

## OFFICE OF TAX AND REVENUE

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### NOTICE OF EMERGENCY AND PROPOSED RULEMAKING

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The Office of Tax and Revenue (OTR) pursuant to the authority set forth in D.C. Official Code § 1-204.24c, as amended by Section 155 of the District of Columbia Appropriations Act of 2001, approved November 22, 2000, (114 Stat. 2476; Pub. L. 106-522) and the Office of the Chief Financial Officer, Financial Management and Control Order No. 00-5, effective June 7, 2000, hereby gives adopted notice, on an emergency, to amend the Taxation and Assessment Regulations, (District of Columbia Municipal Regulations (9DCMR)).

The new amendments to Chapter 3 of Title 9 DCMR "Real Property Tax Sales," clarify certain provisions in the new Chapter 13A, Real Property Tax Sales in the Tax Clarity Act of 2000 (D.C. Law 13-305), as amended and provide citizens with rules regarding the administrative process for tax sale purchases; rules and prerequisites to be followed by the real property owner or other party who has an interest to redeem the property prior to the initiation of a Superior Court of the District of Columbia foreclosure action; rules and prerequisites to begin the processing of a redemption refund and the collection of the reimbursable pre-complaint expenses and redemption refund prior to the initiation of a foreclosure action in the Superior Court of the District of Columbia; rules and prerequisites for payment of subsequent real property taxes made by the tax sale purchaser; rules and prerequisites to qualify the property for redemption after the initiation of a Superior Court of the District of Columbia action to foreclose the owner's right to redeem; rules and prerequisites to be followed to collect the redemption refund after the initiation of a Superior Court of the District of Columbia foreclosure action; rules and prerequisites to be followed by the tax sale purchaser for the issuance of a tax deed; rules and prerequisites for Cancellation of a Certificate of Sale; rules and prerequisites to be followed when a Certificate of Sale is void based on failures by the tax sale purchaser, or *void ab initio*; and rules and prerequisites to be followed for assignments of the Certificate of Sale and rules and prerequisites to be followed by owners to release a Certificate of Sale filed with the Recorder of Deeds using a Certificate of Redemption or a Praeceptum of Dismissal.

This emergency action is necessary to protect the health, welfare and safety of the citizens of the District of Columbia, and will be affected when significant revenues are not collected that would provide critical human services. As such, the failure to put in place procedures to define the revenue collecting process for tax sale properties sold at the Fiscal Year 2003 Tax Sale and beyond will pose a threat to the welfare of citizens unable to receive essential services due to reducing revenues. This emergency rule was adopted on June 2, 2003 and became effective immediately on that date.

The emergency rule will expire on September 29, 2003 or upon publication of a Notice of Final Rulemaking in the Register, whichever occurs first.

Amend Chapter 3 ("Real Property Tax Sales") of Title 9 of DCMR is amended to read as follows:

## **Section 316 Tax Sale**

### **316.1 Applicability**

- a) Sale of Property for Delinquent Taxes, having been repealed by publication in the DC Register on July 20, 2001 at 48 DCR 6449 is restated as Tax Sale Redemption and Tax Deed Issuance Rules.
- b) This section shall apply to any tax sale conducted in July 2001 and each sale of real property conducted thereafter under D.C. Official Code § 47-1330, *et seq.*
- c) All sections herein are to the Official Code (D.C.).References to sections in these regulations will be preceded by the word (section)

### **316.2 Definitions**

- a) Assignment of a Certificate of Sale – The act of transferring all rights acquired in the Certificate of Sale.
- b) Bill For Tax Deed – The document required to be obtained by the tax sale purchaser after the Superior Court has issued a judgement to foreclose the right of redemption of the owner to pay all taxes, assessments, fees, costs and expenses due and owing before the Office of Tax and Revenue will issue a tax deed.
- c) Certificate of Cancellation – The document issued to release any encumbrances created by an erroneous tax sale and the Certificate of Sale.
- d) Certificate of Redemption - A document that confirms that all outstanding taxes, assessments, fees, costs and expenses has been paid. This document statutorily releases all liens created by the Certificate of Sale.  
It also releases any other liens required to be paid in order to redeem.
- e) Certificate of Sale - A document issued to the tax sale purchaser of a tax lien evidencing that its holder is the purchaser of that tax lien.
- f) Date of Cancellation – Date a Certificate of Sale is cancelled.

