

Introduction to Tax Sales



By
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TaxSaleLists.com



The Basic Principle

I would like to thank you for taking the time to open the door to the very exciting and profitable world of tax sales. If you are like most people, you probably haven't heard a lot about tax sales or possibly even understood them yourself. It's not uncommon, when people ask what I do for a living, and I respond that I deal in the tax sale industry, they just kind of smile and nod their head – but I can tell they have no idea what the tax sale industry is. If they have the courage to ask me “exactly what are tax sales”, my best response is to explain it like this:

Every year, your local jurisdiction sends you a property tax bill, right? What happens if you don't pay your property taxes? You either have to pay penalties and high interest to bring your taxes current or eventually, **YOU WILL LOSE YOUR HOUSE!**

It really is that simple – and on the other side of the coin, if you purchase tax liens at auction, you will either receive the penalties and interest when the taxpayer brings his account current or you could eventually receive the property, free and clear of all encumbrances!

Every time I explain the industry that way, the person I'm talking to than has a series of additional questions all leading to how they can “get in” on this great opportunity. It's also not uncommon to have people question me as to why they have never heard of buying tax liens before. My answer is once again simple – the vehicle has been around for more than 200 years but it is one of the best kept income generating secrets in America! You won't hear about it from your local banker or broker because they can't earn a commission on them. Then without your knowledge, they will invest their surplus funds in tax liens to profit from the great returns.

I'll be the first to admit, without guidance, coaching and the right tools, entering the tax sales industry is not for the faint of heart. There are a lot of potential pitfalls and issues that keep the uninformed out of the industry. This is actually great for you and me because those who do know how to navigate the industry and have access to these specialized tools are simply making a killing! How do I know? I know from personal experience – a lot of personal experience. In fact, at the risk of tooting my own horn, I have attended more auctions, inspected more properties and purchased more tax liens than almost anyone else who is currently in the industry. What does that really mean? Well, I'll start in the next chapter by telling you a little more about myself.



My Background

As I mentioned in the last chapter, I wanted to give you a better feel as to my background and experience in the financial markets and tax sales. My financial background started back in 1968 when I began working in the Securities industry. I worked with several companies in the public sector as well as becoming the Senior VP of a Federal Reserve Recognized Securities Dealer and manager of the Government Securities Department.

In 1980, I became President of Gill & Duffus Securities. The company was capitalized with \$10,000,000 and made an annualized ROI of over 225%. In 1985, I founded and was the President of the Stamford Research Group. I developed financial products that were marketed by Morgan Stanley, Rauscher Pierce, Interstate Johnson Lane, First Union Bank and NCNB. Over a six-year period, the total profits of the group were in excess of \$250 million dollars.

In 1992, I was hired as a consultant for Kidder-Peabody. My primary responsibility was to introduce the concept of purchasing tax liens to Kidder-Peabody, including the structure of a securitized bond backed by tax liens. I was responsible for the development, staffing and acquisition of over \$100 million dollars of tax liens.

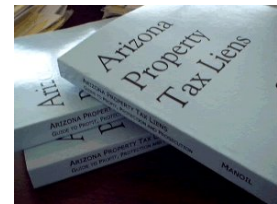
Then in 1995, I founded and became President of TLC, Inc. The firm was responsible for the acquisition of over \$72 million dollars worth of tax sale investments for a major west coast money manager. In addition, I did contract due diligence for over 20 institutional tax sale investors. This consisted of hiring, training and managing over 200 field workers and performing the due diligence on over 2,000,000 properties.

I left TLC, Inc. in 2002 and have continued to work extensively in the tax sales industry. A lot of the work I'm currently involved in is providing the essential research data required to perform the necessary due diligence before purchasing liens. I will give you more details on that and other opportunities a little later. The bottom line is – I really do know what I'm talking about and you can rest assured, the advice and direction I offer you will indeed lead you to a very profitable future in the tax sales industry.

Look at it this way – If you were trying to decide on which doctor to use for corrective eye surgery, what are the most important criteria you would look at? Personally, I would want to use a well-qualified doctor who has preformed thousands of similar surgeries successfully and had a stellar reputation in the industry. The risks of choosing an inexperienced doctor, regardless of how flashy his advertising might be or

how big of a discount he may be offering, is just too great. If a mistake is made, it may mean losing your sight.

Certainly, making poor decisions in the tax sales industry could never be as devastating as losing your sight. Nevertheless, why would anyone want to risk his or her hard earned capital following the council of an unqualified coach? I have personally purchased over 77,000 tax liens during my career. I have taught leading financial institutions how to profit from tax sales as well as many others who have attended my seminars and workshops. I have created a tool that has made all the difference in the industry that is now available for you at unheard of low pricing. You really own it to yourself to take a closer look.



