

ALLEGANY COUNTY, MARYLAND

TAX LIEN SALE (Tax Sale) INFORMATION AND PROCEDURES

The Allegany County tax sale program enables the County to collect all unpaid and delinquent property taxes as required by statute. Legal references for this program are provided in the Tax Property Article of the Annotated Code of Maryland. All unpaid taxes on real property constitute a lien on the real property from the date they become due until paid (Section 14-804(a), Section 14-805 (a)). It is mandatory for the Tax Collector (Collector) to sell any property on which taxes are in arrears (Section 14-808). 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 bidder/purchaser, reimburse the bidder/purchaser the tax sale purchase price paid, without interest. The tax sale bidder/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 bidder/purchaser any interest, costs or attorney fees associated with the invalid or void sale. 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 bidder/purchaser assumes all risks in that regard. 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 bidder/purchaser to the County, the County's lien on the property passes to the bidder/purchaser. Tax sales are complex proceedings and the County recommends you seek advice prior to participation in the annual tax sale.

NOTICE OF SALE

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. At least 30 days prior to the date the property tax lien is first advertised for tax sale, the Tax Collector shall mail a **Final Bill Notice** to the person who last appears as owner on the Collector's tax rolls, at the last address shown on the tax rolls. The Collector shall cause to be published the delinquent properties in one or more newspapers for four consecutive weeks prior to the tax sale. This advertisement serves as notice to the property owners and any lien holders that the property tax lien is to be sold at tax sale. The advertisement contains the date, time and location of the sale as well as a description of the property, name of person who last appears on the Collector's tax roll as the owner, the assessed value of the property as determined by the last assessment, the deed reference and the tax sale amount. The amount advertised includes, or may include any one or combination of the following: delinquent taxes (State, County or Municipal), interest, penalty, sanitary charges and

service charges. The amount advertised also includes an advertising fee and attorney's fees, plus an administration fee to cover the County's cost of holding the tax sale. (Section 14-813)

THE SALE

Each parcel of property liable to sale shall be sold as an entirety as the parcel of property is assessed in the assessment records. No property tax lien will be sold for a sum less than the advertised price. The bid for each property will begin with the amount advertised. Bids will be received until no additional bids are offered. The property tax lien will be awarded to the highest bidder. The sale will proceed in like manner until all property tax liens are sold. Successful bidders/purchasers are required to pay the amount of the opening bid by 3:00 p.m. on the day of the sale. Acceptable methods of payment are check, money order or cash. A receipt of payment will be provided to the bidder for each property tax lien purchased. Successful bidders/purchasers who do not make payment for the full amount due for all winning bids by the specified time are considered non-compliant and will be excluded from future tax sale auctions held by Allegany County MD. The residue of the purchase price shall remain on credit. Properties with no successful bids will be available for purchase for a period of six months after the tax sale.

THE CERTIFICATE OF SALE

The Collector shall deliver to the purchaser a Certificate of Tax Sale within 10 working days of the tax sale. The certificate sets forth the fact that the property tax lien described therein was sold by the Collector of Tax to the purchaser, the date of sale, the total amount bid, the amount paid and the interest rate for redemption. **The certificate is null and void if an action to foreclose the right of redemption is not instituted by the holder within two years from the date of the sale. Thereafter, all rights of the purchaser of the certificate cease (Section 14-820).** Any certificate of sale, properly executed, can be assigned. The assignment vests the assignee all rights, title and interest of the original purchaser (Section 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 statements therein (section 14-823). This office must be notified of an assignment.

REDEMPTION BY OWNERS

The owner or other person having an estate or interest in the property sold has the right to redeem the property tax lien at any time until the right of redemption is finally foreclosed by an order of the Circuit Court (Section 14-827). During this period of redemption, the owner of the property has the right to continue in possession of and to exercise all rights of ownership until such time as the right of redemption is foreclosed (Section 14-830).

To redeem a property tax lien, the owner shall:

1. Determine the redemption amount and the need to obtain a release for actual and reasonable expenses from the certificate of sale holder by calling the Allegany County Tax Office.
2. The redemption amount includes the amount paid, by the bidder, at tax sale; redemption interest computed at 18% per annum or 1 1/2 % per month, as stated on the Certificate of Sale, from the date of the tax sale to the date of redemption payment (Section 14-828)

and reimbursement to the certificate of sale holder for actual and reasonable expenses incurred after the required six (6) month waiting period in preparation for any action to foreclose the right of redemption, including but not limited to: fees paid for recording the certificate of sale, for actual and reasonable attorney's fees for each certificate of sale, 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) arising after the date of sale that have been paid by the plaintiff or the holder of the certificate of sale (Section 14-843). Payment for redemption must be made by money order or bank check, made payable to the Allegany County Tax Office, or cash.

When the owner satisfies all redemption obligations, the Collector of Tax shall:

1. Notify the holder of the Certificate of Sale that the property was redeemed and that the certificate must be surrendered to the Collector, as it is null and void;
2. Upon receipt of the Certificate of Sale, remit all money received for redemption to the holder of the certificate (Section 14-828(c)).

The Collector reserves the right to offset any redemption amounts against outstanding county taxes and/or utility charges due on any and all properties owned by the holder of the Certificate of Sale.

ACTIONS TO FORECLOSE

The holder of a certificate of sale may at any time after the expiration of six months from the date of sale, file a complaint in the Circuit Court to foreclose all rights of redemption of the property to which such certificate relates. If this action is not taken within a two-year period subsequent to the sale, the certificate is void (Section 14-833). The certificate of sale must be attached and made part of the complaint (Section 14-835). The plaintiff in any action to foreclose the right of redemption must be the holder of the certificate of sale. The defendants in the proceeding must be (a) record owner(s) of the property, (b) owner of ground rents, if applicable, (c) mortgage holders and trustees under any deed of trust, (d) the State of Maryland, and (e) the County (Section 14-836). If the court enters a final judgment, the judgment must vest the plaintiff an absolute and indefeasible title in fee simple. If the property, on which the tax lien sold, was subject to ground rent, the judgment must vest a leasehold interest in the plaintiff (Section 14-844). The final judgment of the Court will direct the Collector to execute a deed upon payment to the Collector of the balance of the purchase price, together with all taxes, interest, penalty and charges subsequent to the tax sale. The deed is to be prepared by the holder of the certificate of sale or an attorney representing the certificate holder. The Collector is not obligated to execute the deed until the Clerk of the Court has furnished the 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 motion of an interested party (Section 14-847). Once a judgment is granted, the plaintiff becomes liable for taxes due after the judgment and for any surplus bid. (Section 14-844(d)).

This information is provided as a courtesy to any interested party. The County does not warrant the accuracy of the information contained herein. You should refer to State and Local statutes for more detailed and precise information. The County may not provide you with any legal advice.

For additional information, please reference the Tax Property Article of the Annotated Code of Maryland.