



**Make A Fortune At Tax Sales**  
**With Tax Liens --- Tax Deeds**  
*By David A. Allen*

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**How To Create A Fortune  
At Tax Sales  
With Tax Liens --- Tax Deeds**  
David A. Allen

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**Good Fortune &  
Read Your Two Bonus Books  
"Make A Fortune in Foreclosures" and  
"Make A Fortune in Fixer-uppers"  
Build Your Wealth In Real Estate**

## Introduction

You know the saying, "The rich get richer the poor get poorer." This philosophy, while widely believed, is in reality not true!

Today some of the poor are getting richer, and visa versa. What we should be saying is, "Those that know how to get rich are getting richer, those who do not, are getting poorer."

Understanding money--how to make it and keep it--is absolutely essential to your life, to your relationships, to your happiness, to your future.

Simply put, don't leave you future to the whim of others.

If your income is dependant on your presence than you are generating employee income. Wealthy people spend their time and resources generating income streams that flow into their life 24 hours a day 7 days a week.

In understanding the principles, concepts and tips presented in this ebook you will gain the mindset of a successful investor. This is your first step in creating a solid financial foundation. Learning to think like a successful investor isn't easy. It's going to take some time.

As you apply what you learn in this course you will begin to realize the financial fruits of your labor. Instead of working for money like the poor, you will get money to work for you, like the rich.

Wealthy investors have their money working around the clock...so they don't have to!

Enough preaching!!! This eBook is about creating wealth in real estate through tax sales with pennies on the dollar property bargains.

The book is designed to out line the three tactics in becoming successful when dealing with tax delinquent properties

It's a fact that wealthy people spend their time finding the highest returns on their investments. Investors look for returns that yield 16%, 18%, 24% and higher!

We call those interest rates and mark-up profits "Millionaire Rates of Returns"! Why are they called Millionaire Rates of Return? Because it doesn't take to long to become a millionaire when your money is getting 16%, 18%, 24% or more per year.

This approach is full of bargain basement prices! City lots often go as low as \$40. Vacation property start at \$100. It isn't at all unusual for raw acreage to cost even less than \$100 per acre. Property with a building on it starting at only \$160.

That's right! Pennies-on-the-dollar land bargains at these tax sales really can be your best ticket for winning a real estate empire of your own. Yet in spite of these bargains, at every auction you may find only a few bidders and lots of bewildered spectators.

Most of the problems encountered consist of confusion, cowardice and just plain misconceptions. This course is how to avoid these obstacles.

Most of the 'How-To' books on the subject you will find are really 'WHERE-To' books. Here you'll discover page, after page, after page, packed with phone numbers and addresses which only tell you where to call, and where to write to get in on this kind of landfall.

You'll soon learn that buying tax sale land is far more complicated than buying property where a real estate agent handles all the details for you.

Knowledge is power; knowledge is money. Repeatedly, property you can get for a few hundred dollars might be sitting right next to property worth \$29,000.

Accumulating this difference in value is your reward for learning the information and strategies

My intention is to create a course with a genuine how-to quality, with a built-in program for your success.

This book will show you just how to get in on the treasure hunt. Also, the two **bonus books** we provide "**Make A Fortune in Foreclosures**" and "**Make A Fortune in Fixer-uppers**" will give a greater insight of how you build your wealth in real estate.

Good Fortune!

*Davis A. Allen*

## **The Opportunities**

Few realize that in thousands of counties across the United States local governments have millions of dollars in delinquent property tax bills. Local government agencies desperately need the income generated from property taxes to fund daily services.

Without this expected income the government would not be able to provide police, fire, hospital and schooling. To get their money quickly, local city and county governments create and sell tax liens (i.e. delinquent tax bills) to investors and bankers in the form of tax lien certificates.

By stepping into the shoes of the local government, you are able to quietly collect state mandated interest rate penalties of 16%, 18%, 24% up to 50% or more! In addition, you have the same rights that the government would have.

