

SENATE BILL 725

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CF 9lr2923

By: **Senators Guzzone and McCray**

Introduced and read first time: February 4, 2019

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Sales – Reimbursement for Expenses**

3 FOR the purpose of providing that a holder of a tax sale certificate may be reimbursed a
4 certain amount for attorney's fees if an action to foreclose the right of redemption on
5 certain property has not been filed; providing that a holder of a tax sale certificate
6 may be reimbursed a certain amount for attorney's fees if an action to foreclose the
7 right of redemption on certain property has been filed; providing that a holder of a
8 tax sale certificate may be reimbursed for certain costs for verifying if a defendant is
9 in the armed services; providing that a holder of a tax sale certificate may be
10 reimbursed for actual costs for obtaining certain judgment reports; and generally
11 relating to tax sales of property.

12 BY repealing and reenacting, with amendments,
13 Article – Tax – Property
14 Section 14–843
15 Annotated Code of Maryland
16 (2012 Replacement Volume and 2018 Supplement)

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

19 **Article – Tax – Property**

20 14–843.

21 (a) (1) Except as provided in subsection (b) of this section, on redemption, the
22 plaintiff or the holder of a certificate of sale may be reimbursed for expenses incurred in
23 any action or in preparation for any action to foreclose the right of redemption as provided
24 in this section.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) The plaintiff or holder of a certificate of sale is not entitled to be
2 reimbursed for any other expenses or attorney's fees that are not included in this section.

3 (3) (i) Except as provided in subparagraph (ii) of this paragraph, if an
4 action to foreclose the right of redemption has not been filed, and the property is redeemed
5 more than 4 months after the date of the tax sale, the holder of a certificate of sale may be
6 reimbursed for the following expenses actually incurred:

- 7 1. costs for recording the certificate of sale;
- 8 2. a title search fee, not to exceed \$250;
- 9 3. the postage and certified mailing costs for the notices
10 required under § 14-833(a-1) of this title; and
- 11 4. reasonable attorney's fees, not to exceed \$500.

12 (ii) In Baltimore City, for owner-occupied residential property, if an
13 action to foreclose the right of redemption has not been filed, and the property is redeemed
14 more than 7 months after the date of the tax sale, the holder of a certificate of sale may be
15 reimbursed for the following expenses actually incurred:

- 16 1. costs for recording the certificate of sale;
- 17 2. a title search fee, not to exceed \$250;
- 18 3. the postage and certified mailing costs for the notices
19 required under § 14-833(a-1) of this subtitle; and
- 20 4. reasonable attorney's fees, not to exceed \$500.

21 (4) If an action to foreclose the right of redemption has been filed, the
22 plaintiff or holder of a certificate of sale may be reimbursed for:

23 (i) attorney's fees in the amount of:

24 1. **[\$1,300]** if an affidavit of compliance has not been filed,
25 **\$1,300 FOR RESIDENTIAL PROPERTY THAT IS THE OWNER'S PRINCIPAL RESIDENCE**
26 **AS INDICATED IN THE DEPARTMENT'S RECORDS AND \$1,500 FOR ALL OTHER**
27 **PROPERTY, which [amount] AMOUNTS shall be deemed reasonable for both the**
28 **preparation and filing of the action to foreclose the right of redemption; or**

29 2. **[\$1,500]** if an affidavit of compliance has been filed,
30 **\$1,500 FOR RESIDENTIAL PROPERTY THAT IS THE OWNER'S PRINCIPAL RESIDENCE**
31 **AS INDICATED IN THE DEPARTMENT'S RECORDS AND \$1,800 FOR ALL OTHER**

1 **PROPERTY**, which [amount] **AMOUNTS** shall be deemed reasonable for both the
2 preparation and filing of the action to foreclose the right of redemption;

3 (ii) reasonable attorney's fees, not to exceed \$1,200, incurred by the
4 plaintiff or holder of a certificate of sale for opening an estate for purposes of service of
5 process and notice on a defendant's estate;