The Tax Sale Industry

In chapter three of your Introduction to Tax Sales, I'd like to give you more of the benefits of the tax sales industry. In almost every state in the country, you have the opportunity to acquire real estate for far below market value, in some cases, for just pennies on the dollar. Up to this point, only savvy investors with large amounts of capital have been able to take advantage of this lucrative vehicle. Not any longer. With the assistance of my specialized tools, I can guide you step by step through the straightforward process of making large sums of money in the tax sale industry.

There are countless examples across the country of houses being purchased for \$300 to \$5,000 or commercial strip malls for \$20,000 that are worth \$5,000,000. Such examples are abundant and they continue to happen every day, but they are not the only reason why we are suggesting you get involved in tax sales. I want to teach you how to make consistent aggressive money from tax sales, year in and year out, so you'll have the opportunity to hit as many home runs as possible. Through this exciting process, I can teach you how to hit a lot of singles, a fair amount of doubles, several triples and as often as possible, a home run. But hold on, we are getting ahead of ourselves.

You may be asking yourself, "What is a tax sale?" There are two answers to that question. First, there is the tax sale that offers the owner of the property some method of saving his property. Second, there are final tax sales where the property is sold outright. For the purpose of this course, I will call those tax sales that offer the owner of the property some method of saving (or redeeming) his property "tax lien sales" and I will call those sales where the sale is final a "tax deed sale". I will discuss both types of sales in detail and our national directory covers each state in even more detail.

For the time being, let's continue the discussion in general terms. When the taxing jurisdiction is not paid the real estate taxes that are due, there are consequences for the delinquent property owner and consequences for all those people who paid their taxes on time. The taxing jurisdiction needs the money, if they don't get it from somebody, the rest of us have to make up the shortfall. This can be done in a number of ways, but the most common is for the taxing jurisdiction to plan for delinquencies and to make the tax rate higher to compensate for the expected delinquency. If that is done, we all pay more to make up for those who have not paid. Since tax delinquencies on a national basis run around 2.5% to 3.5%, that means your taxes are 2.5% to 3.5% higher than they could be.

To discourage delinquency, the taxing jurisdictions do a number of other things. They make it punitive to not pay your taxes. This starts with penalties and interest

charges for late payments and if you still don't pay, they arrange for you to lose your property to someone who will pay the taxes. This is done through the tax sale.

Tax Liens vs. Tax Deeds



I hope you've taken the time to review the information on TaxSaleList.com. Without the valuable tools offered there, it would be very difficult to take advantage of the huge profits available through tax sales.

Let me take a few minutes to explain the difference between deed and lien sales. Those states that have tax deed sales (no redemption for the property owner) generally wait a number of years before they sell the property – but when they sell it, it stays sold. Over half of the states in the US use a form of tax deed sale. The tax deed sale is ideal for the investor who wants the real estate. You know what you are buying and you know if you are the high bid, you bought it. In some jurisdictions, you will find that the taxing jurisdiction will even finance the purchase for you. Those jurisdictions that have tax deed sales will sell fewer properties at the tax deed sale than the jurisdictions that have tax lien sales.

For example, the total tax deed sales in the state of California are less in number than Dade County, Florida holds in tax lien sales. Other than fewer properties for sale, the tax deed states usually require a much higher price for the property than you would end up paying for the same property in a tax lien state. Usually there is a requirement that the property is appraised before sale and that it sells at or above the appraised value. This does not mean that you can't get good values at a tax deed sale because appraised value is often quite a bit below market value. The main thing to remember is that when you bid at a tax deed sale you are attempting to buy real estate and if you are a successful bidder, you have purchased the real estate.

Those states that have tax lien sales (sales with a redemption period for the property owner) take a different tack. Instead of waiting several years to collect the delinquent taxes, they sell *every year* the uncollected tax bill, including penalties and interest, to a third party investor. The buyer of the tax lien is buying the rights of the taxing jurisdiction to receive interest, penalties and costs. Their security for this investment is that they have the right to acquire the property if they are not paid before the expiration of the redemption period. Again, right now I am going to talk in general terms. The majority of these tax liens will redeem. The actual redemption rate varies by state and by county within a state, but in most cases will be more than 90%. As a result, these investors will usually not end up with the property, but instead, will make a return on their investment that is quite attractive. How attractive? Again, this varies by state and even by county within states, but it can be as high as 30%. That's right, earn as much as 30% on a redeemed tax lien that is secured by real property!

