

# SENATE BILL 325

Q2, Q1

1lr0066

(PRE-FILED)

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By: **Chair, Budget and Taxation Committee (By Request – Departmental – Assessments and Taxation)**

Requested: September 23, 2020

Introduced and read first time: January 13, 2021

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Tax Sales – Redemption – Nondelinquent Taxes**

3 FOR the purpose of altering the amount which a person is required to pay the tax collector  
4 to redeem property sold at tax sale by limiting the requirement to pay certain taxes  
5 accruing after the sale to include only delinquent taxes; requiring that certain  
6 notices include certain information; making conforming changes; and generally  
7 relating to tax sale redemption.

8 BY repealing and reenacting, with amendments,  
9 Article – Tax – Property  
10 Section 14–828 and 14–833  
11 Annotated Code of Maryland  
12 (2019 Replacement Volume and 2020 Supplement)

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

15 **Article – Tax Property**

16 14–828.

17 (a) **(1)** If the property is redeemed, the person redeeming shall pay the  
18 collector:

19 **[(1)] (I)** the total lien amount paid at the tax sale for the property  
20 together with interest;

21 **[(2)] (II)** any taxes, interest, and penalties paid by any holder of the

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 certificate of sale;

2            **[(3)] (III)** [except for owner-occupied residential property in Baltimore  
3 City,] **EXCEPT AS PROVIDED UNDER PARAGRAPH (2) OF THIS SUBSECTION**, any  
4 **DELINQUENT** taxes, interest, and penalties accruing after the date of the tax sale;

5            **[(4)] (IV)** in the manner and by the terms required by the collector, any  
6 expenses or fees for which the plaintiff or the holder of a certificate of sale is entitled to  
7 reimbursement under § 14-843 of this subtitle; and

8            **[(5)] (V)** for vacant and abandoned property sold under § 14-817 of this  
9 subtitle for a sum less than the amount due, the difference between the price paid and the  
10 unpaid taxes, interest, penalties, and expenses.

11            **(2) FOR OWNER-OCCUPIED RESIDENTIAL PROPERTY IN BALTIMORE**  
12 **CITY, ANY TAXES, INTEREST, AND PENALTIES ACCRUING AFTER THE DATE OF THE**  
13 **TAX SALE MAY NOT BE INCLUDED IN THE REDEMPTION PAYMENT REQUIRED UNDER**  
14 **PARAGRAPH (1) OF THIS SUBSECTION.**

15            (b) The rate of interest on redemption under subsection (a) of this section shall be  
16 set under § 14-820 of this subtitle computed from the date of the tax sale to the date of the  
17 redemption payment.

18            (c) On receipt of the proper amount, the collector shall notify the holder of the  
19 certificate of sale that the property has been redeemed and that on surrender of the  
20 certificate of sale all redemption money excluding taxes received by the collector will be  
21 paid to the holder. For the purposes of this section, the collector is authorized to conclusively  
22 presume that the original purchaser at the tax sale is the holder of the certificate of sale,  
23 unless the collector receives a written notice of an assignment of the certificate of sale that  
24 gives the collector the name and address of the assignee. Upon request, the collector shall  
25 execute and deliver to the person redeeming the property a certificate of redemption which  
26 may be recorded among the land records of the county in which the land is located, and  
27 when recorded shall have the same effect as a release of a mortgage.

28 14-833.

29            (a) (1) Except as provided in paragraph (2) of this subsection and subsections  
30 (a-1), (e), (f), and (g) of this section, at any time after 6 months from the date of sale a holder  
31 of any certificate of sale may file a complaint to foreclose all rights of redemption of the  
32 property to which the certificate relates.

33            (2) Except as provided in subsections (a-1), (e), (f), and (g) of this section,  
34 at any time after 9 months from the date of sale of owner-occupied residential property  
35 located in Baltimore City, a holder of any certificate of sale may file a complaint to foreclose  
36 all rights of redemption of the property to which the certificate relates.

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

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

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

8 2. the current holder of a beneficial interest in a deed of trust  
9 recorded against the property.

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

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

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

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

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

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

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

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

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

31 3. any **DELINQUENT** taxes, interest, and penalties accruing  
32 after the date of the tax sale; and

33 4. the following expenses incurred by the holder of the

1 certificate of sale:

- 2 A. costs for recording the certificate of sale;
- 3 B. a title search fee, not to exceed \$250;
- 4 C. the postage and certified mailing costs actually incurred  
5 for the notices; and
- 6 D. reasonable attorney's fees, not to exceed \$500;

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

- 10 1. the total lien amount on the property at the time of sale,  
11 with interest;
- 12 2. any taxes, interest, and penalties paid by the holder of the  
13 certificate of sale;
- 14 3. any **DELINQUENT** taxes, interest, and penalties accruing  
15 after the date of the tax sale; and
- 16 4. attorney's fees and expenses to which the holder of the  
17 certificate of sale may be entitled under § 14–843(a)(4) and (5) of this subtitle;

18 (vii) the provisions of § 14–843(a) of this subtitle, reproduced as they  
19 appear in the Code;

20 (viii) a statement that, in Baltimore City only, the holder of the  
21 certificate of sale is entitled to taxes, interest, and penalties paid in accordance with §  
22 4–843(c) of this subtitle and interest at the rate of redemption under § 14–820 of this  
23 subtitle from the date of payment to the date of redemption; and

24 (ix) the name, address, and telephone number of:

- 25 1. the holder of the certificate of sale, or the holder's agent or  
26 attorney; and
- 27 2. the collector who made the sale.

