

## **AUTHORITY AND REQUIREMENTS TO HOLD A TAX LIEN SALE 40-10-180**

The tax collecting official for each county shall have the **sole authority** to decide whether a county shall utilize the tax lien sale (auction) for the collection of delinquent taxes that shall apply to all property in that county for the year.

The tax collecting official's decision to change from the current remedy used for collecting delinquent taxes shall be published on the tax collecting official's website or by advertising once a week for three consecutive weeks in a newspaper with general circulation in a particular county, all of which shall occur not later than October 1 when the property taxes become due and payable! START SEPTEMBER 1!

## **General Definitions: 40-10-181**

**Tax Lien:** The perpetual first priority lien as provided by Section 40-1-3.

**Tax Lien Auction:** The public sale, whether online or in person, of all liens as advertised and held no earlier than March 1 or later than June 15 of the current year where the tax lien certificate is based on the lowest interest rate bid on tax lien. The first bid shall not exceed 12%!

**Tax Lien Sale:** The sale of an unsold tax lien by private sale between a tax collecting official and the purchaser of a tax lien.

**Uniform Parcel Number:** The unique parcel Identification number assigned to the parcel of land based on the tax lien date of the current tax year.

## **NOTIFICATIONS: 40-10-182**

1. The tax collecting official shall conduct a public auction for the sale and transfer of delinquent tax liens.
2. The tax collecting official shall notify the delinquent taxpayer of the auction at least 30 days prior to the tax lien auction by first class mail **and** by one of the following:
  - a. Advertising for once a week for three consecutive weeks in a newspaper with general circulation in the county.
  - b. Advertising on an online website controlled by the tax collecting official and accessible from the tax collecting official's website.
  - c. Posting at the courthouse of the county and if possible in a public place in the precinct where the property is located! All notices shall declare the time, the method, whether online or in person, and the location of the auction.
3. The notices shall declare the time and location of the auction.

4. The tax collection official may auction or sale tax liens that represent delinquent taxes for any year taxes are delinquent or unpaid.

#### **Preparations For Auction and/or Sale: 40-10-183**

At least 30 days prior to any tax lien auction, the tax collecting official shall prepare and maintain a **list** of all tax liens. The **list** shall be known as the **tax lien auction list** and shall include the following:

1. The names of the several persons appearing in the latest tax rolls as the respective owners of tax delinquent properties.
2. A description of each property as it appears in the latest tax roll and the UPN.
3. The year or years for which taxes are delinquent.
4. The principal amount of the delinquent taxes and the amount of the accrued and accruing interest thereon and penalties, fees, and administration cost, pursuant to Title 40-10-184 (b) .

#### **AUCTION DAY: 40-10-184**

On the day and time designated for a tax lien auction the tax collecting official shall proceed to **auction** all tax liens described in the **tax lien auction list** except for those that have been paid. Any tax lien that remains unsold after a **tax lien auction** shall be retained by the county for future auction or sale.

A tax lien shall be sold at auction pursuant to this article to the person who pays all taxes, interest, penalties, fees, cost due on the property, including an origination cost of \$20 as of the date of the auction, a \$20 auction fee, a \$5 certificate fee and who, in addition bids the lowest interest rate on the amount required to redeem the property from the sale. The beginning interest rate bid shall not exceed a rate of 12% and additional bids may be made at a rate less than the immediately preceding bid. If the interest rate bid for the property reaches 0.00% and more than one bidder remains, the tax collecting official shall draw lots to determine the winning bidder.

A tax lien offered for auction or sale shall be identified by a UPN.

#### **TAX LIEN NOT INVALID WITH USE OF WRONG NAME TO IDENTIFY PROPERTY 40-10-185**

When a tax lien is offered for auction or sale, it shall not be necessary to list it as being against a specific person. The sale **is not invalid** by reason of the fact that the property was assessed in the name of a person other than the rightful owner or to a person unknown, if the description and the UPN of the real estate in the tax lien auction or sale is sufficient to identify it.

### **PURCHASE PRICE OF TAX LIEN 40-10-186**

The purchase price for a tax lien shall be the amount of delinquent taxes plus any interest, penalties, fees, and cost accrued as of the date of the auction. The purchase price for the tax lien shall be paid to the tax collecting official in a form acceptable to the tax collecting official not later than one hour before close of business on the date of the auction or sale, if the auction is online, not later than the close of business two days following the date of the auction.