In most jurisdictions, they will do all the collection work for you and simply send you a check. In fact, in some jurisdictions you are actually prohibited from doing anything to collect or even contact the property owner and in almost all jurisdictions you are prohibited from entering the property. Why? Simple, you haven't purchased the property, just the lien on the property and at this stage, you have no ownership rights (there are a couple of exceptions which I cover in detail in my 16 Hour Online Workshop). In the case you end up with the property, you usually get the property free and clear of all liens or mortgages.

The return you receive when you liquidate a property you've received free and clear can exceed 10,000%. Such returns are unheard of in other types of investments. This is only possible if you utilize the sophisticated tools I have created for your success. If you haven't done so yet, spend some time on <http://www.TaxSaleLists.com> and learn how my Free Online Workshop can change your financial future.



How You Make Money at a Tax Sale

Everyone wants to know about how you can make money in tax sales. Well, first you must avoid the mistakes most people make by using my specialized tools taught in my Free Online Workshop. What you learn can push your profits through the roof. Take a closer look at <http://www.TaxSaleLists.com>.

So, how do you profit from a tax sale? Obviously, it depends on the type of sale, but if it is a tax deed sale, you are trying to buy low and sell high. What you bid for the property will determine your cost – your intent is to buy it well below true market value and resell it at market value. With the information provided in this guide, I'll show you how to avoid many pitfalls and how to maximize your profit potential if you wish to roll the property for a profit. Another option to a deed sale is you may be buying the property as something you want to build on or live on – in that case your profit will be deferred until you sell the property. A tax deed sale is really for buying the property and your judgment will determine if you paid the right amount.

In a tax lien sale, you profit through one of two methods. Method one – the property owner redeems (pays off) the lien or certificate and you make interest on your money. This can be a sizeable amount of interest, up to as high as 100% on an annualized basis, depending on the jurisdiction. Method two – if the property owner does not redeem, then you have hit a home run! You then receive the property, free and clear for as little as 5% of the property value. When you combine the high rates of return on redeemed liens with the extraordinary returns of receiving the property by simply paying the past due taxes, investing in tax liens can potentially yield enormous amount of cash!

If this is such a lucrative investment vehicle, why haven't I heard of it? Is this something new? These are questions I hear quite often. No, this is not a new investment opportunity but a well-established vehicle with an extensive track record. In fact, there are records of similar sales occurring in England during the 1700's and it is assumed that they came to America from England with the settlement of this country. Tax sales have been very common since the mid 1800's in this country – so we are not talking about some Johnny come lately scheme. It is estimated that the total sales at tax sales in 2005 was in excess of \$13 billion dollars. Of that number, about \$11 billion was tax liens and the other \$2 billion was tax deeds. Another way to put it – there were over 2.5 million tax liens sold last year and approximately 400,000 tax deeds. I will post over 7,000 tax sale lists on our website this year and, frankly, expect to post almost 9,000 lists next year. There are plenty of tax liens and tax deeds available for everyone.

Now is the time to join me in this very profitable field. Visit my site at <http://www.TaxSaleLists.com>, sign up for my Free Online Workshop and begin profiting in a way you never thought possible.



When and Where the Tax Sales are Held

I hope by now you are getting a good feel for the power of the tax sale industry. It's not a difficult or complicated industry if you have the right tools and mentor to help you get started. I sincerely believe I can offer you both.

You may be wondering if your state has tax sales or how many states offer such an opportunity to strike it rich. So, how many tax lien and tax deed states are there? The short answer is "all of them". The long answer is more difficult. The reason is that the laws are always changing and what is true today may not be true tomorrow. As an example: Michigan was one of the best tax lien states for years – it is no longer a tax lien state and has become a tax deed state. Florida is both a tax lien state and a tax deed state – confused yet? The general answer is that there are about 27 tax lien states and that means there are 23 tax deed states – but stay tuned, that could change. As another example: California and Nevada are tax deed states but they have legislative authority to be tax lien states – that means they could be both tomorrow. Our comprehensive guide is designed to keep you up to date on all the most recent changes in the industry. I do most of the preliminary research for you.

What is the procedure? Each jurisdiction has a due date for taxes. If the taxes are not paid by that date the taxes are declared delinquent. That starts the ball rolling. Depending on the jurisdiction, there are a number of steps that have to take place before there is a tax sale, but at some time it is usual for a court to declare that the properties are delinquent and that the properties and/or liens on the property are to be sold. This is usually followed by a public notice that the properties are delinquent and are to be sold. That is your first notice that there are properties for sale.

