

2019 TAX SALE INFORMATION AND PROCEDURES

This document was prepared to provide relevant information regarding the annual Frederick County Tax Sale and the legal requirements of the County as well as the purchaser of a tax sale certificate. Legal references herein refer to the Tax Property Article of the Annotated Code of Maryland.

Liens on properties offered at the 2019 Frederick County Tax Sale are subject to the following procedures. The County shall offer lien certificates on individual properties via a **sealed bid auction using the high bid premium method** as provided for in the Annotated Code of Maryland, Tax Property Article §14-817(b)(2) et. seq.

TAX INFORMATION

Ordinary taxes, which include taxes and other fees and charges on real property, are due and payable without interest as of the first day of July in each taxable year. Under the annual payment schedule, the taxes are overdue and in arrears on the first day of the succeeding October. Under the semiannual payment schedule, the first installment is in arrears as of October 1st and the second installment is in arrears as of January 1st. Interest accrues at the rate of one percent (1%) per month or any fraction of a month until paid (Section 14-603 and Section 14-703). Interest charges are posted on the first day of each month beginning October 1st until paid.

Any unpaid State, County, and Municipal taxes and other fees and charges on real property constitute a lien on the real property from the date they become due until paid (Section 14-804).

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

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. The statement contains the owner's name, the amount of taxes due and a notice that if the taxes are not paid, the property must be sold. For this purpose, Frederick County prepares delinquent tax bills in which the required notice is contained. (Section 14-812).

The Collector will publish, once a week for three successive weeks, a listing of the delinquent properties in one or more newspapers. This advertisement serves as notice to the property owners, and any lien holders, that the property is to be sold. The advertisement will contain the date, time and place 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 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, trash & garbage charges, special improvement assessments (total unpaid), front foot benefit charges, tax liens, etc. Advertising and legal fees of \$60.00 are also included in the total. The list of delinquent properties may also be found on the tax sale website: www.frederickcountymd.gov/taxsale.

During the newspaper advertising period, April 19 through May 10, properties will be removed from the list as payments are received from taxpayers. Therefore, the final newspaper advertisement on May 5 will list fewer properties than were originally advertised. The website will also be updated weekly. The final update on the website will occur after 4:00 p.m. on Friday, May 10. There will be a notation on the website indicating the final update has been completed.

THE TAX SALE

Each parcel of property offered at tax sale will be sold as an entirety (Section 14-814). No property will be sold for a sum less than the advertised price. When sold, the County's lien on the property passes to the bidder/purchaser (Section 14-817). All bidders/purchasers must pay for their properties, including the high-bid premium, by ACH debit not later than 4:00 p.m. the day of the tax sale. The bank account provided at registration will automatically be debited for the total amount due for certificates purchased by each bidder. **Purchasers must ensure the funds are available for all bids prior to 4:00 p.m. the day of the tax sale.**

The terms of the sale are as follows; the purchaser shall complete the following steps prior to being permitted to bid in the auction:

1. Registration will begin on April 1, 2019 and will end April 30, 2019. Registration documents are available at www.frederickcountymd.gov/taxsale. All steps in the bidder registration process, including the payment of the \$100 registration fee, must be completed by 4:00 p.m. Local Time on April 30.
2. The \$100 registration fee shall be charged to each bidder's bank account by ACH debit. The registration fee is nonrefundable. Payment in USD (United States Dollars) is required.
3. Accept all terms in the "Tax Sale Notice" and the "Information and Procedures".

All communication and all activities associated with the sale must be conducted through the email address taxsale@frederickcountymd.gov.

The County will have two spreadsheets of properties. The property data will be the same on each spreadsheet. One spreadsheet will require the bidder to submit bids by entering a separate bid amount for each parcel. The other spreadsheet allows the bid to be in the

form of a bid factor (a percentage of the assessed value). For example, a multiple bid factor of .46 would indicate that the bidder is bidding .46 times the assessed value of the property. At registration, bidders must indicate which type of bidding they will use so the applicable spreadsheet is issued to them.

Bidders are to use only the County issued spreadsheets for their bids. Any non-County spreadsheet or any County spreadsheet that has been altered will be rejected by the County and the bids considered non-compliant. Bid spreadsheets will be emailed to all registered bidders after 4 p.m. on Friday, May 10. All bids **must** be submitted to the taxsale@frederickcountymd.gov email address. Bids will be accepted beginning at 10 a.m. on Monday, May 13. All bids must be received by the County by 1 p.m. Local Time on May 13. Bids will be awarded to the highest bidder.

