



Howard County Tax Sale

Frequently Asked Questions

The following list of the most frequently asked questions and answers has been compiled to inform potential bidders or other interested parties of the basic requirements and guidelines governing participation in the Howard County Tax Sale. Participation in the Howard County Tax Sale may result in the immediate purchase of a “tax lien”, but not an actual property, therefore, discretion is encouraged. The list does not include all applicable terms or guidelines governing tax sale. Some of its contents may or may not be applicable and are subject to revision, without prior notice. Additional provisions may be enacted at any time, up to and including Tax Sale Day, and are at the sole discretion of the Collector of State and County taxes for Howard County. A complete list of terms will be made available before the sale.

Q1: How often does Howard County hold tax sales?

A1: Howard County holds one tax sale per year.

Q2: What are the date, time and location of the next Howard County Tax Sale?

A2: The Howard County Tax Sale will be held online Wednesday, August 5, 2020 via the official web site, taxsale.howardcountymd.gov. You may call The Office of Finance at 410-313-2088 if additional information is needed.

Q3: Does Howard County allow bidders to participate in the auction via mail, telephone or fax?

A3: No. All potential bidders are required to register and participate through the official web site.

Q4: How can a list of tax sale properties be obtained and what is the cost?

A4: Beginning four weeks prior to the sale, Howard County publishes a list of properties to be auctioned in a local publication (usually *The Howard County Times/Columbia Flier*) for four consecutive weeks. Copies of those publications must be purchased directly from the publisher, Patuxent Publishing. Because taxes can be paid up to the time of the sale, the number of properties on the list may change. The list will be updated periodically as these properties are removed from the sale. Concurrently, a list will also be made available via the official web site.

Q5: Are the properties not sold at the tax sale available for sale over the counter?

A5: Howard County may at its sole discretion conduct an assignment sale after the initial auction for any property not bid/sold. Instructions on participation in the assignment sale will be made available after the tax sale date. Any property not sold at the assignment sale will be purchased by the County. (At the County’s option, individual properties not sold may be offered for sale, at a later date, to the highest bidder until sold).

Q6: What are the registration requirements?

A6: All bidders must register online at taxsale.howardcountymd.gov. No mail-in or email registrations will be accepted. Registration will open on July 2, 2020 and will close on July 29, 2020. All steps in the bidder registration process must be completed by 5:00 p.m. EDT on July 29, 2020. **No registrations will be accepted on the day of sale.**

Bidders must enter a valid bank account from which the ACH registration deposit will be debited. All potential bidders will be required to provide name, address, telephone number, e-mail address and digital signature. In addition, bidders will need to complete form W-9 (Request for Taxpayer Identification Number and Certification) which must specify the tax class by which potential interest payments are reported. Department of Finance will provide tax sale purchasers with IRS form 1099 to report interest as required by law. If the bidder is a corporate entity, it must also provide (a) the name and address of the corporation, (b) the name and address of the registered agent, (c) the entity's Maryland State (SDAT) business tax ID number, and (d) certification of good standing before being able to place bids. The certificate of good standing must be obtained prior to the closing date and time of registration, on July 29, 2020.

Q7: What are the financial requirements for registration?

A7: Potential bidders must pay a one thousand dollar (\$1,000) deposit via ACH Debit at the time of registration. Payment in United States Dollars is required. Bidders must enter a valid bank account from which the registration deposit and purchases will be debited. All steps in the bidder registration process must be completed by 5:00 p.m. EDT on July 29, 2020. The deposit is fully refundable if the bidder does not purchase a tax certificate.

Q8: What is a Budget?

A8: A bidder is required to submit a budget to cover the costs of the bidder's anticipated purchases. The budget represents the maximum amount allowable for the purchase of certificates for the auction. Taxes, as well as high bid premiums (if any), will be applied against bidder's submitted budget. A bidder will not be awarded any certificates for property if bids plus the total amount due on certificates exceeds bidder's budget. **A bidder may change the bidder's submitted budget at any time prior to the close of business at 5:00 p.m. on August 4, 2020 by selecting the "Budget" link on the web page.** Funds may be verified for both the initial and any increased budgets submitted.

Q9: What is the bidding process?

