Tax Lien Investor Secrets:

Strategy and Start Up Manual

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Real Estate Investor Support Home-Study Success Series

Tax Lien Investing from Home

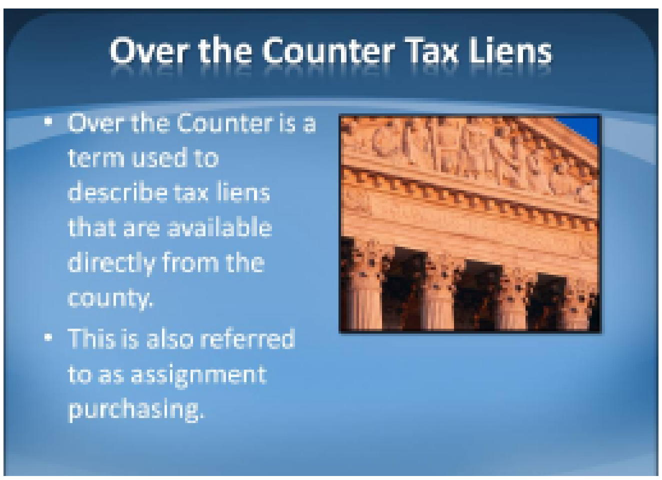
"Try not to become a man of success but rather to become a man of value."

– Albert Einstein

Over the Counter Tax Lien Investing

Tax Liens and Deeds offer investors an incredible number of potential strategies and outcomes. One of the most important tasks a new Tax Lien investor can accomplish is to evaluate their resources and set investment objectives. Successful investors base their entire investment strategy on their available resources and objectives. "Over the Counter" Tax Lien investing (herein referred to as OTC) is one of many effective strategies. The following chapter will outline how to locate and purchase OTC tax liens. It will also demonstrate how you can direct your efforts in obtaining a high yield return, or property acquisition depending upon your objectives.

What is an Over the Counter Tax Lien Certificate?



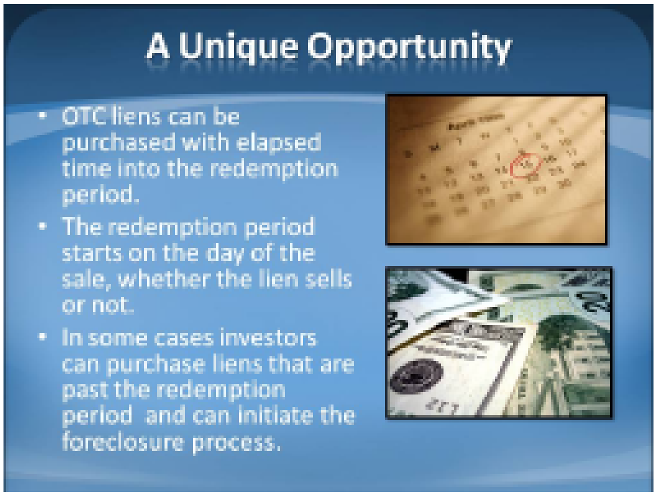
Every year, counties across the country hold Tax Sales where they sell liens that have been placed against property owners within the county that have failed to pay their annual property taxes. The number of liens which are offered at each sale depends on the size of the county. Many counties rarely have more than 100 liens at any given sale, while others conduct sales with thousands of available liens every year. The county's objective is to sell every lien possible. The collection of property taxes is most counties primary source of revenue. Many counties have great success in selling every lien that they have available. However, it is far more common for counties to carry a surplus of liens which have never been purchased. This surplus of liens can be caused by a number of different circumstances.

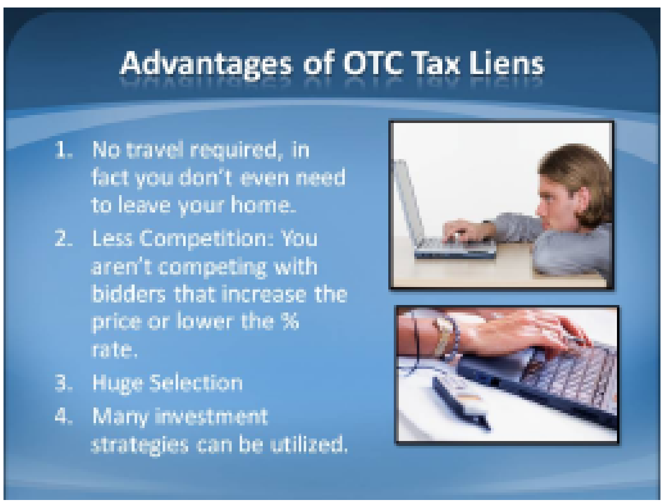
Here are just a few of the reasons a county might not sell all of its liens:

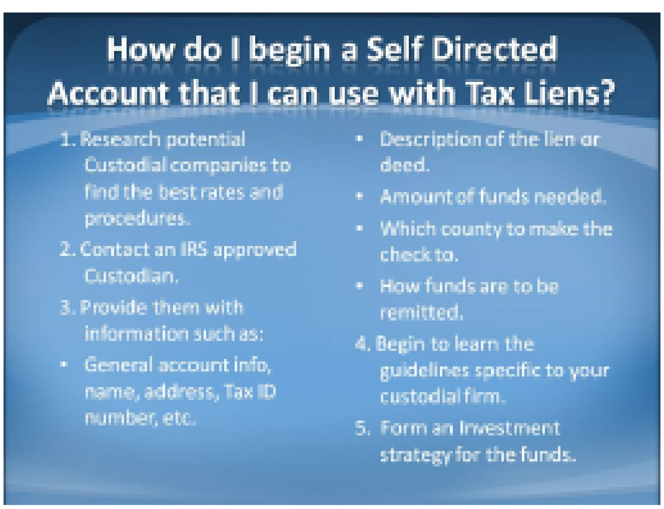
- **Too few investors present at the sale:** It is not uncommon for less than 10 or 15 investors to show up for many county auctions.
- **Too many liens:** Many counties have far more liens than possible investors to purchase them. This could be due to the size of the county, or it could be attributed to how the county sells liens. Some counties generate more liens then others. Counties with large amounts of raw land tend to create more tax Liens than smaller counties.
- Bidder default is normal for all auctions. Bidders that are unable to pay for liens that they have bid on are responsible for a small portion of the surplus liens.

Counties are left with few options when liens don't sell at the auction. One option which many counties utilize is to leave the surplus liens on their books until the next sale. In many cases this could be next year's tax sale. Other counties conduct another sale a few months later in an attempt to clear out inventory. A third option is for counties to offer these liens directly to the public anytime after the sale. This process is often referred to as "assignment purchasing" among counties, although "Over the Counter" is the most commonly used term.

Many investors are under the impression that investing in OTC liens is waste of time and money. They believe that the only type of property that you can find directly from the county is one that no one wanted when it was offered at the sale. This may be true of some liens, but not all. Tax sales are conducted every year with more than 4000 liens available, but only have 15 investors attend the sale. The money investors bring is quickly invested leaving thousands of liens still on the books. These counties offer incredible opportunities for investors that know what to look for. OTC Tax Liens offer a number of unique opportunities. Here are just a few of the advantages.





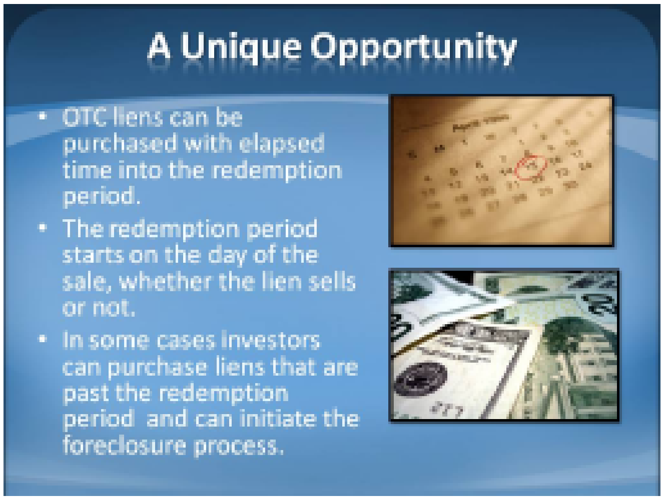


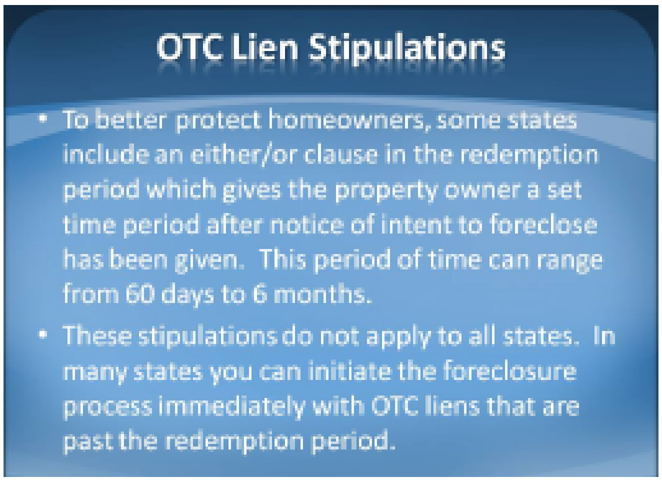
Travel: Many investment strategies require some level of travel in order to invest. The travel is usually associated with attending the auction, or researching specific liens or deeds prior to the sale. OTC investing can be conducted from the comfort of your home using the internet and a telephone.

