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By: **Senator Bromwell**

Introduced and read first time: February 6, 1998

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax - Tax Sales**

3 FOR the purpose of requiring that a purchaser of property at a tax sale pay the entire  
4 purchase price bid at the tax sale; authorizing a collector to hold any money held  
5 as a result of a tax sale in an interest-bearing account in a commercial bank  
6 with interest paid to the general fund of the county or Baltimore City; requiring  
7 a certificate of sale to be delivered within a certain period after the date of the  
8 sale; authorizing a purchaser at a tax sale to make a certain assignment in a  
9 certain manner under certain circumstances; requiring the collector to execute  
10 and deliver a certificate of sale to an assignee under certain circumstances;  
11 altering the time period during which certain persons may be reimbursed for  
12 certain expenses in certain counties; authorizing reimbursement for a certain  
13 fee in certain counties; altering conditions under which the collector is required  
14 to repay certain amounts to the holder of a certificate of sale; granting a person  
15 who acquires a deed under certain provisions of law relating to tax sales to  
16 immediate possession of the property without any further court proceedings;  
17 and generally relating to tax sales.

18 BY repealing and reenacting, with amendments,  
19 Article - Tax - Property  
20 Section 14-818, 14-820(a), 14-821, 14-828, 14-839(a), 14-843(b), 14-844(a)  
21 and (d), 14-847(a)(1) and (d), 14-848, and 14-850  
22 Annotated Code of Maryland  
23 (1994 Replacement Volume and 1997 Supplement)

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

26 **Article - Tax - Property**

27 14-818.

28 (a) (1) (i) The payment of the purchase price shall be on the terms  
29 required by the collector. Except as provided in subparagraph (ii) of this paragraph  
30 and § 14-826 of this subtitle, the collector shall require the purchaser to pay, not later

1 than the day after the sale, the full amount of taxes due on the property sold, whether  
2 the taxes are in arrears or not, together with interest and penalties on the taxes and  
3 expenses incurred in making the sale. [The residue of the purchase price remains on  
4 credit] THE PURCHASER SHALL ALSO PAY ANY SURPLUS BID OVER THE DELINQUENT  
5 TAX AMOUNT PAID.

6 (ii) In Washington County, the collector shall require the purchaser  
7 to pay on the day of the sale the full amount of taxes due on the property sold,  
8 whether the taxes are in arrears or not, together with interest and penalties on the  
9 taxes, and expenses incurred in making the sale. THE PURCHASER SHALL ALSO PAY  
10 THE SURPLUS BID OVER THE DELINQUENT TAX AMOUNT PAID.

11 (2) After the final decree has been passed foreclosing the right of  
12 redemption in any property, the collector may not execute or deliver a deed to any  
13 purchaser other than the governing body of a county until [the balance of the  
14 purchase price has been paid in full, together with] all taxes and interest and  
15 penalties on the taxes accruing after the date of sale HAVE BEEN PAID IN FULL.

16 (3) On receiving [the balance and after] accrued taxes and interest and  
17 penalties on the taxes, the collector shall execute and deliver a proper deed to the  
18 purchaser.

19 (4) Any balance over the amount required for the payment of taxes,  
20 interest, penalties, and costs of sale shall be paid by the collector to:

21 (i) the person entitled to the balance; or

22 (ii) when there is a dispute regarding payment of the balance, a  
23 court of competent jurisdiction pending a court order to determine the proper  
24 distribution of the balance.

25 (b) (1) [In Washington County, any] ANY money held by the collector under  
26 subsection (a) may be deposited in an interest-bearing account in a commercial bank.

27 (2) Any interest accrued is paid to the general fund of [Washington  
28 County] THE COUNTY OR BALTIMORE CITY.