A9: The initial bid price will be no less than the total amount due for taxes and other charges, together with interest, penalties and expenses of sale. Bids will be awarded on August 5, 2020 to the highest bidder. This is a sealed-bid auction in which a bidder enters his/her highest acceptable bid for a tax certificate. **A bidder may only submit one (1) bid file and it cannot be recalled after submission.** Bids may be a dollar value or they may be in the form of a bid factor (a percentage of the assessed value). For example, a multiple bid factor of .42 would indicate that the bidder is bidding 42% of the assessed value of the property. While property information will be available for both viewing and download at taxsale.howardcountymd.gov, a Final List of properties in an Excel format will be emailed to all approved registered bidders by 8:00 p.m. on August 4, 2020. Bidders must enter their bids on the Final List spreadsheet and upload it to the tax sale website, taxsale@howardcountymd.gov by

11:00 a.m. on August 5, 2020. Bids received after 11:00 a.m. on August 5, 2020 will not be considered. In the event identical bids are entered for the same property or properties, the winning bid will be awarded to the bidder with the first submission of the identical bid. If there is no bidder for a particular property on the auction date, the property will be sold to Howard County, Maryland.

Q10: What happens if I don't bid on anything?

A10: If a bidder does not bid on any property, his/her deposit will be refunded via ACH to the bank account the bidder provided at registration.

Q11: If I am the successful bidder on a property, do I have to pay the actual bid amount at the end of the auction?

A11: No, however, the successful bidder must pay for the taxes, interest, tax sale costs and any high-bid premium, by ACH Debit not later than 5:00 p.m. the day of the auction. The same bank account used to pay the registration deposit will automatically be debited for the total amount due for certificates purchased less the \$1,000 registration deposit. **The successful bidder must ensure the funds are available prior to 5:00 p.m. on the day of the sale.**

Q12: What are high-bid premiums?

A12: High-bid premiums are additional funds deposited on any tax sale property for which the highest bid exceeds forty percent (40%) of the property's full cash value. The high-bid premium is twenty percent (20%) of the amount that exceeds the forty percent cash value threshold. For example, 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

Under the example above, a total of \$3,000 is due to the County by 5:00 p.m. on the day of the auction. That is, \$1,000 for the outstanding taxes, interest and costs, plus 20% of \$10,000, the amount that exceeds forty percent of the full cash value or, \$2,000.

The high-bid premium is refundable without interest to the holder of the tax sale certificate or assignee upon redemption, or the plaintiff in an action to foreclose the right of redemption. The high-bid premium is non-refundable if the property is not redeemed and no action to foreclose the right of redemption is filed within two years of the date of the tax sale certificate. Further, the high bid premium will not be refunded in the event an action to foreclose the right of redemption is dismissed and there has been no redemption.

Q13: If I am the successful bidder on a property, do I take ownership of that property?

A13: No. The successful bidder will hold a tax lien against the property and be given a tax sale certificate. However, until redeemed, the lien will be considered the first priority financial obligation of the property.

Q14: How long is the tax lien valid?

A14: The tax lien certificate is valid for two (2) years from the date of the certificate unless a proceeding to foreclose the right of redemption is filed prior to the two (2) year expiration.

Q15: What interest rate is paid on the lien upon redemption?

A15: The current interest rate paid by Howard County on tax sale property is eighteen percent (18%) annually. The interest amount will be calculated at a daily rate from the date of sale to the date of redemption.

Q16: What are the original owners right of redemption?

A16: The procedure for redemption of properties sold at tax sale is governed by state law set forth in Title 14, Subtitle 8 of the Tax-Property Article of the Maryland Annotated Code. The County does not provide legal advice to either the tax sale purchaser or the property owner on their respective rights under the law. Instead, you should either consult the state law or obtain independent legal advice on your rights and responsibilities under the law. **The information in these FAQs is NOT intended to constitute legal advice and should not be relied upon in determining your rights and liabilities under governing law.**

Q17: What is the foreclosure process?

A17: The holder of a certificate of sale may at any time after the expiration of six (6) months from the date of sale, file a complaint in the Circuit Court for Howard County 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 sale, the certificate is void and all money held by the Collector, including any high bid premium paid, is forfeited (Section 14-833). Upon judgment in favor of the Plaintiff (tax sale purchaser) to foreclose the right of redemption, the Plaintiff immediately becomes liable for all taxes due after judgment and the balance of their bid (Section 14-844(d)). The final judgment of the Court will direct the Collector to

execute a deed upon payment to the Collector, 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 for the holder of the certificate of sale and all expenses incident to the preparation and execution of such deed shall be paid by the holder of such certificate of sale. The Collector will review the deed and, if in an acceptable form, will execute and deliver the deed to the Purchaser upon payment of all amounts due.