

## **THE TAX SALE PROCESS**

This document was prepared to provide information relative to the tax sale and the legal requirements imposed on the County as well as the purchaser of a tax sale certificate. Legal references refer to the Tax Property Article of the Annotated Code of Maryland. To ensure that you fully comply with the law and the required procedures, you may wish to seek the advice of an attorney.

### **TAX SALE INFORMATION**

Ordinary taxes, which include taxes on real property, are due and payable without interest as of the first day of July in each taxable year. The taxes are overdue and in arrears on the first day of the succeeding October. Interest and penalties accrue effective October 1 at the rate of one percent (1%) per month or any fraction of a month until paid (Annotated Code of Maryland, Tax-Property Article §10-102, §14-602, §14-603, and Anne Arundel County Code §4-1-103).

Any unpaid State, County and City taxes on real property constitute a lien on the real property from the date they become due until paid (§14-804). Additionally, in accordance with §1-8-101 of the Anne Arundel County Code and the provisions in Article 13, Title 5 of the Anne Arundel County Code, all utility charges, levies, front foot assessments and special benefit charges constitute a lien on the real property so assessed and are to be collected and enforced in the same manner as County real property taxes.

It is mandatory that the Collector of Taxes sell, at the time prescribed by local law, any property on which taxes are in arrears (§14-808, §14-809).

Thirty days or more prior to the date property is first advertised for tax sale in a newspaper, the Collector is required to mail a statement to the person who last appears as owner on the Collector's tax rolls. This tax sale notice contains the person's name, the amount of taxes due and a statement that if the taxes are not paid, the property must be sold (§14-812).

When the thirty-day period expires, the Collector of Taxes must publish a listing of the properties once a week for four successive weeks in two newspapers, published in the County, notifying the owners that the property is to be sold at public auction. Advertisement will contain the date (a date in May or June set by the Controller), time and place of the sale, as well contain with substantial accuracy the following: a description of the property, name of person who last appears on the Collector's tax roll as the owner, the amount of all taxes due and unpaid on the property, and the assessed value of the property as determined by the last assessment and the tax sale amount. The tax sale amount advertised includes, or may include, the delinquent taxes (State, County and Municipal, where applicable), interest from October of the levy year through the month of sale, waste collections charges, installment agreements, utility allocation charges, etc. In addition, a publication fee is included (§14-813).

### **THE SALE**

Each parcel of property liable to tax sale will be sold as an entirety as assessed by SDAT (§14-814). The properties are sold at public auction to the highest bidder. No property can be sold for a sum less than the advertised price. When sold, the County's lien on the property passes to the purchaser (§14-817).

The purchaser is required to pay the full amount advertised which includes a \$15.00 administrative fee (§14-813). Payment must be by wire transfer and must be received by the County prior to 3:00 p.m. Eastern Time on the day following the Tax Sale. Payment may also be made by Cashier's check delivered in person to the Arundel Center by 3:00 p.m. the day following the sale. Other methods of payment will not be accepted for winning bids.

### **THE CERTIFICATE OF SALE**

Approximately six (6) months after date of sale, the Collector will deliver to the purchaser a certificate of sale. The certificate sets forth the fact that the property described therein was sold by the collector to the purchaser, the date of sale, the amount bid, the advertised amount, a description of the property in substantially the same form as the description appearing on the collector's tax roll, the rate of redemption, when an action to foreclose the right of redemption may be instituted, and that the certificate will be void unless foreclosure proceedings are brought within two (2) years from the date of sale. Thereafter, all rights of the purchaser to the certificate cease (§14-820 and §14-833).

Any certificate of sale, properly executed, is assignable and the assignment vests in the assignee, all the rights, title and interest of the original purchaser (§14-821).

The certificate of sale is presumptive evidence in all courts, in all proceedings by and against the purchaser, of the truth of the statement therein, and of the title of the purchaser to the property (§14-823).

The certificate of sale may be recorded among the land records of the County. However, failure to record does not in any manner affect the right to institute foreclosure proceedings within the time limits prescribed (§14-822).

### **REDEMPTION BY OWNERS**

The owner or other person having an estate or interest in the property sold has the right to redeem the property at any time until the right of redemption is finally foreclosed by an order of the court (§14-827).

Prior to any action by the purchaser to foreclosure, the owner or other person, may exercise the right of redemption by paying to the Collector of Taxes the amount required for redemption. In

Anne Arundel County, the purchaser or holder of a certificate of sale is not entitled to be reimbursed for expenses incurred within a set period of time after the date of sale. For owner-occupied residential property, this is within seven (7) months of the date of the tax sale. For all other properties, this is within four (4) months of the date of the tax sale (§14-843).

**No redemptions will be allowed on the day of tax sale or on the day following the tax sale.**

Payments must be made by certified check, money order, or cash. Personal checks, business checks, debit card, and credit card payments will not be accepted.

If the property is redeemed after an action to foreclose and there is any dispute, the person redeeming may apply to the court to fix the amount necessary for redemption. Also, in case of a dispute regarding redemption, the Collector (Anne Arundel County) cannot accept money for redemption unless and until a certified copy of the order of the court fixing the amount necessary to redeem is filed with the Collector (§14-829).

