

OFFICE OF TAX AND REVENUE

NOTICE OF PROPOSED RULEMAKING

The Office of Tax and Revenue ("OTR") pursuant to the authority set forth in D.C. Code § 47-1321, District of Columbia Appropriations Act, 2001 (P.L. 106-522, Sec. 155, D.C. Code § 47-317.3), and the Office of the Chief Financial Officer, Financial Management and Control Order No. 00-5, effective June 7, 2000, hereby gives notice of its intent to amend the Taxation and Assessment Regulations (9 DCMR). Final Rulemaking action to adopt these proposed rules shall be taken in not less than thirty (30) days from date of publication of this notice in the D.C. Register.

The proposed rules would clarify certain provisions in the new Chapter 13A, Real Property Tax Sales in the Tax Clarity Act of 2000 (D.C. Law 13-305) and provide citizens with rules regarding the administrative process for tax sale purchases; prerequisites to be followed before incurring reimbursable costs; rules and prerequisites to be followed by the Real Property Owner to redeem the property prior to the initiation of a foreclosure action; rules and prerequisites the tax sale purchaser must follow to collect reimbursable costs for title research; rules and prerequisites for payment of subsequent real property taxes by the tax sale purchaser; rules and prerequisites to be followed to redeem the property after the initiation of a foreclosure action; and rules and prerequisites to be followed by the tax sale purchaser before the issuance of a tax deed.

Chapter 3 of Title 9 DCMR is added to 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- a) Sale of Property For Delinquent Taxes, having been repealed by publication in the DC Register on July 20, 2001 at 48 DCR 6449 is restated as Tax Sale Redemption and Tax Deed Issuance rules.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 tax sale conducted thereafter.

316.2 Rules and prerequisites for tax sale purchasers to follow before incurring reimbursable title research costs:

- a) If the title research costs are incurred after the property has been redeemed or a tax deed is in process, the tax sale purchaser shall not be entitled to receive the reimbursable title research costs.
 - i) Before incurring title research costs, the tax sale purchaser shall conduct a search on the Internet Website for Real Property Database Searches to determine if the property has been redeemed

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or if a tax deed is in process. You may (please note, when available) access the Website by logging onto www.washingtondc.gov; selecting taxpayer service; and then selecting real property database searches.

- ii) If the Internet Website for Real Property Database Searches is unavailable, the tax sale purchaser shall obtain a Tax Sale Receivables Report (please note, or the essential information) from the Customer Service Center located at 941 North Capitol Street, NE, first floor, Washington, DC 20002.
- b) If the Internet Website for Real Property Database Searches and/or Tax Sale Receivables Report or the essential information indicates that the property has been redeemed, the tax sale purchaser shall not incur costs for the title research.
- c) If the property has been redeemed, the tax sale purchaser shall surrender the Tax Sale Certificate for a refund. The Tax Sale Certificate shall be surrendered to the Office of Tax and Revenue, Real Property Tax Administration, 941 North Capitol Street, NE, Washington, DC 20002.
- d) If the Internet Website for Real Property Database Searches and/or Tax Sale Receivables Report or the essential information indicates that a tax deed is in process, the purchaser shall not incur costs for title research.
- e) If a tax deed is in process, the tax sale purchaser shall surrender the Tax Sale Certificate for refund. The Tax Sale Certificate shall be surrendered to the Office of Tax and Revenue, Real Property Tax Administration, 941 North Capitol Street, NE, Washington, DC 2002.

316.3 Rules and prerequisites to be followed by the real property owner or party in interest to redeem the property prior to the initiation of a foreclosure action:

- a) To redeem, the real property owner or party in interest shall pay in full all taxes, assessments, fees, and other costs levied by a taxing agency against real property. All taxes, assessments, fees and costs shall be made current to deem the property redeemed. The property owner or party in interest shall also pay reimbursable costs the tax sale purchaser incurred to conduct a title research and to record the Tax Sale Certificate with the Recorder of Deeds.
- b) To stop further adverse actions to enforce the collection of taxes, assessments, fees and other costs, 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 and other costs in the manner provided below:

i) If the real property owner or party in interest satisfies the taxes, assessments, fees and/or costs (except liens sold to a third party) by a cash payment, the property owner or party in interest shall provide the Office of Tax and Revenue, Real Property Tax Administration with:

A) A copy of the bill reflecting the outstanding taxes, assessments, fees and/or costs levied by a taxing agency; and