- g) Date of Redemption – The earlier of the date payment of all taxes, assessments, penalties, interest, fees and costs has been posted to the applicable billing system, or the date owner provides the Office of Tax and Revenue with copies of the certified check and paid bank, or applicable agency, receipts confirming payment in full of all taxes, assessments, fees and costs.
- h) Foreclosing the Right of Redemption – An action filed in the Superior Court to terminate the interests of the owner in the real property.
- i) Forfeiture – The loss of monies paid to the District by a tax sale purchaser who is delinquent in payment of taxes to the District (§ 47-1346); who fails to pay the full amount of his bid (§ 47-1347); who fails to file a foreclosure action within one year of the date of the tax sale certificate (§ 47-1348); the certificate of sale is void under (§ 47-1355) or the tax sale purchaser fails to pay for the tax deed or to comply with the terms of any order of the Superior Court of the District of Columbia in the action foreclosing the right of redemption, or to record the deed within 30 days of its execution (§ 47-1382).
- j) OTR- Office of Tax and Revenue of the District of Columbia
- k) Payoff Request – A request to the tax sale purchaser for an itemized statement of the costs and reasonable attorney’s fees incurred as a result of filing and pursuing a foreclosure action in the Superior Court for the District of Columbia.
- l) Pre - Complaint Expenses (Reimbursable) – Expenses incurred before an action is filed to foreclose redemption, plus the amount paid to record the Certificate of Sale at the Recorder of Deeds, pursuant to § 47 – 1377 (a) (1) (A) and (B).
- m) Post - Complaint Expenses (Reimbursable) – All expenses as allowed by the Superior Court, including expenses incurred for personal service of process, expenses for service of process by publication, expenses for publication, and posting of all required notices, expenses for postage, and reasonable attorneys’ fees, pursuant to § 47 – 1377 (a) (2).
- n) Real Property Owner – An owner of record of real property, or a party with a reasonably ascertainable ownership interest in the real property.
- o) Real Property Tax Bill – The tax bill mailed to a property owner semi-annually for the collection of real property taxes.
- p) Reasonable Attorney’s Fees – Reimbursements for substantiated out-of-pocket costs and expenses as allowed by the Superior Court; plus Attorney’s fees not to exceed \$1,500.00, unless otherwise allowed by the Superior Court pursuant to D.C. Official Code § 47- 1377(a)(2).

- q) Redeem – The payment of all outstanding taxes, assessments, fees, costs and expenses due and owing on the real property.
- r) Redemption Refund – Comprises the amount paid at tax sale, including statutory interest, surplus paid at tax sale and the reimbursable pre-complaint expenses.
- s) Statutory Interest – The monthly interest amount (1½ percent) paid on the delinquent tax amount paid for the purchase of properties at tax sale. This interest amount applies to any subsequent tax paid by the purchaser that is due and owing by the owner. Interest is not paid on the surplus paid at tax sale.
- t) Tax Deed – The document that transfers fee simple interest in real property, as described in the Certificate of Sale or the assigned Certificate of Sale, to the tax sale purchaser pursuant to D.C. Official Code § 47-1382 and subject to (a) a lien filed by a taxing agency under § 47-1430(c); (b) the tenancy of a residential tenant (other than a tenant described in § 47 – 1371 (b)(1)(C) and (D)); and (c) Easements of record and any other easement that can be observed by an inspection of the real property.
- u) Tax Sale Purchaser’s Bill - A tax bill requested by the tax sale purchaser to facilitate the payment of current and prior tax liabilities that have not been sold or bid off at tax sale. Payment of these tax liabilities is credited to the Bill for Tax Deed. Interest is tolled for the tax sale purchaser at the date payment is made. Interest continues to accrue for the owner. If the owner redeems the property, payments are refunded to the tax sale purchaser with statutory interest.
- v) Taxing Agency – for purposes of sections 316.1 through 316.11, the term taxing agencies shall mean any agency of the District of Columbia which may levy a tax, assessment or charge collectible under Chapter 13A of Title 47 of the D.C. Code.
- w) Third Party Assignee - For purposes of sections 316.1 through 316.10, the term third party assignee shall mean a party who was assigned a tax lien for tax years 1990 through 1995 from the District TLC Trust 1996.

