

HB1209/633320/1

BY: Delegate Cardin

AMENDMENTS TO HOUSE BILL 1209, AS AMENDED
(First Reading File Bill)

AMENDMENT NO. 1

Strike in their entirety the Committee on Ways and Means Amendments (HB1209/625762/1).

AMENDMENT NO. 2

On page 1 of the bill, in line 2, strike “Collection of Unpaid Taxes and Tax Sales” and substitute “In Rem Foreclosure and Sale – Vacant and Abandoned Property”; and in line 3, after the first “of” insert “requiring a tax collector to withhold from tax sale certain real property designated by a county or municipal corporation for sale under a certain process; authorizing a county or municipal corporation to initiate an in rem foreclosure and sale of certain real property for delinquent taxes; authorizing a county or municipal corporation to enact certain laws authorizing in rem foreclosure and sale of certain real property; authorizing the county or municipal corporation to commence an in rem foreclosure action; prohibiting the county or municipal corporation from commencing an in rem foreclosure action until tax on real property has been delinquent for a certain period; requiring the county or municipal corporation to send certain notice to certain taxing agencies before filing a certain complaint; requiring a taxing agency receiving a certain notice to certify certain information to the county or municipal corporation within a certain period of time; requiring certain taxes to be included in the foreclosure action; requiring a county or municipal corporation to obtain a certain lien release or make a certain payment before filing a certain action; requiring the county or municipal corporation to file the foreclosure action in a certain circuit court; requiring the complaint for an in rem foreclosure to include certain information; allowing the complaint for an in rem foreclosure to be amended for certain purposes; requiring a hearing on the in rem foreclosure complaint to be conducted at a certain time; providing that an interested party has the right to be heard at the hearing; requiring the court to enter a certain judgment on a certain finding; requiring the county or municipal

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corporation to sell at public auction real property after entry of a certain judgment; specifying the time of the sale; specifying the minimum bid for the sale; requiring the property to be sold to the highest bidder; authorizing a county or municipal corporation to bid the minimum bid under certain circumstances; requiring the county or municipal corporation to deposit certain excess bid amounts in escrow; requiring certain funds to be distributed to interested parties in a certain manner; requiring the county or municipal corporation to provide certain notice to the court of a sale; establishing that a sale of certain properties is final and binding; requiring the county or municipal corporation to report certain information to the court;”.

On pages 1 and 2, strike beginning with “establishing” in line 3 on page 1 down through “year;” in line 14 on page 2.

On page 2, strike beginning with “making” in line 15 down through the second “date;” in line 17; in line 18, strike “collection of unpaid property taxes and tax sales” and substitute “in rem foreclosure and sale of tax delinquent vacant and abandoned property”; strike in their entirety lines 19 through 30, inclusive; and after line 35 insert:

“BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 14–811(a)

Annotated Code of Maryland

(2012 Replacement Volume and 2018 Supplement)

BY adding to

Article – Tax – Property

Section 14–811(e); and 14–873 through 14–878 to be under the new part “Part V.

Judicial In Rem Tax Foreclosure”

Annotated Code of Maryland

(2012 Replacement Volume and 2018 Supplement)”.

AMENDMENT NO. 3

On page 2 of the bill, after line 38, insert:

“14-801.

(d) (1) “Tax” means any tax, or charge of any kind due to the State or any of its political subdivisions, or to any other taxing agency, that by law is a lien against the real property on which it is imposed or assessed.

(2) “Tax” includes interest, penalties, and service charges.

14-811.

(a) Except as provided in [subsection (b)] SUBSECTIONS (B) AND (E) of this section, the collector may withhold from sale any property, when the total taxes on the property, including interest and penalties, amount to less than \$250 in any 1 year.

(E) THE COLLECTOR SHALL WITHHOLD FROM SALE UNDER THIS PART ANY REAL PROPERTY DESIGNATED BY THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION FOR SALE UNDER PART V OF THIS SUBTITLE.

14-871. RESERVED.

14-872. RESERVED.

PART V. JUDICIAL IN REM TAX FORECLOSURE.

14-873.