### **TAX LIEN CERTIFICATES EXECUTION 40-10-187**

The tax collecting official, upon receipt of the purchase price, shall make, execute and deliver a tax lien certificate to each purchaser at a tax lien auction or sale or to each assignee thereafter for a fee of \$5 for each tax lien certificate. The tax lien certificate shall indicate:

1. Evidence of auction or sale or assignment to the holder of the certificate reflecting the delinquent unpaid taxes, penalties, interest, fees and cost set forth in the tax lien.
2. Indicate the interest rate per annum as bid by the purchaser at the auction or the agreed upon by the purchaser at the tax lien sale, until the tax lien certificate is redeemed pursuant to this article.
3. Describe the real property on which the tax lien was auctioned or sold as it is described in the tax lien auction list.
4. Specify the date on which the tax lien was auctioned or sold to the original purchaser.
5. Specify the year of the assessment to which the tax lien relates and the amount for which the tax lien was **auctioned or sold to the original purchaser.**
6. **Indicate the amount of all taxes, penalties, interest, fees, and cost due on the property, which relate to the year of assessment described.**
7. A tax lien certificate shall bear interest at the rate per annum bid on by the purchaser at the tax lien auction or agreed at the tax lien sale, until the tax lien certificate is redeemed as provided pursuant to Section 40-10-193 or Section 40-10-197.

The purchaser of a tax lien certificate **may transfer and assign the certificate to any person, and the transferee of a tax lien certificate may subsequently transfer the certificate to another person.** The transferor of a tax lien certificate shall endorse certificate and shall swear before a notary public or other officer empowered to administer oaths. The transferee shall present the endorsed tax lien certificate to the tax collecting official who prepared and executed the certificate, or successor, who for a fee of \$5 shall acknowledge the transfer of the certificate and shall make note of transfer on the record of tax lien auctions and sales.

### **NOTICE TO PROPERTY OWNER 40-10-187 CONTINUED**

Within 30 days of a completed tax lien auction or sale, the tax collecting official shall send notice to the property owner for whom the property was assessed informing the property owner that the tax lien has been auctioned or sold. The notice shall include the date of auction or sale and the name of the purchaser and shall be made by first class mail to the address listed in the assessment.

### **PERMANENT RECORDS 40-10-188**

The tax collecting official shall make a correct record of all auctions and sales of tax liens in a durable book or an electronic file which shall be known as the record of tax lien auctions and sales, containing all of the following:

1. The date of auction or sale.
2. A description of each parcel and the uniform parcel number on which the tax lien was auctioned or sold.
3. The year of assessment to which the tax lien relates.
4. The name and address of the property owner for whom it is assessed, if known.
5. The name and address of the original purchaser of the tax lien.
6. The total amount of taxes, interest, fees, and cost due on the tax lien, which relate to the year of assessment, as of the date of the auction or sale.
7. The interest rate bid on by the purchaser at the tax lien auction or as agreed by the purchaser at the tax lien sale.
8. The amount of any subsequent taxes, penalties, interest, fees, and cost paid by the original purchaser, or assignee, of the tax lien certificate and the year of assessment to which the taxes were paid.
9. The name and address of the assignee, if any, and the date of the assignment of the tax lien certificate.
10. The name and address of the person redeeming and the date of redemption.

### **Holder OF A TAX LIEN 40-10-189**

The "holder of a tax lien certificate" means the original purchaser of a tax lien or any assignee as described in the record of tax lien auctions and sales kept by the tax collecting official.

### **LOSS OF A TAX LIEN CERTIFICATE 40-10-190**

When a tax lien certificate is lost or destroyed, the holder of the tax lien certificate may file a notarized affidavit with the tax collecting official attesting to the loss of the certificate. Upon presentation of the notarized affidavit, the tax collecting official on payment of a fee of \$50, shall issue the holder thereof an exact duplicate of the tax lien certificate.

### **FUTURE TAX LIENS ON LIENS PREVIOUSLY SOLD 40-10-191**

The holder of a tax lien certificate shall have the first right to purchase the tax lien relating to a subsequent delinquency on the property as described in the tax lien certificate of the holder and shall be entitled to the same interest rate as shown on the previous tax lien certificate. A holder of a certificate shall exercise this right between five and 30 days prior to the tax lien auction date, and the purchaser by the holder shall be effective as of the date of the tax lien auction as if the holder has been the winning bidder. A holder of a certificate who exercises this right, upon payment of the purchase price, shall be issued a tax certificate of purchase in accordance with Section 40-10-187, and is entitled to the same interest rate as shown on the previous tax lien certificate. The owner of the property shall be notified within 30 days of the completion of the first right of purchase in accordance with Title 40-10=187(q).

### **PAYMENT OF TAXES BY PROPERTY OWNER FOR ANY CURRENT YEAR WHEN A TAX LIEN HAS BEEN AUCTIONED OR SOLD 40-10-191**

The owner of the property may pay current year taxes due once the owner redeems all outstanding tax liens.

### **MORTGAGEE RIGHTS TO ADD COST 40-10-191**

In the event a mortgagee becomes the holder of a tax lien certificate, the mortgagee may add all cost, fees, interest, penalties and taxes regarding the tax sale to the principal of the loan.