All bids must be made in good faith. Should a successful bidder not make full payment for any or all of the certificates that are awarded in the tax sale, including any associated High Bid Premiums, they will **not be awarded any certificates** and they may be prohibited from participating in future tax sales. The certificates will be awarded to the next highest bidder. All successful bidders/purchasers must pay for their properties, including the high-bid premium, via automatic ACH debit by 4:00 p.m. the day of the tax sale. The bank account used to successfully pay the registration deposit will be automatically debited for the total amount due for all certificates awarded. Bidders must ensure the funds are available by 4:00 pm on the day of the tax sale.

In the case where the bids are identical for the same property or properties, the winning bid will be awarded to the bidder with the first submission of the identical bid.

Pursuant to Tax Property Article 14-817(b), the County has established a high bid premium for all certificates sold by a sealed bid process. This high bid premium is 20% of the amount by which the bid exceeds 40% of the property's assessed value. An example is below:

If the full cash value is \$100,000, the outstanding taxes due are \$1,000 and the successful bid is \$50,000, the bidder should expect to pay:

Taxes	\$1,000
High-Bid Premium	
Cash Value	\$100,000
40% Cash Value (\$100,000 x .40)	\$40,000
Bid	\$50,000

Less 40% Cash Value	<u>\$40,000</u>	
Total	\$10,000	
20% Premium (\$10,000 x .20)	<u>\$2,000</u>	<u>\$2,000</u>
Total Payment Due		\$3,000

A total of \$3,000 is due to the County by the close of business the day of the tax sale auction. That is, \$1,000 for the outstanding taxes, interest and costs, plus 20% of the \$10,000, the amount that exceeds forty percent of the full cash value or \$2,000.

The high bid premium is payable at the same time the successful bidder pays the tax sale amount.

The County will refund the high bid premium, without interest, to the holder of the tax sale certificate upon redemption of the property or to the plaintiff in an action to foreclose the right of redemption upon delivery of a tax sale deed for the property for which the high bid premium was paid. The high bid premium is not refundable after the time required (under Section 14-833 of the Tax-Property Article) for the filing of action to foreclose the right of redemption, if there has been no redemption and if an action to foreclose the right of redemption has not been filed within that time. In addition the high bid premium will not be refunded in the event a tax sale foreclosure suit is dismissed and there has been no redemption.

Bidders/purchasers must pay for all certificates awarded, including the high-bid premium, by automatic ACH debit not later than 4:00 p.m. the day of the tax sale. Purchasers must ensure the funds are available by 4:00 p.m. the day of the tax sale.

THE CERTIFICATE OF TAX SALE

After six months from the 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 and the rate of redemption. The certificate is null and void if an action to foreclose the right of redemption is not instituted by the holder within two (2) years from the date of sale. If a certificate is void, then the interest of the holder of the certificate of sale ceases (Section 14-833).

Any certificate of sale, properly executed, is assignable upon notification to the Treasury Department and the assignment vests in the assignee, all the right, 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 statement therein, and of the title of the purchaser to the property (Section 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 (Section 14-822).

REDEMPTION – PRIOR TO COMPLAINT

The owner or other person having an estate or legal 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 Circuit Court (Section 14-827).

To redeem a property, taxes must be paid **ONLY TO THE TAX COLLECTOR:**

1. the total tax sale price of the property and
2. any taxes, interest and penalties accruing after the date of the tax sale

Payment must be made by certified check, cashier's check, money order or cash.

The rate of interest is set under Section 14-820 and is computed from the date of the tax sale to the date of the redemption payment (Section 14-828). The interest rate, as stated on the certificate of sale, is eight percent (8%) per annum.

During the first four months after the date of the tax sale, auctioned properties may be redeemed without payment of legal fees. After the expiration of the four-month period, if the holder of the certificate, or his/her representative, has notified the Treasury Department (in writing) that legal fees have been incurred, a release is required, in addition to the redemption amount. All releases must have an expiration date. Legal fees are specifically provided in Section 14-843 of the Tax Property Article.

REDEMPTION – AFTER COMPLAINT

On redemption, the plaintiff or the holder of the certificate of sale may be reimbursed for attorney's fees and expenses incurred in any action or in preparation for any action to foreclose the right of redemption as specifically provided in Section 14-843 of the Tax Property Article.

Upon receipt of the redemption amount and attorney's release/dismissal (if required), the Collector will reimburse the holder of the certificate (Section 14-828). All releases relating to attorney's fees must have an expiration date.

