TO THE COUNTY OR MUNICIPAL CORPORATION.

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

(G) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN INTERESTED PARTY HAS THE RIGHT TO CURE THE DELINQUENT TAXES AND LIENS ON THE REAL PROPERTY BY PAYING ALL PAST DUE FEES, PAYMENTS, AND PENALTIES AT ANY TIME BEFORE THE ENTRY OF THE FORECLOSURE JUDGMENT.

(2) THE RIGHT TO CURE THE DELINQUENT TAXES AND LIENS ON THE REAL PROPERTY EXTINGUISHES ONCE THE FORECLOSURE JUDGMENT IS ENTERED.

14-876.

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

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

(C) IF THE CIRCUIT COURT FINDS THAT THE COUNTY OR MUNICIPAL CORPORATION SENT NOTICE AND A COPY OF THE COMPLAINT TO EACH INTERESTED PARTY IN ACCORDANCE WITH § 14-875(D) OF THIS SUBTITLE AND THAT THE INFORMATION SET FORTH IN THE COMPLAINT IS ACCURATE, THE COURT SHALL:

(1) ENTER A JUDGMENT THAT:

(I) PROPER NOTICE HAS BEEN PROVIDED TO ALL INTERESTED PARTIES; AND

(II) THE REAL PROPERTY IS A VACANT LOT OR AN IMPROVED PROPERTY CITED AS VACANT AND UNSAFE OR UNFIT FOR HABITATION OR OTHER AUTHORIZED USE ON A HOUSING OR BUILDING VIOLATION NOTICE; AND

(2) ORDER THAT OWNERSHIP OF THE REAL PROPERTY BE ~~SOLD IN ACCORDANCE WITH THIS PART~~ TRANSFERRED TO THE COUNTY OR MUNICIPAL CORPORATION ON BEHALF OF WHICH THE COMPLAINT WAS FILED.

~~(D) (1) THE ENTRY OF A JUDGMENT UNDER SUBSECTION (C) OF THIS SECTION SHALL BE RECORDED IN THE LAND RECORDS OF THE COUNTY OR BALTIMORE CITY. THE COUNTY OR MUNICIPAL CORPORATION SHALL RECORD A JUDGMENT UNDER SUBSECTION (C) OF THIS SECTION IN THE LAND RECORDS OF THE COUNTY.~~

~~(2) THE TITLE ACQUIRED IN AN IN REM FORECLOSURE PROCEEDING SHALL BE AN ABSOLUTE OR FEE SIMPLE TITLE INCLUDING THE RIGHT, TITLE, AND INTEREST OF EACH OF THE DEFENDANTS IN THE PROCEEDING WHOSE PROPERTY HAS BEEN FORECLOSED UNLESS A DIFFERENT TITLE IS SPECIFIED IN THE JUDGMENT ENTERED.~~

~~(3) A JUDGMENT IN AN ACTION UNDER THIS PART IS BINDING AND CONCLUSIVE, REGARDLESS OF LEGAL DISABILITY, ON:~~

~~(I) ALL PERSONS, KNOWN AND UNKNOWN, WHO WERE PARTIES TO THE ACTION AND WHO HAD A CLAIM TO THE PROPERTY, WHETHER PRESENT OR FUTURE, VESTED OR CONTINGENT, LEGAL OR EQUITABLE, OR SEVERAL OR UNDIVIDED; AND~~

~~(II) ALL PERSONS WHO WERE NOT PARTIES TO THE ACTION AND HAD A CLAIM TO THE PROPERTY THAT WAS NOT RECORDED AT THE TIME THAT THE ACTION WAS COMMENCED.~~

~~14-877.~~

~~(A) (1) AFTER ENTRY OF JUDGMENT UNDER § 14-876 OF THIS SUBTITLE, THE 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 BASED ON THE FAIR MARKET VALUE OF THE REAL PROPERTY, AS DETERMINED BY THE COUNTY OR MUNICIPAL CORPORATION.~~

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

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

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

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

~~(2) THE CIRCUIT COURT SHALL DISTRIBUTE THE FUNDS DEPOSITED INTO ESCROW TO THE INTERESTED PARTIES IN THE ORDER OF PRIORITY OF THE INTERESTS OF THE INTERESTED PARTIES.~~

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

~~(F) THE SALE OF REAL PROPERTY UNDER THIS SECTION IS FINAL AND BINDING ON THE MAKER OF THE HIGHEST BID.~~

~~14-878.~~

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

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

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

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

~~SECTION 3. AND BE IT FURTHER ENACTED, That a county or municipality may not file a complaint for an in rem foreclosure action in accordance with this Act until the rules adopted by the Court of Appeals under Section 2 of this Act are effective.~~

~~SECTION 4. 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2019.~~