B) A copy of the paid receipt issued by the bank or DC Treasurer. The receipt shall identify the payment as a cash payment.

ii) If the real property owner or party in interest satisfies the taxes assessments, fees and/or costs (except liens sold to a third party) by cashier's check, certified check, or money order, the real property owner or party in interest shall provide the Office of Tax and Revenue, Real Property Tax Administration, with:

A) A copy of the bill(s) reflecting the outstanding taxes, assessments, fees and/or costs levied by a taxing agency;

B) A copy of the cashier's check, certified check or money order made payable to the DC Treasurer and remitted for the payment of the taxes, assessments, fees and/or costs; and

C) The paid receipt issued by the bank and/or the DC Treasurer. The paid receipt shall identify the payment as payment by *certified* check or money order.

iii) If the real property owner or party in interest satisfies a lien that was sold to a third party by a cash payment, the property owner or party in interest shall provide the Office of Tax and Revenue, Real Property Tax Administration with:

A) A copy of the pay-off statement reflecting the principle amount of the lien, the accrued interest and other allowable costs; and

B) A copy of a receipt issued by the third party assignee *AND AN AFFIDAVIT* identifying the satisfaction of the full lien amount and that payment was made by a cash payment.

iv) If the real property owner or party in interest satisfies a lien that was sold to a third party by cashier's check, certified check or

money order, the real property owner or party in interest shall provide the Office of Tax and Revenue, Real Property Tax Administration, with:

- A) A copy of the pay-off statement reflecting the principle amount of the lien, accrued interest and other allowable costs;
 - B) A copy of the cashier's check, certified check or money order remitted in payment of the lien. The cashier's check, certified check or money order shall be made payable in the manner as set forth in the pay-off statement issued by the third party payee; and
 - X C) A copy of the receipt issued by the third party assignee. The receipt shall identify the payment as payment by check or money order.
- v) The bills for taxes, assessments, fees and/or other costs (including liens sold to a third party) may include but are not limited to:
- A) Real Property Tax Bill;
 - B) Business Improvement District (BID) Bill;
 - C) Public Space Bill;
 - D) Special Assessment Bill;
 - E) Nuisance Assessment Bill;
 - F) Bill or pay-off statement for lien(s) sold or assigned to a third party; and
 - G) Any other special assessment or special tax levied by a taxing agency against real property.
- c) If real property taxes are due and owing against the real property, the property owner or party in interest shall obtain a real property tax bill from the Office of Tax and Revenue, Real Property Tax Administration.
- d) If assessments, fees and/or other costs are due and owing against the real property, the property owner or party in interest shall obtain a bill from the appropriate taxing agency.
- e) If real property tax liens have been sold to a third party, the property owner or party in interest shall obtain a pay-off statement from the third

party assignee. The pay-off statement issued by a third party assignee shall not include an amount for title research costs.

- f) If a Business Improvement District (BID) tax is due and owing, the real property owner or party in interest shall obtain a bill from the appropriate Business Improvement District.
- g) If the redeeming party has met all of the above requirements and has reimbursed the purchaser pursuant to §47-1377, the purchaser must execute a release or acknowledgement that all permitted expenses have been paid and deliver the same to the Office of Tax and Revenue, Real Property Tax Administration.
- h) The Internet Website for Real Property Database Searches and/or the Tax Sale Receivables Report, or the essential information shall be updated to reflect a redemption within ten (10) business days from:
 - i) The date that payment of all taxes, assessments, fees and other costs due and owing against the property is posted to the appropriate accounts and lien held by third party assignee has been released at the Recorder of Deeds; or
 - ii) The date on which the property owner or party in interest submits proof of payment in the form required in section 316.3(b).
- i) Any title costs incurred within the 10-day period shall be a liability due and owing by the property owner or party in interest.
- j) Any title research costs incurred after the 10-day per reimbursable to the tax sale purchaser.

316.4 Rules and prerequisites for the collection of reimbursable costs for title research:

- a) To collect the reimbursable title research costs, the tax sale purchaser shall provide the following information upon notification that the property has been redeemed:
 - i) A copy of the paid receipt issued by the Title Company for rendering the title research service; and
 - ii) A copy of the completed title report.

