

Topic:	Vacant & Distressed Properties
Resource Type:	Regulations
State:	Maryland
Jurisdiction Type:	Municipal
Municipality:	City of Baltimore
Year (adopted, written, etc.):	2000
Community Type - applicable to:	Urban; Suburban
Title:	City of Baltimore Special Tax Sale Ordinance
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Abstract

The Maryland State Legislature enacted House Bill 743 in 2000. This Bill created a procedure known as a special tax sale in Baltimore, Maryland. Upon a commitment by a purchaser to quickly foreclose and redevelop properties, the City may package vacant properties in a tax lien sale, setting the minimum bid prices less than the full amount of payments owed on the property, including unpaid taxes, fines and penalties assessed on the unpaid taxes, and the costs incurred in making the sale. If the purchaser fails to comply with the stipulations of the sale, the property reverts back to the City. In an instance that the City is unable to find a private purchaser it may purchase title to the property itself for the minimum bid at the tax lien sale.

Resource

Baltimore City - Tax Sales - Abandoned Property

FOR the purpose of altering the applicability of certain provisions authorizing certain abandoned property in Baltimore City to be sold for a sum less than a certain amount otherwise due for tax sales; requiring the collector to establish a minimum bid for the sale of abandoned property; providing that certain unpaid balances for certain abandoned property sold at a tax sale are no longer liens on real property under certain circumstances; clarifying the authority of Baltimore City to institute certain legal proceedings relating to certain abandoned property sold at a tax sale; requiring a collector to require the payment by a certain date of the bid amount and expenses for certain tax sales of certain abandoned property in Baltimore City; authorizing Baltimore City to purchase certain abandoned property for which there is no private purchaser under certain circumstances; providing that a tax sale certificate for certain abandoned property reverts to the City and is void as to a private purchaser unless a foreclosure proceeding is filed within a certain time and a foreclosure decree is secured within a certain time; specifying certain authority of Baltimore City if a tax sale certificate for certain abandoned property reverts to the City under certain circumstances; altering the circumstances under which the final order in a

foreclosure proceeding brought by the City for certain abandoned property shall include a certain judgment against the person liable for taxes prior to the sale; repealing a provision prohibiting certain judgments for unpaid taxes on certain abandoned property in Baltimore City from being executed against the primary residence of the judgment debtor; providing that if a judgment foreclosing all rights of redemption is set aside, the amount required to redeem the property includes certain costs incurred with respect to development of property; limiting the recovery of a petitioner who files damages in an action to reopen a judgment or recover damages on certain grounds with respect to abandoned property in Baltimore City to the fair market value of the property at the time of sale; providing that certain final judgments of foreclosure for certain abandoned property in Baltimore City are void under certain circumstances; and generally relating to tax sales of certain abandoned property in Baltimore City.

Article - Tax - Property

14-817.

(c) (1) In Baltimore City, ABANDONED PROPERTY CONSISTING OF EITHER A VACANT LOT OR IMPROVED property cited as vacant and [abandoned] UNFIT FOR HABITATION on a housing or building violation notice may be sold for a sum less than the total amount of:

(i) all taxes on the property that are certified to the collector under § 14-810 of this subtitle;

(ii) interest and penalties on the taxes; and

(iii) expenses incurred in making the sale.

(2) THE COLLECTOR SHALL ESTABLISH A MINIMUM BID FOR ABANDONED PROPERTY SOLD UNDER THIS SUBSECTION.

[[2]] (3) The person responsible for the taxes prior to the sale shall remain liable to the collector for the difference between the amount received in the tax sale under this section and the taxes, interest, penalties, and expenses remaining after the sale.

[[3]] (4) The balance remaining after the tax sale shall be included in the amount necessary to redeem the property under § 14-828 of this subtitle.

[[4]] (5) In a proceeding to foreclose the right of redemption under this subtitle, the complaint shall request a judgment for the city in the amount of the balance [otherwise due under this section].

