

TAX SALE TIMES



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May 2014

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WHAT'S NEW AT TSR?

- **Environmental Data** will be available nationwide in June
- **Flood Zone Data** will be available starting in June

For more information, please contact us at support@taxsaleresources.com

FROM THE TOP

The largest liens sales of the year in Florida are just around the corner. Most of you have already made your data arrangements for the Florida season, but Tax Sale Resources has several new additions coming:

- **Full Report Links** (Available Now) - Responding to several requests, we've added a new export option; a link to the full report for each parcel. More details are included later in this edition of the Tax Sale Times.
- **Environmental Data** (Coming Soon) - Starting in June, environmental data will be an available option for all jurisdictions nationwide. With data from over 140 databases, it's a very powerful addition.
- **Flood Data** (Coming Soon) - With extreme flooding in several states over the past few years, we've developed a solution to minimize your risk without having to analyze each parcel individually. We provide a few simple fields allowing you to easily sift through thousands of properties. Examples are available upon request.

If you have any questions regarding the above, please do not hesitate to contact us at support@taxsaleresources.com or call us at (877) 982-9725. We pride ourselves on the ability to provide the ultimate customer service.

Good luck with all your investment ventures!

Best regards,

Brian Seidensticker

Connect with us on LinkedIn, Facebook, Twitter, Wordpress & Google+



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CHECK OUT THESE STATES



ALABAMA

- Alabama is a tax lien state.
- Tax sales start at the end of March (Shelby County) and continue through May.
- There are only live tax sales in this state.
- There is a 12% interest rate.
- The redemption period is three years.
- If the lien is not redeemed within the redemption period, the tax lien certificate may be exchanged for the deed to the property.
- The bidding procedure is bid up/premium.

MARYLAND

- Maryland is a tax lien state.
- There are live and online tax sales in this state.
- The redemption period is six months.
- Specific bidding procedures and interest rates vary by county. Although, the one consistent bidding procedure is that every county is bid up/premium.



- Louisiana: May-June
- Iowa: June
- Nevada: May
- Utah: May
- Arkansas: Late spring-early summer
- Kentucky: June-August

UPCOMING SALES

These states have sales coming up later this spring. For more information, please visit our website at www.taxsaleresources.com!

- Maryland: May-June
- New Jersey: May-June
- Florida (lien tax sales): May-June

FLORIDA UPDATE

Washington County will be offering an online tax sale this year! Check out the Florida sale calendar at http://www.taxsaleresources.com/StateCalendar.aspx?state_id=11 for all upcoming tax sales.

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INDUSTRY NEWS



As most investors know, the tax lien and tax deed industry is continually changing. It's also talked about repeatedly in newspapers across the country. TSR attempts to stay as connected as possible to these changes so that we can better assist investors with their needs. We have come across several very interesting articles this month. You will find articles concerning legislation, conferences, debates, and much more. If you find something we should be keying into, please do not hesitate to contact us with your suggestion(s). We would be happy to include the article(s) in an upcoming issue of the Tax Sale Times!

* Please click on the following links and note the sources.

[CLICK
HERE](#)

- April 29, 2014
- Alton man files counter claim in tax suit

[CLICK
HERE](#)

- April 29, 2014
- Pa. judge upholds sale of widow's home over \$6 tax bill

[CLICK
HERE](#)

- April 22, 2014
- Court Approves Tax Sale Of New Mexico Property For Less Than 1% Of Its Value

[CLICK
HERE](#)

- April 21, 2014
- Falling asleep at the wheel — why Arizona tax lien foreclosures are wreaking havoc on lenders and borrowers

[CLICK
HERE](#)

- April 11, 2014
- Jackson resident upset over demolition of home bought at tax sale takes case to federal court

[CLICK
HERE](#)

- April 11, 2014
- County changing tax sale procedures

[CLICK
HERE](#)

- April 11, 2014
- Tax Claim Sale Would Alter School Budget Projections

[CLICK
HERE](#)

- April 9, 2011
- Property Tax Lending Industry Under Review Again

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2013 – THE YEAR IN REVIEW: COLORADO & NEW JERSEY TAX LIEN SALE RESULTS AND PROJECTIONS (PART II)

By: Frank Natale, CEO, VADAR Systems, Inc.

Greetings tax lien colleagues! This is the second installment (New Jersey) which follows from Part I (Colorado) last month. Just to recap: at the end of February 2014 I gave a presentation on tax lien sale results at the annual NTLA conference in Miami. We specifically looked at results and projections for 2013 lien sales in both Colorado and New Jersey. I strongly believe that there are some items of interest here for everyone. Whether you are a seasoned “tax lien veteran” or a “tax lien newbie,” this type of industry information can offer value to you.

