

HOUSE BILL 557

Q1, D3, L1
HB 1246/18 – W&M

9lr2337
CF SB 509

By: **Delegate Holmes**

Introduced and read first time: February 4, 2019

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax – In Rem Foreclosure and Sale – Vacant and Abandoned Property**

3 FOR the purpose of requiring a tax collector to withhold from tax sale certain real property
4 designated by a county or municipal corporation for sale under a certain process;
5 authorizing a county or municipal corporation to initiate an in rem foreclosure and
6 sale of certain real property for delinquent taxes; requiring a county or municipal
7 corporation to enact certain laws authorizing in rem foreclosure and sale of certain
8 real property; requiring the county or municipal corporation to commence an in rem
9 foreclosure action; prohibiting the county or municipal corporation from commencing
10 an in rem foreclosure action until tax on real property has been delinquent for a
11 certain period; requiring the county or municipal corporation to send certain notice
12 to certain taxing agencies before filing a certain complaint; requiring a taxing agency
13 receiving a certain notice to certify certain information to the county or municipal
14 corporation within a certain period of time; requiring certain taxes to be included in
15 the foreclosure action; requiring a county or municipal corporation to obtain a certain
16 lien release or make a certain payment before filing a certain action; requiring the
17 county or municipal corporation to file the foreclosure action in a certain circuit
18 court; requiring the complaint for an in rem foreclosure to include certain
19 information; allowing the complaint for an in rem foreclosure to be amended for
20 certain purposes; requiring a hearing on the in rem foreclosure complaint to be
21 conducted at a certain time; providing that an interested party has the right to be
22 heard at the hearing; requiring the court to enter a certain judgment on a certain
23 finding; requiring the county or municipal corporation to sell at public auction real
24 property after entry of a certain judgment; specifying the time of the sale; specifying
25 the minimum bid for the sale; requiring the property to be sold to the highest bidder;
26 authorizing a county or municipal corporation to bid the minimum bid under certain
27 circumstances; requiring the county or municipal corporation to deposit certain
28 excess bid amounts in escrow; requiring certain funds to be distributed to interested
29 parties in a certain manner; requiring the county or municipal corporation to provide
30 certain notice to the court of a sale; establishing that a sale of certain properties is
31 final and binding requiring the county or municipal corporation to report certain

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 information to the court; requiring the Court of Appeals to adopt certain rules;
 2 prohibiting a county or municipality from filing an in rem foreclosure action in
 3 accordance with this Act until the Court of Appeals have adopted certain rules;
 4 defining certain terms; and generally relating to in rem foreclosure and sale of tax
 5 delinquent vacant and abandoned property.

6 BY repealing and reenacting, without amendments,
 7 Article – Tax – Property
 8 Section 14–801(d)
 9 Annotated Code of Maryland
 10 (2012 Replacement Volume and 2018 Supplement)

11 BY repealing and reenacting, with amendments,
 12 Article – Tax – Property
 13 Section 14–811(a)
 14 Annotated Code of Maryland
 15 (2012 Replacement Volume and 2018 Supplement)

16 BY adding to
 17 Article – Tax – Property
 18 Section 14–811(e) and 14–873 through 14–878 to be under the new part “Part V.
 19 Judicial In Rem Tax Foreclosure”
 20 Annotated Code of Maryland
 21 (2012 Replacement Volume and 2018 Supplement)

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

24 **Article – Tax – Property**

25 14–801.

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

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

30 14–811.

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

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

1 14-871. RESERVED.

2 14-872. RESERVED.

3 PART V. JUDICIAL IN REM TAX FORECLOSURE.

4 14-873.

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

7 (B) "INTERESTED PARTY" MEANS:

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

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

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

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

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

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

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

21 14-874.

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

25 (B) ONLY REAL PROPERTY THAT CONSISTS OF A VACANT LOT OR IMPROVED
26 PROPERTY CITED AS VACANT AND UNFIT FOR HABITATION ON A HOUSING OR
27 BUILDING VIOLATION NOTICE MAY BE SOLD UNDER THIS PART.

28 (C) (1) A COUNTY OR MUNICIPAL CORPORATION SHALL AUTHORIZE BY

1 LAW AN IN REM FORECLOSURE AND SALE IN ACCORDANCE WITH THIS PART.

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

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

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

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

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

12 14-875.

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

16 (B) THE COUNTY OR MUNICIPAL CORPORATION MAY NOT FILE A
17 COMPLAINT FOR AN IN REM FORECLOSURE ACTION UNLESS THE TAX ON THE REAL
18 PROPERTY HAS BEEN DELINQUENT FOR AT LEAST 6 MONTHS.

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

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

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

30 (I) BE INCLUDED IN THE FORECLOSURE ACTION; AND

31 (II) CEASE TO BE A LIEN AGAINST THE REAL PROPERTY IF A

1 JUDGMENT IS ENTERED FORECLOSING THE EXISTING INTERESTS OF ALL
2 INTERESTED PARTIES IN THE REAL PROPERTY.

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

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

7 (II) PAY TO THE STATE, IN ACCORDANCE WITH § 4-202 OF THIS
8 ARTICLE, ANY UNPAID STATE PROPERTY TAXES, INTEREST, AND PENALTIES.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 **14-876.**

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

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

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

21 **(1) ENTER A JUDGMENT THAT:**

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

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

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

29 **14-877.**

30 **(A) (1) AFTER ENTRY OF JUDGMENT UNDER § 14-876 OF THIS SUBTITLE,**
31 **THE COUNTY OR MUNICIPAL CORPORATION SHALL SELL, IN ACCORDANCE WITH THE**

1 **MARYLAND RULES, THE REAL PROPERTY AT PUBLIC AUCTION.**

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

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

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

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

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

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

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

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

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

25 **14-878.**

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

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

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

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

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

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