On redemption, the plaintiff or the holder of a certificate of sale may be reimbursed for expenses incurred in any action or in preparation for any action to foreclose the right of redemption” as provided in §14-843(a). If an action to foreclose has been filed, the plaintiff or holder of a certificate of sale may be reimbursed for expenses in accordance with §14-843(a)(4) & (5). If an action to foreclose the right of redemption has not been filed, the holder of a certificate of sale may be reimbursed for expenses in accordance with §14-843(a)(3) & (5) provided that the time period specified in the Tax-Property Article has elapsed from the date of sale. If the time period specified in the Tax-Property Article from the date of sale has not yet elapsed, then the plaintiff or holder of a certificate of sale is not entitled to be reimbursed for expenses. Expenses or attorney’s fees that are not included in §14-843(a) are not subject to reimbursement.

The person redeeming is required to pay to the Collector, the total amount of money necessary to redeem plus interest and subsequent taxes with related interest and penalties to the date of redemption (§14-828).

During the period of redemption, the owner of the property has the right to continue in possession of and to exercise all rights to ownership until such time as the right of redemption is foreclosed (§14-830).

### **ACTIONS TO FORECLOSE**

The holder of a certificate of sale must wait a specified period of time to file a complaint in Circuit Court to foreclose all rights of redemption of the property to which such certificate relates (provided that all notice requirements have been met). If such action is not taken within two (2) years of the date of the certificate of sale, the certificate is null and void (§14-833).

The complaint to foreclose rights of redemption must set forth: (a) the fact of issuance of the certificate, (b) a description of the property, (c) a statement that the property has not been redeemed, (d) a request for process directed to the defendants named in the complaint; (e) a request for an order of publication directed to all interested parties, (f) a request that the court pass a final judgment foreclosing all rights of redemption of the defendants and to the property and (g) a statement of the amount necessary to redeem. The certificate of sale must be attached and made a part of the complaint (§14-835).

The plaintiff in the proceeding to foreclose the right of redemption must be the holder of the certificate of sale. The defendants in the proceedings must be: (a) the record title holder(s) of the property, (b) if the property is subject to a ground rent, the record title holder of the fee simple title and the owner of the leasehold title to such property, if applicable, (c) any mortgagee of the property or assignee of the mortgagee of record, named as such in any unreleased mortgage recorded in the land records of the county, (d) any trustee under any deed of trust recorded against the property or holder of a beneficial interest who files notice of the interest (e) State of Maryland, if appropriate and (f) the County (§14-836).

In a case where the owner cannot be ascertained, the owner may be included as a defendant by the following designation “Unknown Owner of Property...(giving a description of the property in substantially the same form as the description that appears on the Collector’s certificate of tax sale), the unknown owner’s heirs, devisees, and personal representatives and their or any of their heirs, devisees, executors, administrators, grantees, assignees, or successors in right, title and interest” (§14-837).

Every complaint to foreclose the right of redemption filed against an unknown owner must be accompanied by an affidavit of the person making the search, indicating that the owners of the property remain unknown, even though a complete search of the records for at least the forty-year period immediately preceding the institution of the suit was made (§14-838).

Upon the filing of the complaint, the court will issue a summons for all defendant parties named in the complaint (§14-839). At the same time the summons is issued, the court will issue an order of publication directed to all defendants (§14-840).

At the expiration of the time limited in the order of publication and summons, the court shall enter judgment foreclosing the right of redemption in the proceedings. The judgment is final and conclusive upon the defendants. If the court finds for the plaintiff, the judgment shall vest in the plaintiff an absolute and indefeasible title in fee simple. If the property sold was subject to ground rent, the judgment shall vest a leasehold interest in the plaintiff (§14-844).

The judgment of the court will direct the Collector to execute a deed in fee simple or in leasehold, as the case may be, upon payment to the Collector by the certificate holder of the balance of the purchase price, together with all taxes, interest, penalty and charges accruing subsequent to the sale. The deed is to be prepared by the holder of the certificate of sale or their

attorney. The Collector is not obligated to execute the deed until the Clerk of the Court has furnished a collector with a certified copy of the judgment. If the holder of the certificate does not comply with the terms of the final judgment within 90 days, the judgment may be stricken by the court upon the motion of an interested party for good cause shown (§14-847).

Once a judgment is granted, the plaintiff becomes liable for the payment of all taxes due after the judgment and for any surplus bid, interest and penalties on the taxes (§14-844).

Any person acquiring title to property under and pursuant to the terms and provisions of this subtitle shall be entitled to issuance of a writ of possession of the property (§14-850).

### **INVALID TAX SALES**

It may be determined after the Tax Sale, which some event has occurred which invalidates the sale. Such events include, but are not limited to, bankruptcy filings prior to Tax Sale, or transfer errors in the assessment records resulting in a failure of notice to be sent to the true property owner or the notice of advertisement containing inaccurate information.

In the event of an invalid Tax Sale, the tax sale purchaser, upon the surrender to the County of their Tax Sale Certificate, if issued, will receive a refund of the money that they paid at Tax Sale, but will receive **NO** redemption interest, reimbursement of attorney fees, title search or other costs.