Colorado Conclusions Summary:

As we reviewed last time, we found the following conclusions for Colorado tax lien sales in 2013: Given the impact that the “non-recoverable premiums” have on the portfolios, it is easy to see that “quick pay redemptions” for Colorado produce lower yields and IRR’s while “slower pay redemptions” produce better yields and IRR’s. This makes sense as the accruing interest needs time to “win back” the sunk cost of the premiums required to purchase the liens in the first place. From a pure, dynamic cash flow perspective, we are looking at projected IRR yields probably approaching 5% for both of our Colorado portfolios over time.

- NEW JERSEY -

This month we will take a look at New Jersey sales results. As you will see, New Jersey is a very different type of lien state with a much different sales process and different portfolio variables than Colorado.

The Sale Process:

Before we dive into some of the numbers and sales results, I think it makes sense to first review the sale process that is specific to New Jersey:

1. New Jersey is an “interest rate bid-down state” where lien sales are performed at the municipal (town) level. Bidders begin bidding at an 18% rate and the lowest interest rate bid wins the lien. This “winning bid interest rate” becomes the annual rate that the lien then accrues interest at for the life of the lien. Please note that tax lien interest is always “simple” interest and not compounding interest.
2. New Jersey, like Colorado, is also an “overbid state” – there are “premiums” that are often paid over and above the face value of the lien itself. Just as in Colorado, these premiums do not accrue interest. However, unlike Colorado, in New Jersey these premiums ARE recoverable. In New Jersey, You DO RECEIVE your premiums back upon redemption of the lien.

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3. New Jersey, unlike Colorado, is also a “penalty state.” Upon redemption of the lien, the delinquent taxpayer must also pay a one-time penalty which is a percentage of the face value lien amount. These penalty percentages are pro-rated based upon the original amount of the lien (principal only). The following rules are used to calculate New Jersey penalties: Less than \$200 lien amount, no penalty; between \$200 and \$4,999 lien amount, a 2% penalty; between \$5,000 and \$9,999 lien amount, a 4% penalty; \$10,000 or greater lien amount results in a 6% penalty.
4. There are also two other “nuances” in New Jersey which I would like to mention here. Some towns (but not all towns) will also submit an extra \$12 fee back to the purchaser. The buyer of the lien did NOT pay for this \$12 fee when the lien was originally purchased. However, some of the towns do collect this \$12 fee from the taxpayer at the time of redemption. Many New Jersey investors view this miscellaneous \$12 fee almost like a “mini-penalty” which can affect rates of return (depending upon volume). Also important is the fact that all subsequent years’ delinquent taxes (additional lien years belonging to the same parcel) automatically accrue interest at 18% per annum - NOT at the winning bid rate. Furthermore, an investor who owns a tax lien has a “right of first refusal” to purchase the subsequent years’ delinquent taxes on that original tax lien. Put another way – an investor who purchased the original lien at 0% (no interest), does have the ability to buy all of the subsequent years delinquent taxes which will then accrue at 18%. Please note that these last two items – the \$12 fee and 18% subsequents – are not included in my analysis as no data for these two “swing variables” was available.

NJ Sale Results:

We looked at the combined, summary results for five towns: Bergenfield, Berlin, Clinton, Downe & Frankford.

A combined total of 229 sold liens for these five towns were analyzed. The total lien pool was \$667,632. However, in addition, the buyers of these liens had to pay a whopping premium of \$1,426,500 (or 213.66%!) to acquire these liens. The total purchase price (cash paid) was therefore \$2,094,132 or 313.66% of the lien pool itself.

Further, it is very interesting to note that more than 54% of the total lien pool (in dollars) was bid down to 0% interest! The buyers purchased approximately \$362,189 of liens at 0% interest. All of the premiums paid (\$1,426,500) were paid against these 0% liens. Of these 0% liens \$294,000+ (44%) were residential tax liens and \$68,000+ (10%) were commercial. Only \$55,496 (8.31%) of the liens were purchased at the original 18% interest rate.

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New Jersey Projections:

Now that we know the sale results the question becomes: “What does this really tell us?” Put into other words – how would we expect this portfolio to perform given these known parameters?

One very simple way to look at it would be to assume that everything (all liens) redeemed after only one year. We know that this is not how typical lien portfolios “behave,” but we need to start somewhere to get an idea of what type of yields or returns we might expect. Assuming full redemption after only one year, and taking into account the different bid interest rates and penalty calculations, we would receive \$48,914 in penalties and interest. This equates to a 2.34% yield on the entire purchase price (lien amounts and premiums). Although the premium amounts are returned to us upon redemption (and are not “lost money”), we are focused here solely on what our entire investment (purchase price including premiums) was able to yield in penalties and interest.