### **ABANDONMENT OF A TAX LIEN CERTIFICATE 40-10-191**

A holder of a tax lien certificate may abandon the certificate at any time upon notification given to the tax collecting official and the surrender of the tax lien certificate. Abandonment of a tax lien certificate relinquishes all rights of recovery of any monies or expenses.

### **DISBURSEMENT OF COLLECTIONS 40-10-192**

The tax collecting official shall disburse all monies in the manner as semi-monthly disbursements.

### **REDEMPTION OF TAX LIENS 40-10 193 & 40-10-195**

Tax liens auctioned or sold may be redeemed by the following:

1. The owner, including a partial owner of less than whole in the real property, or his or her heirs or personal representative.
2. Any mortgagee or purchaser of the property or any portion of the property.
3. Any person listed under subsection (a) of Section 40-10-120, **Code of Alabama 1975**, if the property had been sold for taxes.

Property may be redeemed under subdivision (1) by payment to the tax collecting official of the amount specified on the tax lien certificate as the total amount of delinquent tax, interest, penalties and fees, excluding lost certificate fees provided in Section 40-10-193, and cost paid to the purchaser the tax lien certificate, plus any due and owing taxes, interest, penalties, and cost due. The tax collecting official shall provide a separate receipt for any current taxes, interest, penalties, fees, or cost paid.

Statutory fees paid by the holder of the tax lien certificate in connection with the tax lien certificate shall be added to the amount payable on redemption and shall bear interest at the rate of interest specified in the tax lien certificate.

#### **CERTIFICATE OF REDEMPTION 40-10-194**

The tax collecting official shall, upon application to redeem a tax lien certificate and upon being satisfied that the person applying has the right to redeem the tax lien, and upon payment of the amount due, issue to the person a certificate of redemption appended to a copy of the certificate of tax lien giving the date of redemption, the amount paid, and by whom redeemed, and shall make the proper entries in the record of tax lien auctions or sales in his or her office.

For each certificate of redemption, the tax collecting official shall collect from the person to who the certificate of redemption is issued a fee of \$10.

The holder of a certificate of redemption may record the certificate with the recording officer of the county.

The redemption of a tax lien is perfected when the requirement are met pursuant to Tiltle 40-10-193(a)(b).

#### **DELIVERY OF A TAX LIEN CERTIFICATE OF REDEMPTION TO THE PURCHASER OR ASSIGNEE 40-10-196**

Within 10 days of issuance of any certificate of redemption, the tax collecting official shall mail a copy of the redemption certificate to the holder of the tax lien certificate related thereto at the address specified in the record of tax liens auctions and sales.

On demand the holder of a tax lien certificate, the tax collecting official shall pay the redemption money to the holder upon surrender of the original tax lien certificate.

### **ALL YOU NEED TO KNOW ABOUT QUIET TITLE 40-10-197 thru 40-10-198**

At any time not less than 3 years after the auction or sale of a tax lien but not more than 10 years after the auction or sale, if the tax lien has not been redeemed the holder of all of the sold tax lien certificates of sold property may bring in the circuit court of the county in which the property is located an action to foreclose the right to redeem and quiet title to the property.

### **PRIVATE SALE OF TAX LIENS 40-10-199, 40-10-200**

Tax liens that are not sold at auction shall be separated in the tax lien auction list and the county shall retain the lien pursuant to 40-10-3, the tax collecting official, within **45 days**, may sale an unsold tax lien for no less than all taxes, interest, penalties, cost and fees. The purchaser at private sale shall be entitled to interest on the amount paid at a rate agreed to by the tax collecting official, not to exceed 12%. All private tax lien sales shall be entered in the record of tax lien auctions and sales.

All tax liens that remain unsold shall be included in all future tax liens auctions and sales until sold.

Any tax liens that does not sell at auction or sale shall be reported to the county commission when seeking approval of errors of assessment, litigations, or insolvents as the tax collecting official will be allowed credit for taxes due to the state upon final settlement with the comptroller.

### **OFFICIALS NOT ALLOWED INVOLVEMENT TO PURCHASE TAX LIENS 40-10-200**

No tax assessor, tax collecting official, commissioner of revenue, officer of the court with jurisdiction, or any employee of any of those offices shall knowingly have a direct or indirect financial interest in the purchase of a tax lien sold for delinquent taxes. This section does not apply to an attorney representing a party in the purchase of a tax lien sold for delinquent taxes or an employee of the attorney.

A violation of this section shall be a Class C misdemeanor and the sureties on his or her official bond shall be liable for a penalty not to exceed \$500 and to be fixed by the circuit judge with jurisdiction in the county. The penalty shall be remitted to general fund of the county!

### **TAX LIEN 40-10-201**

A tax collecting official may conduct a tax lien auction and sale online or in person in accordance with procedures established by the tax collecting official.