Less Competition: Auctions are competitive in nature and rely upon people's emotions to be conducted effectively. Many states use the overall rate of return an investor is willing to accept as the means by which a lien is bid upon. The rate of return set by state statutes isn't always a reflection of what investor are often earning at many sales. If the auction you are attending uses a system of bidding down the interest rate, the state rate of return is merely the starting bid. Not competing with other bidders allows you to make intelligent decisions that are not based on emotion. This also gives you the time to properly research significant investments before you make the decision to purchase.

You pay the lien amount, no more: In most auctions you either bid on the overall purchase price, or you bid down the interest rate you are willing to accept. OTC liens can be purchased for the lien amount without any required overbid or surplus. They also pay out the maximum rate of return allowed by the state.

Shorter Redemption Periods: This may be one of the greatest benefits offered by OTC liens. The redemption period for most liens begins on the day of the sale regardless of whether or not the liens are purchased. OTC investors can purchase liens with significantly shorter redemption periods. In some states, investors can actually purchase liens that are eligible for foreclosure. Shortly after the lien is purchased, the lien holder begins the foreclosure process. Many states have stipulations in state law about redemption periods and how much time the property owner has to redeem after intent to foreclose has been filed. Many states give property owners 3 to 4 months to redeem after the foreclosure process has been initiated.





How do I invest in OTC liens?

The process for investing in OTC liens is very similar to other methods in terms of the selection of potential investments and the research required. The following is a step by step guide to OTC Tax Lien Investing:

Step 1: Assess your resources: Determine how much time, money, risk and travel you are willing to invest.

Step 2: Determine what your investment objectives are and determine whether your objective is property acquisition or a high yield rate of return.

Step 3: Obtain OTC Tax Lien Lists from various counties. This may be most easily accomplished through a few phone calls to various counties.

Step 4: Begin narrowing the list of liens to potential investments. Each objective has a different criteria for potential investments.

- **Example: High Yield Return Investor:** Liens in states with an excellent rate of return. Liens on properties of value that are likely to redeem, such as homestead properties.
- **Example: Property Acquisition Investor:** Liens deep into the redemption period, small homestead properties if possible, building lots, lots adjacent to other homes, first year liens(if property has liens for multiple years).

Step 5: Select your top 10 choices if you are investing for property acquisition, 5 if for high yield return. These are the liens that you will conduct more thorough research on.

Step 6: Research each of these liens by obtaining the following information:

- Assessed Value
- Appraised Value using internet appraisal site such as www.zillow.com
- Obtain Comparables if possible
- Lot size
- Improvement Value
- Check for Easements
- Check property tax payment history

Step 7: Select the Lien that you will invest in.

Step 8: Contact the County to find out how payment should be arranged.

Step 9: Track your investment. Track important dates, redemption periods.

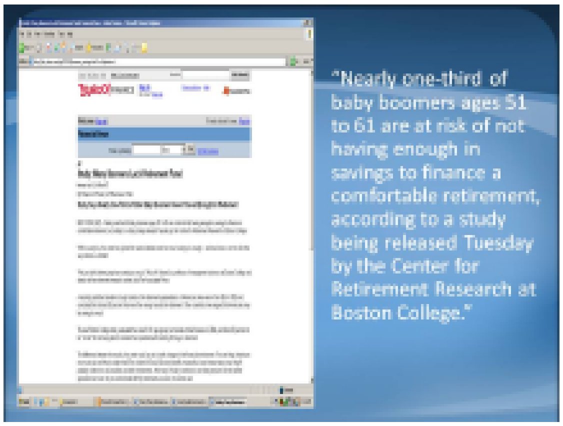
Step 10: Immediately reinvest funds upon redemption.

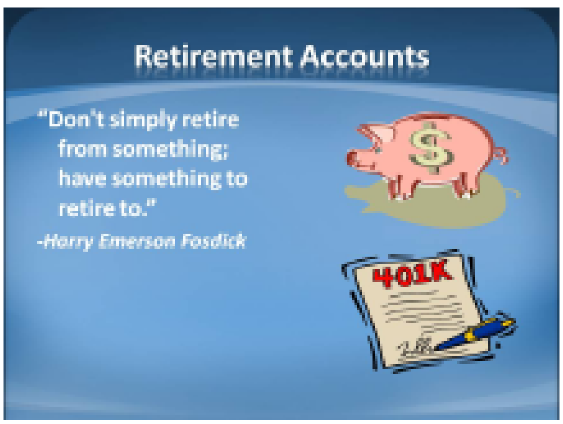
Unlocking Your Retirement Vault

"If you employed study, thinking, and planning time daily, you could develop and use the power that can change the course of your destiny."

– W Clement Stone

Millions of immigrants have weathered storms and adversity to arrive on the shores of the United States. They come to pursue what has been commonly referred to as the American Dream. What is the American Dream, and how can it be obtained? For many, the dream is the entrepreneurial spirit that drives ambitious business owners





to success. For others, the dream is a life of financial security and reward. At no time is financial security more important than in the latter years of ones life and yet, many individuals that have spent their entire lives working are unable to transition into full retirement. Americans are working harder and longer than ever before. Far too many work long past the eligible retirement age out of necessity rather than choice. After working with students of all ages and backgrounds, we have noticed an increase in the number of students that would like to use their retirement accounts for tax lien investments.

On September 11th, 2001 events transpired that would have long lasting effects upon millions of Americans for years to come. The retirement accounts that so many were depending on took a severe plunge. The nature of the attacks caused widespread financial panic which resulted in one of the worst drops in the nation's economy in history. This single event set back the retirement of many Americans as much as 10 years. Those that had their money invested in Tax Liens didn't see the same financial effects as the rest of the country. In fact, tax lien investors weren't financially affected at all. Their liens continued to generate the same rate of return as property owners paid the county the delinquent taxes to avoid the impending foreclosure if they didn't. People are looking for a secure way to invest their money and the economical scare of 2001 shattered the beliefs that many held about so called "safe" investments. Tax liens and deeds offer investors true financial peace of mind. Because tax liens and deeds are based on the collection of taxes and pay out returns that are set by state statutes, shifts in the nation's economy have no effect these investments.

There is a trend forming as the baby boomer generation reaches eligibility for retirement. Americans aren't saving and investing enough. A recent study by the Center for Retirement Research at Boston College revealed important information for anyone that plans to retire in the next 20 years.

Most Americans do not save enough for retirement

- Because the average life expectancy in 2002 is 76 years, those retiring at age 65, on average, can expect to spend 18 to 20 years in the role of retiree!
- In 2004, more than half of all households had zero savings in an employer-based 401(k)-type plan or tax-preferred savings plan account. If the 50.5 percent of households who had no 401(k)-type plan or Individual Retirement Account (IRA) are excluded, the median balance for this group was only $34,000.

- Among those near retirement (households headed by adults aged 55 to 59) half had $15,000 or less in an employer-based 401(k)-type plan or tax-preferred savings plan account. If the 36 percent of households who had no 401(k) or IRA are excluded, the median balance for this age group was still only $73,000.
- A study of 401(k) asset allocation found that as many as 67 percent of participants fail to make any changes to their portfolios over the course of a year.

Tax Liens: The Safe and Profitable Investment

Listed below are several types of investments which Americans utilize. Included with each of these strategies is a list of both positive, and negative

aspects of the strategy. Some offer high returns, but at the cost of investment security. Others offer a secure investment, but do so at the expense of a limited return. Very few investments offer both the high returns, and security that tax lien certificates provide.

