



GUIDE TO REAL ESTATE TAX SALES FOR BROKERS



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Real estate tax sales are a unique aspect of the property market, offering potential opportunities for brokers and their clients. Understanding the basics of tax sales, the acquisition process, and the associated risks and rewards is crucial for brokers who want to navigate this area effectively. This guide provides a comprehensive overview to help you assist clients interested in tax sale properties.

1. Understanding Tax Sales

- ✓ *Definition and Occurrence:* Tax sales occur when property is sold by the government due to unpaid property taxes.
- ✓ *Types of Tax Sales:* Familiarize yourself with the different types of tax sales, including tax lien sales and tax deed sales.

2. The Process of Acquiring Tax Sale Properties

- ✓ *Researching Properties:* Learn how to research properties scheduled for tax sales, including understanding the specifics of the property and the amount of taxes owed.

- ✓ *Attending Auctions:* Most tax sales are conducted through public auctions. Understand the auction process, bidding methods, and registration requirements.

- ✓ *Right of Redemption:* Be aware of the right of redemption laws in your state, which allow original property owners to reclaim their property by paying back taxes and penalties.



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3. Risks Associated with Tax Sales

- ✓ **Property Conditions:** Properties sold at tax sales often come as-is, and may require significant repairs or have title issues.
- ✓ **Limited Viewing Opportunities:** There may be limited or no opportunities to inspect the property before purchase.
- ✓ **Complex Legalities:** Navigating the legalities surrounding tax sales can be complex, especially regarding clearing the title and right of redemption.

4. Potential Rewards of Tax Sales

- ✓ **Below-Market Prices:** Properties at tax sales can often be acquired for below-market prices, offering the potential for significant returns on investment.
- ✓ **Diverse Property Types:** Tax sales can include a wide range of property types, from residential to commercial, offering diverse investment opportunities.
- ✓ **Community Revitalization:** Purchasing and improving tax sale properties can contribute to the revitalization of communities.

5. Best Practices for Brokers

- ✓ **Thorough Due Diligence:** Conduct comprehensive due diligence on any property you are considering bidding on at a tax sale.
- ✓ **Educate Your Clients:** Ensure your clients are fully aware of the potential risks and rewards of purchasing tax sale properties.
- ✓ **Seek Legal Counsel:** Consider consulting with a real estate attorney who specializes in tax sale properties to navigate complex legal issues.

5. Navigating After the Sale

- ✓ **Managing Redemption Periods:** Understand how to manage the period following the sale, especially if the state allows a redemption period for the original owner.
- ✓ **Clearing the Title:** Take the necessary steps to clear the title of the property, which may involve additional legal processes.

CONCLUSION

Participating in real estate tax sales requires a solid understanding of the process, thorough preparation, and careful risk management. While tax sales can offer attractive investment opportunities, they come with unique challenges that require informed decision-making. As a broker, providing expert guidance and due diligence can be invaluable to clients interested in exploring this sector of the real estate market.

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