

TAX LIEN SALE INFORMATION

There is no warranty, expressed or implied, that a property has a marketable title or that it contains the area of land which it is said to contain; therefore, the purchaser assumes all risks in that regard. Tax sales are complex proceedings and Allegany County recommends the purchaser to seek legal counsel prior to participation in the tax lien sale.

There may be tax liens pertaining to properties sold for which taxes were paid prior to the sale date or other circumstances that render the sale invalid or void. In the event the County determines that a tax sale is invalid and void, the county will, as the exclusive remedy available to the purchaser, reimburse the purchaser the tax sale purchase price paid, without interest. The purchaser assumes all risks of any irregularity of the sale and has no other remedy against the County. The County is not liable for and will not pay the purchaser any interest, costs or attorney fees associated with the invalid or void sale. At the tax sale, a property tax lien is offered for sale to the highest bidder. Once sold and the total amount due is paid by the purchaser to the County, the County's lien on the property passes to the purchaser.

The information presented here is provided only as a courtesy. It is not intended to be a copy of the annotated tax code. It is intended to bring forward important information of which a prospective tax lien purchaser should be aware prior to purchasing a tax lien. Allegany County does not warrant the accuracy of the information contained herein. Allegany County may not provide you with any legal advice.

Tax Property Article of the Annotated Code of Maryland Title 14 Subtitle 8 Part III Tax Sales.

§ 14-804(a) *Real property.*- All unpaid taxes on real property constitute a lien on the real property from the date they become due until paid.

Real property taxes are due and payable without interest and penalties on July 1 of each taxable year. For the purpose of this document the term "taxes" shall include, but is not limited to real property taxes. The taxes are overdue and in arrears on the succeeding October 1 for annual billing accounts; and October 1 and January 1 for semi-annual billing accounts, respectively. Interest and penalty accrues from October 1 and/or January 1 at the rate of 1 & ½ percent per month or any fraction of a month until taxes are paid in full.

§ 14-808. Sale by Collector.

a) *In general.* -The collector shall proceed to sell and shall sell under this subtitle, at the time required by local law but in no case, except in Baltimore City, later than 2 years from the date the tax is in arrears, all property in the county in which the collector is elected or appointed on which the tax is in arrears. The collector is required to sell, but failure of the collector to sell within the 2-year period does not affect the validity or collectability of any tax, or the validity of any sale thereafter made.

§ 14-817. Sale at public auction.

(a) *Conduct of sale.* – (1)(i) The sale shall be held on the day and at the place stated in the notice by advertising.

(ii) The sale shall be held in the county in which the land to be sold is located.

(iii) If the sale cannot be completed on that day, the collector shall continue the sale as determined by the collector and announced to the bidders at the sale until all property included in the sale is sold.

(2) All sales shall be at public auction to the person who makes the highest good faith accepted bid, in fee or leasehold, as the case may be.

(3) (i) The collector shall retain any common law or authority normally granted to an auctioneer conducting a public auction and may refuse to accept bids that are not made in good faith.

(ii) The collector may delegate this authority to an auctioneer.

(4) The conduct of the sale shall be according to terms set by the collector, and published with a reasonable degree of specificity in the public notice of the tax sale, to ensure the orderly functioning of the public auction and the integrity of the tax sale process, including requirements that potential bidders:

(i) establish their eligibility for abiding by presenting evidence of the legal existence of the bidding entity that is satisfactory to the collector;

(ii) limit their representation at a tax sale to no more than a single agent per bidding entity; and

(iii) refrain from any act, agreement, consent, or conspiracy to suppress, predetermine, rig, or fix the bidding at the sale.

(5) (i) If determined by the collector to be in the best interest and included in the required public notice of the sale, the collector may solicit and accept bids from the highest bidder for any group of properties to be sold at the tax sale.

(ii) 1. Upon request of any individual or group, the collector may remove any individual property or properties from a group of properties to be sold at the tax sale.

2. Upon request of the property owner at least 15 days before the date of the tax sale, the collector shall remove any individual property or properties from a group of properties to be sold at the tax sale.

(iii) The collector shall provide notice to the potential bidders of any alterations to a group of properties at the time the bidders become known.

(iv) The collector may conduct the sale of a group of properties under this paragraph by a sealed bid process.