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

- a) The tax sale purchaser shall obtain a copy of the Tax Sale Purchaser Tax Bill from the Office of Tax and Revenue, Real Property Tax Administration which shall be different in form from the Real Property Tax Bill provided to and paid by the real property owner or party in interest.
- b) The tax sale purchaser shall pay the Tax Sale Purchaser Tax 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 DC Treasurer Cashier and retain a copy of the receipt for the tax sale purchaser's record.
- c) Any payments made against a tax bill that is not a Tax Sale Purchaser Tax Bill shall be applied against the real property taxes due and owing against the property as if payment were made by the property owner or party in interest. The tax sale purchaser shall not receive credit for any payment of subsequent real property taxes unless payment is made toward a Tax Sale Purchaser Tax Bill in the manner provided in section 316.5(c).
- d) Any payments made by a tax sale purchaser pursuant to a Tax Sale Purchaser Tax bill shall be applied to the real property tax account at the time a Tax Deed has been 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 redeem the property after the initiation of the foreclosure action.

- a) To redeem, the real property owner or party in interest shall pay in full the following:
 - c) All taxes, assessments, fees and/or other costs levied by a taxing agency that remain due and owing at the time of redemption;
 - ii) All liens that have been sold to a third party;
 - iii) All legal fees incurred by the tax sale purchaser at the July 2001 tax sale or tax sales occurring thereafter;
+ expenses

- iv) The amount paid by the tax sale purchaser to record the certificate of sale.
- v) If there is a dispute regarding the redemption, the party redeeming may apply to the Superior Court for the District of Columbia for an order fixing the amount necessary for redemption. The real property shall not be deemed redeemed until the amount appearing on an order of the court is satisfied in full. The party redeeming the property shall provide the Office of Tax and Revenue, Real Property Tax Administration, with a copy of the court order and documentation showing the amount in the court order has been satisfied in full.

316.7 Rules and prerequisites for Service of Process to taxing agencies in foreclosure actions.

- a) The tax sale purchaser or tax sale certificate holder shall serve a complaint on each taxing agency and to a third party assignee to inform the taxing agency of the pending action of foreclosure and to provide the taxing agency and the third party assignee the opportunity to answer and submit to the tax sale purchaser a certified statement of the amount of taxes, assessments, fees and costs levied by the taxing agency that are due and owing against the property.
- b) The taxing agencies or third party assignee shall respond to the complaint within the timeframe established under the rules of the Superior Court for the District of Columbia. Any taxing agency and third party assignee served a complaint shall respond by providing to the plaintiff/certificate holder the amount of each tax, assessment, fee or cost due and owing against the property.

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 for the District of Columbia.
- b) The final judgment shall bar the right of redemption by the property owner or party in interest.
- c) The final judgment shall direct that a tax deed be executed and delivered to the tax sale purchaser.

- d) The final judgment shall properly identify the property sold at tax sale for which the tax sale buyer is entitled to the tax deed.
- e) The final judgment shall provide an amount due for each tax, assessment, fee and cost as submitted by each taxing agency in response to service of process required in section 316.7.
- f) Upon proper application for a tax deed, the tax sale purchaser shall be issued a Bill for Tax Deed.
- g) The Bill for Tax Deed shall be satisfied on or before the due date provided on the Bill for Tax Deed.
- h) Payments of the taxes, assessments, fees and other costs due and owing against the property at the time of application for tax deed is made shall be in the form of cash, certified check, cashier's check or money order.
- i) If the payment for a tax deed is made in cash, the tax/sales purchaser shall provide the Office of Tax and Revenue, Real Property Tax Administration, with a copy of the receipt issued by the bank, DC Treasurer and/or third party assignee. The receipt shall identify payment as a cash payment and shall be submitted at the time application for tax deed is made.
- j) If the payment is made by certified check, cashier's check or money order, the tax sale purchaser or party in interest shall provide the Office of Tax and Revenue, Real Property Tax Administration, with a copy of the certified check, cashier's check and money order and a copy of the receipt issued by the bank, DC Treasurer and/or third party assignee. The receipt shall identify the payment as payment made by check or money order. The copy of payment and receipt shall be submitted at the time application for tax deed is made.
- k) The Tax Sale Purchaser shall forfeit all monies paid for the property at tax sale and any payment made toward 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 Definitions

- a) For the purposes of sections 316.1 through 316.8, 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 DC Code.

Persons desiring to comment on the 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 Capital Street, N.E., Suite 810,
Washington, DC 20002 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 person and address stated herein.

A handwritten signature in black ink, consisting of a large, sweeping initial letter followed by several smaller, connected strokes.