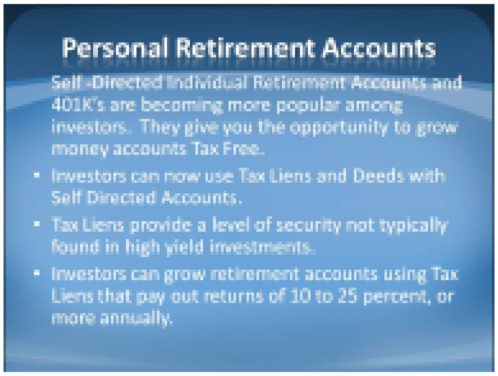
The Stock Market:

- Brokerage and management fees hurt bottom line.
- Not liquid, stock must be sold to collect return.
- Provides investors with the possibility of excellent returns.
- Does so at the expense of security
- Generally the more secure the stock, the lower the overall rate of return.
- Affected by changes in the economy, positive or negative.

Real Estate:

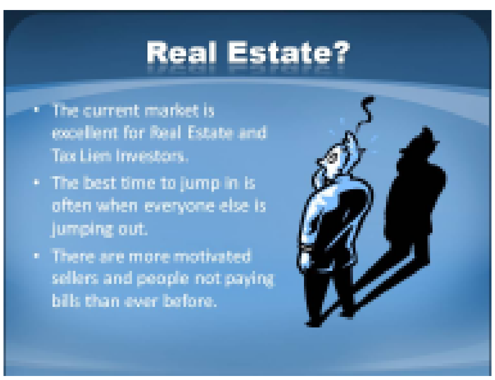
- Known as a secure investment long term.
- Can be very slow depending on the strategy.
- Highly leveraged investment strategy.
- Not liquid: Property must be sold collect return.
- Require agent fees to sell properties or buy many properties.
- Many fees associated with financing.
- Excellent returns possible.
- Can be temporarily affected by the economy.

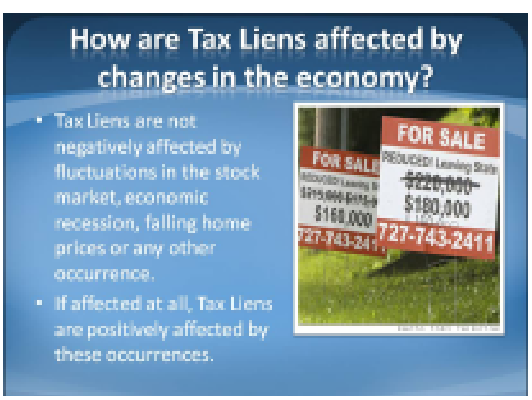
Real estate will always be an excellent investment. We believe that everyone should have a portion of their portfolio invested in Real Estate. Many students use the funds they generate through Tax Liens and Deeds to invest in various real estate ventures. The two investment strategies work well together. We encourage all students pursue the training and experience necessary to successfully invest in different types of real estate.



IRA's and 401K's

Many students have money sitting in a 401K, 403B or a Tax Sheltered Annuity generating a very limited return. They may have even set up an IRA, but are not getting the full benefits and the returns they desire. To understand how this works it is vital to first understand what an IRA is and how it works.





Traditional IRA

IRA stands for Individual Retirement Account. A traditional IRA account is a tax deferred investment account that acts like a savings account for personal retirement funds. The IRA account can grow tax deferred until withdrawn. IRA's can be established for a tax year from January 1 of that year until April 15 of the next year. Anyone with earned income from wages or salary under the age of 70 ½ can open a traditional IRA.

You can contribute to the account at anytime. If married, you are eligible to contribute to a Spousal IRA. A married couple with only one spouse working can contribute up to $2000 each year to each to the two separate IRA's, provided that the total amount does not exceed 100% of the working spouses income. Withdrawals for an IRA plan are often referred to as distributions. They can be withdrawn without penalty after the age of 59 ½.

Roth IRA

The great opportunity with Roth IRA is that profits inside the account compound tax free. You pay the tax up front to receive tax free growth. The requirements are similar to regular IRA's in that you have income and are under 70 ½, but there is no income limitation. With the Roth IRA you may withdraw you contributions anytime tax free.

An example would be if you invested $2000 a year for 10 years. After ten years you would have invested $20,000 into your account. Let's just say that your investments grew an additional $50,000 dollars. You would be eligible to take out the original $20,000 tax free. They only requirements to do this are you are 59 ½, or have had the account for 5 years. One additional benefit of a Roth IRA is that you can continue investing past 70 ½ years old and the money will continue growing for you, your spouse and your even children.

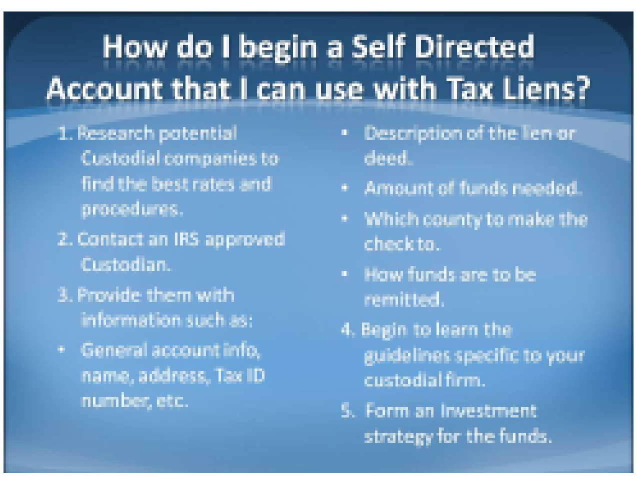
Self Directed IRA

To set up a self directed IRA you must first establish an account with an IRS approved custodian. The custodian is an investment company set up to work with individuals that would like to invest in liens and deeds. You can direct these funds from a previous IRA account or rollover funds from a 401K, 403B or Tax Sheltered Annuity. The process of setting up a Self Directed IRA may vary slightly depending on which custodial company handles your account. Here are some general guidelines about self directed IRA's.

Self Directed 401K

The Self Directed 401K is a fairly new investment option in the world of tax lien and deed investing. And many individual's employers do not make self directed 401K's available or fail to inform the employer of the option. But with a self directed 401k an investor can use their retirement account to invest in tax liens and deeds. The process to set up an account is very similar to a self directed IRA, not every 401k can be transferred to a self directed account, but when done correctly it puts you in the financial driver's seat.

How do I set up my Self Directed IRA or 401K account?



There are many companies that set up these accounts. We don't recommend one over the other. You can find them through an internet search engine or checking with local brokers. Whatever company you choose to set up your self directed IRA with will have similar processes and requirements. We recommend checking into several different companies to find the best rate and the company that is easiest to work with. They will help you set up your account and give you the guidelines pertaining to investing. You will also be given a Tax Id number that will be connected to you IRA account.

What Forms and Information will be required before Investing?

It depends on the custodian you are working with but most will ask for the following:

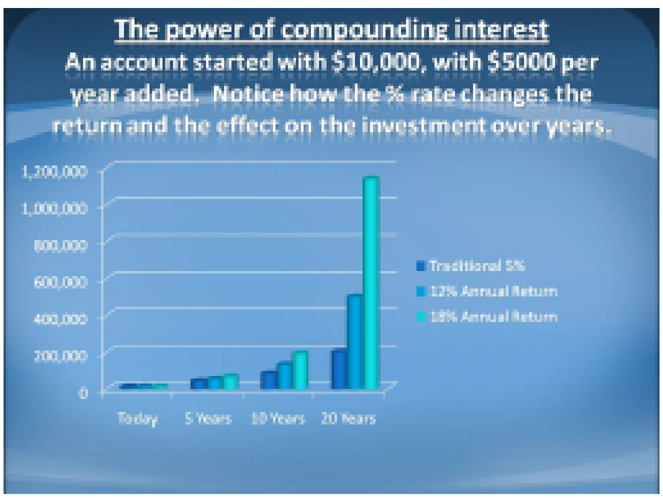
- General account info, name, address, Tax ID number, etc.
- Description of the lien or deed.
- Amount of funds needed.
- Which county to make the check to.
- How funds are to be remitted.

Compounding Interest

Purchasing tax liens and deeds with a Self Directed IRA can be an easy process. Your IRA can be used to purchase liens and deeds at the auction or over the counter. This is a great way to generate compound interest without taxes eating up your profits. Become aware of the amazing power compounding interest. Compare the difference in returns is you started 3 separate accounts with $10,000, in which you added $5,000 per year. One grows at a traditional 5%, the other at a conservative 12%, and a third at a realistic 18% (with Tax Liens) for a period of 20 years. The traditional account wouldn't quite double your money invested ending at about $190,000. The 12% account more than tripled, but the account set at 18% grew to an astounding 1.1 million dollars at a return of nearly 1000 percent! This is an obtainable scenario for most Americans, and can be accomplished with simple dedication and experience.