**316.3 Prior actions incidental to the initiation of a foreclosure action in the Superior Court of the District of Columbia**

- a) To redeem a property prior to the initiation of a foreclosure action in the Superior Court for the District of Columbia, a real property owner shall meet the following conditions:
  - (i) Pay all taxes, assessments, fees, penalties, interest and other costs levied by a taxing agency against the real property;
  - (ii) Pay the reimbursable pre-complaint expenses the tax sale purchaser has incurred prior to the initiation of a foreclosure action in the Superior Court for the District of Columbia;

- (iii) Pay all liens sold to a third party assignee; provided that, in the case of liens sold by the TLC Trust, if the assignee did not commence an action in the Superior Court for the District of Columbia to foreclose upon such liens on or before September 30, 2002, then payment shall be made to the District.
- (iv) The owner shall make all payments (except expenses owing to the purchaser) to the District in the manner provided in this section and the tax sale purchaser shall not accept any payment (except post-complaint expenses). Pre-complaint legal expenses are collected by the District, and reimbursed to the tax sale purchaser. The tax sale purchaser shall not include pre-complaint expenses in post-complaint legal expenses.
- (v) Redemption does not occur until all taxes, assessments, penalties, interest, fees, and other costs have been made current, and the reimbursable pre-complaint expenses have been satisfied in full.
- (vi) Any lien sold at tax sale and any subsequent payments made by the tax sale purchaser shall continue to accrue interest until all taxes, assessments, penalties, interest, fees and other costs assessed against the property by a taxing agency have been paid in full, and the pre-complaint expenses satisfied.
- (vii) The owner of a property, subject to a tax lien assigned by the District TLC Trust, shall satisfy said tax lien by certified check, cashier's check or money order. The payor shall retain a copy of the paid receipt issued by the third party assignee and a copy of the certified check, cashier's check or money order (as applicable) as proof of satisfaction of the lien. However, if the lien is subject to forfeiture, payments are made to the Office of Tax and Revenue.
- (viii) To stop further adverse actions to enforce collection of the lien sold at tax sale, the property owner shall provide the Office of Tax and Revenue, Real Property Tax Administration, with proof of payment of all outstanding taxes, assessments, fees, costs and expenses in the manner provided below:
  - (A) If the real property owner pays the real property tax and/or Business Improvement District tax by cash payment, the property owner shall provide the Office of Tax and Revenue, Real Property Tax Administration, with:
    - 1) A copy of the bill reflecting the outstanding taxes, assessments, fees and costs; and
    - 2) A copy of the paid receipt issued by the bank. The property owner shall indicate on the paid receipt that payment was made by cash.

