

SENATE BILL 719

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2000 Regular Session
0lr2275
CF 0lr2274

By: **Senator McFadden (Baltimore City Administration)**

Introduced and read first time: February 4, 2000

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Baltimore City - Tax Sales - Abandoned Property**

3 FOR the purpose of altering the applicability of certain provisions authorizing certain
4 abandoned property in Baltimore City to be sold for a sum less than a certain
5 amount otherwise due for tax sales; requiring the collector to establish a
6 minimum bid for the sale of abandoned property; providing that certain unpaid
7 balances for certain abandoned property sold at a tax sale are no longer liens on
8 real property under certain circumstances; clarifying the authority of Baltimore
9 City to institute certain legal proceedings relating to certain abandoned
10 property sold at a tax sale; requiring a collector to require the payment by a
11 certain date of the bid amount and expenses for certain tax sales of certain
12 abandoned property in Baltimore City; authorizing Baltimore City to purchase
13 certain abandoned property for which there is no private purchaser under
14 certain circumstances; providing that a tax sale certificate for certain
15 abandoned property reverts to the City and is void as to a private purchaser
16 unless a foreclosure proceeding is filed within a certain time and a foreclosure
17 decree is secured within a certain time; specifying certain authority of Baltimore
18 City if a tax sale certificate for certain abandoned property reverts to the City
19 under certain circumstances; altering the circumstances under which the final
20 order in a foreclosure proceeding brought by the City for certain abandoned
21 property shall include a certain judgment against the person liable for taxes
22 prior to the sale; repealing a provision prohibiting certain judgments for unpaid
23 taxes on certain abandoned property in Baltimore City from being executed
24 against the primary residence of the judgment debtor; providing that if a
25 judgment foreclosing all rights of redemption is set aside, the amount required
26 to redeem the property includes certain costs incurred with respect to
27 development of property; limiting the recovery of a petitioner who files to reopen
28 a judgment or recover damages on certain grounds with respect to abandoned
29 property in Baltimore City to the value of the property at the time of sale;
30 providing that certain final judgments of foreclosure for certain abandoned
31 property in Baltimore City are void under certain circumstances; and generally
32 relating to tax sales of certain abandoned property in Baltimore City.

33 BY repealing and reenacting, with amendments,

34 Article - Tax - Property

1 Section 14-817(c), 14-818(a), 14-820, 14-824, 14-833(c) and (d), 14-835(a),
2 14-843(b), 14-844(e), 14-845, and 14-847(d)
3 Annotated Code of Maryland
4 (1994 Replacement Volume and 1999 Supplement)

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

7 **Article - Tax - Property**

8 14-817.

9 (c) (1) In Baltimore City, ABANDONED PROPERTY CONSISTING OF EITHER A
10 VACANT LOT OR IMPROVED property cited as vacant and [abandoned] UNFIT FOR
11 HABITATION on a housing or building violation notice may be sold for a sum less than
12 the total amount of:

13 (i) all taxes on the property that are certified to the collector under
14 § 14-810 of this subtitle;

15 (ii) interest and penalties on the taxes; and

16 (iii) expenses incurred in making the sale.

17 (2) THE COLLECTOR SHALL ESTABLISH A MINIMUM BID FOR
18 ABANDONED PROPERTY SOLD UNDER THIS SUBSECTION.

19 [(2)] (3) The person responsible for the taxes prior to the sale shall
20 remain liable to the collector for the difference between the amount received in the
21 tax sale under this section and the taxes, interest, penalties, and expenses remaining
22 after the sale.

23 [(3)] (4) The balance remaining after the tax sale shall be included in
24 the amount necessary to redeem the property under § 14-828 of this subtitle.

25 [(4)] (5) In a proceeding to foreclose the right of redemption under this
26 subtitle, the complaint shall request a judgment for the city in the amount of the
27 balance [otherwise due under this section].

28 (6) THE BALANCE REMAINING AFTER THE TAX SALE IS NO LONGER A
29 LIEN ON THE PROPERTY WHEN:

30 (I) A JUDGMENT IS ENTERED FORECLOSING THE OWNER'S RIGHT
31 OF REDEMPTION;

32 (II) THE DEED IS RECORDED; AND

33 (III) ALL LIENS ACCRUING SUBSEQUENT TO THE DATE OF SALE ARE
34 PAID IN FULL.