Conclusion:

The most important step you make as a student begins right now. As we mentioned in the first chapter, the difference between those students that achieve phenomenal success and those that do not has nothing to do with where they live, how much money they have, or fluctuations in the market. The difference is found in what they choose to do at this point in their learning. Make the decision now to pursue the dreams that motivated you to start this program. We work to provide students with every available resource for success. Nothing makes us happier than hearing from students that achieve their goals and live their dreams. Setting goals that are obtainable, specific, and easy to track daily is crucial to your success.



Equally important is creating an action plan for the achievement of your goals. Your action plan should specify behaviors which must be changes to obtain everything you desire. Daily tracking of progress is the key to achieving goals. We wish you the best as you begin your investing and hope to have your success story in the futur

Investor Startup Chapter/Guide

"Create a definite plan for carrying out your desire and begin at once, whether you are ready or not, to put this plan into action"

– Napoleon Hill

Tax liens and deeds offer investment opportunities that range from the beginner, to the seasoned pro. Your investment objectives are an essential part of your success. Your objectives play a key role in determining an investment profile that fits your available resources and goals. It's time to begin applying the various concepts and investment principles that you've learned. To simplify this process, we have provided you with the investor profiles section, as well as a number of other useful resources.

Investment Objectives

Your investment objectives are the end result you desire. However, the results that you want are most likely only a means to the end. An example might be, "I want to acquire 5 single family homes this year that I can rent out". Based on this statement, a fair assessment might be that this individual is interested in property acquisition for the purpose of creating residual income. This is a straight forward objective that can be used to determine an investment strategy. However, this is not the reason this individual invests. The reason is likely to be additional income for the purpose of living more comfortably, walking away from a full time job, or a number of other wonderful things prosperity can make possible. It is important that your investment objectives match your reasons to invest. Every investor has a dream. That dream will determine the road you travel to get there.

> Consider the following questions carefully. There are no right, or wrong answers, only those that work for you and those that do not. Answer these questions based on what you're comfortable with right now.

1. **Question:** Are you looking to supplement your income, or replace it altogether.

2. **Question:** Are you more interested in obtaining a rate of return, or acquiring properties?

3. **Question:** How much money would you need to make a month to be financially free? (You may base this on your current lifestyle or the lifestyle you desire)

4. **Question:** Where would you like to see yourself financially in 1 year?

5. **Question:** Where would you like to see yourself financially in 3 years?

6. **Question:** Where would you like to see yourself financially in 5 years?

7. **Question:** Would you leave your current line of work if your finances allowed you to do so?

8. **Question:** From what you understand would you prefer to purchase tax liens, or tax deeds.

9. **Question:** If acquiring properties, are you more interested in keeping them on a long term basis as rentals or selling them for quick returns?

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10. **Question:** If seeking high yields, where would you set your minimum rate of return?

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11. **Question:** Are you more interested in attending auctions, or searching for liens available directly from the county?

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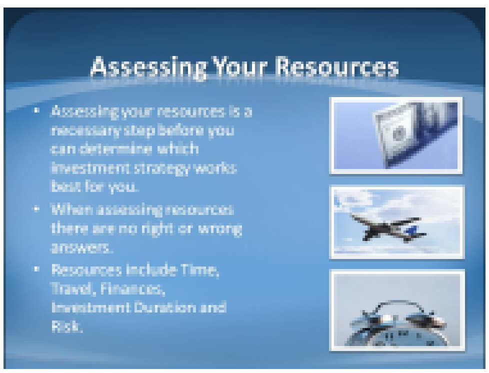

Your answer regarding available resources should reflect your current situation or circumstances. As circumstances and objectives change, so will your investment strategy. Some strategies require more available capital than others, but also offer greater lump sum returns and property ownership opportunities. Those who desire to be involved as full time real estate investors will find tax liens and deeds to be an excellent way to get started. They also work well as a way to build the capital necessary to get involved with other lucrative real estate investments. Listed in the following pages is a resource assessment questionnaire. Answering these questions will help you select the best investor profile to achieve your objectives.

Time Questionnaire

In our busy society taking time each week to manage your finances can be overwhelming. And one advantage to tax lien and deed investing is the ability to choose how much time you can dedicate toward your investments.

Many investment strategies are time sensitive. Some investment strategies require many hours of careful research before an educated decision can be made. Others require far less time and, and are still considered ultra low risk. Much of the research can be done from the comfort of your own home, with the use of the internet. Other aspects of investing necessitate more specific times, and may require an investor to

Conduct on-site evaluations and make phone calls during normal business hours. You are in the driver's seat, and the investor just looking to generate higher interests rates may spend less time than the investor looking to acquire properties. Also we have found that if students set aside scheduled time each week toward their investments they are more likely to follow through and won't give up. Listed below are questions regarding the time you would be willing to invest to achieve the outcome you desire. Answer as honestly as you can because there is no right, or wrong answers.

1. **Question:** Is tax liens and deeds a full time or part time investment?

2. **Question:** How much time can you dedicate weekly toward your investments?

3. **Question:** Are you able/willing to dedicate time on weekends? If so, how much time?

4. **Question:** Are you able/willing to dedicate a few hours during business hours? If so, how and when would you do this?

Time Goals: (Based on your answers above, set the following goals)

1. I will dedicate ____________ hours each week to my finical investments.
2. I will dedicate time each week to work on my investments.

Day: __________________ Time:________________

Resources

Available Capital

This is a valuable question to determine the answer to, as it can greatly determine strategies which are, or are not available to you. And what's more important than how much money you have is what are you willing to invest? One major advantage to investing into tax liens is that you can start at any financial level. There are liens available throughout the United States that can start with an investment around 100 Dollars. Also there are properties available through tax deed sales that can be purchased for pennies on the dollar. The key for any investment is to get started, no matter where you begin.

The following questions will help you determine an investing strategy that fits the capital you have, or are willing to invest. The answers too many of these questions may change with time and success.

1. **Question:** Have you already set funds aside for the purpose of investing in tax liens or deeds?

2. **Question:** If so, how much and how are they available?

3. **Question:** Do you currently have an IRA? If so, would you be willing to use it? How much do you have in your IRA that you would be willing to invest?

Investment Resources Goals: (Based on your answers above, set the following goals)

1. I will invest into my first tax lien/deed by ______________________ (Date)
2. I will set aside $______________ per month, to put toward my investments.

Resource: Travel

Some investment strategies may require you to travel in order to utilize them, while others do not. Traveling outside your home state may be required to attend auctions, which can last for several days depending on how many properties are being sold. The research required for many investments should also be conducted through on-site evaluations. One concept some investors utilize with great success is to invest in, or near locations they enjoy vacationing in. Any travel required for your real estate business is tax deductible (consult with a tax specialist to understand what may be done). The following questions refer to your willingness, or ability to travel outside your home state. Keep in mind that there are no wrong answers here, but only that which works for you and that which does not.

1. **Question:** Are you willing or able to travel outside of your home state, if yes how often?

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2. **Question:** Would you be willing to plan vacations with potential investment opportunities if the time required was very limited? If so, where would you like to vacation?

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3. **Question:** Do you have family or friends that may live in outside your state. And can they assist you with your research into their state or county. And if so, while visiting them can you attend a sale, purchase OTC, ect.

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Travel Goals: (Based on your answers above, set the following goals)

1. I will plan and attend an out of state auction/OTC by ____________ (Date)
2. I will research potential areas where I can vacation and invest and will plan a trip by ______________________

Conclusion

One of the most important aspects of investing is that it fits your lifestyle and objectives. This is part of what makes tax liens and deeds so exciting. The questions asked will help you determine what your options are. There are very few, if any types of investments that allow individuals to do this. Take advantage of the opportunity to custom tailor your investment strategy from the questions asked and the profiles ahead.

Determine Your Investor Profile

Investor Profile Types

The more clearly you define your objectives, the easier the course to execute them. In the following chapter we will outline different investor types. The profiles will also examine the methods and processes these investors use to achieve their individual objectives. Each profile will describe that type of investor, and what involved in that investment strategy. Read through each profile and determine what profile that suits your investment needs and start executing a plan to get started.