(6) THE BALANCE REMAINING AFTER THE TAX SALE IS NO LONGER A LIEN ON THE PROPERTY WHEN:

(I) A JUDGMENT IS ENTERED FORECLOSING THE OWNER'S RIGHT OF REDEMPTION;

(II) THE DEED IS RECORDED; AND

(III) ALL LIENS ACCRUING SUBSEQUENT TO THE DATE OF SALE ARE PAID IN FULL.

(7) THE MAYOR AND CITY COUNCIL MAY INSTITUTE A SEPARATE ACTION TO COLLECT THE BALANCE AT ANY TIME WITHIN 7 YEARS AFTER THE TAX SALE IF THE PLAINTIFF IS A PRIVATE PURCHASER.

14-818.

(a) (1) (i) The payment of the purchase price and the high-bid premium, if any, shall be on the terms required by the collector. Except as provided in [subparagraph (ii)] SUBPARAGRAPHS (II) AND (III) of this paragraph and § 14-826 of this subtitle, the collector shall require the purchaser to pay, not later than the day after the sale, the full amount of taxes due on the property sold, whether the taxes are in arrears or not, together with interest and penalties on the taxes, expenses incurred in making the sale, and the high-bid premium, if any. The residue of the purchase price remains on credit.

(ii) In Washington County, the collector shall require the purchaser to pay on the day of the sale the full amount of taxes due on the property sold, whether the taxes are in arrears or not, together with interest and penalties on the taxes, and expenses incurred in making the sale.

(III) IN BALTIMORE CITY, WHEN ABANDONED PROPERTY IS SOLD FOR LESS THAN THE FULL AMOUNT OF TAXES DUE ON THE PROPERTY, THE COLLECTOR SHALL REQUIRE THE PURCHASER TO PAY, NOT LATER THAN THE DAY AFTER THE SALE:

1. THE FULL AMOUNT BID; AND

2. THE EXPENSES INCURRED IN MAKING THE SALE.

(2) After the final decree has been passed foreclosing the right of redemption in any property, the collector may not execute or deliver a deed to any purchaser other than the governing body of a county until the balance of the purchase price has been paid in full, together with all taxes and interest and penalties on the taxes accruing after the date of sale.

(3) On receiving the balance and after accrued taxes and interest and penalties on the taxes, the collector shall execute and deliver a proper deed to the purchaser.

(4) Any balance over the amount required for the payment of taxes, interest, penalties, and costs of sale shall be paid by the collector to:

(i) the person entitled to the balance; or

(ii) when there is a dispute regarding payment of the balance, a court of competent jurisdiction pending a court order to determine the proper distribution of the balance.

14-820.

(a) The collector shall deliver to the purchaser a certificate of sale under the collector's hand and seal, or by the collector's authorized facsimile signature, acknowledged by the collector as a conveyance of land, which certificate shall set forth:

(1) that the property described in it was sold by the collector to the purchaser;

(2) the date of the sale;

(3) the amount for which the property was sold;

(4) the total amount of taxes due on the property at the time of sale together with interest, penalties and expenses incurred in making the sale;

(5) a description of the property in substantially the same form as the description appearing on the collector's tax roll. If the property is unimproved or has no street number, and the collector has procured a description of the property from the county or municipal corporation surveyor, this description shall be included in the certificate of sale. In Garrett County a copy of the description as required by § 14-813(f) of this subtitle, as that section relates specifically to Garrett County, shall be included in the certificate of sale;

(6) a statement that the rate of redemption is 6% a year, except as provided in subsection (b) of this section;

(7) the time when an action to foreclose the right of redemption may be instituted; and

(8) (I) that the certificate will be void unless foreclosure proceedings are brought within 2 years from the date of the certificate; or