- (B) If the property owner pays the real property tax and/or Business Improvement District tax by cashier's check, certified check or money order, the property owner shall provide the Office of Tax and Revenue, Real Property Tax Administration, with:
- 1) A copy of the real property tax bill reflecting the outstanding taxes, assessments, fees, costs;
  - 2) A copy of the paid receipt issued by the bank. The property owner shall indicate on the paid receipt that payment was made by cash; and
  - 3) A copy of the cashier's check, certified check or money order remitted in payment of the real property tax bill.
- (C) If the property owner pays an assessment, fee and/or other cost assessed by a taxing agency by cash payment, the property owner shall provide the Office of Tax and Revenue, Real Property Administration, with:
- 1) A copy of the bill(s) reflecting the outstanding assessments, fees and/or costs assessed by the taxing agency; and
  - 2) The taxing agency shall indicate on the paid receipt issued by the D.C. Treasurer that the payment was made by cash.
- (D) If the property owner pays the assessment, fee and/or other cost assessed by a taxing agency by cashier's check, certified check or money order, the property owner shall provide the Office of Tax and Revenue, Real Property Tax Administration, with:
- 1) A copy of the bill(s) reflecting the outstanding assessments, fees and/or other cost assessed by the taxing agency;
  - 2) A copy of the paid receipt issued by the D.C. Treasurer; and
  - 3) A copy of the cashier's check, certified check or money order remitted in payment of the assessment, fee and/or other cost assessed by the taxing agency.
- (E) When a real property owner pays a lien that was sold to a third party assignee, the real property owner shall provide the Office of Tax and Revenue, Real Property Tax Administration, with:
- 1) A copy of the payoff statement reflecting the principal amount of the lien, accrued interest and other allowable costs;

- 2) A copy of the cashier's check, certified check or money order remitted to the third party assignee in payment of the lien; and
  - 3) A copy of the receipt issued by the third party assignee, or the Office of Tax and Revenue in the case of forfeiture by the assignee.
- ix) The bills for taxes, penalties, interest, assessments, fees, costs and expenses (including liens sold to a third party assignee) may include, but are not limited to:
- A) Real Property Tax Bill;
  - B) Public Space Rental Bill;
  - C) Business Improvement Tax Bill;
  - D) Special Assessments Bill;
  - E) Nuisance Tax Bill (including Clean City fees);
  - F) Water and Sewer Bill;
  - G) Payoff amounts for liens sold to a third party assignee; and
  - H) Any other bill or statement issued by a taxing agency for the collection of taxes, assessments, fees or costs assessed against real property.
- x) If real property taxes and/or pre-complaint legal expenses are due and owing against the real property, the property owner shall obtain a bill from the appropriate taxing agency.
- xi) If assessments, fees and/or other costs levied by a taxing agency are due and owing against the real property, the property owner shall obtain a bill from the appropriate taxing agency.
- xii) If the real property tax lien has been sold to a third party assignee, the property owner shall obtain a payoff statement from the third party assignee. If the tax lien was forfeited to the District, the Office of Tax and Revenue shall issue a bill for the collection of the forfeited tax lien.
- b) The purchaser shall provide notice of the filing of the action to foreclose the right of redemption in the Superior Court of the District of Columbia, by the filing of a notice of the pendency of the action (lis pendens), within 10 days, in the office of the Recorder of Deeds, pursuant to § 42 - 1207 et seq.

**316.4 Rules and prerequisites to begin the processing of a redemption refund and the collection of the reimbursable pre-complaint expenses and redemption refund prior to the initiation of a foreclosure action in the Superior Court for the District of Columbia:**

- a) To begin the processing of a redemption refund, the property must have been redeemed in accordance with the requirements set forth in section 316.3 or the tax sale cancelled in accordance with the requirements set forth in section 316.9.
- b) Upon notification from the Office of Tax and Revenue, or information obtained from the records of the Office of Tax and Revenue, that all taxes, assessments, fees and charges have been paid to redeem the property, the tax sale purchaser shall surrender the certificate of sale to the Office of Tax and Revenue, Real Property Tax Administration, 941 North Capitol Street, NE, Washington, DC 20002.
- c) Upon receipt of the Certificate of Sale, the Office of Tax and Revenue shall process the redemption refund.
- d) The redemption refund shall be comprised of the amount paid at tax sale including any surplus. Interest shall be paid at a rate of 1 ½ percent per month or part thereof on the amount paid at tax sale that represents the delinquent tax. Interest shall not be paid on the surplus.
- e) Interest shall begin to accrue the first month after the date of the tax sale and shall cease to accrue on the date of redemption or cancellation.
- f) To collect the reimbursable pre-complaint expenses, the tax sale purchaser shall provide the following information upon notification that the property has qualified for redemption:
  - i) A copy of the paid receipt issued for the rendering of the pre-complaint services; and
  - ii) An affidavit attesting to the fact that the pre-complaint expenses were rendered.
- g) The documentation required in section 316.4(f) shall be provided to the Office of Tax and Revenue, Real Property Tax Administration, 941 North Capitol Street, NE, Washington, DC 20002.
- h) Upon receipt of the documentation required in section 316.4(f), the Office of Tax and Revenue shall process the refund of the pre-complaint expenses. Interest shall not be paid on the pre-complaint expenses.