6 (iii) in exceptional circumstances, other reasonable attorney's fees
7 incurred and specifically requested by the plaintiff or holder of a certificate of sale and
8 approved by the court, on a case by case basis; and

9 (iv) if the plaintiff or holder of a certificate of sale provides a signed
10 affidavit attesting to the fact that the expenses were actually incurred, the following
11 expenses actually incurred by the plaintiff or holder of a certificate of sale:

12 1. filing fee charged by the circuit court for the county in
13 which the property is located;

14 2. service of process fee, including fees incurred attempting
15 to serve process;

16 3. a title search fee, not to exceed \$250;

17 4. if a second title search is conducted more than 6 months
18 after the initial title search, a title search update fee, not to exceed \$75;

19 5. publication fee charged by a newspaper of general
20 circulation in the county in which the property is located;

21 6. posting fee;

22 7. postage and certified mail;

23 8. substantial repair order fee, not to exceed the fee charged
24 by the government agency issuing the certificate of substantial repair;

25 9. expenses and costs incurred for opening an estate of a
26 deceased defendant for purposes of service of process and notice, not to exceed \$1,200; [and]

27 10. any court approved expense for stabilization or conversion
28 of the property under § 14-830 of this subtitle or in accordance with an action taken against
29 the property by the county in which the property is located in accordance with the
30 applicable building, fire, health, or safety codes;

1 **11. COSTS FOR VERIFYING WHETHER A DEFENDANT IS IN**
2 **THE ARMED SERVICES, FOR RELIEF AND PROTECTIONS UNDER THE FEDERAL**
3 **SERVICEMEMBERS CIVIL RELIEF ACT; AND**

4 **12. ACTUAL COSTS FOR OBTAINING JUDGMENT REPORTS**
5 **ON A NAMED DEFENDANT.**

6 (5) In addition to the expenses and attorney's fees under paragraph (3) or
7 (4) of this subsection, the plaintiff or holder of a certificate of sale may be reimbursed for:

8 (i) taxes paid at the tax sale, together with redemption interest,
9 arising after the date of sale to the date of redemption;

10 (ii) the high bid premium paid at the tax sale, if applicable; and

11 (iii) in Baltimore City only, taxes, interest, and penalties paid in
12 accordance with subsection (c) of this section and interest at the rate of redemption
13 provided in § 14–820 of this subtitle from the date of payment to the date of redemption.

14 (b) (1) (i) Except as provided in subparagraph (ii) of this paragraph and
15 paragraph (2) of this subsection, in Allegany County, Anne Arundel County, Baltimore
16 City, Baltimore County, Calvert County, Caroline County, Carroll County, Cecil County,
17 Charles County, Dorchester County, Frederick County, Garrett County, Harford County,
18 Howard County, Kent County, Montgomery County, Prince George's County, Queen Anne's
19 County, St. Mary's County, Somerset County, Washington County, Wicomico County, and
20 Worcester County, the plaintiff or holder of a certificate of sale may not be reimbursed for
21 expenses incurred within 4 months after the date of sale.

22 (ii) In Baltimore City, for owner-occupied residential property, the
23 plaintiff or holder of a certificate of sale may not be reimbursed for expenses incurred within
24 7 months after the date of sale.

25 (2) This subsection does not apply to property for which the holder:

26 (i) may file a complaint any time after 60 days from the date of sale,
27 pursuant to § 14–833(e) of this subtitle; or

28 (ii) must file a complaint within 3 months from the date of sale,
29 pursuant to § 14–833(c)(2) of this subtitle.

30 (c) In Baltimore City, on or after October 1 of each year, the plaintiff or holder of
31 a certificate of sale may pay taxes, interest, and penalties that become due after the date
32 of the sale on the property described in the tax sale certificate and that have not been paid
33 by the owner of the property.

1 (d) The Mayor and City Council of Baltimore City may establish, by law, a process
2 by which an owner of owner-occupied residential property sold at tax sale in accordance
3 with this subtitle may redeem the property through an installment payment plan.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
5 1, 2019.