

SB0855/913423/1

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL 855
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, before “**Property**” insert “**Baltimore City –**”; in the same line, after “**Foreclosure**” insert “**of Vacant or Nuisance Property**”; in line 3, strike “and” and substitute “or”; strike beginning with “requiring” in line 4 down through “aside;” in line 9 and substitute “requiring certain procedures for an in rem foreclosure; requiring Baltimore City to take certain actions to compensate the interested parties in property that has value and is acquired through an in rem foreclosure; specifying the title acquired in an in rem foreclosure; specifying the circumstances under which an in rem foreclosure judgment may be reopened;”; in line 10, after “of” insert “vacant or nuisance”; in the same line, after “property” insert “in Baltimore City”; strike in their entirety lines 11 through 15, inclusive; and in line 18, strike “14–877 and 14–878” and substitute “14–894 to be under the new part “Part VIII. Baltimore City Judicial In Rem Foreclosure for Vacant or Nuisance Property””.

AMENDMENT NO. 2

On pages 1 through 7, strike in their entirety the lines beginning with line 24 on page 1 through line 15 on page 7, inclusive, and substitute:

“14–892. RESERVED.

14-893. RESERVED.

**PART VIII. BALTIMORE CITY JUDICIAL IN REM FORECLOSURE FOR VACANT
OR NUISANCE PROPERTY.**

14–894.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “INTERESTED PARTY” MEANS ANY PERSON HAVING AN INTEREST IN A VACANT OR NUISANCE PROPERTY:

(I) WHO LAST APPEARS AS OWNER OF THE PROPERTY ON THE COLLECTOR’S TAX ROLL;

(II) WHO IS A MORTGAGEE OF THE PROPERTY OR ASSIGNEE OF A MORTGAGE OF RECORD;

(III) WHO IS A HOLDER OF A BENEFICIAL INTEREST IN A DEED OF TRUST RECORDED AGAINST THE PROPERTY;

(IV) WHO IS A TAXING AGENCY THAT HAS THE AUTHORITY TO COLLECT TAX ON THE PROPERTY; OR

(V) WHOSE IDENTITY AND ADDRESS ARE:

1. REASONABLY ASCERTAINABLE FROM THE COUNTY LAND RECORDS; OR

2. REVEALED BY A FULL TITLE SEARCH CONSISTING OF AT LEAST 50 YEARS.

(3) “TAX” HAS THE MEANING STATED IN § 14–801 OF THIS SUBTITLE.

(4) “VACANT OR NUISANCE PROPERTY” MEANS A VACANT LOT OR IMPROVED PROPERTY DETERMINED TO BE A VACANT PROPERTY OR A NUISANCE PROPERTY UNDER THE BALTIMORE CITY BUILDING CODE.

(5) “VALUE” MEANS THAT THE TOTAL AMOUNT OF LIENS FOR UNPAID TAXES ON A PROPERTY DOES NOT EXCEED THE LESSER OF THE TOTAL VALUE OF THE PROPERTY AS LAST DETERMINED BY THE DEPARTMENT OR AS DETERMINED BY AN APPRAISAL REPORT PREPARED NOT MORE THAN 6 MONTHS BEFORE THE FILING OF A COMPLAINT UNDER THIS SECTION BY A REAL ESTATE APPRAISER WHO IS LICENSED UNDER TITLE 16 OF THE BUSINESS OCCUPATIONS AND PROFESSIONS ARTICLE.

(B) (1) IN ACCORDANCE WITH THIS SECTION, BALTIMORE CITY MAY AUTHORIZE, BY LAW, AN IN REM FORECLOSURE OF VACANT OR NUISANCE PROPERTY ON WHICH THE TAXES ARE IN ARREARS.