**316.5 Rules and prerequisites for payment of the subsequent real property taxes made by the tax sale purchaser:**

- a) The tax sale purchaser shall obtain a copy of the Tax Sale Purchaser's Bill from the Office of Tax and Revenue, Real Property Tax Administration, which shall be different from the Real Property Tax Bill provided to and paid by the real property owner or other parties who have an interest in the real property.

- b) The tax sale purchaser shall pay the Tax Sale Purchaser's Bill at the Cashier's Office of the DC Treasurer. Once payment has been remitted, the tax sale purchaser shall immediately provide the Office of Tax and Revenue, Real Property Tax Administration, with a copy of the paid receipt issued by the Cashier's Office of the DC Treasurer and retain a copy of the receipt for the tax sale purchaser's record.
  
- c) Any payment made against the real property tax bill that is not a Tax Sale Purchaser's Bill shall be applied to the real property taxes due and owing against the property as if the payments were made by the property owner. The tax sale purchaser shall not receive credit for any payment of subsequent real property taxes unless payment is made on a Tax Sale Purchaser's Bill in the manner provided in sections 316.5(a) and (b).
  
- d) Any payments made by a tax sale purchaser pursuant to a Tax Sale Purchaser's Bill shall be applied to the real property tax account at the time a Tax Deed is issued to the tax sale purchaser.
  
- e) The tax sale purchaser shall be liable for the interest and penalty due at the time of payment.

**316.6 Rules and prerequisites to qualify the property for redemption after the initiation of a Superior Court for the District of Columbia action to foreclose the owner's right to redeem:**

- a) To qualify the property for redemption, the real property owner shall pay in full the following:
  - i) All taxes, assessments, fees, costs and expenses levied by a taxing agency;
  - ii) The reimbursable pre-complaint expenses;
  - iii) All liens that have been sold to a third party assignee; and
  - iv) All expenses incurred as a result of the initiation of a Superior Court for the District of Columbia action to foreclose the owner's right to redeem by the tax sale purchaser at the July 2001 tax sale or tax sale occurring thereafter, as authorized under D.C. Official Code § 47-1377(a)(2).
  
- b) Upon notification that the property owner is attempting to redeem, the Office of Tax and Revenue, Real Property Tax Administration, shall request a payoff statement from

the tax sale purchaser of all expenses incurred as a result of the initiation of a Superior Court foreclosure action.

- c) The tax sale purchaser shall provide the property owner and the Office of Tax and Revenue with a payoff statement reflecting the amount to satisfy the expenses incurred as a result of the initiation of a Superior Court for the District of Columbia foreclosure action within ten (10) business days of the request. If there is no response, OTR will send a certified request to the tax sale purchaser.
  
- d) Failure to provide the Office of Tax and Revenue with a copy of the payoff statement within ten (10) business days from the date the certified request is received may result in the issuance of a Certificate of Redemption to the owner to release all parties from any and all further liabilities arising under the Certificate of Sale.
  
- e) If there is a dispute regarding the amount to satisfy the expenses referenced in section 316.6(c), the party seeking to redeem the real property must apply to the Superior Court of the District of Columbia for an order fixing the amount of fees, costs and expenses as provided in D.C. Official Code § 47-1377(a)(2). The real property shall not be redeemed until the amount appearing on an order of the court is satisfied in full. The redeeming party shall provide the Office of Tax and Revenue, Real Property Tax Administration, with a copy of the court order and documentation showing that the amount in the court order has been fully satisfied.
  
