

SENATE BILL 325

Q2, Q1

11r0066

(PRE-FILED)

By: **Chair, Budget and Taxation Committee (By Request – Departmental – Assessments and Taxation)**

Requested: September 23, 2020

Introduced and read first time: January 13, 2021

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: February 10, 2021

CHAPTER _____

1 AN ACT concerning

2 **Tax Sales – Redemption – Nondelinquent Taxes**

3 FOR the purpose of altering the amount which a person is required to pay the tax collector
4 to redeem property sold at tax sale by limiting the requirement to pay certain taxes
5 accruing after the sale to include only delinquent taxes; requiring that certain
6 notices include certain information; making conforming changes; and generally
7 relating to tax sale redemption.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – Property
10 Section 14–828 and 14–833
11 Annotated Code of Maryland
12 (2019 Replacement Volume and 2020 Supplement)

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

15 **Article – Tax Property**

16 14–828.

17 (a) **(1)** If the property is redeemed, the person redeeming shall pay the
18 collector:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 [(1)] (I) the total lien amount paid at the tax sale for the property
2 together with interest;

3 [(2)] (II) any taxes, interest, and penalties paid by any holder of the
4 certificate of sale;

5 [(3)] (III) [except for owner-occupied residential property in Baltimore
6 City,] **EXCEPT AS PROVIDED UNDER PARAGRAPH (2) OF THIS SUBSECTION**, any
7 **DELINQUENT** taxes, interest, and penalties accruing after the date of the tax sale;

8 [(4)] (IV) in the manner and by the terms required by the collector, any
9 expenses or fees for which the plaintiff or the holder of a certificate of sale is entitled to
10 reimbursement under § 14-843 of this subtitle; and

11 [(5)] (V) for vacant and abandoned property sold under § 14-817 of this
12 subtitle for a sum less than the amount due, the difference between the price paid and the
13 unpaid taxes, interest, penalties, and expenses.

14 **(2) FOR OWNER-OCCUPIED RESIDENTIAL PROPERTY IN BALTIMORE**
15 **CITY, ANY TAXES, INTEREST, AND PENALTIES ACCRUING AFTER THE DATE OF THE**
16 **TAX SALE MAY NOT BE INCLUDED IN THE REDEMPTION PAYMENT REQUIRED UNDER**
17 **PARAGRAPH (1) OF THIS SUBSECTION.**

18 (b) The rate of interest on redemption under subsection (a) of this section shall be
19 set under § 14-820 of this subtitle computed from the date of the tax sale to the date of the
20 redemption payment.

21 (c) On receipt of the proper amount, the collector shall notify the holder of the
22 certificate of sale that the property has been redeemed and that on surrender of the
23 certificate of sale all redemption money excluding taxes received by the collector will be
24 paid to the holder. For the purposes of this section, the collector is authorized to conclusively
25 presume that the original purchaser at the tax sale is the holder of the certificate of sale,
26 unless the collector receives a written notice of an assignment of the certificate of sale that
27 gives the collector the name and address of the assignee. Upon request, the collector shall
28 execute and deliver to the person redeeming the property a certificate of redemption which
29 may be recorded among the land records of the county in which the land is located, and
30 when recorded shall have the same effect as a release of a mortgage.

31 14-833.

32 (a) (1) Except as provided in paragraph (2) of this subsection and subsections
33 (a-1), (e), (f), and (g) of this section, at any time after 6 months from the date of sale a holder
34 of any certificate of sale may file a complaint to foreclose all rights of redemption of the
35 property to which the certificate relates.

1 (2) Except as provided in subsections (a-1), (e), (f), and (g) of this section,
2 at any time after 9 months from the date of sale of owner-occupied residential property
3 located in Baltimore City, a holder of any certificate of sale may file a complaint to foreclose
4 all rights of redemption of the property to which the certificate relates.

5 (a-1) (1) The holder of a certificate of sale may not file a complaint to foreclose
6 the right of redemption until at least 2 months after sending the first notice and at least 30
7 days after sending the second notice required under this subsection to:

8 (i) the person who last appears as owner of the property on the
9 collector's tax roll; and

10 (ii) 1. the current mortgagee of the property, assignee of a
11 mortgagee of record, or servicer of the current mortgage; or

12 2. the current holder of a beneficial interest in a deed of trust
13 recorded against the property.

14 (2) The holder of a certificate of sale is not required to provide the notices
15 under this subsection if subsection (e), (f), or (g) of this section applies to the property.

