

SENATE BILL 456

Q1
HB 1144/15 – HRU

6lr3271

By: **Senator McFadden**

Introduced and read first time: February 2, 2016

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Sales – Reimbursement for Expenses**

3 FOR the purpose of requiring a certain notice sent by the holder of a tax sale certificate to
4 the owner of the property to include certain information; clarifying that certain costs
5 incurred by the holder of a tax sale certificate shall be reimbursed on redemption of
6 the property; providing that the holder of a tax sale certificate shall be reimbursed a
7 certain amount for attorney’s fees if an action to foreclose the right of redemption
8 has not been filed and establishing that amount as reasonable; altering the amount
9 of attorney’s fees that the holder of a tax sale certificate shall be reimbursed if an
10 action to foreclose the right of redemption has been filed; providing that the holder
11 of a tax sale certificate shall be reimbursed for certain fees incurred for obtaining
12 certain judgment reports; and generally relating to tax sales of property.

13 BY repealing and reenacting, with amendments,
14 Article – Tax – Property
15 Section 14–833(a–1)(3)(v) and 14–843(a)
16 Annotated Code of Maryland
17 (2012 Replacement Volume and 2015 Supplement)

18 BY repealing and reenacting, without amendments,
19 Article – Tax – Property
20 Section 14–833(a–1)(3)(vi)
21 Annotated Code of Maryland
22 (2012 Replacement Volume and 2015 Supplement)

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

25 **Article – Tax – Property**

26 14–833.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a-1) (3) The notices required under this subsection shall include at least the
2 following:

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

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

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

10 3. any taxes, interest, and penalties accruing after the date
11 of the tax sale; and

12 4. the following expenses incurred by the holder of the
13 certificate of sale:

14 A. costs for recording the certificate of sale;

15 B. a title search fee, not to exceed \$250;

16 C. the postage and certified mailing costs actually incurred
17 for the notices; [and]

18 D. reasonable attorney's fees, not to exceed \$500; **AND**

19 **E. COSTS FOR OBTAINING NECESSARY JUDGMENT**
20 **REPORTS;**

21 (vi) a statement that if the property is redeemed after an action to
22 foreclose the right of redemption has been filed, the amount that shall be paid to redeem
23 the property is the sum of:

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

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

28 3. any taxes, interest, and penalties accruing after the date
29 of the tax sale; and

30 4. attorney's fees and expenses to which the holder of the
31 certificate of sale may be entitled under § 14-843(a)(4) and (5) of this subtitle;

1 14-843.

2 (a) (1) Except as provided in subsection (b) of this section, on redemption, the
3 plaintiff or the holder of a certificate of sale [may] **SHALL** be reimbursed for expenses
4 incurred in any action or in preparation for any action to foreclose the right of redemption
5 as provided in this section.

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

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

12 1. costs for recording the certificate of sale;

13 2. a title search fee, not to exceed \$250;

14 3. the postage and certified mailing costs for the notices
15 required under § 14-833(a-1) of this title; [and]

16 4. [reasonable attorney's fees, not to exceed \$500]
17 **ATTORNEY'S FEES IN THE AMOUNT OF \$500, WHICH AMOUNT SHALL BE DEEMED**
18 **REASONABLE FOR WORK PERFORMED PRIOR TO FILING AN ACTION TO FORECLOSE**
19 **THE RIGHT OF REDEMPTION; AND**

20 5. **COSTS FOR OBTAINING NECESSARY JUDGMENT**
21 **REPORTS.**

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

26 1. costs for recording the certificate of sale;

27 2. a title search fee, not to exceed \$250;

28 3. the postage and certified mailing costs for the notices
29 required under § 14-833(a-1) of this subtitle; [and]

30 4. [reasonable attorney's fees, not to exceed \$500]
31 **ATTORNEY'S FEES IN THE AMOUNT OF \$500, WHICH AMOUNT SHALL BE DEEMED**

1 REASONABLE FOR WORK PERFORMED PRIOR TO FILING AN ACTION TO FORECLOSE
2 THE RIGHT OF REDEMPTION; AND

3 5. COSTS FOR OBTAINING NECESSARY JUDGMENT
4 REPORTS.

5 (4) If an action to foreclose the right of redemption has been filed, the
6 plaintiff or holder of a certificate of sale [may] SHALL be reimbursed for:

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

8 1. [~~\$1,300~~] **\$1,500** if an affidavit of compliance has not been
9 filed, which amount shall be deemed reasonable for both the preparation and filing of the
10 action to foreclose the right of redemption; or

11 2. [~~\$1,500~~] **\$1,750** if an affidavit of compliance has been
12 filed, which amount shall be deemed reasonable for both the preparation and filing of the
13 action to foreclose the right of redemption;

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

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

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

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

25 2. service of process fee, including fees incurred attempting
26 to serve process;

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

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

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

32 6. posting fee;

1 7. postage and certified mail;

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

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

6 10. any court approved expense for stabilization or conversion
7 of the property under § 14–830 of this subtitle or in accordance with an action taken against
8 the property by the county in which the property is located in accordance with the
9 applicable building, fire, health, or safety codes; **AND**

10 **11. COSTS FOR OBTAINING NECESSARY JUDGMENT**
11 **REPORTS.**

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

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

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

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

20 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July**
21 **1, 2016.**