PROFILE 1: Over The Counter – High Yield Investor

Overview: This investor purchases tax liens certificates and redemption deeds, but doesn't attend auctions. This investor contacts counties to check for left over properties from previous years auctions. The process of purchasing directly from the county is referred to as assignment purchasing, many times called "over the counter" investing by investors. The over the county investor uses online resources and the telephone to accomplish the majority of the due diligence required. The challenge this investor faces is locating these "leftover" properties. Because not all states offer liens direct from the county, investors must work in select states. Liens purchased directly from the county are sold for the delinquent taxes and penalties, with no premium bid attached. Buyers also receive the full rate of return as set by the county. The total amount of time required for this strategy depends on the type and quality of the lien. Sifting through county lists and making phone calls to various counties to obtain more lists is a common activity for this investor as they search for potential purchases. As certificates redeem, the funds are typically re-invested. This investor may use this strategy as a way to invest their retirement funds, or as part of their long term finical plan. The High Yield OTC investor will search and evaluate highly valued properties. These liens and deeds may be on single family homes, commercial, multi residence, and also valuable building lots. These liens have a high probability of redeeming and offer an extremely secure rate of return. As mentioned earlier, this investor does not to attend auctions and prefers to work from the comfort of their home. There are many reasons that investors chose this method, they many not live in a workable area for this strategy, and traveling to attend a sale is not feasible. They may also have limited time, and understand that there are great investments throughout the country available through assignment purchasing. This investor researches states and counties until a county is located with the right combination of benefits and options. Property acquisition is not typically pursued unless a property fails to redeem, in which case the value of the property offers lucrative incentives. Traditional high interest rate tax liens and redemption deeds are all that this investor is interested in.

PROFILE 2: Over the Counter – Property Acquisition

Tax Deeds / The hope to acquire properties through the purchase of tax deeds directly from the county should motivate these investors. Properties are then sold to investors or buyers for a profit. This investor locates a number of different jurisdictions with available deeds. Immediately following the annual sale, this investor contacts the counties that offer deeds post sale to get a list of available properties. He or she may even contact counties the day right after the sale to see if any winning bidders defaulted on their deeds. They can also contact counties across the country and research old properties that may have been on the books from past years. The objective is to purchase tax deeds for the delinquent taxes, penalties and fees, with no required overbid or surplus. The investor must have the funds to pay for deeds purchased from the county, and funds must be liquid and available in short notice. On-site evaluations are optional, but some counties may require investors to conduct the sale in person requiring some travel.

Tax Liens/Redemption Deeds / This investor purchases tax liens certificates for the purpose of acquiring property. This investor knows that property acquisition is nothing more than a numbers game, and that the more liens purchased the better opportunity for property foreclosure. If you have interest in acquiring property for pennies on the dollar through tax liens, this is the strategy which is most likely to allow you to do it. The process of purchasing directly from the county is referred to as assignment purchasing, although most know as “over the counter” investing. The over the county investor uses online resources and the telephone to accomplish the majority of the due diligence required. Because not all states offer liens direct from the county, investors must work in select states. This investment strategy does not require the investor to have large sums of liquid cash available. Many properties can be purchased and foreclosed upon immediately. Liens purchased directly from the county are sold for the delinquent taxes and penalties, with no premium bid attached. And once the property has been foreclosed, and a deed issued to the lien holder. The investor can sell the property to a buyer for a quick return or rent the property out for residual income. This investor is looking for the diamond in the rough. That diamond might be described as a lien on a homestead property that slipped through the cracks at a prior sale due to the winning bidder's inability to pay. The lien is deep into the redemption period and can be purchased for the total of a few years worth of back taxes and penalties. The potential return on a property like this is incredible! Purchasing one lien like this per year would be enough to replace many investors income. Liens like this are difficult to find and require dedicated research. Sifting through county lists and making phone calls to various counties to obtain more lists is a common activity for this investor as he searches for potential purchases.

PROFILE 3: The Auction Attendee – High Yield

Tax Liens / The high yield auction attendees likes to invest in tax liens for the purpose of generating the highest annual return. As certificates redeem, the funds are typically re-invested. This investor may use tax liens as a way to invest retirement funds, or other long term investment money. The motivation for this investor is to acquire liens on highly valued properties like single family homes, commercial, multi residence, and also valuable building lots. These liens have a high probability of redeeming and offer an extremely secure rate of return. This type of investor looks for area's that have the right combination of liens and interest rates. Property acquisition is not typically pursued unless a property fails to redeem, in which case the value of the property offers lucrative incentives. This investor dedicates time to locate liens that fit within a pre-determined criterion and purchases them through the county's annual auction. He or she may have several counties they purchase certificates through at the annual tax sales. The time required varies by the time of year. Prior to a sale, time is required to locate potential liens and perform the proper due diligence. Time is also required to attend auctions and purchase certificates. Some investors may hire and train someone to perform this work for them. Generally investors engaged in this strategy are investing funds they already acquired. Also this investor may use this strategy as a way to invest their retirement funds, or as part of their long term finical plan. The final goal for the high yield investor is to constantly generate the highest possible interest rates on their investments. And may do so by deferring taxes through a self directed IRA account and enjoys the benefits of compounding the interest.

Redemption Deeds / Redemption deed investors attend auctions that utilize redemption deeds to collect delinquent property taxes. Redemption deeds offer unique advantages not found in other collection systems. Some states that offer redemption deeds use penalties rather than interest rates. A penalty rate of 25 percent offers the investor a flat 25 percent return regardless of when it redeems in the first year. A deed that redeemed within the first month would actually yield a return of 300 percent (25% X 12 months). The second year offers an additional 25 percent, making a possible return of about 50 percent if the property redeemed 2 weeks into the second year. It is almost impossible to find investments with this level of security in traditional investments that offer returns of 25, or 50 percent or sometimes more. This investment requires investors to research potential deeds and attend public auctions. Investors must thoroughly research each property to minimize the potential risks involved. Much of the required research may be performed prior to any travel. There is really no way around traveling for this investor unless located within a redemption deed state. County auction requires bidders to be present, forcing investors to travel. The required travel makes on-site evaluations easier to conduct. Usually a two or three day time period is more than enough time to perform the necessary research, evaluations, and attend the auction. On-site evaluations and title searches should be performed on most redemption deeds to reveal any potential risks. This investor typically spends two days performing evaluations and attending the auction, although more time may be required for investor planning to purchase multiple deeds. When a deed is acquired, many counties allow the investor to take possession of the property during the 2 year redemption period. This allows the investor to occupy or rent the property before full property rights are obtained. Following the two year redemption period the investor will receive full property rights, and may sell the property if he or she desires. Tax Redemption Deeds can generate the highest yield returns because of the combination of a high interest rate (up to 50%) and the penalties involved. This is a good strategy for any high yield investor.

PROFILE 4: The Auction Attendee – Property Acquisition

Tax Deeds / This investor purchases tax deeds through the county for the purpose of acquiring property. These properties are either sold for a profit to other buyers, or kept for long term real estate benefits. This investor selects states and counties to work in that sell tax deeds, and have procedures that benefit investors. Because real property is being purchased, interested buyers must have immediate access to the funds necessary to pay for them. If an investor lacks the funds to pursue tax deeds, he or she may choose to work with an investor that can provide the funds. Bidding usually starts at the combined total of all delinquent taxes, interest and fees. The duration of investments using this strategy is typically short. Properties are acquired with clouded titles, meaning the county issues a tax deed, or sheriff's title rather than a warranty title needed for title insurance. Investors may sell the property with the clouded title immediately following the sale to investors at a discounted price. The investor may also work with an attorney to have the title changed, and then sell the property at fair market value. Both of these options yield excellent returns over short periods of time. The overall return an investor receives depends heavily upon the property, and the purchase price. These properties are typically sold for lump sums returns, or used to generate residual income through rentals. For the investor looking to acquire properties this auction is for you, they auction is conducted similar to a foreclosure and proper due diligence will insure a safe and lucrative return.

Tax Liens, Redemption Deeds / This investor purchases tax liens certificates and redemption deeds for the purpose of acquiring property. This investor knows that property acquisition is nothing more than a numbers game, and that the more liens purchased the better opportunity for property foreclosure. Prior to the auction there is more due diligence and research into the investment than normal. This reason for this is because you are not just looking for a safe investment but also for a lien that shows signs of property ownership. There are many factors that should be considered when narrowing down potential liens. Some of these will include properties without mortgages, if the property does not have a loan the lender cannot come in and stop the foreclosure. Also looking for properties that may have previous liens of them, multiple liens may show signs of an ownership problems which could result in property acquisition. Auction investors can also increase their chance of property ownership by investing into valuable land, many times land does not have mortgages, and also there is no owner to evict which will increase your chances. For the investor looking to acquire property through tax lien and redemption deed auctions, property acquisition is no guarantee and also good research can increase your odds.