1 (7) THE MAYOR AND CITY COUNCIL MAY INSTITUTE A SEPARATE
2 ACTION TO COLLECT THE BALANCE AT ANY TIME WITHIN 7 YEARS AFTER THE TAX
3 SALE IF THE PLAINTIFF IS A PRIVATE PURCHASER.

4 14-818.

5 (a) (1) (i) The payment of the purchase price and the high-bid premium,
6 if any, shall be on the terms required by the collector. Except as provided in
7 [subparagraph (ii)] SUBPARAGRAPHS (II) AND (III) of this paragraph and § 14-826 of
8 this subtitle, the collector shall require the purchaser to pay, not later than the day
9 after the sale, the full amount of taxes due on the property sold, whether the taxes are
10 in arrears or not, together with interest and penalties on the taxes, expenses incurred
11 in making the sale, and the high-bid premium, if any. The residue of the purchase
12 price remains on credit.

13 (ii) In Washington County, the collector shall require the purchaser
14 to pay on the day of the sale the full amount of taxes due on the property sold,
15 whether the taxes are in arrears or not, together with interest and penalties on the
16 taxes, and expenses incurred in making the sale.

17 (III) IN BALTIMORE CITY, WHEN ABANDONED PROPERTY IS SOLD
18 FOR LESS THAN THE FULL AMOUNT OF TAXES DUE ON THE PROPERTY, THE
19 COLLECTOR SHALL REQUIRE THE PURCHASER TO PAY, NOT LATER THAN THE DAY
20 AFTER THE SALE:

- 21 1. THE FULL AMOUNT BID; AND
22 2. THE EXPENSES INCURRED IN MAKING THE SALE.

23 (2) After the final decree has been passed foreclosing the right of
24 redemption in any property, the collector may not execute or deliver a deed to any
25 purchaser other than the governing body of a county until the balance of the purchase
26 price has been paid in full, together with all taxes and interest and penalties on the
27 taxes accruing after the date of sale.

28 (3) On receiving the balance and after accrued taxes and interest and
29 penalties on the taxes, the collector shall execute and deliver a proper deed to the
30 purchaser.

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

- 33 (i) the person entitled to the balance; or
34 (ii) when there is a dispute regarding payment of the balance, a
35 court of competent jurisdiction pending a court order to determine the proper
36 distribution of the balance.

1 14-820.

2 (a) The collector shall deliver to the purchaser a certificate of sale under the
3 collector's hand and seal, or by the collector's authorized facsimile signature,
4 acknowledged by the collector as a conveyance of land, which certificate shall set
5 forth:

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

8 (2) the date of the sale;

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

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

12 (5) a description of the property in substantially the same form as the
13 description appearing on the collector's tax roll. If the property is unimproved or has
14 no street number, and the collector has procured a description of the property from
15 the county or municipal corporation surveyor, this description shall be included in the
16 certificate of sale. In Garrett County a copy of the description as required by §
17 14-813(f) of this subtitle, as that section relates specifically to Garrett County, shall
18 be included in the certificate of sale;

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

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

23 (8) (I) that the certificate will be void unless foreclosure proceedings
24 are brought within 2 years from the date of the certificate; or

25 (II) THAT UNLESS FORECLOSURE PROCEEDINGS ARE BROUGHT
26 WITHIN 3 MONTHS FROM THE DATE OF THE CERTIFICATE TO ANY ABANDONED
27 PROPERTY in Baltimore City[, with respect to any property which was cited as vacant
28 and abandoned on a housing or building violation notice outstanding on the date of
29 tax sale, within 1 year from the date of the certificate] SOLD UNDER § 14-817(C)(1) OF
30 THIS SUBTITLE, THE CERTIFICATE:

31 1. IS VOID AS TO A PRIVATE PURCHASER; AND

32 2. REVERTS TO THE MAYOR AND CITY COUNCIL FOR A
33 PERIOD OF 2 YEARS FROM THE DATE OF THE TAX SALE.