There are a number of ways you can get this notice. You can call the jurisdiction on a periodic basis to find out if a sale is coming (in some jurisdictions the sale date is set by law), sometimes you can get your name put on a mailing list and be notified, or your best option is to utilize the powerful list subscription service I offer where you can get all the current lists in a computer readable format. For more detailed information regarding this valuable service, please visit <http://www.TaxSaleLists.com>.



Learn from My Experience

Before we get started, I need to ask you a very important question: Why? Why did you purchase this Introduction to Tax Sales? I can only guess at the answer. It may be you are looking at creating an additional stream of income to supplement your current finances. Maybe you are fed up with your current employment and are looking for a way out of the 9 to 5 rat race. If you are like me, you have a strong desire to write your own ticket, call your own shoots and be your own boss.

The two most powerful driving forces that motivate people to take a new direction in their lives are: financial freedom and time freedom. One without the other does little to help you realize your goals and dreams. If you have all the money in the world but your time is not your own and there is no time to enjoy it, what good is all that money? If you have all the time in the world but no money to benefit your life and the lives of others, you will feel a void that could be filled if you had the money you desired.

I want you to know, first and foremost, my objectives in this coaching guide are to provide you with the tools you need to truly realize BOTH freedom objectives. I know from personal experience that this industry CAN give you both financial and time freedom and I promise you I will do everything in my power to assure your success.

I read a quote many years ago that was so profound and enlightening that it was burned into my mind and I have never forgotten it. The author was listed as anonymous and I am eternally grateful for his or her ability to concisely formulate a formula of success and happiness. Here is the quote: *“The chief cause of failure and unhappiness is trading what we want most for what we want at the moment.”* You may need to read that statement several times for its power to sink deeply into your subconscious.

We have all gone through those cycles of setting goals; especially at the first of the year as we make our New Year’s Resolutions, where we are initially excited and motivated only to find that excitement fading as each day goes by. It’s easy to set the goal of losing 25lbs. after eating a large meal, while you’re laying on the couch watching football. But, when you’re hungry and there’s a donut on the counter in front of you – how strong is your commitment then? That’s when you need to remember the quote: *The chief cause of failure and unhappiness* (not losing weight and failing at your goal, being unhappy with your current weight and lack of ability to follow through) *is trading what you want most* (to lose the 25lbs.) *for what you want at the moment* (the donut).

The same thing applies to your financial goals. If you have not reached them as of yet, what are you trading in the moment? More golf, fishing, watching TV, sleeping,

just hanging with friends, parties – what are you trading your financial and time freedom for? Now, don't get me wrong. I'm not saying golf, TV and friends are bad or should be totally avoided. What I am saying is there is a time for everything. Moderation in all things is a good motto. If you are spending a large amount of time involved in activities that are not bringing you closer to your financial and time goals, maybe you need to reevaluate how you spend your time.

Just remember this: I am ready, willing and able to provide you with all the tools and step-by-step instructions through my Workshop you need to be immensely successful if you are willing to put in the time. Now you may feel you know enough to move forward on your own and don't need to spend the time to go through each coaching session in detail. Well, when it comes to acquiring knowledge, there are two time-tested and proven methods you can employ. First, you can learn through experience, your own experience. You will indeed learn some very powerful lessons this way, but learning by experience can be a very costly and time consuming way to learn. Why would you want to duplicate the same mistakes that others have made and suffer the consequences of doing so? Yes, experience is a great teacher but are you willing to pay the price of learning in that fashion?

Secondly, you can learn from the experience of others. There is no need to reinvent the wheel. If someone has gone before you and learned the tricks of the trade and how to avoid many harmful pitfalls – leverage that knowledge and accelerate your progress. I remember learning in my early years; if you want to be good at something, find someone who is currently excelling in that field. Learn all you can from that person, do what they do – the way they do it. If you model yourself after such a person, the chances of your success are significantly greater than trying to figure it all out on your own.

The bottom line – Please take what I've learned and experienced and leverage my knowledge to assure your success. I have accomplished much in my life and am to the point where I get a lot of satisfaction from helping others to duplicate what I have done. Don't get me wrong – I love making money at tax sales, but I also love giving something back. This industry has been very good to me and I feel a sincere obligation to do all I can to help others experience the same joy and satisfaction I have been blessed to experience.

I can only do so much without you taking action. Now is the time for you to move forward and take control of your financial future. Visit my site at <http://www.TaxSaleLists.com> and register for my Free Online Workshop so you will have all the tools you need to forge a new future.

Thank you for allowing me to spend time with you on this important subject. I hope to be hearing from you soon.

Sincerely,

A handwritten signature in black ink, appearing to read "John Lane". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

John Lane
TaxSaleLists.com