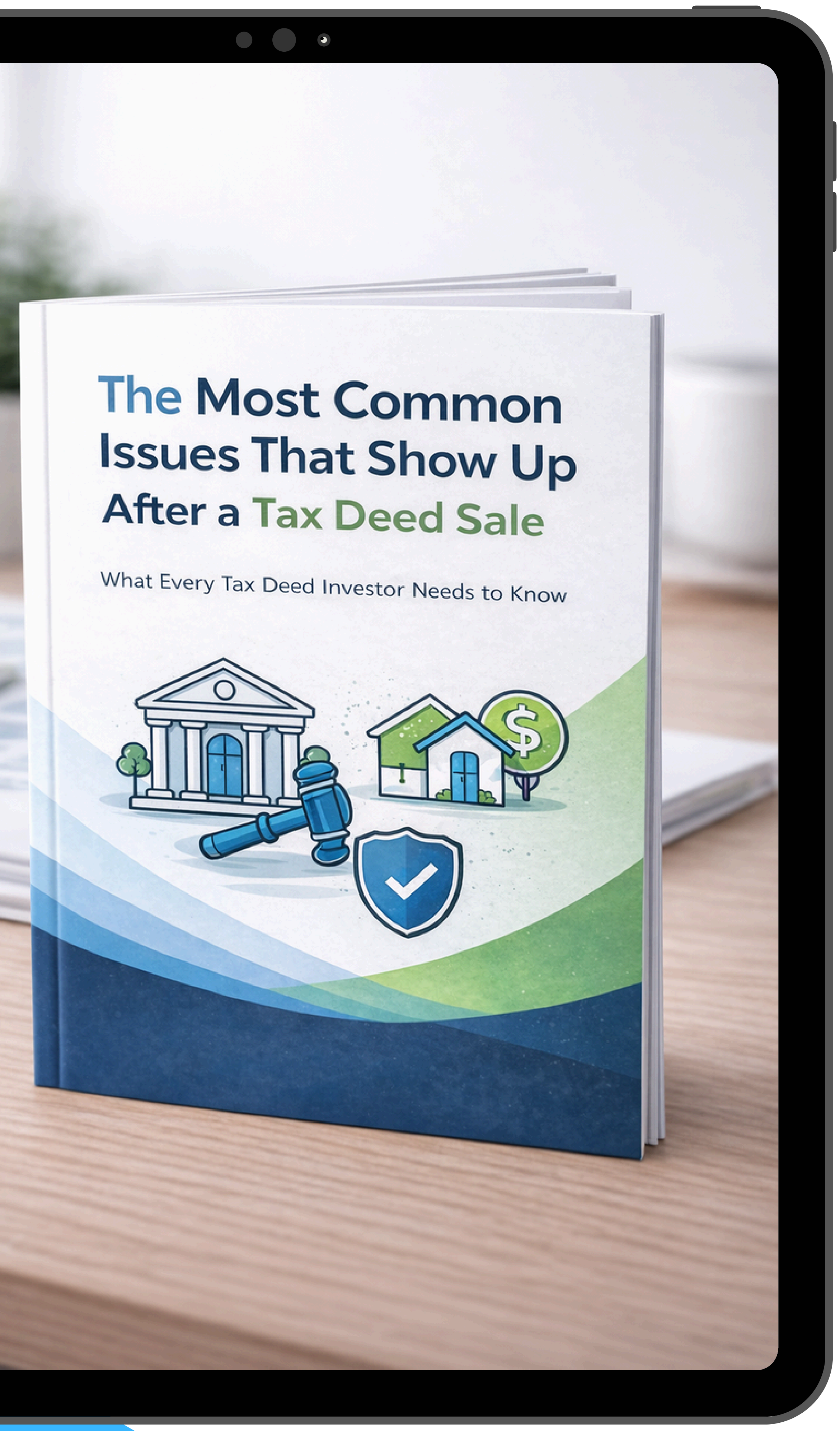
6 Common Issues Found After Tax Deed Sales



Everything investors need to know

SAVE THIS GUIDE

Common Issues Impacting Tax Deed Investors

The biggest hurdle you will face as a tax deed investor will be the ability to acquire title insurance on the property.

Being able to provide title insurance to your buyer is essential for ensuring a smooth transaction and closing, and it is also necessary for any lending services, such as a refinance or mortgage.

Tax Title Services has been certifying tax deed properties for title insurance for over 25 years. Here are some of the most common issues we have found when certifying tax deed properties for title insurance.

Lack of Notice

In many cases, the government authorities handling the tax sales will order limited title reports (abstracts), which are a less expensive version of full title reports, and offer no guarantees of accuracy.

If the limited title reports do not show a lien or encumbrance, the government clerk will likely fail to send the recorded party of interest a redemption notice, which then creates an opportunity for that party to successfully challenge the tax sale.

ALL parties with a recorded interest in a property are entitled to receive a redemption notice. Lack of notice is a routine uncertainty for title underwriters.

In general, title insurers are extremely hesitant to assume the related risks associated with a tax foreclosed property, and therefore, it has become industry practice for all title underwriters to require that either a quiet title action or TTS Certification be obtained prior to their willingness to insure.

Bankruptcy

Due to the limited information contained in an abstract report, as noted above, such reports also fail to reflect any bankruptcy that may have been active at the time of the tax sale. Many property owners utilize the bankruptcy process to protect against, or to delay, the tax sale or foreclosure process.

Probate

Similar to a bankruptcy, tax deeds, which are sold during an open probate case, bring on with them additional risks and potential challenges. If needed, Tax Title Services will investigate any potential heirs to the property through our certification process.

Occupied Properties

In order for both TTS to certify your property AND for the title company to issue a title insurance policy on your tax deed property, you will be required to confirm that you have taken actual possession of the property.

If the previous owner, or an unknown occupant, is still living in the property, you will need to take the necessary steps in order to secure actual possession of the property (i.e., eviction action, a cash for keys agreement, etc.).

Legal Threats by Former Owner

If the former owner, or ANY additional recorded party of interest (i.e., mortgage holder, judgment/ lien holder, heir, etc.), of the property either threatens or proceeds with filing legal action against the county or tax deed purchaser, the case will need to be addressed and resolved before a title insurance policy is issued.

City Municipal Liens

In most cases, city municipal liens survive the tax sale and are the responsibility of the new owner. Liens such as weed abatement, sewer, electric, code enforcement, demolition charges, etc typically survive the sale.

As an investor, it is important to keep this in mind and do the proper research, as finding out there are potentially thousands of dollars in liens that are responsible for after you have purchased the property can affect your margins. Tax Title Services will inform you of any outstanding liens that are owed through our certification process.

About Tax Title Services

Tax Title Services has been helping Tax Deed Investors qualify their property for title insurance for over 25 years.

If you'd like to learn more about how we can help you qualify your property for title insurance--please reach out!

Christian Ferrigno

Email: cferrigno@taxtitleservices.com

Phone Number: 949-798-1195