16 (3) The notices required under this subsection shall include at least the
17 following:

18 (i) a statement of the fact of the issuance of a certificate of sale;

19 (ii) a copy of the certificate of sale, if the holder of the certificate of
20 sale received the certificate of sale before the notice was sent under this paragraph;

21 (iii) a statement that the owner, a mortgage holder, or any other
22 person that has an estate or interest in the property may redeem the property at any time
23 until the right of redemption has been finally foreclosed under the provisions of this
24 subtitle;

25 (iv) a statement that the holder of the certificate of sale may file an
26 action to foreclose the right of redemption at any time after 2 months from the date of the
27 first notice;

28 (v) a statement that if the property is redeemed before an action to
29 foreclose the right of redemption is filed, the amount that shall be paid to redeem the
30 property is:

31 1. the total lien amount on the property at the time of sale,
32 with interest;

33 2. any taxes, interest, and penalties paid by the holder of the
34 certificate of sale;

1 (4) (i) 1. Except as provided in subsubparagraph 2 of this
2 subparagraph, the first of the two notices required under this subsection may not be sent
3 until 4 months after the date of sale.

4 2. In Baltimore City, for owner-occupied residential
5 property, the first of the two notices required under this subsection may not be sent until 7
6 months after the date of sale.

7 (ii) The second of the two notices required under this section shall be
8 sent:

9 1. to the persons listed in paragraph (1) of this subsection;

10 and

11 2. no earlier than 1 week after the first notice required under
12 this subsection is sent.

13 (5) (i) If a certificate of sale is assigned after the first notice required
14 under this subsection is sent and before an action to foreclose the right of redemption is
15 filed, the assignee:

16 1. at any time after the assignment, shall send one additional
17 notice under this subsection reflecting the new holder of the certificate; and

18 2. may not file a complaint to foreclose the right of
19 redemption until at least 2 months after the additional notice has been sent.

20 (ii) 1. In Baltimore City, for owner-occupied residential
21 property, prior to the filing of a complaint to foreclose the right of redemption, an owner of
22 property sold under this subtitle may send a request for the current payoff amount to
23 redeem the property.

24 2. A request made under subsubparagraph 1 of this
25 subparagraph shall be sent to the holder of the certificate of sale by first-class certified
26 mail, postage prepaid, return receipt requested, bearing a postmark from the United States
27 Postal Service.

28 3. Within 10 days of delivery of a notice sent under
29 subsubparagraph 1 of this subparagraph, the holder of a certificate of sale shall send the
30 owner of the property, by first-class certified mail, postage prepaid, return receipt
31 requested, bearing a postmark from the United States Postal Service, the current payoff
32 amount to redeem the property, as of the date the request was made.

33 4. Except as provided in subsubparagraph 6 of this
34 subparagraph, a holder of a certificate of sale who receives a request for a current payoff
35 amount to redeem property under this subparagraph may not file a complaint to foreclose
36 the right of redemption until the later of:

1 A. 20 days after the request under subparagraph 1 of this
2 subparagraph is received by the holder of the certificate of sale;

3 B. 10 days after the holder of the certificate of sale sends the
4 owner of the property the current payoff amount to redeem the property; or

5 C. the date on which a holder of the certificate of sale may file
6 a complaint to foreclose the right of redemption under paragraphs (1) and (4) of this
7 subsection.

8 5. The payoff amount to redeem the property provided by the
9 holder of the certificate of sale in accordance with subparagraph 3 of this subparagraph
10 shall be deemed valid for a period of 30 days from the date the holder of the certificate of
11 sale sends the owner of the property the payoff amount.

12 6. If the owner of property sends more than 2 requests under
13 subparagraph 1 of this subparagraph, the restrictions on filing a complaint to foreclose
14 the right of redemption may not apply to a third or subsequent request.

15 (6) (i) The first of the two notices required under this subsection shall
16 be sent:

17 1. by first-class certified mail, postage prepaid, return
18 receipt requested, bearing a postmark from the United States Postal Service; and

19 2. in an envelope prominently marked on the outside with
20 the following phrase "Notice of Delinquent Property Tax".

21 (ii) The second of the two notices required under this subsection
22 shall be sent:

23 1. by first-class certified mail, postage prepaid, return
24 receipt requested, bearing a postmark from the United States Postal Service; and

25 2. in an envelope prominently marked on the outside with
26 the following phrase "Notice of Delinquent Property Tax".