State Guide

"Give me six hours to chop down a tree and I will spend the first four sharpening the axe."

– Abraham Lincoln

Alabama – Tax Lien

State Overview: Alabama utilizes tax lien certificates to collect delinquent property taxes, but also offers tax deeds in select counties. Tax sales are conducted in early May, but may vary by the county. The Rate of Return is 12 percent annually, 1 percent the first month and 1 percent each month after until the rate of return reaches 12 percent. Redemption Period is 3 years from the date of sale.

Alaska – Tax Deed

State Overview: Alaska is classified as a tax deed state and has boroughs rather than counties. Many boroughs use a premium bid or a sealed bid method to conduct sales. The tax sale may be referred to as the tax deed sale, land sale or a tax foreclosure sale depending on the borough or city municipality. Alaska code does not specify which bidding method must be used. Many boroughs use a *premium bid* or a *sealed bid* method to conduct sales.

Arizona – Tax Lien

State Overview: Arizona utilizes tax lien certificates to collect delinquent property taxes. Arizona has become a popular state for investors due to a 16 percent interest rate, fewer counties than most states and more liens. Rate of Return: The Arizona rate of return is 16 percent or 1.33 percent per month. Redemption Period: property owners have a period of 3 years to repay delinquent taxes and penalties. Arizona uses a Bid Down Interest Rate method at the sale.

Arkansas – Tax Deed

State Overview: Arkansas is classified a deed state. Tax sale dates are determined by individual counties and are held throughout the year. Tax sales are often referred to as tax-delinquent sales. Tax deeds purchased may be redeemed by the previous owner up to 30 days after the sale. If a property is redeemed the investor will receive a full refund of the purchase price. Bidding Types: Premium Bid, the starting bid includes all delinquent taxes, penalties and administrative cost. The property is bid up in price until a high bid is established. The top bidder receives the deed to the property.

California – Tax Deed

State Overview: California utilizes a Tax Deed system to collect delinquent property taxes. Tax sales in California are held year round with sale dates being determined by individual counties. Due to a high volume of investors attending sales, many counties require registration 2 weeks prior to the sale and a cash deposit of $1000 dollars. Bidding Types: Premium Bid – The starting bid includes all delinquent taxes, penalties and administrative cost and may also include the minimum selling price set by the county.

Colorado – Tax Lien

State Overview: Colorado is classified as a tax lien certificate state. County tax sales are typically held each year between October and December. These sales are usually held at the respective county's courthouse, or at a designated county approved building. A list of all tax delinquent properties will be posted prior to September 1st of each year. Rate of Return: Colorado state statute sets the rate of return at 9 percent above the federal discount rate. Bidding Types: Premium Bid, Counties that use this method will have a starting bid that includes all delinquent taxes, penalties and fees.

Connecticut – Redemption Deed

State Overview: Connecticut is classified as a redemption deed state. Tax sales in redemption deed states are very similar to those in tax lien states. Connecticut has both counties and municipalities that oversee tax collection. Rate of Return: is18 percent annually. Redemption Period: is one year, tax deeds sold in Connecticut are purchased with a one year right of redemption.

Delaware – Redemption Deed

State Overview: Delaware is classified as a redemption deed state. Tax sale dates are not specified in state statute and are generally conducted throughout the year. The sheriff will oversee the sale, which will be an oral public auction. Tax deeds sold in Delaware are purchased with a 60 day right of redemption in which investors receive a 15 percent rate of return if redeemed.

District of Columbia Guide – Tax Lien

State Overview: –Washington D.C. utilizes a tax lien system to collect delinquent property taxes. Tax sale dates are not specified in state statute but are determined by local officials. Most sales take place annually in the month of July. Local officials are required to publicize the sale in a local newspaper several weeks prior to the sale. Tax liens are purchased with a 6 month redemption period. The rate of return is set by state statute at a rate of 18 percent, or 1.5 percent per month. Each portion of a month is counted as a whole. Properties are awarded to bidders based on competitive bidding of the lien amount. The investor bidding the highest amount over the minimum is awarded the certificate. This is known as premium bidding.

Florida – Tax Lien and Deed

State Overview: Florida primarily utilizes a Tax Lien system however, many counties also sell Tax Deeds that have already met their two year redemption period. Generally, each County's designated Tax Collector oversees all delinquent property taxes, interests, penalties and property seizures. All Florida counties are required to hold tax lien auctions prior to June 1st of each year. Tax lien investors receive up to an 18 percent rate of return annually with a guaranteed minimum return of 5 percent on liens that redeem early. Bidding Types: Florida uses a Bid Down Interest rate method. Tax Deed: Premium Bid

Georgia – Redemption Deed

State Overview: Georgia is classified as a redemption deed state. Tax sales are very similar to those in tax lien states. The County Tax Commissioner oversees the sale which is an oral public auction. Tax deeds sold in Georgia are purchased with a one year right of redemption. A penalty rate of 20 percent applies to the redemption of all tax deeds. Bidding Types: Premium Bid

Hawaii – Redemption Deed

State Overview: Hawaii is classified as a redemption deed state. Tax sales are very similar to those conducted in tax lien states. The county tax collector or treasurer oversees the sale which is an oral public auction. Many auction codes and procedures are determined by individual counties Tax deeds sold in Hawaii are purchased with a one year right of redemption. Tax deeds must be recorded with the county within 60 days of the sale to maintain a 12 month redemption period. If the deed is recorded later than 60 days from the auction date the redemption period is one year from the recorded date. A penalty rate of 12 percent applies to the redemption of all tax deeds.

Idaho – Tax Deed

State Overview: – Idaho utilizes a tax deed system to collect delinquent property taxes. If property taxes are not paid by a property owner for a period of three years the county tax collector will create a tax deed. Tax sales are typically conducted in the month of May, but are determined by individual counties. Properties are sold through a premium bidding system with the board of county commissioners reserving the right to reject any and all bids. Bidding Types: Premium Bid

Illinois – Tax Lien

State Overview: – Illinois utilizes a tax lien certificate system to collect delinquent property taxes. State statutes do not specify which month tax sales are to be conducted, although most of the 102 counties hold sales in the months of October and November. The state rate of return is set at 18 percent, however bidders compete through a process of bidding down the interest rate. Redemption periods range from 2 to 3 years, and is based on a criteria of the property being bid on.

Indiana – Tax Lien

State Overview: Indiana is classified as a tax lien state. Prior to July 1st of each year the county treasurer will notify the county auditor of all delinquent properties eligible for the annual sale. The county auditor is responsible for the publication of a notice detailing viable information pertaining to the property and the sale. Tax sales are usually conducted between August 1st and November 1st. The tax sale is conducted as an oral public auction. Tax liens in Indiana are purchased with a one year right of redemption. Indiana's rate of return ranges from 10 percent to 15 percent depending upon when it is redeemed. Properties are awarded to bidders using a premium bidding system.

Iowa – Tax Lien

State Overview: Iowa is classified as a tax lien state. On the third Monday in June of each year, the county treasurer will conduct a public sale of all county parcels that are delinquent on their property taxes. Tax liens in Iowa are purchased with a two year right of redemption. Iowa's rate of return is 24 percent annually, or 2 percent per month. Technically, liens are awarded based on the bidder willing to accept the lowest percentage of ownership of the property.

Kansas – Tax Deed

State Overview: Kansas is classified as a tax deed state. Tax sales are usually conducted between the months of August and October although no specific date is set by state statute. The minimum bid normally consists of all back taxes, penalties, interest and any costs. Some counties actually allow bidding to begin below the lien amount or set no minimum bid at all.

Kentucky – Tax Lien

State Overview: Kentucky is classified as a tax lien state. Tax sale are generally conducted in April of each year. The tax sale is conducted as an oral public auction. A premium bidding system is utilized in most counties, but is not mandated. Rate of Return: The rate of return in Kentucky is 12 percent annually or 1 percent per month, with each fraction of a month counting as an entire month. Redemption Period: Tax liens in Kentucky are purchased with a one year right of redemption.

Louisiana – Redemption Deed

State Overview: Louisiana is classified as a redemption deed state. Tax sales are generally conducted between January and April, but are not specified in statutes. Tax deeds sold in Louisiana are purchased with a 3 year right of redemption. Investors receive a rate of return of 1 percent per month, or 12 percent annually. Investors also receive a penalty rate of 5 percent upon redemption, making the annual rate of return 17 percent. If the property owner does not pay all delinquent taxes, interest, penalties, and fees by the end of the 36 month period the right to redeem will be forfeited. Deeds are awarded to bidders who bid down the lowest percentage of ownership in the property.