34 (b) The rate of redemption is 6% a year except:

35 (1) in Allegany County the rate is 6% a year or as fixed by the County
36 Commissioners;

- 1 (2) in Anne Arundel County the rate is 6% a year or as fixed by a law of
2 the County Council;
- 3 (3) in Baltimore City the rate is 6% a year or as fixed by a law of the City
4 Council;
- 5 (4) in Baltimore County the rate is 6% a year or as fixed by a law of the
6 County Council;
- 7 (5) in Cecil County the rate is 6% a year or as fixed by the County
8 Commissioners;
- 9 (6) in Calvert County the rate is 10% a year or as fixed by the County
10 Commissioners;
- 11 (7) in Caroline County the rate is 10% a year or as fixed by the County
12 Commissioners;
- 13 (8) in Carroll County the rate is 14% a year or as fixed by the County
14 Commissioners;
- 15 (9) in Dorchester County the rate is 10% a year or as fixed by the County
16 Commissioners;
- 17 (10) in Frederick County the rate is 6% a year or as fixed by the County
18 Commissioners;
- 19 (11) In Garrett County the rate is 10% a year or as fixed by the County
20 Commissioners;
- 21 (12) in Harford County the rate is 6% a year or as fixed by a law of the
22 County Council;
- 23 (13) in Howard County the rate is 6% a year or as fixed by a law of the
24 County Council;
- 25 (14) in Kent County the rate is 6% a year or as fixed by the County
26 Commissioners;
- 27 (15) in Montgomery County the rate is 6% a year or as fixed by a law of
28 the County Council;
- 29 (16) in Prince George's County the rate is 6% a year or as fixed by a law of
30 the County Council;
- 31 (17) in Queen Anne's County the rate is 6% a year or as fixed by the
32 County Commissioners;
- 33 (18) in Somerset, Charles, Wicomico, and Worcester Counties the rate is
34 6% a year or as fixed by the County Commissioners or by a law of the County Council;

1 (19) in Talbot County the rate is 6% a year or as fixed by a law of the
2 County Council; and

3 (20) in Washington County the rate is 6% a year or as fixed by the County
4 Commissioners.

5 (c) The certificate of sale shall be in substantially the following form:

6 "I,, Collector of Taxes for the State of Maryland and the of,
7 certify that on, [19] 20...., I sold to, at public auction for the sum of
8 Dollars and Cents, of which Dollars has been paid, the property in
9 described as and assessed to, The property described in this certificate is
10 subject to redemption. On redemption the holder of the certificate will be refunded
11 the sums paid on account of the purchase price together with interest at the rate of
12 6% a year from the date of payment to the date of redemption (except as stated in
13 subsection (b) of § 14-820 of the Tax - Property Article of the Annotated Code of
14 Maryland), together with all other amounts specified by Chapter 761 of the Acts of
15 1943, and acts that amend that chapter. The balance due on account of the purchase
16 price and all taxes, together with interest and penalties on the taxes, accruing after
17 the date of sale, must be paid to the Collector before a deed can be delivered to the
18 purchaser. After, [19] 20...., a proceeding can be brought to foreclose all rights
19 of redemption in the property. This certificate will be void unless such a proceeding is
20 brought within 2 years from the date of this certificate, except that in Baltimore City,
21 with respect to any ABANDONED property [which was] CONSISTING OF A VACANT
22 LOT OR IMPROVED PROPERTY cited as vacant and [abandoned] UNFIT FOR
23 HABITATION on a housing or building violation notice outstanding on the date of the
24 tax sale, the certificate will REVERT TO THE MAYOR AND CITY COUNCIL AND WILL be
25 void AS TO THE PRIVATE PURCHASER AT TAX SALE unless such a proceeding is
26 brought within [1 year] 3 MONTHS from the date of the certificate.

27 Witness my hand and seal, this day of, [19] 20.....

28
29 COLLECTOR"

30 (To be followed by acknowledgment).

31 14-824.

32 (A) [The] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THE
33 governing body of a county or other taxing agency shall buy in and hold any property
34 in their respective counties offered for sale for nonpayment of any taxes for which
35 there is no private purchaser.