Pushing out our redemption parameters to allow for a two (2) year redemption period, we would receive \$68,796 in penalties and interest. This equates to an even lower investment yield of 1.64% (annualized) on the entire purchase price.

New Jersey Conclusions:

Unlike Colorado where faster paying portfolios hurt yields and performance, “quick pays” in New Jersey actually lead to better returns. The very low interest rates of the New Jersey portfolio (where 54% of the dollars are at 0% interest) are offset by the one-time penalties. In New Jersey quicker redemptions equate to higher yields and better returns. Slower redemption patterns in New Jersey decrease the return offsets of the one-time, flat rate penalties. This makes perfect sense since we would receive the same penalty amount regardless of when the lien redeems. The penalties do not help us out as much over longer periods of time with liens which are accruing at such low (or no) interest rates. In short, we find that we have the opposite conclusions for our New Jersey portfolio than we had for the Colorado portfolio.

Portfolio Performance Variables

In summary, we have found the following elements to be absolutely critical in determining the performance of different state portfolios:

State-specific processes and rules including: 1. Fixed vs. variable interest rates 2. Premiums vs. no premiums 3. Recoverable premiums vs. non-recoverable premiums 4. Penalties vs. no penalties.

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Finally, we must also be very aware of two other very important considerations: 1. Our “Portfolio Complexion” – what we buy at what rate and at what purchase price (premium) and 2. Redemption Patters – redemption speed and timing. Different state portfolios can and will “behave” in very different ways depending upon all of these dynamic, state-specific variables.

Best of luck to you all and Happy Investing!

About the Author: Frank Natale is CEO & Chairman of VADAR Systems, Inc., a national provider of software and consulting services for tax lien portfolios. Mr. Natale and his company have assisted clients for the last 18 years in managing and collecting more than \$1 Billion dollars in tax liens across 18 states. Please feel free to contact him at frank-natale@vadarsystems.com to learn more about how VADAR can help you!

WHAT’S NEW AT TSR?

Tax Sale Resources has developed the capability to export data with links to full reports! When exporting data, you will notice a new option to select “TSR Standard with Links” located on the far right of the export page. Full reports include data such as Parcel ID, Land Use Description, Property Valuation, Mortgage & Loans, Sale History, Google Maps Image, etc.

The screenshot shows the Tax Sale Resources website interface. At the top, there is a navigation bar with links for "Become A Member", "Monthly Newsletter", "My Account", "My Cart", and "Logout". Below this is a search bar and a "Call us at 1-877-9TAXSALE today" button. The main content area is titled "Hoboken City (Hudson), New Jersey 4/25/2014 10:00:00 AM". It features two main buttons: "Export Data" and "Generate Reports". Below these buttons, there is a text box explaining the export options: "You may export your list into either Excel or as Text in a number of formats. You may also choose to export your entire list or just select properties. Lists can be exported in as many versions as you wish as often as you wish by returning to this page." This is followed by a numbered list of instructions for exporting data. At the bottom, there are radio buttons for selecting the file type (Excel or Text) and the report format (Heritage Extended - NJ, Heritage Standard - NJ, TSR Standard, or TSR Standard with Links). There are also radio buttons for "Include Environmental" and "Exclude Environmental" data. An "Export" button is located at the bottom left of the form.

For more information, please contact us at support@taxsaleresources.com!

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Senate Bill 422 – Changes in Indiana Tax Lien/Deed Laws

A few changes in the Indiana Tax Sale Laws have been approved. The authors of the new bill are Sen. James Merritt, Sen. Randall Head, and Sen. Allen Paul.

These are relevant changes, as the scope of the changes can influence the purchasing of tax lien or tax deeds from different perspectives. The law changes, as they apply for the investors, affect not only vacant and/or blighted properties but also interest rates, redemption noticing, out of state bidders and county treasurer's or tax collectors procedures.

Please click on this link for your reference: <http://iga.in.gov/legislative/2014/bills/senate/422/#>

Vacant or Blighted Properties

Abandoned housing. Requires the attorney general to establish and maintain a tax sale blight registry of all persons ineligible to participate in the tax sale. Provides that properties certified as vacant or abandoned may be sold outright at the tax sale. These will be a tax deed sale. The actual property will be sold, not the lien.

Requires the executive of a county, city, or town to obtain a judgment that a parcel of real property is vacant or abandoned before a certification can be made to the county auditor for tax sales purposes.

Interest Rates

Reduces the interest rate for payments in excess of a minimum bid from 10% to 5%. Lowers the interest rate for refunds on certain tax sales from 6% to 5%.