Maine – Redemption Deed

State Overview: Maine is classified as a Redemption Deed State. Property taxes are collected on a municipal level rather than a county level. Tax sales may be conducted in the month of February, but vary from city to city. Properties are sold to the highest bidder by way of sealed bid. The property owner has two years from the sale date to redeem the property before redemption rights are forfeited. If redeemed, the property owner must pay an interest rate of 8 percent per year.

Maryland – Tax Lien

State Overview: Maryland utilizes a tax lien certificate system to collect delinquent property taxes. Maryland's rate of return varies from 6 to 24 percent depending on the county. The tax sale is conducted by oral bid and uses a Premium bidding system. The redemption period is not self executing meaning investors must actively pursue foreclosure to close all redemption rights. Maryland has no specific redemption period and investors may begin to pursue foreclosure any time after 6 months from the auction date. If foreclosure proceedings are not filed within 2 years of the sales date the certificate becomes void.

Massachusetts – Redemption Deed

State Overview: Massachusetts is classified as a Redemption Deed State. Deeds are purchased with a set redemption period and interest rate. The Massachusetts rate of return is set at 16 percent annually. The tax sale is conducted by oral bid and follows a system of bidding down property ownership. Massachusetts has no specific redemption period. Investors may begin to pursue foreclosure any time 6 months after the auction date. The deed must be recorded within 60 days of the sale by a county official to maintain rights. The deed holder may not take possession of the property until the foreclosure process is complete.

Michigan – Tax Deed

State Overview: Michigan is classified as a tax deed state, but it used to be a tax lien state. In 2002 a new law was passed in Michigan changing the way it recovered delinquent property taxes. Tax sales may be held after the third Tuesday in July. Most sales take place in the months of August and September. Deeds are sold to the person bidding the highest amount above the minimum bid. The acceptable forms of payment are cash, certified check, or money order and are due immediately following the sale.

Minnesota – Tax Deed

State Overview: Minnesota utilizes a tax deed system to collect delinquent property taxes. Most tax sales are conducted in the month of May, although it varies by county. Properties are sold to the highest bidder, although the county commissioner reserves the right to reject any and all bids. The minimum bid is set by state statute as the appraised value of the property. Properties not sold at the auction are held in inventory by the county.

Mississippi – Tax Lien

State Overview: Mississippi is classified as a tax lien certificate state, but also conducts tax deed sales. The tax collector will conduct and oversee the county auction which is held on the last Monday of August according to state statutes. Mississippi uses a premium bidding method with the starting bid including all delinquent taxes, penalties and administrative costs. Mississippi has an 18 percent interest rate with a two year redemption period. Mississippi also conducts tax deed sales in select counties. The deed sale is held on the first Monday in April. The tax deed sale is also an oral bid auction which uses a premium bidding system.

Missouri – Tax Lien

State Overview: Missouri utilizes tax liens to collect delinquent property taxes, but also offers tax deeds in St. Louis City and Kansas City. State statutes specify that tax sales in all 136 counties are to be conducted annually on the 4th Monday in August. Most tax liens are purchased with a 2 year right of redemption. The rate of return is set by state statute as “not to exceed 10 percent annually” and varies from county to county. Tax deeds on properties that do not redeem within the redemption period can be obtained, but require lien holders follow a specific protocol.

Montana – Tax Lien

State Overview: Montana is classified as a tax lien state. Tax sales are typically held in June or July. Property owners are given a 36 months redemption period beginning from time the property first became delinquent. Once foreclosure notification is given a property may have up to 60 days to redeem. Whichever time period is longer is the set redemption period. Lien certificates are sold through a process of random selection or rotational bidding. The rate of return is set at 10 annually or 5/6th of 1 percent per month. A 2 percent penalty rate applies to properties that redeem penalty within the first year.

Nebraska – Tax Lien

State Overview: Nebraska is classified a tax lien certificate state. Some counties have a walk in bid method which means the county does not even have an actual sale. These counties sell tax liens on a specified date on a first come first serve basis. The interest rate has been set at 15 percent annually or 1.25 percent per month with a guaranteed 3 percent return on liens that redeem in the first year. Three years after the date of the sale the lien holder may apply for a deed to the property. This process must be started within 6 months after the 3 year redemption period.

Nevada – Tax Lien and Deed

State Overview: Nevada is classified as a tax deed state, but also sells tax lien certificates in (Las

Vegas) Clark County. A property owner may have between 1 and 3 months after official property tax delinquency is declared before the treasurer will issue a tax lien to the county. After a 2 year period of time the lien is judicially foreclosed on allowing the tax authority to acquire the title. Once the title has been acquired the county tax authority may sell the deed through the county auction. The delinquent owner has up to the day of the sale to redeem the property and satisfy the debt. All properties not redeemed will be included in the sale. Deeds are sold using a premium bid method which awards deeds to the investor with the highest bid. Clark County also offers investors tax liens at their annual auction with an interest rate of 12 percent annually or 1 percent per month. The redemption period for vacant land is 120 days and 2 years for developed land.

New Hampshire – Tax Deed

State Overview: New Hampshire is classified as a tax deed state, although they do conduct redemption deed auctions as well. After foreclosing on the property, the county may sell these properties through a local auction. The counties are also required to run the tax sale list in the local newspaper or other public notices at least 25 days prior to the sale. Counties or municipalities that sell Penalty deeds use a system very similar to that used with tax liens. Tax deeds sold in New Hampshire are purchased with a two year right of redemption. A penalty rate of 18 percent applies to the redemption of all tax deeds. If the property owner does not pay all delinquent taxes, interest, penalties, and fees by the end of the 24 month the tax collector can execute the process of terminating redemption rights. The investor will receive the deed to the property after redemption rights have been terminated.

New Jersey – Tax Lien

State Overview: New Jersey utilizes a tax lien system to collect delinquent property taxes. Tax lien auctions are held by individual municipalities. The majority of the municipalities hold annual auctions, attributing to more than 500 annual tax sales in the state. Tax sale dates are not specified by state statute, but determined by individual municipalities. Most sales take place between the months of June and October. Tax liens are purchased with a 2 year redemption period. The rate of return is set by state statute as "not to exceed 18 percent annually", but varies from county to county. Some counties offer certificate holders redemption penalties in addition to the set rate of return. Properties are awarded to bidders based on competitive bidding of the interest rate. The investor bidding the lowest rate of return receives the lien certificate.

New Mexico – Tax Deed

State Overview: New Mexico utilizes a tax deed system to collect delinquent property taxes. The starting or minimum bid consists of all unpaid taxes, penalties and administrative costs. New Mexico is one of the few places in the country where the mortgage can transfer along with the deed. It is very important to conduct proper due diligence and title search when investing in deeds in New Mexico. Bidding Types: Premium Bid, The starting bid includes all delinquent taxes, penalties and administrative cost.

New York – Tax Lien and Deed

State Overview: New York is classified as a tax deed state, but also sells tax lien certificates in several counties. Deeds are generally sold to the person bidding the highest amount above the minimum bid. In some counties properties not sold at the sale are retained by the county and offered at the next sale. New York also offers tax liens in some counties with interest and redemption periods varying. The interest ranges from 12 to 20 percent. Some counties offer a full interest penalty for early redemption which can greatly affect your overall yield. New York City is one of the taxing districts that offer tax liens.

North Carolina – Tax Deed

State Overview: North Carolina is classified as a tax deed state. North Carolina is an oral bid state which uses a premium bidding method. There are two things to keep in mind when investing in North Carolina tax sales.

1.) You must receive Court Confirmation of the purchase within three days following the date of the sale. The tax collector must provide the county court with a report of all tax deeds sold at the auction. Anyone claiming an exception or irregularity to the sale may challenge the sale within ten days following the court filing.
2.) North Carolina has an Upset bid statue. Anyone wanting to increase the auctioned bid amount may do so by filling with the court before the tenth day after the court filing. The new bidder increase the winning bid by 10% of the first 1,000 dollars, plus 5% per thousand after that. If an upset bid is filed the court it may require a second auction sometimes called a "resale".

North Dakota – Tax Deed

State Overview: North Dakota utilizes a tax deed system to collect delinquent property taxes. Tax sales are typically conducted in November and December. Properties are sold through a premium bidding system. Properties are auctioned using a premium bidding system. The county tax collector is responsible for sending certified letter to the last recorded address of the owner and any other party with interest in the property. Counties are also required to run the tax sale list in the local newspaper prior to the sale. The property owner has up to the day before the auction to redeem by paying all delinquent taxes, penalties, and fees. The winning bidder will receive a quit claim deed to the property.