(A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

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(B) "INTERESTED PARTY" MEANS:

(1) THE PERSON WHO LAST APPEARS AS OWNER OF THE REAL PROPERTY ON THE COLLECTOR'S TAX ROLL;

(2) A MORTGAGEE OF THE PROPERTY OR ASSIGNEE OF A MORTGAGE OF RECORD;

(3) A HOLDER OF A BENEFICIAL INTEREST IN A DEED OF TRUST RECORDED AGAINST THE REAL PROPERTY; OR

(4) ANY PERSON HAVING AN INTEREST IN THE REAL PROPERTY WHOSE IDENTITY AND ADDRESS ARE:

(I) REASONABLY ASCERTAINABLE FROM THE COUNTY LAND RECORDS; OR

(II) REVEALED BY A FULL TITLE SEARCH CONSISTING OF AT LEAST 50 YEARS.

(C) "TAX" HAS THE MEANING STATED IN § 14-801 OF THIS SUBTITLE.

14-874.

(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A COUNTY OR MUNICIPAL CORPORATION MAY DESIGNATE REAL PROPERTY TO BE SOLD UNDER THIS PART.

(B) ONLY REAL PROPERTY THAT CONSISTS OF A VACANT LOT OR AN

IMPROVED PROPERTY CITED AS VACANT AND UNFIT FOR HABITATION ON A HOUSING OR BUILDING VIOLATION NOTICE MAY BE SOLD UNDER THIS PART.

(C) (1) A COUNTY OR MUNICIPAL CORPORATION MAY AUTHORIZE BY LAW AN IN REM FORECLOSURE AND SALE IN ACCORDANCE WITH THIS PART.

(2) A LAW THAT AUTHORIZES AN IN REM FORECLOSURE AND SALE SHALL:

(I) STATE THE DATE AFTER WHICH REAL PROPERTY MAY BE SUBJECT TO IN REM FORECLOSURE AND SALE UNDER THIS PART;

(II) ESTABLISH CRITERIA FOR DESIGNATING REAL PROPERTY TO BE FORECLOSED AND SOLD UNDER THIS PART;

(III) AUTHORIZE THE COUNTY OR MUNICIPAL CORPORATION TO FILE A COMPLAINT FOR AN IN REM FORECLOSURE UNDER THIS PART; AND

(IV) INCLUDE ADMINISTRATIVE RULES AND PROCEDURES NECESSARY TO CARRY OUT AN IN REM FORECLOSURE AND SALE UNDER THIS PART.

14-875.

(A) AFTER REAL PROPERTY IS DESIGNATED FOR SALE UNDER THIS PART, THE COUNTY OR MUNICIPAL CORPORATION MAY FILE A COMPLAINT FOR AN IN REM FORECLOSURE ACTION IN ACCORDANCE WITH THIS PART.

(B) THE COUNTY OR MUNICIPAL CORPORATION MAY NOT FILE A COMPLAINT FOR AN IN REM FORECLOSURE ACTION UNLESS THE TAX ON THE

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REAL PROPERTY HAS BEEN DELINQUENT FOR AT LEAST 6 MONTHS.

(C) (1) AT LEAST 60 DAYS BEFORE FILING A COMPLAINT FOR AN IN REM FORECLOSURE, THE COUNTY OR MUNICIPAL CORPORATION SHALL NOTIFY ALL OTHER TAXING AGENCIES THAT HAVE THE AUTHORITY TO COLLECT TAX ON THE REAL PROPERTY OF THE COUNTY'S OR MUNICIPAL CORPORATION'S INTENTION TO FILE A COMPLAINT FOR AN IN REM FORECLOSURE OF THE REAL PROPERTY.

(2) WITHIN 30 DAYS AFTER RECEIVING NOTICE UNDER PARAGRAPH (1) OF THIS SUBSECTION, A TAXING AGENCY SHALL CERTIFY TO THE COUNTY OR MUNICIPAL CORPORATION A STATEMENT OF ALL TAXES DUE TO THE TAXING AGENCY.