(II) THAT UNLESS FORECLOSURE PROCEEDINGS ARE BROUGHT WITHIN 3 MONTHS FROM THE DATE OF THE CERTIFICATE TO ANY ABANDONED PROPERTY in Baltimore City[, with respect to any property which was cited as vacant and abandoned on a housing or building violation notice outstanding on the date of sale, within 1 year from the date of the certificate] SOLD UNDER § 14-817(C)(1) OF THIS SUBTITLE, THE CERTIFICATE:

1. IS VOID AS TO A PRIVATE PURCHASER; AND

2. REVERTS TO THE MAYOR AND CITY COUNCIL FOR A PERIOD OF 2 YEARS FROM THE DATE OF THE TAX SALE.

(b) The rate of redemption is 6% a year except:

- (1) in Allegany County the rate is 6% a year or as fixed by the County Commissioners;
- (2) in Anne Arundel County the rate is 6% a year or as fixed by a law of the County Council;
- (3) in Baltimore City the rate is 6% a year or as fixed by a law of the City Council;
- (4) in Baltimore County the rate is 6% a year or as fixed by a law of the County Council;
- (5) in Cecil County the rate is 6% a year or as fixed by the County Commissioners;
- (6) in Calvert County the rate is 10% a year or as fixed by the County Commissioners;
- (7) in Caroline County the rate is 10% a year or as fixed by the County Commissioners;
- (8) in Carroll County the rate is 14% a year or as fixed by the County Commissioners;
- (9) in Dorchester County the rate is 10% a year or as fixed by the County Commissioners;
- (10) in Frederick County the rate is 6% a year or as fixed by the County Commissioners;
- (11) In Garrett County the rate is 10% a year or as fixed by the County Commissioners;
- (12) in Harford County the rate is 6% a year or as fixed by a law of the County Council;
- (13) in Howard County the rate is 6% a year or as fixed by a law of the County Council;
- (14) in Kent County the rate is 6% a year or as fixed by the County Commissioners;
- (15) in Montgomery County the rate is 6% a year or as fixed by a law of the County Council;
- (16) in Prince George's County the rate is 6% a year or as fixed by a law of the County Council;

(17) in Queen Anne's County the rate is 6% a year or as fixed by the County Commissioners;

(18) in Somerset, Charles, Wicomico, and Worcester Counties the rate is 6% a year or as fixed by the County Commissioners or by a law of the County Council;

(19) in Talbot County the rate is 6% a year or as fixed by a law of the County Council; and

(20) in Washington County the rate is 6% a year or as fixed by the County Commissioners.

(c) The certificate of sale shall be in substantially the following form:

"I,, Collector of Taxes for the State of Maryland and the of, certify that on, [19] 20..., I sold to, at public auction for the sum of Dollars and Cents, of which Dollars has been paid, the property in described as and assessed to The property described in this certificate is subject to redemption. On redemption the holder of the certificate will be refunded the sums paid on account of the purchase price together with interest at the rate of 6% a year from the date of payment to the date of redemption (except as stated in subsection (b) of § 14-820 of the Tax - Property Article of the Annotated Code of Maryland), together with all other amounts specified by Chapter 761 of the Acts of 1943, and acts that amend that chapter. The balance due on account of the purchase price and all taxes, together with interest and penalties on the taxes, accruing after the date of sale, must be paid to the Collector before a deed can be delivered to the purchaser. After, [19] 20..., a proceeding can be brought to foreclose all rights of redemption in the property. This certificate will be void unless such a proceeding is brought within 2 years from the date of this certificate, except that in Baltimore City, with respect to any ABANDONED property [which was] CONSISTING OF A VACANT LOT OR IMPROVED PROPERTY cited as vacant and [abandoned] UNFIT FOR HABITATION on a housing or building violation notice outstanding on the date of the tax sale, the certificate will REVERT TO THE MAYOR AND CITY COUNCIL AND WILL be void AS TO THE PRIVATE PURCHASER AT TAX SALE unless such a proceeding is brought within [1 year] 3 MONTHS from the date of the certificate.

