

Frequently Asked Questions about Public Internet Auction of Tax-Defaulted Land

**PROPERTY IS SOLD “AS IS”
INSPECT THOROUGHLY BEFORE YOU BUY!**

1. Why does the County sell tax-defaulted property?

The primary purpose of a tax sale is to collect taxes that have not been paid by the property owner for at least five years (Three years if subject to a nuisance abatement lien). Offering property at public auction achieves this by either selling the property or by forcing payment of the property taxes. During those five years, the taxpayer has repeatedly been offered payment plans and still has the ability to keep the property until the day before the sale by paying the taxes in full. If the property is sold, lienholders and the former owner may claim proceeds in excess of the taxes and costs of the sale.

2. What laws govern tax sales in California?

A public auction or sealed bid sale is conducted pursuant to the California Revenue and Taxation Code, beginning with Section 3691. The Code is available at most public libraries and on the internet at <http://www.leginfo.ca.gov/calaw.html>. As a bidder, you are responsible to know the laws pertaining to tax auctions.

3. Can I obtain title to a property on the tax sale list by paying the delinquent taxes prior to the tax sale date? Does the county sell tax lien certificates?

No. Legal title to a tax-defaulted property subject to the Tax Collector's power to sell can be obtained only by becoming the successful bidder at the county tax sale. Paying taxes on such property will only cause its redemption to the assessed owner.

No California county sells tax lien certificates at this time.

4. Who is notified of the sale?

The law requires the Tax Collector to attempt to notify the current owner, all lienholders, and public agencies.

5. Is a tax sale publicly advertised?

Yes. The legally required notice of a tax sale is published in a publication within the county three times in successive seven-day intervals before the tax sale.

6. When does the right to redeem (pay the taxes) a tax-defaulted property subject to the power to sell cease?

The right to pay the taxes in full to avoid the sale of the property ceases at the close of business, 5:00 p.m., on the last business day prior to the sale. There is no extended right of redemption in the State of California as exists in some other states.

7. How is the minimum bid on a tax sale property determined?

State law dictates that the minimum bid on a tax-defaulted parcel offered by the Tax Collector at public auction shall be no less than the total amount to redeem the property plus costs. The minimum bid may be lowered, at the Tax Collector's discretion, if a parcel does not sell at the original minimum bid.

8. Does the County guarantee the property?

All properties are sold as is. Be an informed bidder. Prospective purchasers are urged to examine the title, location and desirability of the properties available to their own satisfaction prior to the sale. The County makes no guarantee, expressed or implied, relative to the title, location or condition of the properties for sale. In addition, the County assumes no responsibility, implied or otherwise, that the properties are in compliance with zoning ordinances, mining and reclamation regulations, conform to building codes and permits and/or any other applicable regulations or permits. No government entity is liable for damages sustained to property purchased at public auction, including from the time of the sale until the recordation of the tax deed to the purchaser. Any personal property, such as mobile homes without permanent foundation or equipment on the property, is not part of the sale. **ALL SALES ARE FINAL.**

9. Do liens or encumbrances on a tax-defaulted property transfer to the new owner after purchase of the property at a tax sale?

A title search initiated at the purchaser's expense should reveal any liens or encumbrances of record on a property in the tax sale. Per Revenue and Taxation Code Section 3712:

"The deed conveys title to the purchaser free of all encumbrances of any kind existing before the sale, except:

- a. Any lien for installments of taxes and special assessments, which installments will become payable upon the secured roll after the time of the sale.¹
- b. The lien for taxes or assessments or other rights of any taxing agency which does not consent to the sale under this chapter.
- c. Liens for special assessments levied upon the property conveyed which were, at the time of the sale under this chapter, not included in the amount necessary to redeem the tax-defaulted property, and, where a taxing agency which collects its own taxes has consented to the sale under this chapter, not included in the amount required to redeem from sale to the taxing agency.
- d. Easements, constituting servitude upon or burdens to the property, water rights, the record title to which is held separately from the title to the property, and restrictions of record.
- e. Unaccepted, recorded, irrevocable offers of dedication of the property to the public or a public entity for a public purpose, and recorded options of any taxing agency to purchase the property or any interest therein for a public purpose.
- f. Unpaid assessments under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code) which are not satisfied as a result of the sale proceeds being applied pursuant to Chapter 1.3 (commencing with Section 4671) of Part 8.
- g. Any federal Internal Revenue Service liens which, pursuant to provisions of federal law, are not discharged by the sale, even though the Tax Collector has provided proper notice to the Internal Revenue Service before that date.²

- h. Unpaid special taxes under the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5, commencing with Section 53311, of Part 1 of Division 2 of Title 5 of the Government Code) that are not satisfied as a result of the sale proceeds being applied pursuant to Chapter 1.3 (commencing with Section 4671) of Part 8.

- 1 The delinquent taxes and the 2010/2011 secured taxes will be paid in full.
- 2 The IRS has the right to redeem the property from the purchaser up to 120 days after the sale. If no action is taken within this period, the lien is extinguished.

10. How do I find a property I'd like to bid on at the tax sale?

Vacant land (which accounts for most properties offered at this tax sale) may not have a street (situated) address. The County Assessor's plat maps and map books can determine its approximate geographical location. Improved properties frequently (but not always) will bear a street address, making it easier to determine the general location. Exact boundary lines of a property can be determined only by a survey of the property undertaken at the purchaser's expense. Assessor's plat maps may be downloaded from the bid4assets.com website or may be purchased from the County Assessor's Office.

11. How can I determine what use I can make of a tax sale property before I purchase it?

No expressed or implied warranty is given with respect to the parcels, and they are sold on an "as is basis". Bidders are responsible for knowing what they are purchasing. The Planning Department can provide zoning, General Plan designation, water source and other information. Examine the County Recorder's records for any recorded easements on a property.