- f) The property owner shall pay in full the expenses incurred as a result of the initiation of the foreclosure action in the Superior Court for the District of Columbia. Payment shall be made to the tax sale purchaser and shall be made in the form of a certified check, cashier's check or money order.
  
- g) At the time the property owner pays the expenses as provided in this section, the tax sale purchaser shall provide to the property owner a receipt showing full satisfaction of said expenses.
  
- h) If the tax sale purchaser has filed the Certificate of Sale at the Recorder of Deeds, upon redemption as provided in section 316.6(a), the tax sale purchaser shall file a Praecipe of Dismissal of the foreclosure action in the Superior Court for the District of Columbia, and within 30 days of filing the dismissal, file a court certified copy of the Praecipe of Dismissal with the Recorder of Deeds to release the Certificate of Sale.

**316.7 Rules and prerequisites to be followed to collect the redemption refund after the initiation of a foreclosure action in the Superior Court for the District of Columbia:**

- a) Upon receipt of an order dismissing the Superior Court for the District of Columbia action to foreclose the owner's right to redeem, the tax sale purchaser shall submit the following documentation for a refund:
  - i) Certificate of Sale
  - ii) Copy of praecipe dismissing the foreclosure action; and
  - iii) Receipts showing payments of subsequent taxes pursuant to 316.5.
  
- b) Upon receipt of the documentation required in subsection (a) of this section, the Office of Tax and Revenue, Real Property Tax Administration, shall process the refund.
  
- c) The redemption refund shall be comprised of:
  - i) The amount paid for the property sold at tax sale, including surplus and statutory interest. Interest shall be paid on the amount paid at tax sale that represents the amount of the delinquent tax due and owing against the property at the time of the sale. Interest shall not be paid on the surplus.
  - ii) The pre-complaint expenses; and
  - iii) The amount paid pursuant to a Tax Sale Purchaser's Bill to satisfy the subsequent real property taxes inclusive of statutory interest.
  
- d) The statutory interest is paid on the amount of the real property tax delinquency sold at tax sale and accrues at a rate of 1 ½ percent per month or a part thereof, after the first month after the tax sale and shall cease to accrue on the date of cancellation of the tax sale or the date of redemption.
  
- e) The statutory interest is paid on the amount paid by the tax sale purchaser for the subsequent real property tax and accrues at a rate of 1 ½ percent per month or a part thereof. The statutory interest begins to accrue on the date of payment of the subsequent real property taxes and shall cease on the date of cancellation of the tax sale or date of redemption.
  
- f) The statutory interest on the amount paid to satisfy the subsequent real property tax shall be paid at a rate of 1 ½ percent per month or part thereof on the base delinquent tax exclusive of penalty. The interest shall begin to accrue on the date of payment for the tax sale certificate and shall cease on the date of redemption.

**316.8 Rules and prerequisites to be followed by the tax sale purchaser for the issuance of a tax deed:**

- a) To apply for a tax deed, the tax sale purchaser shall submit to the Office of Tax and Revenue, Real Property Tax Administration, a certified copy of the final judgment issued by the Superior Court of the District of Columbia. The final judgment shall order that the property owner's right of redemption is foreclosed and that the tax sale purchaser shall have the sole right to be issued a tax deed.
- b) Upon proper application for a tax deed, the tax sale purchaser shall be issued a Bill for Tax Deed.
- c) The Bill for Tax Deed shall be satisfied on or before the due date provided on the Bill for Tax Deed which shall be no less than thirty (30) days from the date of issuance.
- d) Payment of the taxes, assessments, fees and other costs due and owing against the property at the time application for tax deed is made shall be in the form of cash, certified check, cashier's check or money order.
- e) If the payment is made by certified check, cashier's check or money order, the tax sale purchaser shall provide the Office of Tax and Revenue with:
  - i) a copy of the certified check, cashier's check or money order remitted in payment of bill for tax deed;
  - ii) a copy of the receipt issued by the bank, the Cashier's Office of the D.C. Treasurer and/or third party assignee; and
  - iii) a copy of the bill from each appropriate taxing agency, and/or a copy of the payoff statement from the third party assignee.
- f) If payment is made by cash, the tax sale purchaser shall provide the Office of Tax and Revenue with:
  - i) A copy of the receipt issued by the bank, Cashier's Office of the D.C. Treasurer and/or third party assignee indicating payment by cash;
  - ii) A copy of the bill from each appropriate taxing agency, and/or a copy of the payoff statement from the third party assignee.
- g) The tax sale purchaser shall forfeit all monies paid for the property at tax sale and any payments made toward the subsequent real property taxes if the tax sale purchaser fails

