

SENATE BILL 167

Q1

7lr1993
CF 7lr1707

By: **Senator Conway**

Introduced and read first time: January 18, 2017

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Sales – Reimbursement for Expenses**

3 FOR the purpose of clarifying that certain costs incurred by the holder of a tax sale
4 certificate shall be reimbursed on redemption of the property; requiring certain
5 payments for reimbursement to be made to certain persons; prohibiting certain
6 payments for reimbursement from being made to the tax collector; providing that the
7 holder of a tax sale certificate shall be reimbursed a certain amount for attorney's
8 fees if an action to foreclose the right of redemption has not been filed and
9 establishing that amount as reasonable; providing that the holder of a tax sale
10 certificate shall be reimbursed a certain amount for attorney's fees if an action to
11 foreclose the right of redemption has been filed; and generally relating to tax sales
12 of property.

13 BY repealing and reenacting, with amendments,
14 Article – Tax – Property
15 Section 14–843(a)
16 Annotated Code of Maryland
17 (2012 Replacement Volume and 2016 Supplement)

18 BY repealing and reenacting, without amendments,
19 Article – Tax – Property
20 Section 14–843(b)
21 Annotated Code of Maryland
22 (2012 Replacement Volume and 2016 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 14–843.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

(II) PAYMENT FOR REIMBURSEMENT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE PAID BY THE REDEEMING PARTY DIRECTLY TO THE ATTORNEY FOR THE HOLDER OF A CERTIFICATE OF SALE OR THE HOLDER OF THE CERTIFICATE OF SALE, IF THE HOLDER OF THE CERTIFICATE OF SALE IS NOT REPRESENTED BY AN ATTORNEY, AND NOT TO THE COLLECTOR.

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

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

1. costs for recording the certificate of sale;
2. a title search fee, not to exceed \$250;
3. the postage and certified mailing costs for the notices required under § 14-833(a-1) of this title; and
4. **[reasonable attorney's fees, not to exceed \$500] ATTORNEY'S FEES IN THE AMOUNT OF \$500, WHICH AMOUNT SHALL BE DEEMED REASONABLE FOR WORK PERFORMED PRIOR TO FILING AN ACTION TO FORECLOSE THE RIGHT OF REDEMPTION.**

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

1. costs for recording the certificate of sale;
2. a title search fee, not to exceed \$250;
3. the postage and certified mailing costs for the notices required under § 14-833(a-1) of this subtitle; and
4. **[reasonable attorney's fees, not to exceed \$500] ATTORNEY'S FEES IN THE AMOUNT OF \$500, WHICH AMOUNT SHALL BE DEEMED**

**REASONABLE FOR WORK PERFORMED PRIOR TO FILING AN ACTION TO FORECLOSE
THE RIGHT OF REDEMPTION.**

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

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

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

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

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

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

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

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

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

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

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

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

6. posting fee;

7. postage and certified mail;

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

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

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

9 (5) In addition to the expenses and attorney’s fees under paragraph (3) or
10 (4) of this subsection, the plaintiff or holder of a certificate of sale [may] **SHALL** be
11 reimbursed for:

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

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

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

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

26 (ii) In Baltimore City, for owner–occupied residential property, the
27 plaintiff or holder of a certificate of sale may not be reimbursed for expenses incurred within
28 7 months after the date of sale.

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

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

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

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
35 1, 2017.