(2) A LAW THAT AUTHORIZES AN IN REM FORECLOSURE OF VACANT OR NUISANCE PROPERTY SHALL:

(I) STATE THE DATE AFTER WHICH REAL PROPERTY MAY BE SUBJECT TO IN REM FORECLOSURE;

(II) ESTABLISH CRITERIA FOR DESIGNATING REAL PROPERTY TO BE FORECLOSED UNDER THIS SECTION;

(III) AUTHORIZE BALTIMORE CITY TO FILE A COMPLAINT FOR AN IN REM FORECLOSURE; AND

(IV) INCLUDE ADMINISTRATIVE RULES AND PROCEDURES NECESSARY TO CARRY OUT AN IN REM FORECLOSURE OF VACANT OR NUISANCE PROPERTY.

(C) BALTIMORE CITY MAY NOT FILE A COMPLAINT FOR AN IN REM FORECLOSURE ACTION UNDER THIS SECTION UNLESS:

(1) THE TAXES ON THE REAL PROPERTY HAVE BEEN DELINQUENT FOR AT LEAST 6 MONTHS; AND

(2) THE RIGHT TO APPEAL THE NOTICE OF THE PROPERTY AS VACANT OR NUISANCE PROPERTY HAS TOLLED.

(D) TO INITIATE AN IN REM FORECLOSURE ACTION, BALTIMORE CITY SHALL:

(1) FILE A COMPLAINT FOR AN IN REM FORECLOSURE IN THE CIRCUIT COURT FOR BALTIMORE CITY; AND

(2) SERVE THE COMPLAINT TO EACH INTERESTED PARTY IN ACCORDANCE WITH THE MARYLAND RULES.

(E) ALL TAXES SHALL:

(1) BE INCLUDED IN THE FORECLOSURE ACTION; AND

(2) CEASE TO BE A LIEN AGAINST THE PROPERTY IF A JUDGMENT IS ENTERED FORECLOSING THE EXISTING INTERESTS OF ALL INTERESTED PARTIES IN THE PROPERTY.

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

(1) THE NAME AND ADDRESS OF THE APPROPRIATE AGENCY OF BALTIMORE CITY;

(2) A DESCRIPTION OF THE PROPERTY AS IT APPEARS IN THE LAND RECORDS;

(3) THE TAX IDENTIFICATION NUMBER OF THE PROPERTY;

(4) A STATEMENT THAT THE TAXES ARE DELINQUENT AT THE TIME OF THE FILING;

(5) THE AMOUNT OF TAXES THAT ARE DELINQUENT AS OF THE DATE OF THE FILING;

(6) THE NAMES AND LAST KNOWN ADDRESSES OF ALL INTERESTED PARTIES IN THE PROPERTY AND, IF APPLICABLE, A STATEMENT THAT THE ADDRESS OF A PARTICULAR INTERESTED PARTY IN THE PROPERTY IS UNKNOWN;

(7) A STATEMENT THAT THE REAL PROPERTY IS A VACANT OR NUISANCE PROPERTY;

(8) COPIES OF ANY VIOLATION NOTICE CITED UNDER ITEM (7) OF THIS SUBSECTION; AND

(9) A REQUEST THAT THE CIRCUIT COURT ENTER A JUDGMENT THAT FORECLOSES THE EXISTING INTERESTS OF ALL INTERESTED PARTIES IN

(Over)

THE REAL PROPERTY.

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

(H) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN INTERESTED PARTY HAS THE RIGHT TO CURE THE DELINQUENT TAXES ON THE PROPERTY BY PAYING ALL PAST DUE TAXES AT ANY TIME BEFORE THE ENTRY OF THE FORECLOSURE JUDGMENT.

(2) THE RIGHT TO CURE THE DELINQUENT TAXES ON THE PROPERTY IS EXTINGUISHED ONCE THE FORECLOSURE JUDGMENT IS ENTERED.

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

(J) AT THE HEARING, ANY INTERESTED PARTY SHALL HAVE THE RIGHT TO BE HEARD AND TO CONTEST THE DELINQUENCY OF THE TAXES AND THE ADEQUACY OF THE PROCEEDINGS.

