

HELP! My Property is Listed in the Tax Sale

If you're a homeowner, but haven't paid your property taxes, you could potentially lose your property to a tax sale. Learn more about how property tax sales work and how you may be able to save your property even after a tax sale occurs.

Terms

Foreclosure – Judiciary decision granted by the circuit court to transfer the ownership of a property.

Redeem, redemption, etc. – To release the Tax Lien against your property/deed.

Tax Lien – Transferring of tax a liability to a successful bidder at the County tax sale or with an over the counter tax sale.

Beginning Steps

- If you are not financially prepared to redeem the property **DO NOT REMAIN SILENT.**
 - ❖ If you receive correspondence, respond to it immediately, either by phone or in writing.
 - ❖ Go to any court hearings regarding your property to state your intentions of redemption.
- Begin looking for a financial solution immediately. The quicker you are able to redeem the property the less it will cost to redeem.
- If you have a mortgage, contact the mortgage company as soon as possible to inform them of the situation.
- When financially prepared to redeem your property you will need to contact the taxing authority, St. Mary's County Treasurer, who sold the lien, to begin the redemption process. christy.kelly@stmarysmd.com or 301-475-4200 extension 3300
- Request a **redemption calculation sheet** and the **total of any outstanding taxes** due on the property. Make payment to St. Mary's County Treasurer with **certified funds** for the amount of your redemption and outstanding taxes.
- Contact the lien holder, sometimes referred to as the bidder, for the amount of legal and administrative fees payable to them. You will find their contact information on the redemption calculation sheet. Pay the lien holder any legal and administrative fees due to them and request a **Letter of Release** be sent to yourself and the St. Mary's County Treasurer. Email or postal mail is acceptable.
- Upon payment to the St. Mary's County Treasurer, the lien is released and no further action will be required. Relax you have retained you property.
- Going forward, pay tax liabilities in the year they are assessed. This will avoid any recurrence of a tax sale of your property.

Understanding Property Tax Liens and Sales

If you don't pay your property taxes (or other municipal charges such as town taxes, sewer bills or water bills), the past-due amount becomes a lien on your property. All states have laws that allow the local government to then sell your property through the tax lien process to collect the delinquent taxes and municipal charges. This type of lien almost always has priority over other liens, including mortgages.

The property can be auctioned for the amount of the past-due taxes, which means that a \$300,000 home could be sold for \$6,000, for example. This is very different from a home mortgage foreclosure where the purchaser at the sale usually pays an amount close to the fair market value of the property. Ultimately, in a tax sale, the purchaser can potentially obtain title to the property for a fraction of its actual value.

How Property Tax Sales Work

The taxing authority (in this case St. Mary's County, MetCom and the Town of Leonardtown) does not have to go to court before holding a tax sale. Instead, the process is started when the taxing authority begins compiling a list of properties with delinquent taxes from prior tax years and publishes a copy in the newspaper for four consecutive weeks. The list includes information about the taxpayer, the property, and the amount past due. The property owner will already have been mailed their personal Final Notice of the pending tax sale.

There is a public auction. Bidding begins at the amount that covers the delinquent taxes, fees, interest, and penalties that are owed to the taxing authorities. The winning bidder at the auction receives a tax lien certificate upon prompt payment of the delinquent balance for each account they successfully bid on and won.

Tax Lien Certificate Sales

A tax lien certificate sale does not convey ownership of the property. Rather, the taxing authority sells its lien; the debt of the taxes, fees, interest and penalties, to the purchaser, also known as the bidder or lien holder. The purchaser receives a tax lien certificate for the successful bid and prompt payment of delinquent taxes on a property. This entitles the purchaser to receive reimbursement from the taxing authority (upon the redemption of the past due taxes), plus interest, penalties and fees, which the lien holder paid to obtain the tax lien certificate. The amount owed for a property to be redeemed is distributed between the taxing authority and the lien holder. Some of this redemption payment is due directly to the lien holder and some of this payment is made to the St. Mary's County Treasurer.

No sooner than six month from the date the lien was sold in tax sale, if the delinquent taxes are not paid by a certain date, the purchaser of the lien has the right to foreclose the lien through the Circuit Court. If you are not present in court a judge of the Circuit Court may grant permission to the lien holder to transfer the Deed and the lien holder may take title to your property. This is called Foreclosure of Rights of Redemption.

Redeeming/Paying Your Tax Lien on Your Property

You get a period of time during which you can redeem your property after a tax sale by paying the redemption amount and satisfying the bidder's legal fees. If you don't redeem, the purchaser may start the process for foreclosure to have the property transferred to them. If the foreclosure is successful the bidder gets title to the property free and clear of any liens that existed before the sale, including mortgage.

You can live in the property during the redemption period. You'll get between one and two years. If you are financially prepared, you should redeem your property as soon as possible to prevent additional interest, penalties and fees from accruing.

Foreclosure

Foreclosure proceedings cannot begin until all legislative requirements have been met. The lien holder is working closely with their attorney to abide by the legislation in each state.

Hiring an Attorney

For a basic redemption of your property from a tax lien sale there is no need to hire an attorney.

Beginning Steps (again)

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