Witness my hand and seal, this day of, [19] 20.....

.....

COLLECTOR"

(To be followed by acknowledgment).

14-824.

(A) [The] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THE governing body of a county or other taxing agency shall buy in and hold any property in their

respective counties offered for sale for nonpayment of any taxes for which there is no private purchaser.

(B) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY BUY IN AND HOLD ANY ABANDONED PROPERTY FOR WHICH THERE IS NO PRIVATEPURCHASER FOR THE AMOUNT OF THE MINIMUM BID SET PURSUANT TO § 14-817(C)(2) OF THIS SUBTITLE.

(C) The governing body of the county and other taxing agency have the same rights and remedies with regard to the property as other purchasers, including the right to foreclose the right of redemption.

(D) A certificate of sale in the form provided in this subtitle shall be issued by the collector in the name of the Mayor and City Council of Baltimore City or the governing body of the county or other taxing agency.

14-833.

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

(2) In Baltimore City[, with respect to any property which was cited as vacant and abandoned on a housing or building violation notice outstanding on the date of the tax sale, the] A certificate FOR ABANDONED PROPERTY REVERTS TO THE MAYOR AND CITY COUNCIL AND is void AS TO THE PRIVATE PURCHASER AT TAX SALE unless:

(i) a proceeding to foreclose the right of redemption is filed within [1 year] 3 MONTHS of the date of the certificate of sale; and

(ii) unless the holder is granted an extension by the court due to a showing of extraordinary circumstances beyond the certificate holder's control, the holder secures a decree from the circuit court in which the foreclosure proceeding was filed within [2 years] 18 MONTHS from the date of the filing of the foreclosure proceeding.

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

(2) IF A CERTIFICATE FOR ABANDONED PROPERTY REVERTS TO THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY UNDER THIS SECTION, THE MAYOR AND CITY COUNCIL MAY:

(I) FILE A FORECLOSURE PROCEEDING IN ITS OWN NAME; OR

(II) 1. RESELL THE CERTIFICATE; AND

2. APPLY ALL MONEY RECEIVED ON ACCOUNT OF THE SALE TO ANY OUTSTANDING BALANCE REMAINING AFTER THE SALE ON THE TAX DEBT OWED BY THE PREVIOUS OWNER OF THE ABANDONED PROPERTY.

14-835.

(a) A person shall file a complaint in the circuit court for the county in which the land is located, that states:

(1) the fact of the issuance of the certificate of sale;

(2) a description of the property in substantially the same form as the description appearing on the certificate of tax sale and, if the person chooses, any description of the property that appears in the land records;

(3) the fact that the property has not been redeemed by any party in interest;

(4) a request for process to be served on the defendants named in the complaint;

(5) a request for an order of publication directed to all parties in interest in the property;

(6) a request that the court pass a judgment that forecloses all rights of redemption of the defendants and any other person having any interest in the property;

(7) a description of the amount necessary for redemption including the amount paid out at the tax sale; and

(8) for vacant and abandoned property in Baltimore City sold TO BALTIMORE CITY for a sum less than the amount due under § 14-817 of this subtitle, a request that the court pass a judgment for the City and against the person liable for the taxes prior to the sale in the amount of the unpaid taxes, interest, penalties, and expenses otherwise due in a tax sale.

14-843.

(b) (1) Except as provided in paragraph (2) of this subsection, in Allegany County, Anne Arundel County, Baltimore City, Baltimore County, Calvert County, Caroline County, Carroll County, Cecil County, Charles County, Dorchester County, Frederick County, Garrett County, Harford County, Howard County, Kent County, Prince George's County, Queen Anne's County, St. Mary's County, Somerset County, Washington County, Wicomico County, and Worcester County, the plaintiff or holder of a certificate of sale is not entitled to be reimbursed for expenses incurred within 4 months after the date of sale.

