

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

House Bill 490
Ways and Means

(Delegate Stukes)

Budget and Taxation

Tax Sales - Payment to Redeem Foreclosed Property

This bill authorizes the holder of a tax sale certificate to be reimbursed for specified postage and mailing expenses that are actually incurred if the property is redeemed before an action to foreclose a right of redemption is filed. The bill requires that a specified notice of foreclosure includes language indicating that specified postage and mailing expenses are expenses included in the amount necessary to redeem the property if the property is redeemed before an action to foreclose a right of redemption is filed.

The bill takes effect July 1, 2012.

Fiscal Summary

State Effect: None.

Local Effect: None. The bill does not materially affect local government operations or finances.

Small Business Effect: None.

Analysis

Current Law: Upon redemption of a certificate of sale, the plaintiff or holder may be reimbursed for expenses incurred in any action, or in preparation of any action, to foreclose the right of redemption. In a majority of counties, a plaintiff or holder of a certificate of sale may not be reimbursed for expenses incurred within four months after the date of sale.

If an action to foreclose the right of redemption has not been filed, and the property is redeemed more than four months after the date of the tax sale, the holder of a certificate of sale may be reimbursed for costs for recording the certificate of sale, a title search fee up to \$250, and reasonable attorney's fees up to \$500.

Background: When a property is purchased at a tax sale, the purchaser must pay to the tax collector any delinquent taxes, penalties, sale expenses, and under certain conditions, a high bid premium. The remainder of the purchase price is not paid to the collector until the purchaser forecloses on the property. The property owner has the right to redeem the property within six months from the date of the tax sale by paying the delinquent taxes, penalties, interest, and certain expenses of the purchaser. If the owner redeems the certificate, the purchaser is refunded the amounts paid to the collector plus the interest and expenses. If the owner does not redeem the certificate, the purchaser has the right to foreclose on the property after the six-month right of redemption period has passed. Generally within two years, if the right to foreclose is not exercised by the purchaser, the certificate is void and the purchaser is not entitled to a refund of any monies paid to the collector.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore, Carroll, Cecil, Harford, Montgomery, Queen Anne's, and St. Mary's counties; State Department of Assessments and Taxation; Property Tax Assessment Appeals Board; Judiciary (Administrative Office of the Courts); Department of Legislative Services

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mlm/hlb

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