**Meeting Notes on Baltimore City Lien Processing**

**June 5, 2019**

**Background**

Baltimore City suffered a ransomware attack on May 7, 2019 that prevents the City from accessing its mainframe computer. To facilitate processing real property transactions, the City developed and implemented a manual workaround beginning on May 20th. The backlog of transactions has now been cleared. To better understand the process developed by the City and further perfect the workaround process, members of the MLTA met with City representatives on June 5, 2019. We would like to share with you what we have learned. While the City is still unable to access its mainframe, it is making progress on its efforts. In the meantime, the manual workaround will continue.

**Frequently Asked Questions**

*What are the current restrictions on obtaining a Lien Certificate?* A: The current application for a Lien Certificate includes four conditions that may delay or prevent a certificate being issued. They are:

1. Is this a foreclosure deed?
2. Did seller receive a homeowner’s tax credit for current tax year?
3. Did seller receive new construction credit?
4. Does transfer involve five or more properties?

If the answer to any of these questions is “yes,” the City may refuse to issue a Lien Certificate. The Bureau of Revenue Collections should be contacted to see if an exception can be granted.

In addition, the City will update the Lien Application restrictions to include short sales. Going forward number 1 above shall read:

1. Is this a foreclosure or short sale deed?

*Will I need to order and pay for a new Lien Certificate if my transaction does not close by the current expiration date of June 28, 2019?* A: Yes. The City will be mailing out Tax Bills on July 1, and thus, transactions that do not close by June 28 will need to wait until the tax bill is received and payment is made as required by law. Thus, if you know your transaction will not close until after June 28, do not order your Lien Certificate until July 1.

*How will I know what is owed for the real property taxes on or after July 1?*  A: It will either be on your Lien Certificate or if your transaction does not require a Lien Certificate and a real estate tax bill has not been received by the owner of the property, you may call Janice Simmons, Chief of the Bureau, at 410-396-3961.

*What if I have an REO transaction or foreclosure transaction in which the seller will not sign the City’s Affidavit for Payment of Outstanding Charges?* A: In such cases, the buyer could sign the affidavit if they choose to be responsible for charges that would otherwise be payable by the seller. A revised affidavit will be forthcoming. Note: when the buyer provides the affidavit, the property will continue to be burdened by the lien for any unpaid charges. The City is unable to provide a lender with protection from enforcement of liens when the buyer provides the affidavit.

*What if I have a short sale transaction or the seller is in bankruptcy?* A: Please let the City know if you have a short sale or the seller is in bankruptcy at the time you apply for your Lien Certificate and follow the City’s directions.

*What if I have a transaction with an LLC or other entity which will not survive following the sale of the property?* A: In such a case, the members and/or shareholders of the entity will need to execute the City’s Affidavit for Payment of Outstanding Charges on behalf of the entity and in their individual capacities. Please note, the City reserves the right to review the indemnitors and corporate documents to satisfy its concern about payment of lien matters.

*What are the steps in the workaround from application for a Lien Certification to recording in the Land Records?* A: First, complete the Application for Lien Certificate and present it in person at the Abel Wolman Municipal Building at 200 N. Holliday Street, in Room 1A. Once the Lien Certificate is issued, the applicant will be instructed to go to the Tax Sale unit for clearance. If the property is not in tax sale, the Lien Certificate will receive a stamp that states: “Not in Tax Sale.” If it is determined that the property is in Tax Sale, an amount to redeem same will be added to the Lien Certificate. Next, the applicant will be instructed to go to the Department of Public Works, Room 8, to obtain a statement that will show sums that were due up until May 10. Following the closing of the transaction you will need to hand deliver the Lien Certificate, with the Affidavit attached, along with the payment of all sums known to be owed, including the Transfer Taxes, Recordation Taxes, and Yield Taxes, if applicable to Room 1B of the Abel Wolman Municipal Building at 200 N. Holliday Street. Following the processing of your documents, you will need to take the recording package to the Land Records Department of the Circuit Court and pay the recording fees and State Transfer Taxes.

*Once I obtain a Lien Certificate and present it for recording, accompanied by a duly executed and notarized City Affidavit, will the City process my transaction and allow me to proceed to the courthouse to record my documents among the Land Records?* A: Yes. All vetting of the transaction will occur at the time of application for a Lien Certificate. Assuming the City Affidavit is in proper form, executed by the proper parties, and notarized, the City will process the transaction upon payment of all known outstanding charges.