12. How can I register as a bidder?

Bid4Assets.com will register bidders. Before bidding on any property, you must follow the instructions on Bid4Assets home page regarding how to register as a bidder. Lake County requires that bidders fund a Bid Deposit through Bid4Assets prior to bidding. Bidders are advised to arrange for their deposits early to make sure that they are eligible to bid. The Tax Collector's Office will not be registering bidders nor accepting bids and all questions will be directed to *Bid4Assets.com*.

13. How does the bidding process proceed?

All parcels will be sold by Auction ID. Minimum bids will be as stated per parcel and each raise will be in increments of at least \$100 until the close of the auction starting on February 19, 2011 at the stated time on *Bid4Assets.com* website. For a more detailed explanation of the bidding process, log on to www.bid4assets.com then click on "New Users" on the top right side of home page. You may also bid by fax if you do not have access to the Internet. The Offline Bid Form is available at the Bid4Assets website or by directly contacting Bid4Assets or the Lake County Tax Collector's Office. More information and instructions are available by calling Bid4Assets 1-877-427-7387.

14. How can a successful bidder pay for a property at the tax sale?

Payment in full to Bid4Assets is required no later than 2:00 PM PST (5:00 PM EST) on February 25, 2011 (within three business days of the close of the auction). Only a successful bidder has the opportunity to purchase County assets. If the successful bidder defaults, under California State Law, the County cannot resort to the second highest bidder. If payment policy is not adhered to, the bid deposit will be forfeited to the County and the successful bidder may be banned from future sales for five years.

15. If I am the successful bidder, how can I hold title (vesting)?

The vesting on the Tax Deed will be as shown on the Deed Information form you will receive as a successful bidder. We cannot advise you in this area but some of the most common ways in which property is vested are listed below. You may wish to consult an attorney. If you would like the property to be deeded to a trust, we would need the name, date and trustees of the trust. Title is vested in the name of the actual purchaser. If title is to be vested differently, we require a notarized letter from the individual for whom you are acting as an agent, stating the manner in which title is to be vested.

A Single Man
A Single Woman
An Unmarried Man
An Unmarried Woman
A Married Man
A Married Woman
A Widower (Man)
A Widow (Woman)
Husband and Wife as Joint Tenants
Tenants in Common
A Married Man as His Sole and Separate Property
A Married Woman as Her Sole and Separate Property
A Corporation
A Public Agency

16. How soon can I take possession of a property after purchase at the tax sale?

The successful bidder may take possession of a property immediately after making payment in full and the tax deed to the purchaser has been recorded. Tax deeds are recorded approximately thirty to sixty days after payment is received.

17. What steps should I take if there are occupants living on the property or personal property left on the premises?

This is a civil matter that could involve eviction proceedings or a disposition of personal belongings. You may wish to seek private legal advice for more information.

18. Is property purchased in a tax sale eligible for title insurance?

The former owner has one year from the date of recording of the tax deed to challenge the validity of the tax sale (Revenue and Taxation code 177, 3725 and 3726). During this one-year challenge period, it may not be possible to obtain a title insurance policy from a title company. Occasionally, a quiet title action is necessary if there has been an irregularity in the title prior to the tax sale. In the event that the former owner is successful at overturning the sale, the sale price would be returned to the purchaser, but any improvements made to the property would not be reimbursed to the person that made them.

19. What happens to property that does not sell at the tax sale? Can the property be purchased directly from the county?

The owner's right to redeem the property revives if not sold. The unsold properties will be offered at subsequent tax sales until redeemed or sold. Bidders interested in a particular property should check the bid4assets.com website to see if the property is being re-offered. Properties cannot be purchased directly from the county because the property must be sold at auction.

20. How can I get more information?

Specific information on each parcel will be available on *Bid4Assets.com*. **Please review this information before you contact the offices involved so you can ask informed questions.**

21. Nuisance Abatement - California Government Code Section 50247

50247. The cost of abatement upon each parcel of land constitutes a special assessment against that parcel. After the assessment is made and confirmed, it is a lien on the parcel. Such lien attaches upon recordation in the office of the county recorder of the county in which the property is situated of a certified copy of the resolution of confirmation. The assessment may be collected at the same time and in the same manner as ordinary municipal ad valorem taxes are collected, and shall be subject to the same penalties and the same procedure and sale in case of delinquency as provided for such taxes. All laws applicable to the levy, collection and enforcement of municipal ad valorem taxes shall be applicable to such assessment, except that if any real property to which such lien would attach has been transferred or conveyed to a bona fide purchaser for value, or if a lien of a bona fide encumbrancer for value has been created and attaches thereon, prior to the date on which the first installment of such taxes would become delinquent, then the lien which would otherwise be imposed by this section shall not attach to such real property and the cost of abatement shall be transferred to the unsecured roll for collection.

22. What happens if I am the successful bidder but decide that I don't want the property after all?

Be sure you want the property before you bid. **ALL SALES ARE FINAL AND THERE ARE ABSOLUTELY NO REFUNDS.** If you default, under California State Law, the County cannot resort to the second highest bidder and will be required to take legal action against you. Failure to consummate the sale within the specified time shall result in the forfeiture of any deposit made and all rights that the purchaser may have had with respect to the property. Failure to consummate the sale will also bar the bidder from participating in future tax sales for five years.

**RULES ARE SUBJECT TO MODIFICATION BETWEEN NOW
AND COMMENCEMENT OF SALE
PROPERTY IS SOLD "AS IS"
INSPECT THOROUGHLY BEFORE YOU BUY!**