

HB 1312

Department of Legislative Services

Maryland General Assembly 2025 Session

FISCAL AND POLICY NOTE

First Reader

House Bill 1312 (Delegate Reilly, *et al.*)

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Environment and Transportation and Judiciary

Real Property - Partition of Property - Liens

This bill requires each party in a partition action to timely notify the court of outstanding liens on the property, as specified, if the plaintiff fails to procure a title report. The bill also alters the calculation of the purchase price for a cotenant's interest by subtracting the amount of outstanding liens owed on the property from the value of the entire parcel. The bill applies prospectively and does not have any effect on or application to any partition action arising before the bill's October 1, 2025 effective date.

Fiscal Summary

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

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary/Current Law:

Partition Procedures – Failure to Procure Title Report

Generally, partition is a legal process where a court divides real property among multiple persons. State statute outlines the procedures for partition. Partition can occur through a sale of the property or by dividing it in kind. “Partition by sale” means a court-ordered sale

of property, whether by auction, sealed bids, or open-market sale. “Partition in kind” means the division of property into physically distinct and separately titled parcels.

During an action for partition, the court, upon a motion of any party or of its own volition, may issue an order to:

- appoint an attorney to protect the interest of any party to the same extent and effect as provided under the Maryland Rules, as specified;
- require joinder of any additional parties that are necessary or proper; and
- require the plaintiff in the matter to procure a title report, as specified, and designate a place where the title report must be kept for inspection, use, and copying.

Under the bill, if a plaintiff does not procure a title report, each party must timely notify the court of the type and amount of each outstanding lien on the property that the party knows or should know of, including any mortgage, deed of trust, tax lien, and judgment lien. The notice to the court must include supporting documentation for each outstanding lien on the property and the amount owed.

Partition by Sale – Calculation

Under current law, if any cotenant requests partition by sale, the court must notify the parties that any cotenant, except the one who requested the sale, may buy all the interests of the cotenants who requested the sale.

Any cotenant, except the one who requested the sale, may notify the court of their intent to buy the interests of the other cotenants within 45 days of the notice. The purchase price for each interest of a cotenant that requested partition by sale is calculated based on the value of the entire parcel multiplied by the cotenant’s fractional ownership of the entire parcel.

The bill alters this calculation to instead be the value of the entire parcel *minus the total amount of each outstanding lien on the property, including any mortgage, deed of trust, tax lien, and judgment lien* multiplied by the cotenant’s fractional ownership of the entire parcel.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts); Register of Wills; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2025
km/jkb

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