

Tax Liens & Deeds Investments

Myth or Realty

May 2011



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Terminology

*Property Taxes

*Tax Lien

*Redemption Period

*Tax Deed

*Lien, Deed, Hybrid States



Process

- 1 Owner doesn't pay property taxes
- 2 County places a lien on the property
- 3 County creates a certificate of the lien
- 4 County hold an annual auction
- 5 Investor buys lien
- 6 Investors "sits" on line until:
 - 1 Lien is redeemed
 - 2 Redemption period is over

- 7 Investors applies for a deed ("deeding", "tax deed application", "County foreclosure") and pay additional fees
- 8 Property goes to public auction. Starting price: amount owed + +
- 9 Property isn't purchased at auction, investor can buy for minimum amount.

Properties

★Land

★Single Family

★Condos

★Commercial

★Agriculture



Purchasing

*Live Auctions

*Online Auctions

Over the counter

Systems

1. Premium

2. Bid down interest

3. Other methods



Liens & Deeds

★CA: Tax deed

★AZ: 16%, Bid down; 3 years

★FL: 18%, Bid down; 2 years

★TX: Tax deed hybrid, 25%, 6m - 2 years

★CO: Prime + 9% (9.75%), 3 years

★NJ: 18%, Bid down; 2 years

* systems vary from one state to another.

** homestead vs. non-homestead effects the process



Myths

- *“Crappy” properties
- *Time consuming
- *Most houses are redeemed



Benefits of Tax Liens

- ★ Small to large amounts
- ★ Many liens and deeds are available
- ★ High interest rate
- ★ 1st position!
- ★ Secure by a property
- ★ “Play” the game in many ways
- ★ Low(er) risk vs. potential rewards



Potential Pitfalls

- ★ Steep learning curve
- ★ Rundown property
- ★ Storage room
- ★ Bad piece of land
- ★ IRS liens
- ★ Complicated redemption laws

- ★ Tax deed challenge
- ★ Paperwork



Life of Tax Lien Investor

- 1 Investing formula
 - 2 Track multiple counties
 - 3 Get lists of liens
 - 4 Data mine lists using
 - 5 Due diligence list
 - 6 Create a purchase list
 - 7 Register with the county
- 1 Deposit funds
 - 2 Take part in the auction
 - 3 Track your auction
 - 4 Track your purchases
 - 5 Apply for a tax deed



Benefiting

- *Buy online or in a live auction
- *Buy through a broker
- *Partner with an investor



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