



Module 4

Protecting Your Investment

Presented by

Joanne Musa, the Tax Lien Lady

Lesson 4

- ✓ What to do after the tax sale
- ✓ How to protect your investment and maximize your return
- ✓ How to record your tax lien certificate or deed recording is required
- ✓ Whether or not to pay the subsequent taxes



Questions??

- ✓ If you have questions as you go through this module, write them down and bring them to the Q & A call on Wednesday!!

Checking In on Lesson 3 Homework

- ✓ Review results of recent tax sales so that you know what to expect when you bid.
- ✓ Review the different bidding procedures, so that you know how to bid in your state.
- ✓ Prepare a bid sheet so that you don't get caught off guard when you go to a live auction.
- ✓ Review the bidding rules and understand the bidding procedures for where you want to invest.

Protecting Your Investment

- Record your lien or deed
- Pay subsequent taxes
- Provide an affidavit for expenses
- Clear the title on your deed
- Track you liens or redeemable deeds



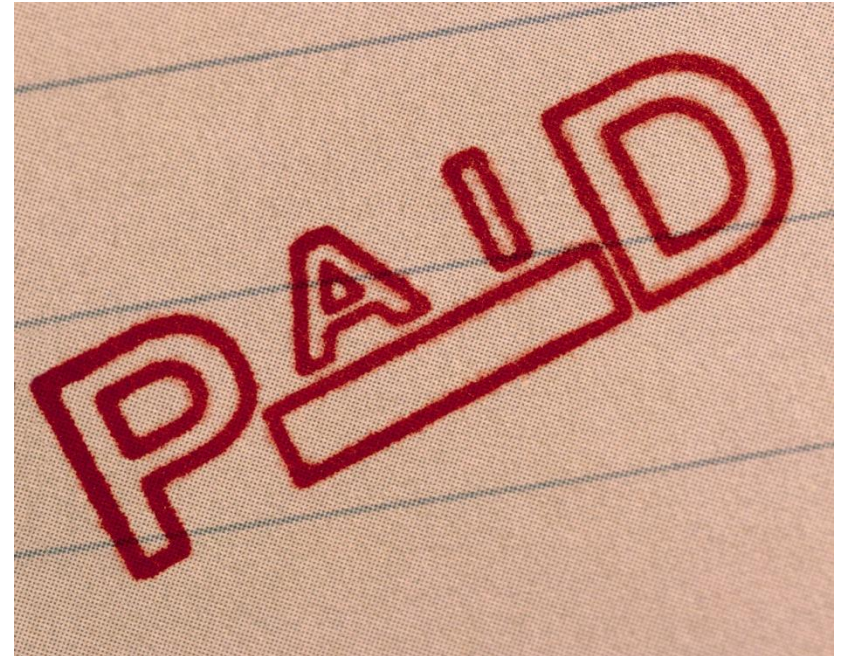
Recording Your Lien or Deed



- ✓ In some counties this is done for you
- ✓ Send tax lien certificate or tax deed to the county clerk with recording fee
- ✓ Make a copy before sending in documents
- ✓ Send certified mail, with return receipt
- ✓ Must be done in a timely manner

Subsequent Taxes

- ✓ When you purchase a deed you must pay the subsequent taxes
- ✓ When you purchase a lien you don't have to pay the subs, but it is in your best interest to do so
- ✓ Always submit an affidavit with your sub tax payments
- ✓ Call the county tax collector, or send a letter requesting the subsequent tax amount due



AFFIDAVIT

MUNICIPALITY: Morristown

COUNTY: Morris

CERTIFICATE # _____

BLOCK # _____

CERTIFICATE DATE: _____

LOT # _____

_____, hereby certifies that on _____,
I have paid subsequent municipal liens on the above Certificate of Sale held in the name of
_____, as follows:

Taxes.....\$ _____

Sewer Charges..... \$ _____

Recording Fee..... \$ _____

Other (describe)..... \$ _____

TOTAL PAID..... \$ _____

(tel. #)

(fax #)

(signature)

(name printed)

Clearing the Title to Your Deed

- ✓ Some counties will provide a warranty deed, but most do not
- ✓ Usually you do not have to clear the title on a left-over deed or redeemable deed
- ✓ Use a lawyer that specializes in the Quiet Title Process or a title company to do a Title Certification Process
- ✓ Can take 6 months to 1 year
- ✓ May cost \$750 - \$2000



Some State Specific Procedures

- Lien States
- Deed States
- Redeemable Deeds (Texas)

After You Purchase a Tax Lien

- Arizona
- Colorado
- Florida
- New Jersey

Arizona

☐ Recording

- In most AZ counties you do not need to record your tax lien. You are not even issued a tax lien certificate, but a receipt listing your tax lien certificates

☐ Subsequent Taxes

- Some counties require you to buy all of the prior tax liens when you purchase your lien
- These counties also require that you pay the subsequent taxes or your lien will be redeemed in next year's sale
- Call the Tax Collector after June 1 to get the subsequent tax payment
- You must pay subs by December 31





Colorado

- You DO NOT get your premium back when the lien redeems.
- You can pay the subsequent taxes and get the statutory interest rate on your subs.