36 (B) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY BUY IN AND
37 HOLD ANY ABANDONED PROPERTY FOR WHICH THERE IS NO PRIVATE PURCHASER
38 FOR THE AMOUNT OF THE MINIMUM BID SET PURSUANT TO § 14-817(C)(2) OF THIS
39 SUBTITLE.

1 (C) The governing body of the county and other taxing agency have the same
2 rights and remedies with regard to the property as other purchasers, including the
3 right to foreclose the right of redemption.

4 (D) A certificate of sale in the form provided in this subtitle shall be issued by
5 the collector in the name of the Mayor and City Council of Baltimore City or the
6 governing body of the county or other taxing agency.

7 14-833.

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

10 (2) In Baltimore City[, with respect to any property which was cited as
11 vacant and abandoned on a housing or building violation notice outstanding on the
12 date of the tax sale, the] A certificate FOR ABANDONED PROPERTY REVERTS TO THE
13 MAYOR AND CITY COUNCIL AND is void AS TO THE PRIVATE PURCHASER AT TAX SALE
14 unless:

15 (i) a proceeding to foreclose the right of redemption is filed within
16 [1 year] 3 MONTHS of the date of the certificate of sale; and

17 (ii) unless the holder is granted an extension by the court due to a
18 showing of extraordinary circumstances beyond the certificate holder's control, the
19 holder secures a decree from the circuit court in which the foreclosure proceeding was
20 filed within [2 years] 18 MONTHS from the date of the filing of the foreclosure
21 proceeding.

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

27 (2) IF A CERTIFICATE FOR ABANDONED PROPERTY REVERTS TO THE
28 MAYOR AND CITY COUNCIL OF BALTIMORE CITY UNDER THIS SECTION, THE MAYOR
29 AND CITY COUNCIL MAY:

30 (I) FILE A FORECLOSURE PROCEEDING IN ITS OWN NAME; OR

31 (II) 1. RESELL THE CERTIFICATE; AND

32 2. APPLY ALL MONEY RECEIVED ON ACCOUNT OF THE SALE
33 TO ANY OUTSTANDING BALANCE REMAINING AFTER THE SALE ON THE TAX DEBT
34 OWED BY THE PREVIOUS OWNER OF THE ABANDONED PROPERTY.

35 14-835.

36 (a) A person shall file a complaint in the circuit court for the county in which
37 the land is located, that states:

- 1 (1) the fact of the issuance of the certificate of sale;
- 2 (2) a description of the property in substantially the same form as the
3 description appearing on the certificate of tax sale and, if the person chooses, any
4 description of the property that appears in the land records;
- 5 (3) the fact that the property has not been redeemed by any party in
6 interest;
- 7 (4) a request for process to be served on the defendants named in the
8 complaint;
- 9 (5) a request for an order of publication directed to all parties in interest
10 in the property;
- 11 (6) a request that the court pass a judgment that forecloses all rights of
12 redemption of the defendants and any other person having any interest in the
13 property;
- 14 (7) a description of the amount necessary for redemption including the
15 amount paid out at the tax sale; and
- 16 (8) for vacant and abandoned property in Baltimore City sold TO
17 BALTIMORE CITY for a sum less than the amount due under § 14-817 of this subtitle,
18 a request that the court pass a judgment for the City and against the person liable for
19 the taxes prior to the sale in the amount of the unpaid taxes, interest, penalties, and
20 expenses otherwise due in a tax sale.

21 14-843.

22 (b) (1) Except as provided in paragraph (2) of this subsection, in Allegany
23 County, Anne Arundel County, Baltimore City, Baltimore County, Calvert County,
24 Caroline County, Carroll County, Cecil County, Charles County, Dorchester County,
25 Frederick County, Garrett County, Harford County, Howard County, Kent County,
26 Prince George's County, Queen Anne's County, St. Mary's County, Somerset County,
27 Washington County, Wicomico County, and Worcester County, the plaintiff or holder
28 of a certificate of sale is not entitled to be reimbursed for expenses incurred within 4
29 months after the date of sale.