27 (7) The notice required under this subsection shall be sent to each person
28 at the person's last address known to the holder of the certificate of sale, as obtained from:

29 (i) the last deed or mortgage relating to the property recorded
30 among the land records in the county in which the property is located;

31 (ii) the tax rolls of the collector who made the sale, as to the property
32 described in the certificate of sale; and

1 (iii) with respect to the address of the resident agent and the
2 principal office of the current mortgagee of record, the Department of Assessments and
3 Taxation.

4 (8) In a proceeding to foreclose the right of redemption, if the holder of a
5 certificate of sale, the holder's agent, or the attorney of the holder of a certificate of sale,
6 files an affidavit, before the court enters a final judgment foreclosing the right of
7 redemption, attesting to the fact that the affiant has complied with the notice provisions of
8 this subsection and provides evidence that the second of the two notices required under this
9 subsection was sent by certified mail as required under paragraph (6)(ii) of this subsection,
10 then:

11 (i) the notice provisions of this subsection shall be deemed satisfied;
12 and

13 (ii) the failure of the owner, mortgagee, or beneficiary of a deed of
14 trust to receive the required notice does not invalidate the proceeding to foreclose the right
15 of redemption or the final judgment of the court.

16 (b) The right to redeem shall continue until finally barred by decree of the circuit
17 court in which the foreclosure proceeding is filed.

18 (c) (1) The certificate is void unless a proceeding to foreclose the right of
19 redemption is filed within 2 years of the date of the certificate of sale.

20 (2) A certificate for abandoned property sold under § 14-817(c) of this
21 subtitle with a minimum bid less than the lien amount reverts to the county or municipal
22 corporation and is void as to the private purchaser at tax sale unless:

23 (i) a proceeding to foreclose the right of redemption is filed within 3
24 months of the date of the certificate of sale; and

25 (ii) unless the holder is granted an extension by the court due to a
26 showing of extraordinary circumstances beyond the certificate holder's control, the holder
27 secures a decree from the circuit court in which the foreclosure proceeding was filed within
28 18 months from the date of the filing of the foreclosure proceeding.

29 (3) In Prince George's County, a certificate for property sold at a limited
30 auction is void if the purchaser was not an eligible participant under § 14-817(d)(3) of this
31 subtitle.

32 (d) (1) If a certificate is void under subsection (c) of this section, then any right,
33 title, and interest of the holder of the certificate of sale, in the property sold shall cease and
34 all money received by the collector on account of the sale shall be deemed forfeited, and
35 shall be applied by the collector on the taxes in arrears on the property.

36 (2) If a certificate for abandoned property reverts to the Mayor and City

1 Council of Baltimore City under this section, the Mayor and City Council may:

2 (i) file a foreclosure proceeding in its own name; or

3 (ii) 1. resell the certificate; and

4 2. apply all money received on account of the sale to any
5 outstanding balance remaining after the sale on the tax debt owed by the previous owner
6 of the abandoned property.

7 (e) If any building or structure is sold and purchased under this subtitle, and the
8 appropriate government agency certifies that the particular building or structure involved
9 requires, or within 6 months shall require, substantial repairs to comply with the applicable
10 building code:

11 (1) the holder of any certificate of sale may at any time after 60 days from
12 the date of sale file a complaint to foreclose all rights of redemption of the property to which
13 the certificate relates; and

14 (2) the certificate of the appropriate government agency shall be a part of
15 the complaint to foreclose the rights of redemption.

16 (f) The holder of a certificate of sale for abandoned property sold under § 4–817(c)
17 of this subtitle with a minimum bid less than the lien amount may file a complaint to
18 foreclose all rights of redemption in the property at any time after the date of sale.

19 (g) When the governing body of a county or municipal corporation becomes the
20 holder of a certificate of sale purchased in accordance with § 14–824 of this subtitle, the
21 governing body of the county or municipal corporation may file a complaint, at any time
22 after the date of sale, to foreclose all rights of redemption in abandoned property consisting
23 of:

24 (1) a vacant lot; or

25 (2) improved property cited as vacant and unfit for habitation on a housing
26 or building violation notice.

27 (h) The holder of a certificate of sale for abandoned property consisting of either
28 a vacant lot or improved property cited as vacant and unfit for habitation on a housing or
29 building violation notice in Prince George’s County that is sold under § 14–817(d) of this
30 subtitle may file a complaint to foreclose all rights of redemption in the property at any
31 time after the date of sale.

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
33 1, 2021.