Ohio State – Tax Lien

State Overview: Ohio utilizes a tax lien system, but also sells tax deeds that pass the two year redemption period at public auctions. Counties with a population over 200,000 are required to hold public tax sale auctions each year. Investors receive an 18 percent rate of return on liens which are purchased with a 1 year redemption period. Auctions are conducted by oral bid using a bid down interest system. Investors compete by bidding down the interest rate. The bidder of the lowest interest rate is awarded the certificate. Some of the smaller counties have tax deed auctions where investors bid on the actual property.

Oklahoma – Tax Lien

State Overview: Oklahoma is a tax lien certificate state. The annual tax sale is conducted by the treasurer on the first Monday of October. The auction will be conducted using rotational and random selection bidding methods. Assignment purchasing or over the counter purchasing is available in Oklahoma after the auction. Oklahoma tax sale lists do not include parcel numbers or the assessed value. Only a legal description is provided in many cases. This added work scares many would-be investors away and may offer additional opportunities for those investing. Some investors use the help of a broker or an agent to locate properties they hope to acquire.

Oregon – Tax Deed

State Overview: Oregon utilizes a tax deed system to collect delinquent property taxes. The starting or minimum bid is the total amount of all delinquent taxes, penalties and administrative cost. An exception to the standard starting bid is found in counties that set the minimum bid at a percentage of property's market value. In all 36 Oregon counties the auction will be conducted at the county courthouse with registration beginning the day of the sale.

Pennsylvania – Tax Deed

State Overview: Pennsylvania is classified as a redemption deed state. Tax sales are very similar to those conducted in tax lien states. The County Tax Claim Bureau oversees the sale which is an oral public auction. Tax deeds sold in Pennsylvania are purchased with a two year right of redemption. Pennsylvania refers to most tax deed sales as Upset Sales. A penalty rate of 10 percent applies to the redemption of all tax deeds. If the property owner does not pay all delinquent taxes, interest, penalties, and fees by the end of the twenty four month period the investor may begin the process of terminating redemption rights.

Rhode Island – Tax Deed

State Overview: Rhode Island is classified as a penalty state. Tax sales are usually conducted in

August but are not specified in state statutes. Tax deeds sold in Rhode Island are purchased with a 1 year right of redemption and pay out a 10 percent rate of return annually. Investors also receive a penalty rate of 1 percent per month after six months. The added penalty brings the annual rate of return to 16 percent. If the property owner does not pay all delinquent taxes, interest, penalties, and fees by the end of the 12 month period the right to redeem is forfeited. Following the end of the redemption period the county will mail the deed to the property to the investor. One year after the expiration of redemption rights the deed holder may petition the superior court to foreclose to obtain a clear title to the property. Deeds are awarded to bidders who bid down the lowest percentage of ownership in the property.

South Carolina – Tax Lien

State Overview: South Carolina is classified as a tax lien certificate state. The county treasurer will prepare a list before the month of October of tax delinquent properties from the previous year. On the first Monday in October, November and December local counties will hold auctions at a county courthouse or other county approved building. All liens are sold using a premium bid system. The winning bidder is the investor willing to pay the highest amount over the starting bid. The interest rate ranges depending on when the certificate is redeemed. Thirty days after the 12 month redemption period the county will issue the investor a quit claim deed.

South Dakota – Tax Lien

State Overview: South Dakota is a tax lien certificate state. Tax lien auctions are normally held on the third Monday in December. The Treasurer conducts the auction using a premium bid system. The auction begins with the combined total of the property's delinquent taxes, interest, penalties and cost. The beginning interest rate is 10% yearly. Investors will "bid down" the interest rate they are willing to accept for their investment. The investor offering the lowest interest rate wins the bid. The redemption period is three years. After this period, the Lien Holder can apply for the deed to the property.

Tennessee – Redemption Deed

State Overview: Tennessee is classified as a redemption deed state. Tax sales are very similar to those conducted in tax lien states. The County Clerk and master of the Chancery Court oversees the sale which is an oral public auction. Many auction codes and procedures are determined by individual counties. Tax deeds sold in Tennessee are purchased with a one year right of redemption. A penalty rate of 10 percent applies to the redemption of all tax deeds. If the property owner does not pay all delinquent taxes, interest, penalties, and fees by the end of the twelve month period the county Clerk or their assistant shall execute the process of terminating redemption rights. Auctions are conducted using a premium bidding system.

Texas State – Redemption Deed

State Overview: Texas is classified as redemption deed state. Tax sales are very similar to those in tax lien states. The local Sheriff or a court appointed attorney oversees the sale, which will be an oral public auction. Similar to tax liens, tax deeds sold in Texas are purchased with a one year right of redemption for non-homestead properties and two years on homestead properties. An investor will earn a 25% penalty rate the first year and an additional 25 percent for the second year on the amount paid for the deed. The Attorney is also required to send out certified letters to the last recorded address of the owner, and any other party that has ownership in the property. They are also required to publish the list in the local newspaper prior to the sale. The minimum bid will begin at the delinquent taxes, penalties and fees. The highest bidder will be awarded the deed. All 256 counties are mandated to hold a tax deed sale on the first Tuesday of each month. The wining bidder will receive a either a Sheriffs deed or a constable's Deed.

Utah State – Tax Deed

State Overview: Utah is a property deed state. The starting minimum bid will begin at the back taxes, penalties, interest and any administrative cost involved. In all of the 29 Utah counties the auction will be conducted at the county courthouse. Most counties allow registration on the day of the sale.

Vermont State – Redemption Deed

State Overview: Vermont is a redemption deed state with the tax sales being very similar to a tax lien state. The local tax collector or treasure will handle the sale which will be an oral public auction. Similar to a tax lien state, there will be an interest rate added of one percent per month for a period of twelve months. If the property owner does not pay back the back taxes, interest, penalties, and fees by the end of the twelve month redemption period, the tax collector will then issue a tax deed to the investor.

Virginia – Tax Deed

State Overview: Virginia is classified as a tax deed state. These sales will be conducted as a creditor's bill in equity and will be subject to court confirmation which is routinely given. The starting minimum bid will begin with the amount owed in back taxes, along with penalties and any administrative cost involved. In all of the 94 Virginia counties the auction may be conducted at the county courthouse, or in a county approved setting.

Washington – Tax Deed

State Overview: Washington is classified as a tax deed state. The starting minimum bid will begin at the back taxes, penalties, interest and any administrative cost involved. In all of the 39 Washington counties, the auction will be conducted at the county courthouse with registration beginning the day of the sale. Bidding Types: Premium Bid, in this method the counties starting bid will include the back taxes, penalties, interest, and any administrative cost.

West Virginia – Tax Lien

State Overview: West Virginia is classified as a tax lien state. The Sheriff's responsibilities include conducting and overseeing the county auction. All liens are sold to the investor bidding highest amount above the starting bid. The starting or minimum bid is determined by the total of all delinquent taxes, penalties, interest and administrative costs. Rate of Return: 1 percent per month or 12 percent annually. Bidding Types: Premium Bid – The counties starting bid includes all delinquent taxes, penalties, interest, and administrative costs. The property will be bid up in price until a high bid is established. The highest bidder is awarded the lien to the property. Remember that you are not receiving any interest on your overbid. This must be taken into account when determining your highest bidding.

Wisconsin State Guide

State Overview: Wisconsin is classified as a tax deed state. The tax sales are conducted in local auctions. These sales are called "Tax Delinquent Real Estate Sales". It should be noted that prior to the tax sale, the County Treasure will send out a certified letter to the last recorded address of the owner, as well as any other party that holds an interest in the property. Six weeks prior to the scheduled auction date, all 72 counties are required to publish a list of all delinquent properties, including the appraised value, in a local newspaper. The property owner has up until the day before the auction to pay back all delinquent taxes, penalties and fees. Bids below the appraised property value will not be accepted in many counties. Do your research! Many times the county's appraised value will be significantly less than the fair marker value.

Wyoming State Guide

State Overview: Wyoming is a tax lien certificate state. All liens will be sold in "random selection" with means pulling random names from a pot. The investor then has the option to purchase that tax lien, or pass to the next. The investor is required to pay the back taxes, penalties and fees for the lien they are purchasing. In turn, the purchaser will receive the full interest rate. The interest rate has been set at 15% plus a 3% penalty for the first year. However, after a property tax has not been paid for a period of four years, any lien holder can apply for the deed to the property.