30 (2) This subsection does not apply to property for which the holder:

31 (I) may file a complaint any time after 60 days from the date of
32 sale, pursuant to § 14-833(e) of this [title] SUBTITLE; OR

33 (II) MUST FILE A COMPLAINT WITHIN 3 MONTHS FROM THE DATE
34 OF SALE, PURSUANT TO § 14-833(C)(2) OF THIS SUBTITLE.

1 14-844.

2 (e) [(1) In Baltimore City[, in the event that the person liable for taxes prior
3 to the tax sale has been personally served with process,] where [vacant and]
4 abandoned property has been sold for a sum less than the amount due under § 14-817
5 of this subtitle, IN A FORECLOSURE PROCEEDING BROUGHT BY THE MAYOR AND CITY
6 COUNCIL, the final order shall include a judgment in favor of the city and against the
7 person liable for taxes prior to the sale, in the amount of the unpaid taxes, interest,
8 penalties, and expenses otherwise due in a tax sale.

9 [(2) A judgment pursuant to this subsection may not be executed against
10 the primary personal residence of the judgment debtor. This paragraph does not limit
11 or restrict any other right or remedy available to the City for the collection or
12 enforcement of taxes or other amounts due from the debtor.]

13 14-845.

14 (a) A court in the State may not reopen a judgment rendered in a tax sale
15 foreclosure proceeding except on the ground of lack of jurisdiction or fraud in the
16 conduct of the proceedings to foreclose; however, no reopening of any judgment on the
17 ground of constructive fraud in the conduct of the proceedings to foreclose shall be
18 entertained by any court unless an application to reopen a judgment rendered is filed
19 within 1 year from the date of the judgment.

20 (b) If the judgment of the court foreclosing all rights of redemption is set aside,
21 the amount required to redeem is the amount required by this subtitle, and in
22 addition, the reasonable value, at the date the judgment is set aside, of all
23 improvements made on the property AND ALL COSTS INCURRED WITH RESPECT TO
24 DEVELOPMENT OF THE PROPERTY by the purchaser and the purchaser's successors
25 in interest.

26 (C) IN BALTIMORE CITY, WITH RESPECT TO ABANDONED PROPERTY, A
27 PETITIONER WHO FILES TO REOPEN A JUDGMENT OR TO RECOVER DAMAGES ON THE
28 GROUND OF CONSTRUCTIVE FRAUD OR INADEQUATE NOTICE MUST FILE WITHIN 1
29 YEAR FROM THE DATE OF JUDGMENT AND MAY NOT RECOVER MORE THAN THE
30 VALUE OF THE PROPERTY AT THE TIME OF SALE.

31 [(c) (D) A court in the State may not reopen a judgment rendered in a
32 foreclosure proceeding instituted by the Mayor and City Council of Baltimore City
33 under former Article 81, §§ 117 through 121 of the Code unless an application to
34 reopen the judgment is filed on or before June 30, 1987. After June 30, 1987, any
35 judgment rendered under former Article 81, §§ 117 through 121 of the Code shall be
36 deemed conclusively to have been ratified by all persons who might otherwise have
37 grounds to object to the judgment.

38 14-847.

39 (d) (1) [If] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,
40 IF the holder of the certificate of sale does not comply with the terms of the final
41 judgment of the court within 90 days as to payments to the collector of the balance of

1 the purchase price due on account of the purchase price of the property and of all
2 taxes, interest, and penalties that accrue after the date of sale, that judgment may be
3 stricken by the court on the motion of an interested party for good cause shown.

4 (2) (i) In this paragraph, "interested party" includes:

5 1. a plaintiff who has successfully petitioned the court to
6 appoint a receiver; and

7 2. a receiver appointed pursuant to the Baltimore City
8 Building Code.]

9 (ii) In Baltimore City, if the holder of the certificate of sale FOR
10 ABANDONED PROPERTY does not COMPLY WITH THE TERMS OF FINAL JUDGMENT OF
11 THE COURT AS TO THE PAYMENTS NECESSARY FOR THE COLLECTOR TO EXECUTE A
12 DEED WITHIN 30 DAYS, OR DOES NOT record the deed in land records within 30 days
13 of the execution of the deed, the final judgment [may be stricken by the court on the
14 motion of an interested party for good cause shown] IS VOID.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 July 1, 2000.