(3) ALL TAXES CERTIFIED IN ACCORDANCE WITH PARAGRAPH (2) OF THIS SUBSECTION SHALL:

(I) BE INCLUDED IN THE FORECLOSURE ACTION; AND

(II) CEASE TO BE A LIEN AGAINST THE REAL PROPERTY IF A JUDGMENT IS ENTERED FORECLOSING THE EXISTING INTERESTS OF ALL INTERESTED PARTIES IN THE REAL PROPERTY.

(4) BEFORE FILING THE COMPLAINT UNDER SUBSECTION (D) OF THIS SECTION, THE COUNTY OR MUNICIPAL CORPORATION SHALL:

(I) OBTAIN A LIEN RELEASE FROM THE STATE FOR ANY LIENS FOR UNPAID STATE PROPERTY TAXES, INTEREST, AND PENALTIES; OR

(II) PAY TO THE STATE, IN ACCORDANCE WITH § 4-202 OF

THIS ARTICLE, ANY UNPAID STATE PROPERTY TAXES, INTEREST, AND PENALTIES.

(D) THE COUNTY OR MUNICIPAL CORPORATION SHALL FILE THE COMPLAINT FOR AN IN REM FORECLOSURE IN THE CIRCUIT COURT OF THE COUNTY WHERE THE REAL PROPERTY IS LOCATED.

(E) THE COMPLAINT FOR AN IN REM FORECLOSURE SHALL INCLUDE:

(1) THE IDENTITY OF THE COUNTY OR MUNICIPAL CORPORATION ON BEHALF OF WHICH THE COMPLAINT IS FILED;

(2) THE NAME AND ADDRESS OF THE COUNTY OR MUNICIPAL CORPORATION;

(3) A DESCRIPTION OF THE REAL PROPERTY AS IT APPEARS IN THE COUNTY LAND RECORDS;

(4) THE TAX IDENTIFICATION NUMBER OF THE REAL PROPERTY;

(5) A STATEMENT THAT THE TAXES ARE DELINQUENT AT THE TIME OF THE FILING;

(6) THE AMOUNT OF TAXES THAT ARE DELINQUENT AS OF THE DATE OF FILING;

(7) THE NAMES AND LAST KNOWN ADDRESSES OF ALL INTERESTED PARTIES IN THE REAL PROPERTY AND, IF APPLICABLE, A STATEMENT THAT THE ADDRESS OF A PARTICULAR INTERESTED PARTY IN THE REAL PROPERTY IS UNKNOWN;

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(8) A STATEMENT THAT THE REAL PROPERTY IS A VACANT LOT OR AN IMPROVED PROPERTY CITED AS VACANT AND UNFIT FOR HABITATION ON A HOUSING OR BUILDING VIOLATION NOTICE;

(9) COPIES OF ANY VIOLATION NOTICE CITED UNDER PARAGRAPH (8) OF THIS SUBSECTION;

(10) A REQUEST THAT THE CIRCUIT COURT NOT SCHEDULE A HEARING ON THE COMPLAINT UNTIL 30 DAYS AFTER THE DATE THAT THE COMPLAINT IS FILED; AND

(11) A REQUEST THAT THE CIRCUIT COURT ENTER A JUDGMENT THAT FORECLOSES THE EXISTING INTERESTS OF ALL INTERESTED PARTIES IN THE REAL PROPERTY AND ORDERS THE REAL PROPERTY TO BE SOLD AT PUBLIC AUCTION.

(F) A COMPLAINT FOR AN IN REM FORECLOSURE MAY BE AMENDED TO INCLUDE ALL TAXES THAT BECOME DELINQUENT AFTER THE COMMENCEMENT OF THE IN REM FORECLOSURE ACTION.

14-876.

(A) A CIRCUIT COURT MAY NOT SET A HEARING FOR AN IN REM FORECLOSURE UNTIL 30 DAYS AFTER THE COMPLAINT FOR AN IN REM FORECLOSURE IS FILED.

(B) AT THE HEARING, ANY INTERESTED PARTY SHALL HAVE THE RIGHT TO BE HEARD AND TO CONTEST THE DELINQUENCY OF THE TAXES AND THE ADEQUACY OF THE PROCEEDINGS.

