



FROM	Name & Title	Henry J. Raymond, Chief 	<div style="font-size: 24px; font-weight: bold;">City of Baltimore</div> <div style="font-size: 36px; font-weight: bold; margin-top: 10px;">MEMO</div>	
	Agency Name & Address	Bureau of Revenue Collections, Finance Department 200 N. Holliday Street, Baltimore Md. 21202		
	Subject	City Council Bill 10-0209R Recordation of Tax Sale Properties		

Date: June 25, 2010

TO Honorable President and
Members of the City Council
C/O Karen Randle
Room 409, City Hall

City Council Bill 10-0209R proposes an informational hearing with representatives of the Departments of Finance and Housing and Community Development to investigate “the number of properties foreclosed on through the tax sale process for which no deed has been recorded and to discuss the fiscal impact of these transactions on the City.”

With respect to the annual tax sale process, the first priority of the Department of Finance is to collect all the liens on a property. Transferring property is not the mission of the Bureau of Revenue Collections. While other departments of the Mayor and City Council of Baltimore may utilize the process to transfer property to more productive owners and the City may benefit from resulting transfer charges, they are not the primary goals of the State legislation that created the process. It is principally a collection device for governmental charges associated with real property.

The highest bidder on a property at the tax sale immediately pays all the outstanding liens. If the property is subsequently redeemed, then the party redeeming, who may be the owner or mortgage holder, reimburses the bidder for the liens and pays the bidder interest and costs as established by State law. If the property is not redeemed and proceeds to judgment through a foreclosure action, then the bidder pays the balance of the bid to the City. The balance is remitted to the owner and the City then executes a deed to the bidder, who becomes responsible for all taxes due after the judgment.

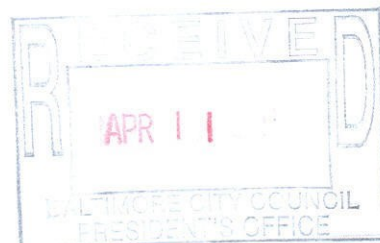
A bidder who has foreclosed may decide not to record the deed to avoid ownership liability for claims such as lead paint. Under State law, whether or not the deed is recorded, the bidder is responsible for all later taxes. As a result, we do not routinely assemble or store data regarding foreclosed properties for which no deed has been recorded because we have no reason to do so.

The right of the bidder to foreclose is limited to two year after the sale. During that time, the bidder may pay the subsequent real property taxes to earn the statutory interest and will be reimbursed if the property is redeemed. If the bidder does not pay the later taxes or file a foreclosure and the property is not redeemed, then the owner still is responsible for the taxes and the property is subject to future tax sales. If the property is foreclosed and the bidder does not pay the taxes due after the tax sale but before the date of judgment, then the original owner is still liable for them. Either way, the City will be paid the taxes due after the tax sale.

Judge Evelyn O. Cannon of the Circuit Court for Baltimore City has expressed concerns about delays in tax sale foreclosure litigation and has meet with members of the bar who handle foreclosures. The Council may want to contact her to learn her views on ways to improve the process for everyone’s benefit.

Please contact me if you need any further information or clarification on this issue.

cc: Edward Gallagher
Angela Gibson
Pedro Aponte



Comments