28 (4) (i) 1. Except as provided in subparagraph 2 of this  
29 subparagraph, the first of the two notices required under this subsection may not be sent  
30 until 4 months after the date of sale.

31 2. In Baltimore City, for owner-occupied residential

1 property, the first of the two notices required under this subsection may not be sent until 7  
2 months after the date of sale.

3 (ii) The second of the two notices required under this section shall be  
4 sent:

5 1. to the persons listed in paragraph (1) of this subsection;  
6 and

7 2. no earlier than 1 week after the first notice required under  
8 this subsection is sent.

9 (5) (i) If a certificate of sale is assigned after the first notice required  
10 under this subsection is sent and before an action to foreclose the right of redemption is  
11 filed, the assignee:

12 1. at any time after the assignment, shall send one additional  
13 notice under this subsection reflecting the new holder of the certificate; and

14 2. may not file a complaint to foreclose the right of  
15 redemption until at least 2 months after the additional notice has been sent.

16 (ii) 1. In Baltimore City, for owner-occupied residential  
17 property, prior to the filing of a complaint to foreclose the right of redemption, an owner of  
18 property sold under this subtitle may send a request for the current payoff amount to  
19 redeem the property.

20 2. A request made under subsubparagraph 1 of this  
21 subparagraph shall be sent to the holder of the certificate of sale by first-class certified  
22 mail, postage prepaid, return receipt requested, bearing a postmark from the United States  
23 Postal Service.

24 3. Within 10 days of delivery of a notice sent under  
25 subsubparagraph 1 of this subparagraph, the holder of a certificate of sale shall send the  
26 owner of the property, by first-class certified mail, postage prepaid, return receipt  
27 requested, bearing a postmark from the United States Postal Service, the current payoff  
28 amount to redeem the property, as of the date the request was made.

29 4. Except as provided in subsubparagraph 6 of this  
30 subparagraph, a holder of a certificate of sale who receives a request for a current payoff  
31 amount to redeem property under this subparagraph may not file a complaint to foreclose  
32 the right of redemption until the later of:

33 A. 20 days after the request under subsubparagraph 1 of this  
34 subparagraph is received by the holder of the certificate of sale;

35 B. 10 days after the holder of the certificate of sale sends the

1 owner of the property the current payoff amount to redeem the property; or

2 C. the date on which a holder of the certificate of sale may file  
3 a complaint to foreclose the right of redemption under paragraphs (1) and (4) of this  
4 subsection.

5 5. The payoff amount to redeem the property provided by the  
6 holder of the certificate of sale in accordance with subsubparagraph 3 of this subparagraph  
7 shall be deemed valid for a period of 30 days from the date the holder of the certificate of  
8 sale sends the owner of the property the payoff amount.

9 6. If the owner of property sends more than 2 requests under  
10 subsubparagraph 1 of this subparagraph, the restrictions on filing a complaint to foreclose  
11 the right of redemption may not apply to a third or subsequent request.

12 (6) (i) The first of the two notices required under this subsection shall  
13 be sent:

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

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

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

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

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

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

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

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

30 (iii) with respect to the address of the resident agent and the  
31 principal office of the current mortgagee of record, the Department of Assessments and  
32 Taxation.

33 (8) In a proceeding to foreclose the right of redemption, if the holder of a

1 certificate of sale, the holder's agent, or the attorney of the holder of a certificate of sale,  
2 files an affidavit, before the court enters a final judgment foreclosing the right of  
3 redemption, attesting to the fact that the affiant has complied with the notice provisions of  
4 this subsection and provides evidence that the second of the two notices required under this  
5 subsection was sent by certified mail as required under paragraph (6)(ii) of this subsection,  
6 then:

7 (i) the notice provisions of this subsection shall be deemed satisfied;  
8 and

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

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

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

16 (2) A certificate for abandoned property sold under § 14-817(c) of this  
17 subtitle with a minimum bid less than the lien amount reverts to the county or municipal  
18 corporation and is void as to the private purchaser at tax sale unless:

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

21 (ii) unless the holder is granted an extension by the court due to a  
22 showing of extraordinary circumstances beyond the certificate holder's control, the holder  
23 secures a decree from the circuit court in which the foreclosure proceeding was filed within  
24 18 months from the date of the filing of the foreclosure proceeding.

25 (3) In Prince George's County, a certificate for property sold at a limited  
26 auction is void if the purchaser was not an eligible participant under § 14-817(d)(3) of this  
27 subtitle.

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

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

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

35 (ii) 1. resell the certificate; and

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

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

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

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

13           (f)     The holder of a certificate of sale for abandoned property sold under § 4–817(c)  
14 of this subtitle with a minimum bid less than the lien amount may file a complaint to  
15 foreclose all rights of redemption in the property at any time after the date of sale.

16           (g)     When the governing body of a county or municipal corporation becomes the  
17 holder of a certificate of sale purchased in accordance with § 14–824 of this subtitle, the  
18 governing body of the county or municipal corporation may file a complaint, at any time  
19 after the date of sale, to foreclose all rights of redemption in abandoned property consisting  
20 of:

21                   (1)     a vacant lot; or

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

24           (h)     The holder of a certificate of sale for abandoned property consisting of either  
25 a vacant lot or improved property cited as vacant and unfit for habitation on a housing or  
26 building violation notice in Prince George’s County that is sold under § 14–817(d) of this  
27 subtitle may file a complaint to foreclose all rights of redemption in the property at any  
28 time after the date of sale.

29           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
30 1, 2021.