(C) IF THE CIRCUIT COURT FINDS THAT THE INFORMATION SET FORTH IN THE COMPLAINT IS ACCURATE, THE COURT SHALL:

(1) ENTER A JUDGMENT THAT:

(I) PROPER NOTICE HAS BEEN PROVIDED TO ALL INTERESTED PARTIES; AND

(II) THE REAL PROPERTY IS A VACANT LOT OR AN IMPROVED PROPERTY CITED AS VACANT AND UNFIT FOR HABITATION ON A HOUSING OR BUILDING VIOLATION NOTICE; AND

(2) ORDER THAT THE REAL PROPERTY BE SOLD IN ACCORDANCE WITH THIS PART.

14-877.

(A) (1) AFTER ENTRY OF JUDGMENT UNDER § 14-876 OF THIS SUBTITLE, THE COUNTY OR MUNICIPAL CORPORATION SHALL SELL, IN ACCORDANCE WITH THE MARYLAND RULES, THE REAL PROPERTY AT PUBLIC AUCTION.

(2) THE REAL PROPERTY MAY NOT BE SOLD UNTIL 45 DAYS AFTER THE ENTRY OF JUDGMENT.

(B) THE MINIMUM BID FOR THE SALE OF THE REAL PROPERTY SHALL BE BASED ON THE FAIR MARKET VALUE OF THE REAL PROPERTY, AS DETERMINED BY THE COUNTY OR MUNICIPAL CORPORATION.

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(C) (1) THE REAL PROPERTY SHALL BE SOLD TO THE PERSON MAKING THE HIGHEST BID.

(2) THE PERSON MAKING THE HIGHEST BID SHALL PAY THE FULL BID AMOUNT TO THE COUNTY OR MUNICIPAL CORPORATION.

(3) IF THE MINIMUM BID IS NOT MADE OR EXCEEDED, THE COUNTY OR MUNICIPAL CORPORATION THAT FILED THE COMPLAINT MAY BID THE MINIMUM BID PRICE AND PURCHASE THE REAL PROPERTY.

(D) (1) IF THE HIGHEST BID EXCEEDS THE MINIMUM BID AMOUNT, THE COUNTY OR MUNICIPAL CORPORATION SHALL DEPOSIT THE FUNDS IN EXCESS OF THE MINIMUM BID IN AN ESCROW ACCOUNT.

(2) THE CIRCUIT COURT SHALL DISTRIBUTE THE FUNDS DEPOSITED INTO ESCROW TO THE INTERESTED PARTIES IN THE ORDER OF PRIORITY OF THE INTERESTS OF THE INTERESTED PARTIES.

(E) AFTER THE SALE, THE COUNTY OR MUNICIPAL CORPORATION SHALL FILE A NOTICE INFORMING THE CIRCUIT COURT OF THE SALE AND STATING THE DATE OF THE SALE.

(F) THE SALE OF REAL PROPERTY UNDER THIS SECTION IS FINAL AND BINDING ON THE MAKER OF THE HIGHEST BID.

14-878.

(A) WITHIN 90 DAYS AFTER EACH SALE, THE COUNTY OR MUNICIPAL CORPORATION SHALL FILE A REPORT OF THE SALE WITH THE CIRCUIT COURT.

(B) THE REPORT SHALL IDENTIFY THE SALE THAT TOOK PLACE, THE SALE PRICE, AND THE IDENTITY OF THE PURCHASER.

(C) THE COUNTY OR MUNICIPAL CORPORATION MAY CONSOLIDATE MULTIPLE SALE REPORTS.

SECTION 2. AND BE IT FURTHER ENACTED, That the Court of Appeals shall adopt rules to carry out the provisions of this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That a county or municipal corporation may not file a complaint for an in rem foreclosure action in accordance with this Act until the rules adopted by the Court of Appeals under Section 2 of this Act are effective.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2019.”.

On pages 2 through 12 of the bill, strike in their entirety the lines beginning with line 39 on page 2 through line 28 on page 12, inclusive.