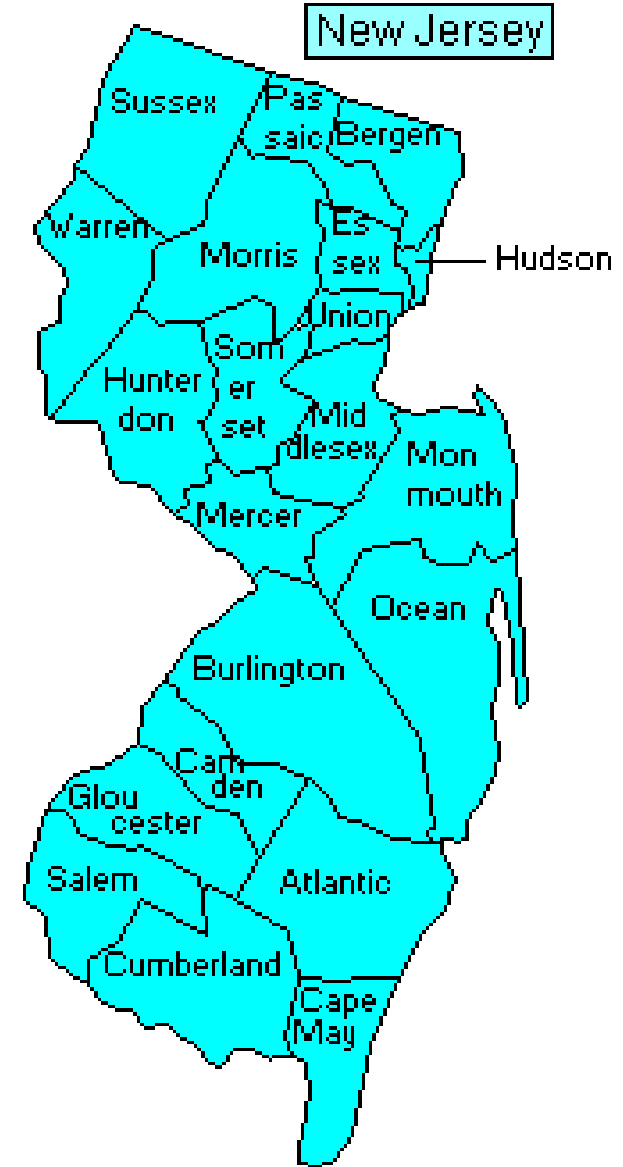
Florida

- ❑ You DO NOT pay subsequent taxes in Florida until the redemption period is over and you do a TDA
- ❑ Once you do a TDA, you must redeem all other liens and everything will earn 18% until the lien redeems or is sold at the deed sale



New Jersey

- ❑ Recording
 - You **must** record the tax lien certificate.
- ❑ Subsequent Taxes
 - You can pay subsequent taxes quarterly if the property owner doesn't pay them
 - Must submit an affidavit with sub payments
 - You will get the statutory rate on your sub payments – 18% once the property owner is \$1500 delinquent



After You Purchase a Tax Deed

- California
- Texas

California & Most Deed States

Recording the Deed

- Some counties will record the deed for you. You pay the recording fee when you purchase the deed
- In other counties you will be responsible for recording the deed with the county clerk



California & Most Deed States

☐ Clearing the Title

- Some counties will issue a Warrantee Deed and record it for you. But most counties will issue a tax sale deed or a quit claim deed. In this case you will have to clear the title to the property by either a quit title process (with an attorney) or a title certification process (with a title company)
- Most title companies will not issue clear title or title insurance for one year after the tax deed sale



California & Most Deed States

- You must pay any special assessments or taxes levied by another taxing authority as well as all subsequent taxes
- If there are IRS liens on the property, the IRS has 120 days to redeem the property



Texas

- Texas is a Redeemable Deed State
- You must record the deed with the county clerk. The redemption period begins when the deed is recorded
- The redemption period is different (longer) for homesteaded and agricultural properties
- You can inhabit the property during the redemption period. Only certain improvements to the property will be reimbursed if the property is redeemed
- You don't have to go through a foreclosure process, but you will have to clear the title to the property once the redemption period is over.



Why Track Your Liens or Deeds?

- Some States Have Deadlines
 - To record your lien or deed
 - To pay subsequent taxes
 - To foreclose on a tax lien
- Keep Track of Your Payments
- Know How Profitable Your Investing Is



Here's What You Need To Track

- County/municipality
- Certificate number
- Parcel number or ID number
- Date purchased
- Amount of lien
- Interest rate and/or premium
- Any additional payments

Payment Information

- Payment Information
 - Recording fees
 - Search fees
 - Subsequent tax payments
 - Other expenses for the property
 - Foreclosure costs

How to Track Your Liens

- ✓ Manually enter your liens into a spreadsheet or software program
- ✓ Track them from the Tax Sale List
- ✓ Download the tax sale list into tracking software
- ✓ Use software that automates the entire process of tax lien investing

Action Steps



- ✓ Record your TLC or tax deed with the county clerk
- ✓ If you plan on investing in tax liens, call the tax collector, or check the state statutes regarding tax sales and find out if and when you can pay subsequent taxes and what interest rate you'll receive on your subs
- ✓ If you plan on investing in tax deeds, find out if you need to clear the title in the county that you are going to bid in.
- ✓ Decide how you will track your liens or deeds