to satisfy the Bill for Tax Deed on or before the due date provided on the Bill for Tax Deed.

### **316.9 Rules and Prerequisites for Cancellation of a Certificate of Sale**

- a) A Certificate of Sale shall be cancelled to prevent an injustice to the real property owner.
- b) If a Certificate of Sale is cancelled for any reason, other than for the reason of fraud on the part of the tax sale purchaser, the tax sale purchaser shall be refunded the following:
  - i) The amount paid for the property sold at tax sale, including surplus and statutory interest;
  - ii) The pre-complaint expenses actually paid and properly incurred;
  - iii) The amount paid to satisfy the subsequent real property taxes and statutory interest.
- c) Statutory interest is paid on the amount of the real property tax delinquency sold at tax sale and accrues at 1 ½ percent per month or a part thereof. The statutory interest shall begin to accrue on the date of the tax sale and shall cease to accrue on the date of cancellation.
- d) Statutory interest is paid on the amount paid by the tax sale purchaser for the subsequent real property tax and accrues at a rate of 1 ½ percent per month or a part thereof. The statutory interest shall begin to accrue on the date the subsequent payment was made and shall cease to accrue on the date of cancellation.
- e) When cancelled, the Office of Tax and Revenue, Real Property Tax Administration, shall provide to the tax sale purchaser a Notice of Cancellation of the tax sale.
- f) If the tax sale is cancelled after the initiation of a Superior Court of the District of Columbia foreclosure action, the tax sale purchaser shall provide the Office of Tax and Revenue, Real Property Tax Administration, with the following documents upon receiving notification of cancellation of the tax sale:
  - i) A payoff statement for the expenses incurred as a result of the initiation of the foreclosure action; and
  - ii) A copy of the paid receipt issued for the rendering of services for the initiation of a foreclosure action; or
  - iii) An affidavit attesting to the fact that services were rendered for the initiation of a foreclosure action.

- g) The refund provisions of section 316.9(b) shall not apply to costs and expenses incurred by the tax sale purchaser after any of the following:
  - i) Where the tax sale purchaser knows, or should have known, of errors in ownership information;
  - ii) Where the tax sale purchaser discovers, or should have discovered, that the property is in bankruptcy;
  - iii) Where the tax sale purchaser obtains a title report that discovers, or should have discovered, errors that affect the validity of the Certificate of Sale; or
  - iv) Where the tax sale purchaser discovers information from any source that affects the validity of the Certificate of Sale.

**316.10 Rules and prerequisites to be followed when a Certificate of Sale is declared void based on failures by the tax sale purchaser:**

- a) A Certificate of Sale shall be declared void and all payments forfeited to the District for the following reasons:
  - i) Failure to file a complaint to foreclose the right of redemption within one (1) year of the date of the certificate;
  - ii) Failure to pay delinquent taxes due and owing the District of Columbia;
  - iii) Failure to prosecute the complaint to foreclose the right of redemption;
  - iv) Failure to pay, by the date specified, the amount stated on the Bill for Tax Deed pursuant to the final order of the Superior Court for the District of Columbia;
  - v) Failure to record the deed with the Recorder of Deeds within 30 days of its execution; or
  - vi) Fraud by the purchaser.
- b) A Certificate of Sale may be *void ab initio* (invalid from the date of sale), only in the following circumstances. If the certificate is invalid, statutory interest will be paid; costs, expenses and reasonable attorney's fees will be reviewed on a case-by-case basis:
  - i) Taxes paid prior to the tax sale;
  - ii) Real Estate taxes sold erroneously;

