

**Department of Legislative Services**  
Maryland General Assembly  
2012 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 182

(Senator Ferguson, *et al.*)

Budget and Taxation

Ways and Means

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**Tax Sales - Complaint to Foreclose Right of Redemption - Notice**

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This bill prohibits a holder of a certificate of tax sale from filing a complaint to foreclose the right of redemption until at least 30 days after sending the second of two required notices. The bill also conforms the method by which the first of the two required notices must be sent to the method for the second notice. The required notice must state that a tax-delinquent owner may be required to reimburse the certificate holder for the postage and certified mailing costs incurred for the notices in order to redeem a property.

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**Fiscal Summary**

**State Effect:** The bill does not affect State governmental operations or finances.

**Local Effect:** The bill does not affect local governmental operations or finances.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** The holder of a certificate of sale may not file a complaint to foreclose the right of redemption until at least two months after sending the first of two required notices. The holder must send the notices to the last recorded owner of the property who appears on the collector's tax roll and either (1) the current mortgagee of the property, assignee of a mortgagee of record, or servicer of the current mortgage; or (2) the current holder of a beneficial interest in a deed of trust recorded against the property.

The first notice may not be sent until four months after the date of the sale and must be sent by first-class mail in an envelope prominently marked on the outside with "Notice of

Delinquent Property Tax.” The second notice cannot be sent until at least one week after the first notice, and it must be sent by first-class certified mail, postage prepaid, return receipt requested, bearing a postmark from the United States Postal Service with “Notice of Delinquent Property Tax” prominently marked on the outside of the envelope.

**Background:** When a property is purchased at tax sale, the certificate purchaser of a tax sale certificate must pay 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 the property. The tax-delinquent owner has the right to redeem the property within six months from the date of tax sale by paying the delinquent taxes, penalties, interest, and certain expenses of the tax certificate purchaser. If the tax-delinquent owner redeems the certificate, the certificate purchaser is refunded the amounts paid to the collector plus interest and expenses. If the tax-delinquent property owner does not redeem the certificate, the certificate purchaser has the right to foreclose on the property after the six-month right of redemption period has passed.

Chapters 333 and 334 of 2008 altered the tax sale process in the State. The emergency Acts:

- increased the minimum amount of taxes due on a property from \$100 to \$250 by which a tax collector may withhold the property from a tax sale;
- allowed the taxing jurisdiction to determine the manner and terms by which a certificate purchaser is to be paid for expenses and fees incurred;
- provided for additional notice requirements from the tax collector and the certificate purchaser to the tax-delinquent owner before a right of redemption may be foreclosed;
- placed caps on the amount of attorney’s fees that a certificate purchaser may charge a tax-delinquent owner upon redemption, with the amount varying slightly depending on whether an affidavit of compliance has been filed; and
- itemized and placed caps on various expenses that a tax sale certificate purchaser may charge a tax-delinquent owner upon receiving a certificate of sale and the redemption of that certificate.

Chapter 549 of 2010 altered the method by which the second notice must be sent.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation, Judiciary (Administrative Office of the Courts), Department of Legislative Services

**Fiscal Note History:** First Reader - February 6, 2012  
ncs/kdm Revised - Senate Third Reader - March 26, 2012

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