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

§ (I) may file a complaint any time after 60 days from the date of sale, pursuant to 14-833(e) of this [title] SUBTITLE; OR

(II) MUST FILE A COMPLAINT WITHIN 3 MONTHS FROM THE DATE OF SALE, PURSUANT TO § 14-833(C)(2) OF THIS SUBTITLE.

14-844.

(e) [(1)] In Baltimore City[, in the event that the person liable for taxes prior to the tax sale has been personally served with process,] where [vacant and] abandoned property has been sold for a sum less than the amount due under § 14-817 of this subtitle, IN A FORECLOSURE PROCEEDING BROUGHT BY THE MAYOR AND CITY COUNCIL, the final order shall include a judgment in favor of the city and against the person liable for taxes prior to the sale, in the amount of the unpaid taxes, interest, penalties, and expenses otherwise due in a tax sale.

[(2) A judgment pursuant to this subsection may not be executed against the primary personal residence of the judgment debtor. This paragraph does not limit or restrict any other right or remedy available to the City for the collection or enforcement of taxes or other amounts due from the debtor.]

14-845.

(a) A court in the State may not reopen a judgment rendered in a tax sale foreclosure proceeding except on the ground of lack of jurisdiction or fraud in the conduct of the proceedings to foreclose; however, no reopening of any judgment on the ground of constructive fraud in the conduct of the proceedings to foreclose shall be entertained by any court unless an application to reopen a judgment rendered is filed within 1 year from the date of the judgment.

(b) If the judgment of the court foreclosing all rights of redemption is set aside, the amount required to redeem is the amount required by this subtitle, and in addition, 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.

(C)

(1) IN BALTIMORE CITY, WITH RESPECT TO ABANDONED PROPERTY, A PETITIONER WHO FILES AN ACTION TO REOPEN A JUDGMENT OR TO RECOVER DAMAGES ON THE GROUND OF CONSTRUCTIVE FRAUD OR INADEQUATE NOTICE MUST FILE WITHIN 1 YEAR SHALL BE FILED WITHIN 3 YEARS FROM THE DATE OF JUDGMENT AND MAY NOT RECOVER MORE THAN THE.

(2) DAMAGES IN AN ACTION UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY NOT EXCEED THE FAIR MARKET VALUE OF THE PROPERTY AT THE TIME OF SALE.

[(c)] (D) A court in the State may not reopen a judgment rendered in a foreclosure proceeding instituted by the Mayor and City Council of Baltimore City under former Article 81, §§ 117 through 121 of the Code unless an application to reopen the judgment is filed on or before June 30, 1987. After June 30, 1987, any judgment rendered under former Article 81, §§ 117 through 121 of the Code shall be deemed conclusively to have been ratified by all persons who might otherwise have grounds to object to the judgment.

14-847.

(d) (1) [If] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, IF the holder of the certificate of sale does not comply with the terms of the final judgment of the court within 90 days as to payments to the collector of the balance of the purchase price due on account of the purchase price of the property and of all taxes, interest, and penalties that accrue after the date of sale, that judgment may be stricken by the court on the motion of an interested party for good cause shown.

(2) [(i)] In this paragraph, "interested party" includes:

1. a plaintiff who has successfully petitioned the court to appoint a receiver; and
2. a receiver appointed pursuant to the Baltimore City Building Code.

[(ii)] In Baltimore City, if the holder of the certificate of sale FOR ABANDONED PROPERTY does not COMPLY WITH THE TERMS OF FINAL JUDGMENT OF THE COURT AS TO THE PAYMENTS NECESSARY FOR THE COLLECTOR TO EXECUTE A DEED WITHIN 30 DAYS, OR DOES NOT record the deed in land records within 30 days of the execution of the deed, the final judgment [may be stricken by the court on the motion of an interested party for good cause shown] IS VOID.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 30 July 1, 2000.