

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor



MICHAEL HIGGS
Director

CORBETT WEBB
Deputy Director

301 W. Preston Street, Room 801, Baltimore, Maryland 21201
Legislative Director: Jonathan.Glaser@Maryland.gov
1-888-246-5941 TTY: 1-800-735-2258
www.dat.maryland.gov

HEARING DATE: January 19, 2022

BILL: SB0194

TITLE: Property Tax - Deadline Extension for Homeowners to Redeem Property Involved in a Tax Sale

SDAT POSITION: SUPPORT

SB 194 is a proposal recommended by the State Tax Sale Ombudsman's Office and is based on the Office's experience exploring challenges homeowners face when redeeming their properties after tax sale.

Under current law, a tax lien purchaser may not move to foreclose until six months after a tax sale (nine months for owner-occupied residences in Baltimore City.) However, the lien purchaser is reimbursed for foreclosure preparation expenses only four months after the sale date. These fees include recording fees, title search fees, and attorney's fees, with a total \$750 or more.

Homeowners often report to the Ombudsman's Office the following: 1) the added \$750 makes it significantly more difficult to redeem; 2) it takes more time to assemble the higher payoff amount; 3) their payoff delay adds interest to their bill and takes them closer to when a foreclosure may be initiated; and 4) homeowners find it unfair that an investor can claim \$750 for preparing to foreclose two months before the foreclosure is permitted.

This bill helps homeowners redeem their sold tax liens sooner and without paying these fees by delaying when the fees are added to the redemption payoff amount, from four to six months after a tax sale. This gives homeowners extra critical time to assemble the funds needed to redeem before the redemption payoff amount increases dramatically and enables them to more easily clear their lien and secure their home.

This proposal also aligns the foreclosure preparation fees with the timeline of when foreclosure is permitted.

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This bill would have little to no impact on lien purchasers, as they are still able to add the fees after six months. It is worth noting that the fees have already been delayed in Baltimore City, and this has not impacted the desirability of the tax sale investor market in this jurisdiction.

For these reasons, SDAT supports SB0194 and urges a favorable report.