29 (3) IF THE PROPERTY IS REDEEMED AND THE HOLDER OF THE  
30 CERTIFICATE SURRENDERS THE CERTIFICATE OF SALE, THE COLLECTOR SHALL PAY  
31 TO THE HOLDER TO THE CERTIFICATE ALL REDEMPTION MONEY INCLUDING THE  
32 SURPLUS BID AMOUNT PAID, EXCLUDING THE TAXES RECEIVED BY THE COLLECTOR  
33 OR ANY INTEREST ON THE SURPLUS BID AMOUNT PAID.

34 14-820.

35 (a) [The] WITHIN 30 DAYS AFTER THE DATE OF THE SALE, THE collector shall  
36 deliver to the purchaser a certificate of sale under the collector's hand and seal, or by  
37 the collector's authorized facsimile signature, acknowledged by the collector as a  
38 conveyance of land, which certificate shall set forth:

1 (1) that the property described in it was sold by the collector to the  
2 purchaser;

3 (2) the date of the sale;

4 (3) the amount for which the property was sold;

5 (4) the total amount of taxes due on the property at the time of sale  
6 together with interest, penalties and expenses incurred in making the sale;

7 (5) a description of the property in substantially the same form as the  
8 description appearing on the collector's tax roll. If the property is unimproved or has  
9 no street number, and the collector has procured a description of the property from  
10 the county or municipal corporation surveyor, this description shall be included in the  
11 certificate of sale. In Garrett County a copy of the description as required by §  
12 14-813(f) of this subtitle, as that section relates specifically to Garrett County, shall  
13 be included in the certificate of sale;

14 (6) a statement that the rate of redemption is 6% a year, except as  
15 provided in subsection (b) of this section;

16 (7) the time when an action to foreclose the right of redemption may be  
17 instituted; and

18 (8) that the certificate will be void unless foreclosure proceedings are  
19 brought within 2 years from the date of the certificate or in Baltimore City, with  
20 respect to any property which was cited as vacant and abandoned on a housing or  
21 building violation notice outstanding on the date of tax sale, within 1 year from the  
22 date of the certificate.

23 14-821.

24 (A) Any certificate of sale executed and delivered by the collector to the  
25 purchaser is assignable and an assignment of the certificate of sale vests in the  
26 assignee, or the legal representative of the assignee, all the right, title, and interest of  
27 the original purchaser. The assignment of certificate of sale may be made in  
28 accordance with the provisions of law relating to the short assignment of mortgages.

29 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, ANY TIME AFTER  
30 THE PURCHASE PRICE HAS BEEN PAID TO THE COLLECTOR BUT BEFORE THE  
31 EXECUTION AND DELIVERY OF ANY CERTIFICATE OF SALE TO THE PURCHASER, THE  
32 PURCHASER MAY ASSIGN ALL THE RIGHT, TITLE, AND INTEREST IN THE  
33 CERTIFICATE BY A WRITTEN ASSIGNMENT MADE IN ACCORDANCE WITH THE  
34 PROVISIONS OF LAW RELATING TO THE SHORT ASSIGNMENT OF MORTGAGES.

35 (2) AN ASSIGNMENT MAY NOT BE MADE UNDER THIS SUBSECTION  
36 UNLESS WRITTEN NOTICE IS DELIVERED TO THE COLLECTOR BY FIRST-CLASS MAIL.

1 (3) ON NOTIFICATION OF AN ASSIGNMENT UNDER PARAGRAPH (2) OF  
2 THIS SUBSECTION, THE COLLECTOR SHALL EXECUTE AND DELIVER A CERTIFICATE  
3 OF SALE TO THE ASSIGNEE.

4 14-828.