(b) *Sales price* – (1) ...property may not be sold for a sum less than the total amount of all taxes due on the property that are certified to the collector under §14-810 of this subtitle, together with interest and penalties on the taxes and the expenses incurred in the making of the sale, and the lien for the taxes, interest, penalties, and expenses passes to the purchaser.

§14-818. Payment of purchase price.

(a) *In general.* - (1)(i) The payment of the purchase price and the high-bid premium, if any, shall be on the terms required by the collector. ...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.

(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 the sale.

(3) On receiving the balance and after accrued taxes and interest and penalties on 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. Certificate of sale – In general.

(a) *Certificate to be delivered by collector to purchaser; contents.* – 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 the 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 the 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;

(6) a statement that the rate of redemption is 6% a year or as fixed by the County Commissioners;

(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.

§ 14-821. Certificate of sale – Assignment.

Any certificate of sale executed and delivered by the collector to the purchaser is assignable and an assignment of the certificate of sale vests in the assignee, or the legal representative of the assignee, all the right, title, and interest of the original purchaser. The assignment of the certificate of sale may be made in accordance with the provisions of law relating to the short assignment of mortgages.

§ 14-822. Certificate of sale – Recording.

The purchaser may record the certificate of sale and any assignment of the certificate of sale among the land records of the county in which the property is located, but failure to record does not affect the right to institute foreclosure proceedings as provided in the subtitle.

§ 14-827. Right of redemption.

The owner or other person that has an estate or interest in the property sold by the collector may redeem the property at any time until the right of redemption has been finally foreclosed under the provisions of the subtitle.

§ 14-828. Required payments; interest rate on redemption; notice to holder of certificate; execution of certificate.

- (a) *Payments to collector.* – If the property is redeemed, the person redeeming shall pay the collector:
- (1) the total price paid at the tax sale for the property together with interest;
 - (2) any taxes, interest, and penalties paid by any holder of the certificate of sale;
 - (3) any taxes, interest, and penalties accruing after the date of the tax sale;
 - (4) unless the party redeeming furnishes the collector a release or acknowledgment executed by the plaintiff or holder of the certificate of sale that all actual expenses or fees under § 14-843 of this subtitle have been paid to the plaintiff or holder of the certificate of sale, any expense or fees for which the plaintiff or the holder of the certificate of sale is entitled to reimbursement under § 14-843 of this subtitle; and
 - (5) for vacant and abandoned property sold under § 14-817 of this subtitle for a sum less than the amount due, the difference between the price paid and the unpaid taxes, interest, penalties, and expenses.
- (b) *Interest rate on redemption.* – The rate of interest on redemption under subsection (a) of this section shall be set under § 14-820 of this subtitle computed from the date of the tax sale to the date of the redemption payment.
- (c) *Notice to holder of certificate; certificate of redemption.* – On receipt of the proper amount, the collector shall notify the holder of the certificate of sale that the property has been redeemed and that on surrender of the certificate of sale all redemption money excluding taxes received by the collector will be paid to the holder. For the purposes of this section, the collector is authorized to conclusively presume that the original purchaser at the tax sale is the holder of the certificate of sale, unless the collector receives a written notice of an assignment of the certificate of sale that gives the collector the name and address of the assignee.

§ 14-830. Rights of owners and purchasers during the redemption period; appointment of receiver of property; right to immediate possession and rents.

The owner of any property sold under the provision of this subtitle shall have the right, during the period of redemption, to continue in possession of, and to exercise all rights of ownership over the property until the right of redemption has been finally foreclosed under the provisions of this subtitle, provided that any holder of any certificate of sale may apply to the circuit court for the county in which the property is located for the appointment of a receiver of the property covered by the certificate, in accordance with the usual provisions of the laws and of rules and practice of the circuit courts that relate to receivers. If any certificate of sale is held by the governing body of the county or any other taxing agency, the governing body or taxing agency may make application by complaint, to the circuit court for the county the appointment of a receiver of the property covered by the certificate of sale. The defendant, in the action brought by the governing body of the county or any other taxing agency for the appointment of a receiver shall be the owner of the property whose name last appears as the owner on the collector's tax roll.

§ 14-833. Complaints by holders of certificates of sale to foreclose right of redemption.