- iii) Payment applied to incorrect year;
- iv) Property in bankruptcy
- v) Payment applied to incorrect square/lot; or
- vi) Property is exempt for the period of the delinquency for which it was sold at tax sale;
- vii) Any other action taken by the Office of Tax and Revenue **that may have inadvertently caused a sale of the real property tax lien.**

**316.11 Rules and prerequisites to be followed for assignment of the Certificate of Sale**

- a) The assignee of the Certificate of Sale shall notify in writing the Office of Tax and Revenue, Real Property Tax Administration, within thirty (30) days from the assignment of the Certificate of Sale. The assigned certificate of sale may be recorded with the Recorder of Deeds.
- b) An assignee of the Certificate of Sale shall not be delinquent in the payment of any taxes, assessments, fees and/or costs due to the District of Columbia.
- c) The assignee of the Certificate of Sale shall submit a completed “Clean Hands Certification for Potential Tax Sale Purchasers and Assignees.”
- d) If an assignee of the Certificate of Sale shall be found to be delinquent in the payment of real property taxes, the assignee shall forfeit all monies paid for the assignment of the Certificate of Sale and any monies paid toward the subsequent real property taxes.
- e) Once the Certificate of Sale has been assigned, the assignee becomes the tax sale purchaser of the property associated with the certificate. The assignee shall be bound by all rules and regulations pertaining to a tax sale purchaser including all rules of forfeiture.

**316.12 Rules and Prerequisites to be followed to release A Certificate of Sale filed with the Recorder of Deeds using a Certificate of Redemption or a Praeceptum of Dismissal**

- a) After redeeming the property pursuant to section 316.3, a property owner may request a Certificate of Redemption to be filed with the Recorder of Deeds to cause a release of the Certificate of Sale.
- b) After redeeming the property pursuant to section 316.6, a property owner may file a certified copy of the Praeceptum of Dismissal issued by the Superior Court or a Certificate of Redemption to cause the release of the Certificate of Sale.

- c) The Office of Tax and Revenue, Real Property Tax Administration, will process a Certificate of Redemption upon receipt of a written request for the Certificate and receipt of payment of a one hundred dollar (\$100.00) fee payable to D.C. Treasurer.
- d) Processing time for a Certificate of Redemption shall be no less than ten (10) business days from receipt of the written request and acceptable payment.
- e) Upon issuance, a Certificate of Redemption releases all liens assessed against the property by a taxing agency prior to the date of the Certificate, and bars the collection of any reasonable attorney's fees, legal expenses, out-of pocket costs and expenses as allowed by the Superior Court that a tax sale purchaser has not collected prior to issuance.
- f) A Praeceptum of Dismissal is submitted to the Superior Court by the tax sale purchaser to end all legal actions against the owner to foreclose the owner's right of redemption subsequent to the owner having made all payments required to redeem the property under the statute and these regulations.

OTR also gives notice of intent to take final rulemaking action to adopt these regulations in not less than thirty (30) days from the date of publication of this notice in the D.C. Register.

Persons desiring to comment on the emergency and proposed regulations should submit comments in writing to Mr. Henry M. Terrell, Attorney Advisor, Office of General Counsel, Office of Tax and Revenue, 941 North Capitol Street, NE, Suite 810, Washington, DC 20002, or to ([henry.terrell@dc.gov](mailto:henry.terrell@dc.gov)), not later than 30 days after publication of this notice in the D.C. Register. Copies of these proposed rules and related information may be obtained by writing to the above person at the address stated herein, or at ([www.dc.gov](http://www.dc.gov), Tax Law and Regulations).