5 (a) If the property is redeemed, the person redeeming shall pay the collector:

6 (1) the [total price paid at the tax sale for the property together with  
7 interest] DELINQUENT TAX AMOUNT PAID, TOGETHER WITH INTEREST ON THIS  
8 AMOUNT, BUT WITH NO INTEREST ON THE SURPLUS BID AMOUNT PAID;

9 (2) any taxes, interest, and penalties paid by any holder of the certificate  
10 of sale;

11 (3) any taxes, interest, and penalties accruing after the date of the tax  
12 sale;

13 (4) unless the party redeeming furnishes the collector a release or  
14 acknowledgment executed by the plaintiff or holder of the certificate of sale that all  
15 actual expenses or fees under § 14-843 of this subtitle have been paid to the plaintiff  
16 or holder of the certificate of sale, any expenses or fees for which the plaintiff or the  
17 holder of a certificate of sale is entitled to reimbursement under § 14-843 of this  
18 subtitle; and

19 (5) for vacant and abandoned property sold under § 14-817 of this  
20 subtitle for a sum less than the amount due, the difference between the price paid and  
21 the unpaid taxes, interest, penalties, and expenses.

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

25 (c) On receipt of the proper amount, the collector shall notify the holder of the  
26 certificate of sale that the property has been redeemed and that on surrender of the  
27 certificate of sale all redemption money, INCLUDING THE SURPLUS BID AMOUNT  
28 PAID, BUT excluding taxes received by the [collector] COLLECTOR, will be paid to the  
29 holder. For the purposes of this section, the collector is authorized to conclusively  
30 presume that the original purchaser at the tax sale is the holder of the certificate of  
31 sale, unless the collector receives a written notice of an assignment of the certificate  
32 of sale that gives the collector the name and address of the assignee. Upon request,  
33 the collector shall execute and deliver to the person redeeming the property a  
34 certificate of redemption which may be recorded among the land records of the county  
35 in which the land is located, and when recorded shall have the same effect as a  
36 release of a mortgage.

1 14-839.

2 (a) (1) The plaintiff shall show in the title of the complaint the last address  
3 known to the plaintiff or to the attorney filing the complaint of each defendant, as  
4 obtained from:

5 (i) any records examined as part of the title examination;

6 (ii) the tax rolls of the collector who made the sale, as to the  
7 property described in the complaint; and

8 (iii) any other address that is known to the plaintiff or the attorney  
9 filing the complaint.

10 (2) Paragraph (1) of this subsection does not require the plaintiff or the  
11 attorney for the plaintiff to make any investigations or to search any other records or  
12 sources of information other than those stated.

13 (3) On the filing of the complaint, the court shall issue a summons to  
14 procure the answer and appearance of all the defendants as in other civil actions.

15 (4) This paragraph does not apply if a last known address for a  
16 defendant is not obtained as provided under paragraphs (1) and (2) of this subsection.  
17 The plaintiff shall cause a copy of the order of publication to be mailed by first class  
18 mail or certified mail, postage prepaid, to each defendant at the defendant's address  
19 as determined by the provisions of paragraphs (1) and (2) of this subsection. As to any  
20 defendant not served by summons or as provided by paragraph (5) of this subsection,  
21 the plaintiff shall file an affidavit in the proceedings, which affidavit:

22 (i) shall certify that this provision has been complied with; and

23 (ii) shall be accompanied by:

24 1. the receipt obtained from the post office for the mailing; or

25 2. the certified mail receipt.

26 (5) Notice to a defendant may be made in any other manner that results  
27 in actual notice of the pendency of the action to the defendant. When notice is made  
28 under this paragraph it shall be certified to by an affidavit that fairly describes the  
29 method and time of service.

30 (6) A final judgment may not be entered before the last of:

31 (i) where actual service is made on the defendant, the passage of  
32 the time specified in the summons issued by the court;

33 (ii) the actual time specified in the order of publication; or

34 (iii) 33 days after the date of mailing the copy of the order of  
35 publication under paragraph (4) of this subsection.

1 (7) (I) AT ANY TIME BEFORE A FINAL JUDGMENT IS ENTERED, THE  
2 PLAINTIFF MAY DISMISS THE ACTION TO FORECLOSE THE RIGHT OF REDEMPTION,  
3 WITH PREJUDICE.