- (a) *Time for filing generally.* – Except as provided in subsections (e) and (f) of this section, at any time after 6 months from the date of sale a holder of any certificate of sale may file a complaint to foreclose all rights of redemption of the property to which the certificate relates.
- (b) *Continuation of right to redeem.* – The right to redeem shall continue until finally barred by decree of the circuit court in which the foreclosure proceeding is filed.
- (c) *Void certificate – Time limitations.* – (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.
- (d) *Void certificate – Cessation of holder’s right, title, and interest.* - (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.

§ 14-835. Form of complaint.

- (a) *In general.* – 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 interest in the property;
 - (7) a description of the amount necessary for redemption including the amount paid out at the tax sale.
- (b) *Certificate of sale.* – The certificate of sale issued by the collector to the purchaser or a photostatic copy of the certificate of sale shall be attached to the complaint and shall become part of the complaint.

§ 14-843. Plaintiff or holder of certificate of sale reimbursed for expenses incurred.

- (a) *In general.*- Except as provided in subsection (b) of this section, on redemption, the plaintiff or the holder of the certificate of sale is entitled to be reimbursed for expenses incurred in any action or in preparation for any action to foreclose the right of redemption. In addition, the plaintiff or holder of a certificate of sale, on redemption, is entitled to be reimbursed for fees paid for recording the certificate of sale, for reasonable attorney’s fees, provided that the fees may not exceed \$400 unless an action to foreclose the right of redemption has been filed, for expenses incurred in the publication and service of process by publication, for reasonable fees for a necessary title search, and for taxes, together with interest and penalties on the taxes, arising after the date of sale that have been paid by the plaintiff. The plaintiff or holder of a certificate of sale is not entitled to be reimbursed for any other expenses.
- (b) *Expenses within 4 months after date of sale.* – ... in Allegany 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.

§ 14-844. Final order.

(a) *Judgment.* – After the time limit set in the order of publication and in the summons expires, the court shall enter judgment foreclosing the right of redemption. An interlocutory order is not necessary. The judgment is final and conclusive on the defendants, their heirs, devisees, and personal representatives and they or any of their heirs, devisees, executors, administrators, assigns, or successors in right, title, or interest, and all defendants are bound by the judgment as if they had been named in the proceedings and personally served with process.

(b) *Effect of judgment in favor of plaintiff – In general.* – If the court finds for the plaintiff, the judgment vests in the plaintiff an absolute and indefeasible title in fee simple in the property, free and clear of all alienations and descents of the property occurring before the date of the judgment and encumbrances on the property, except taxes that accrue after the date of sale and easements of record and any other easement that may be observed by an inspection of the property to which the property is subject.

(c) *Effect of judgment in favor of plaintiff – Leasehold interest.* – If the collector sold the property subject to a ground rent or the plaintiff elected not to include the ground rent holder as a party, the judgment vests a leasehold interest in the plaintiff.

(d) *Liability of taxes.* – Once judgment is granted, the plaintiff immediately becomes liable for the payment of all taxes due and payable after the judgment. The plaintiff may be sued in an action under § 14-864 of this subtitle to collect all taxes due and payable after the judgment and it is not a defense that a deed to the property has not been recorded. On the entry of judgment, the plaintiff shall pay the collector any surplus bid and all taxes together with interest and penalties on the taxes due on the property.

§ 14-847. Purchaser's deed; failure to comply with terms of judgment as to payments.

(a) *Executing deed.* – (1) Except as provided in paragraph (2) of this subsection, the judgment of the court shall direct the collector to execute a deed to the holder of the certificate of sale in fee simple or in leasehold, as appropriate, on payment to the collector of the balance of the purchase price, due on account of the purchase price of the property, together with all taxes and interest and penalties on the property that accrue after the date of sale. The judgment shall direct the supervisor to enroll the holder of the certificate of sale in fee simple or in leasehold, as appropriate, as the owner of the property.

(b) *Preparation of deed.* – The deed shall be prepared by the holder of the certificate of sale or the attorney for the holder of the certificate of sale and all expenses incident to the preparation and execution of the deed shall be paid by the holder of the certificate of sale.

(c) *Delivery of certified copy.* – The clerk of the court in which the suit is instituted shall issue a certified copy of the judgment of the court to the collector and supervisor and the collector is not obligated to execute the deed provided for in the section until that certified copy of the judgment is delivered to the collector.

(d) *Striking of judgment.* – (1) 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.