For example, in many of the counties in the state of Arizona the interest rate penalty is 16%, in many of the counties in Florida its 18% in Texas it's 25%, at the end of a six-month redemption period, the sheriff's deed (which is encumbered by only a 6 month right of redemption) automatically becomes a deed absolute.

Your three areas of opportunity arise from neglected taxes, liens, deeds, and sales.

No dummy, Albert Einstein, once said; "The greatest creator of wealth known to mankind is compounding interest."

## Liens

Before you start the ball rolling by investing in Tax Liens and Deeds, as well as, attending Tax sales you should understand the basic laws and concepts related to tax defaulted properties. A proper understanding of these principles and their relation to your investment are key to your success.

Simply put, a lien is a charge or claim that attaches to someone's property so as to legally enforce the payment of money. Whenever someone borrows money, the lender requires some form of security.

A 'Security' is something of value that the borrower will have to give the lender/lien holder if full and timely payment isn't made. This guarantee makes the lender feel safe in loaning the borrowers a large sum of money. Liens are not limited to security for loans (such as a mortgage.)

A lien may be attached to a property owners real estate by a local taxing district in the event that a property owner fails to pay their property tax (called a Tax Lien).

A lien is a form of legal action that allows an individual or agency to compel payment for service's rendered or work performed.

For example: let's say that you hired a carpenter to renovate your garage. The carpenter then takes a few weeks to finish the job and issues you a bill. Let's say, you are then astonished at the fee he has charged for the services rendered, so you decide not to pay the bill.

The carpenter may attach a 'Mechanics Lien' on your property to compel payment. When you try to sell your home the title company will strongly suggest or declare that it be cleared before a new owner can take possession of your property.

Also, a lender probably not offer financing to a purchaser of a home that is encumbered with a lien senior to the loan. If the lender did they would stand in a position to lose their security (the home) if the senior lien-holder was to foreclose.

From a lenders point of view, the mechanics lien stands in a position to wipe out the lenders interests. Likewise, getting title insurance on a lien-encumbered property is near impossible.

In all of the ways mentioned above, a person, agency or corporation can use another person's property to compel payment for work performed, services rendered or debts accrued by attaching a lien.

## Effects of Liens On Property

The mere fact of you having a lien does not prevent you from passing title or ownership of your property onto someone else. However, you, as the owner, might find it difficult to sell your property. Why? Very few buyers will take on the risk of an encumbered property.

Liens attach to the property and not the property owner. Let me explain with a short story, we will use our friendly lien-holder again.

Bear in mind he has attached a mechanics lien to your property to compel payment. When you sell or convey title to a new owner they stand in a position to lose the property.

If they take action to legally enforce payment, the new owner may need to come up with a lot of money to pay off the lien. Most people don't have a lot of money sitting around. They are then forced to sell the property.

When a lien is properly established, it sticks to the property and will restrict all following owners until the lien is cleared through the payment of services rendered or charges accrued.

### Liens Assume Priority

Priority of liens means that the order in which debts will be paid off. Basically, the precedence of Liens is basically 'First Come, First Served.'

In the main, the priority of a lien is created by the date in which it was recorded at the local county recorders office.

As an example, under Arizona law, a (tax) lien shall be prior and superior to all other liens and encumbrances upon the property, except liens or encumbrances held by the state..

To boot, under Texas the tax lien: takes priority over the claim of any creditor of a person whose property is encumbered by the lien and over the claim of any holder of a lien and over the claim of any holder of a lien on property encumbered by the tax lien.

What does all this nonsense mean? Simply put, in a lay mans terms. Just imagine carpenters, lenders and others racing to the county recorders office to be the first to officially record a lien on the property.

In most cases, the date and time that the lien is recorded will determine the lien priority.

Therefore he who records first is senior (superior) to he who records second. Sometimes the lien position can be changed or altered through a subordination agreement. When properly established it will change the priority of a mortgage, judgment and any other lien.

Essentially, the agreement empowers a junior lien holders interest to move ahead of a senior lien-holders interest. There are two major exceptions to this rule of priority.