4 (II) A FINAL JUDGMENT MAY NOT BE ENTERED UNLESS A MOTION  
5 FOR A FINAL JUDGMENT IS FILED BY THE PLAINTIFF.

6 14-843.

7 (b) (1) Except as provided in paragraph (2) of this subsection, in Anne  
8 Arundel County, Baltimore City, Baltimore County, Calvert County, Caroline County,  
9 Cecil County, Charles County, Dorchester County, Frederick County, Harford County,  
10 Howard County, Kent County, Prince George's County, Queen Anne's County, St.  
11 Mary's County, Washington County, Wicomico County, and Worcester County, the  
12 plaintiff or holder of a certificate of sale IS ENTITLED TO BE REIMBURSED FOR A \$100  
13 ADMINISTRATIVE FEE BUT is not entitled to be reimbursed for ANY OTHER expenses  
14 incurred within [4 ] 2 months after the date of sale.

15 (2) This subsection does not apply to property for which the holder may  
16 file a complaint any time after 60 days from the date of sale, pursuant to § 14-833(e)  
17 of the Tax - Property Article.

18 14-844.

19 (a) After the time limit set in the order of publication and in the summons  
20 expires, the court, ON A MOTION FILED BY THE PLAINTIFF, shall enter judgment  
21 foreclosing the right of redemption. An interlocutory order is not necessary. The  
22 judgment is final and conclusive on the defendants, their heirs, devisees, and  
23 personal representatives and they or any of their heirs, devisees, executors,  
24 administrators, assigns, or successors in right, title, or interest, and all defendants  
25 are bound by the judgment as if they had been named in the proceedings and  
26 personally served with process.

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

33 14-847.

34 (a) (1) Except as provided in paragraph (2) of this subsection, the judgment  
35 of the court shall direct the collector to execute a deed to the holder of the certificate  
36 of sale in fee simple or in leasehold, as appropriate, on payment to the collector of [the  
37 balance of the purchase price, due on account of the purchase price of the property,  
38 together with] all taxes and interest and penalties on the property that accrue after  
39 the date of sale. The judgment shall direct the supervisor to enroll the holder of the  
40 certificate of sale in fee simple or in leasehold, as appropriate, as the owner of the  
41 property.

1 (d) If the holder of the certificate of sale does not comply with the terms of the  
2 final judgment of the court within 90 days as to payments to the collector of [the  
3 balance of the purchase price due on account of the purchase price of the property and  
4 of] all taxes, interest, and penalties that accrue after the date of sale, that judgment  
5 may be stricken by the court on the motion of an interested party for good cause  
6 shown.

7 14-848.

8 If the judgment of the court declares the sale void and sets it aside, OR IF THE  
9 SALE IS MADE IMPROPERLY AND THUS IS VOIDED AND SET ASIDE, the collector shall  
10 repay the holder of the certificate of sale the amount paid to the collector on account  
11 of the purchase price of the property sold, with interest at the rate provided in the  
12 certificate of tax sale, together with all taxes, INTEREST, AND PENALTIES that accrue  
13 after the date of sale, which were paid by the holder of the certificate of sale or the  
14 predecessor of the holder of the certificate of sale, and all expenses properly incurred  
15 in accordance with this subtitle. If the collector paid the claims of any other taxing  
16 agency, the collector is entitled to a refund of the claim from the taxing agency with  
17 interest. The collector shall proceed to a new sale of the property under this subtitle  
18 and shall include in the new sale all taxes that were included in the void sale, and all  
19 unpaid taxes that accrued after the date of sale declared void.

20 14-850.

21 Any person who acquires a deed to property under this subtitle is entitled to  
22 [issuance of a writ for possession of the property under the Maryland Rules as if the  
23 person had obtained a judgment awarding possession of the property] IMMEDIATE  
24 POSSESSION OF THE PROPERTY WITHOUT ANY FURTHER COURT PROCEEDINGS.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
26 June 1, 1998.