Redemption Noticing

Provides that the notice to a record owner of property must occur six months, instead of nine months, after the date of the tax sale.

Reduces the period from six to three months when a tax sale purchaser may petition the court for a judgment directing the county auditor to issue a tax deed if the real property is not redeemed from the sale.

Bidders

Requires a business entity that seeks to register to bid at a tax sale to provide a certificate from the secretary of state to the county treasurer. Prohibits foreign business associations that have not registered with the secretary of state from participating in the tax sale. Requires persons who purchase a property or certificate at a tax sale to reimburse the county for the costs of a title search.

DISCLAIMER: This article is for informational purposes only and not for the purpose of providing legal advice. You should contact your attorney to obtain advice to any particular issue or problem. This article does not create an attorney client relationship between Tax Title Services, Inc., and its recipient/reader.

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FLORIDA TAX LIEN SALES

The Florida tax lien sale season is fast approaching! These sales continually prove to be the largest lien buying pool across the country with an advertised tax lien list reaching as big as 55K in Miami-Dade. Of course, TSR will be offering data-appended premium lists as well as CDD (Community Development District) and Lien History available by request.

County	2014 Pricing	County	2014 Pricing	County	2014 Pricing
Alachua	\$440.00	Gilchrist	\$110.00	Madison	\$110.00
Baker	\$110.00	Glades	\$110.00	Manatee	\$550.00
Bay	\$110.00	Gulf	\$110.00	Marion	\$550.00
Bradford	\$110.00	Hamilton	\$110.00	Martin	\$330.00
Brevard	\$550.00	Hardee	\$110.00	Miami-Dade	\$550.00
Broward	\$550.00	Hendry	\$330.00	Monroe	\$220.00
Calhoun	\$110.00	Hernando	\$550.00	Nassau	\$110.00
Charlotte	\$550.00	Highlands	\$550.00	Okaloosa	\$330.00
Citrus	\$550.00	Hillsborough	\$550.00	Okeechobee	\$330.00
Clay	\$330.00	Holmes	\$275.00	Orange	\$550.00
Collier	\$550.00	Indian River	\$550.00	Osceola	\$550.00
Columbia	\$220.00	Jackson	\$110.00	Palm Beach	\$550.00
Desoto	\$110.00	Jefferson	\$110.00	Pasco	\$550.00
Dixie	\$110.00	Lafayette	\$55.00	Pinellas	\$550.00
Duval	\$550.00	Lake	\$550.00	Polk	\$550.00
Escambia	\$550.00	Lee	\$550.00	Putnam	\$550.00
Flagler	\$330.00	Leon	\$550.00	Saint Johns	\$330.00
Franklin	\$110.00	Levy	\$220.00	Saint Lucie	\$550.00
Gadsden	\$110.00	Liberty	\$55.00	Santa Rosa	\$110.00

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FLORIDA TAX LIEN SALES...CONTINUED

County	2014 Pricing
Sarasota	\$550.00
Seminole	\$550.00
Sumter	\$110.00
Suwannee	\$275.00
Taylor	\$110.00
Union	\$110.00
Volusia	\$550.00
Wakulla	\$110.00
Walton	\$110.00
Washington	\$110.00

These counties are now set for sale and available for pre-purchase. All counties are scheduled with a *temporary* sale date of 6/30 and will be updated as we receive confirmation of the final dates. Please note, we cannot produce a list until the advertised or online sale list is released.

CDD and Lien History pricing varies by county and the total number of counties purchased. Please contact us at support@taxsaleresources.com or contact your Customer Sales Representative for direct quotes.



TSR has also found out which counties will be allowing sub-accounts this year. As any seasoned Florida investor understands, this is an ever-evolving development in the counties across this state and has been for the last two years. Currently, TSR has found that the following counties will be offering sub-accounts in 2014 (as of publication time):

Alachua	Duval	Hendry	Indian River	Miami-Dade	Osceola	Polk	Sumter
Brevard	Gadsden	Hernando	Lake	Nassau	Pasco	Putnam	Suwannee
Citrus	Gilchrist	Highlands	Manatee	Okaloosa	Pinellas	St. Lucie	Volusia

The following counties have responded to our requests, but are still undecided: Charlotte, Clay, and Flagler.

For more information, please visit the Florida home page at http://www.taxsaleresources.com/NewsAndUpdate.aspx?state_id=11 or contact us by email at support@taxsaleresources.com!

NEED HELP?

TSR's team is constantly gathering information and updating its tax sale database to ensure successful investing opportunities. If we do not have the county available or the specific information you are looking for, please contact us at support@taxsaleresources.com. It is our mission to bring investors the data they need for successful tax sale investing.