(K) IF THE CIRCUIT COURT FINDS THAT THE COMPLAINT WAS SERVED ON EACH INTERESTED PARTY AND THAT THE INFORMATION SET FORTH IN THE COMPLAINT IS ACCURATE, THE COURT SHALL:

(1) ENTER A JUDGMENT THAT:

(I) PROPER NOTICE HAS BEEN PROVIDED TO ALL

INTERESTED PARTIES;

(II) THE REAL PROPERTY IS A VACANT OR NUISANCE PROPERTY; AND

(III) FORECLOSES THE EXISTING INTERESTS OF ALL INTERESTED PARTIES IN THE REAL PROPERTY; AND

(2) ORDER THAT OWNERSHIP OF THE REAL PROPERTY BE TRANSFERRED TO BALTIMORE CITY.

(L) BALTIMORE CITY SHALL RECORD A JUDGMENT UNDER SUBSECTION (K) OF THIS SECTION IN THE LAND RECORDS.

(M) (1) IF PROPERTY SUBJECT TO FORECLOSURE UNDER THIS SECTION HAS VALUE, BALTIMORE CITY SHALL:

(I) SELL THE PROPERTY AT PUBLIC AUCTION IN ACCORDANCE WITH SUBSECTION (N) OF THIS SECTION; OR

(II) COMPENSATE THE INTERESTED PARTIES IN THE PROPERTY IN ACCORDANCE WITH SUBSECTION (O) OF THIS SECTION.

(2) IF PROPERTY SUBJECT TO FORECLOSURE UNDER THIS SECTION DOES NOT HAVE VALUE, BALTIMORE CITY MAY RETAIN TITLE TO THE PROPERTY WITHOUT PROVIDING COMPENSATION TO THE INTERESTED PARTIES.

(N) (1) A SALE OF PROPERTY SUBJECT TO FORECLOSURE UNDER THIS SECTION SHALL BE CONDUCTED AT PUBLIC AUCTION IN ACCORDANCE WITH THE

(Over)

MARYLAND RULES.

(2) PROPERTY MAY NOT BE SOLD UNTIL AT LEAST 45 DAYS AFTER THE ENTRY OF JUDGMENT OF FORECLOSURE.

(3) THE MINIMUM BID FOR THE SALE OF THE PROPERTY SHALL BE THE TOTAL AMOUNT OF LIENS FOR UNPAID TAXES ON THE PROPERTY.

(4) THE PROPERTY SHALL BE SOLD TO THE PERSON MAKING THE HIGHEST BID.

(5) THE PERSON MAKING THE HIGHEST BID SHALL PAY THE FULL BID AMOUNT TO BALTIMORE CITY.

(6) IF THE MINIMUM BID IS NOT MADE OR EXCEEDED, BALTIMORE CITY MAY BID THE MINIMUM BID PRICE AND PURCHASE THE PROPERTY.

(7) BALTIMORE CITY SHALL DEPOSIT IN AN ESCROW ACCOUNT ANY AMOUNT BY WHICH THE HIGHEST BID EXCEEDS:

(I) THE AMOUNT OF TAXES DUE ON THE PROPERTY; AND

(II) THE VALUE OF ALL IMPROVEMENTS MADE ON THE PROPERTY AND ALL COSTS INCURRED WITH RESPECT TO DEVELOPMENT OF THE PROPERTY BEFORE THE SALE OF THE PROPERTY BY BALTIMORE CITY.

(8) THE CIRCUIT COURT SHALL DISTRIBUTE THE FUNDS DEPOSITED INTO THE ESCROW ACCOUNT TO THE INTERESTED PARTIES IN THE ORDER OF PRIORITY OF THE INTERESTS OF THE INTERESTED PARTIES.

(9) AFTER A SALE, BALTIMORE CITY SHALL FILE A NOTICE INFORMING THE CIRCUIT COURT OF THE SALE AND STATING THE DATE OF THE SALE, THE SALE PRICE, AND THE IDENTITY OF THE PURCHASER.

(10) A SALE OF A PROPERTY UNDER THIS SECTION IS FINAL AND BINDING ON THE MAKER OF THE HIGHEST BID.