Real Estate Taxes

Special Assessments

Commonly speaking, these exceptions take priority over all other liens. That is. just when other liens (i.e. mortgages, mechanics and judgment liens) were recorded has no effect to the order in which real estate taxes and special assessments will be paid off.

They will always be senior to all other liens regardless of the date and time of recording.

Try to Imagine a ladder with a few rungs. Each of these rungs represents lien positions. The top rung is the first lien position and the last recorded lien is the last or bottom rung.

When a property is sold for the purpose of paying off all the liens naturally, the first in order is the first to be paid.

In fact, taxes hold a first lien position. even above a mortgage! This is great news to us the investors of tax lien certificates but terrible news to the lenders who hold a note on the property.

Let me explain what could happen. Let's say that Joe purchases a property by taking out a loan from High-Binders Mortgage Company for \$100,000.

The lender has the ability to take over ownership of the property in the event that Joe fails to pay his mortgage.

Let's say, you the tax lien investor, were to purchase the 'TLC' certificate at the auction and

Joe failed to pay the back taxes, interest, penalties and fees you could foreclose on him to collect payment.

In this event, the proceeds generated from a court ordered sale would pay off the outstanding real estate taxes and special assessments first. Any left over proceeds will be used to pay off any other outstanding liens.

## **Tax Sales**

Not only do counties have the ability to tax its citizens but so do:

The City or Town, Water District, Sewer District, Public Hospital District, School District, etc. ad nauseam.

What can the government agencies do when irresponsible property owners fail to pay their property taxes? The federal government impose payment by issuing a "Tax Lien certificate."

When the real estate taxes have remained delinquent for the statutory or redemption period they can then be collected through a tax sale. Each state and county's methods for collecting differ substantially but the results are the same.

The fundamental procedures vary from state to state. A tax sale is usually held after a judge has ordered a judgment that the property or tax lien certificate be sold for the back taxes and penalties.

An investor who attends the scheduled tax sale must be prepared to pay the delinquent taxes and penalties. Depending on state statute, the winning bidder will then be issued either a tax lien certificate or a tax deed as a proof of purchase.

The delinquent taxpayer may redeem the debt any time before the tax sale as long as the statutory redemption period hasn't expired. The taxpayer can exercise his or her right of redemption by paying the delinquent taxes plus interest and charges.

In states, the bidding at a tax sale is based on the interest rate (penalty) the defaulted taxpayer would have to pay in order to redeem the property.

The winning bidder, who accepts the lowest interest rate, gets the Tax Lien Certificate. Tentatively, that interest rate would be the easiest for the delinquent taxpayer to pay off to redeem the property.

Meanwhile a penalty of 8% up-to 50% per year is being added to the amount of the lien. Which means when the delinquent taxpayer finally decides to clear his title of the lien he must pay what you paid to purchase the lien/deed plus any late fees/penalties (interest rates).

When the statutory redemption period has ended the holder of the certificate may take one of two steps to acquire the property:

Apply For the Deed or Foreclose.

However, in some states, the tax-delinquent property is sold or assigned to the state. At the end of the redemption period, the state usually sells the property at the tax sale auction and issues a tax deed to the highest bidder.

The title conveyed to you, the investor, is usually considered 'Good Title' because it is a conveyance by the state. If all delinquent properties are not sold at auction due to lack of investors the state will usually take over ownership, selling the liens and Deeds at a later date.

This is a win for the Government because they get the taxes they need to operate their agencies and programs. And, it's a win for the investor because they are rewarded with high rates of return with the possibility of acquiring properties for pennies on the Dollar.



Thanks for reading these brief few pages, of one of the most successful and original career course manuals available on building your own home-based **R.E. Tax Sales business**. Learning from an established professional is the best way to starting your own profitable home business.

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Whatever, your decision may I talk this opportunity to wish you the best of good fortune, and remember, don't leave your future to *the whim of others*.

Your friend;

*Joe Myna*