If an action by the purchaser to foreclose the right of redemption has been filed and there is a dispute regarding redemption, an order of the Court is required (Section 14-829).

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 such action is not taken within a two-year period subsequent to sale, the certificate is null and void (Section 14-833). The plaintiff must forward a copy of the complaint to the Treasury Department.

The certificate of sale must be attached and made a 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 holder of a certificate of sale should review the applicable Maryland Code sections that pertain to tax sale to ensure they are complying with all requirements.

The defendants in the proceedings 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, if appropriate, and (e) the County (Section 14-836).

If the court enters a final judgment for the plaintiff, the judgment must vest in the plaintiff an absolute and indefeasible title in fee simple. If the property 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 accruing subsequent to the sale. The deed is to be prepared by the holder of the certificate of sale or an attorney. 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. The Collector will not execute any deed until at least 30 days has passed since the court order is entered. 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 (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).

Any person who acquired a deed to property under this subtitle is entitled to issuance of a writ for possession of the property under the Maryland Rules as if the person had obtained a judgment awarding possession of the property (Section 14-850).

These rules and proceedings are accepted and agreed upon by the bidder upon registration.

Questions regarding the tax sale policies may be directed to the Frederick County Treasury Department at 301-600-1111 or emailed to taxsale@frederickcountymd.gov.

By signing this agreement, the undersigned acknowledges that the above TERMS OF THE 2019 TAX SALE and the 2019 TAX SALE NOTICE have been read, understood and accepted.

Acknowledged and agreed:

Bidder's Printed Name as will appear on the Certificate of Sale

Agent's Printed Name if different from Bidders

Printed Name

Bidder's mailing address:

Street Address

City State Zip Code

Phone Number Fax Number

E-mail Address

Date

Bidder's/Authorized Agent's Signature

Please be sure to make the following choice to ensure that you will receive the correct bid spreadsheet: Bidder would like to bid using a dollar amount bid or bid factor.

Purchaser hereby elects to have the Collector mail the tax sale certificates directly to the Purchaser upon issuance of the certificate pursuant to the terms of section IV.B.2 of this agreement.

COMPLETED W-9 & ACH FORMS MUST BE ATTACHED. THE BIDDER NAME ABOVE, THE NAME LISTED ON THE W-9 AND THE NAME LISTED ON THE ACH FORM MUST MATCH.



Accounts Payable ACH – Direct Deposit Vendor Request Form

IMPORTANT: When submitting a new or change request, **you must submit a voided check or a letter from your financial institution along with the completed form.** All information on this form is **required.** The request will be returned and will **not** be processed if the required information has not been included.

Action Required: New Change (Revised areas must be completed)

ORIGINAL VENDOR INFORMATION			
Vendor Name (as it appears on your invoice): _____		Vendor #: _____	
Remittance Address: _____			
Remittance City: _____		State: _____	Zip Code: _____
Remit to E-Mail: _____			
Contact Name: _____		Phone #: _____	
Contact E-Mail: _____			
REVISED VENDOR INFORMATION			
Vendor Name (as it appears on your invoice): _____		Vendor #: _____	
Remittance Address: _____			
Remittance City: _____		State: _____	Zip Code: _____
Remit to E-Mail: _____ (ACH Deposit notifications will be sent to this E-mail Address)			
Contact Name: _____		Phone #: _____	
Contact E-Mail: _____			
ORIGINAL FINANCIAL INSTITUTION INFORMATION			
Account Type: Checking: Savings:	Vendor's Bank Name: _____		
Bank Address: _____			
Bank's City: _____		State: _____	Zip Code: _____
ABA Routing #: (Must be 9 Digits) _____		Account #: _____	
REVISED FINANCIAL INSTITUTION INFORMATION			
Account Type: Checking: Savings:	Vendor's Bank Name: _____		
Bank Address: _____			
Bank's City: _____		State: _____	Zip Code: _____
ABA Routing #: (Must be 9 Digits) _____		Account #: _____	

Authorization: Vendor agrees that Frederick County Government may reverse any electronic payment that is determined to be fraudulent, duplicate or made in error. I certify the depository information listed above is accurate and I authorize Frederick County Government to issue payment electronically via ACH. If a joint account, both payees must provide signature.

Please retain a copy for your records. Please allow approximately 30 days from the date of your request for Frederick County Government to process your change. If you have any questions please contact Accounts Payable at 301-600-1352, accountspayable@frederickcountymd.gov

Signature of Account Holder: _____ Date: _____

Signature of Joint Account Holder(s) (if applicable): _____ Date: _____