(O) (1) TO COMPENSATE THE INTERESTED PARTIES IN A PROPERTY THAT HAS VALUE WITHOUT SELLING THE PROPERTY, BALTIMORE CITY SHALL:

(I) OBTAIN AN APPRAISAL OF THE PROPERTY BY A REAL ESTATE APPRAISER WHO IS LICENSED UNDER TITLE 16 OF THE BUSINESS OCCUPATIONS AND PROFESSIONS ARTICLE; AND

(II) DEPOSIT IN AN ESCROW ACCOUNT THE AMOUNT BY WHICH THE APPRAISAL EXCEEDS THE AMOUNT OF TAXES DUE ON THE PROPERTY.

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

(P) (1) THE TITLE ACQUIRED IN AN IN REM FORECLOSURE PROCEEDING SHALL BE AN ABSOLUTE OR FEE SIMPLE TITLE INCLUDING THE RIGHT, TITLE, AND INTEREST OF EACH OF THE DEFENDANTS IN THE PROCEEDING WHOSE PROPERTY HAS BEEN FORECLOSED UNLESS A DIFFERENT TITLE IS SPECIFIED IN THE JUDGMENT ENTERED.

(2) A JUDGMENT IN AN ACTION UNDER THIS SECTION IS BINDING

(Over)

AND CONCLUSIVE, REGARDLESS OF LEGAL DISABILITY, ON:

(I) ALL PERSONS, KNOWN AND UNKNOWN, WHO WERE PARTIES TO THE ACTION AND WHO HAD A CLAIM TO THE PROPERTY, WHETHER PRESENT OR FUTURE, VESTED OR CONTINGENT, LEGAL OR EQUITABLE, OR SEVERAL OR UNDIVIDED; AND

(II) ALL PERSONS WHO WERE NOT PARTIES TO THE ACTION AND HAD A CLAIM TO THE PROPERTY THAT WAS NOT RECORDED AT THE TIME THAT THE ACTION WAS COMMENCED.

(Q) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A COURT MAY NOT REOPEN A JUDGMENT RENDERED IN AN IN REM FORECLOSURE PROCEEDING IN ACCORDANCE WITH THIS SECTION EXCEPT ON THE GROUND OF LACK OF JURISDICTION OR FRAUD IN THE CONDUCT OF THE PROCEEDINGS TO FORECLOSE.

(2) A COURT MAY NOT REOPEN ANY JUDGMENT UNDER PARAGRAPH (1) OF THIS SUBSECTION ON THE GROUND OF CONSTRUCTIVE FRAUD IN THE CONDUCT OF THE PROCEEDINGS TO FORECLOSE UNLESS AN APPLICATION TO REOPEN A JUDGMENT RENDERED IS FILED WITHIN 1 YEAR AFTER THE DATE OF THE JUDGMENT.

(R) A PLAINTIFF IN AN ACTION TO REOPEN AN IN REM FORECLOSURE JUDGMENT UNDER THIS SECTION SHALL:

(1) EXCEPT AS PROVIDED IN SUBSECTION (Q)(2) OF THIS SECTION, FILE THE ACTION WITHIN 3 YEARS AFTER THE ISSUANCE OF THE IN REM FORECLOSURE JUDGMENT;

(2) PAY ALL TAXES DUE ON THE PROPERTY BEFORE FILING THE ACTION; AND

(3) WITHIN 30 DAYS AFTER FILING THE ACTION, SUBMIT EVIDENCE TO THE COURT THAT THE PLAINTIFF HAS OBTAINED A BOND EQUAL TO THE REASONABLE VALUE OF THE PROPERTY.

(S) IF AN IN REM FORECLOSURE JUDGMENT OF THE COURT IS SET ASIDE, THE AMOUNT REQUIRED TO REDEEM IS EQUAL TO THE SUM OF:

(1) THE AMOUNT REQUIRED BY THIS SUBTITLE; AND

(2) THE REASONABLE VALUE, AT THE DATE THE JUDGMENT IS SET ASIDE, OF ALL IMPROVEMENTS MADE ON THE PROPERTY AND ALL COSTS INCURRED WITH RESPECT TO DEVELOPMENT OF THE PROPERTY BY THE PURCHASER AND THE PURCHASER'S SUCCESSORS IN INTEREST."