Beginners Guide to Investing in Tax Liens/Deeds

Learn the truth behind tax liens & deeds, and understand how you can safely earn returns consistently higher than the stock market

Contents

The Truth Behind Tax Liens & Deeds 3

Myths on TV 3

Profiting from Tax Liens 3

Profiting from Tax Deeds 3

Tax Lien/Deed Basics 4

The Purpose of Tax Liens and Tax Deeds 4

Tax Liens 4

Tax Deeds 5

Tax Liens/Deeds In-depth 5

Different State Processes 5

Tax Lien 5

Tax Deed 5

Tax Deed Redeemable 6

Combination 6

Investing Successfully 6

Prior to the Auction 6

Finding Auctions 6

Attaining Listings 7

Completing Your Due Diligence 7

Purchasing Liens/Deeds 8

Auction 9

Over the Counter (OTC) 10

Redeeming Your Investment 10

Redeeming Liens 10

Redeeming Deeds 11

Taking the Next Step 11

Frequently Asked Questions 11

Synopsis 13

Disclaimer

This book does not address all cases in all states. It is not intended to be a comprehensive manual of how to invest in tax liens and/or tax deeds. Always consult legal counsel before investing in tax liens and/or tax deeds.

The Truth Behind Tax Liens & Deeds

Myths on TV

When most people hear "tax lien," two thoughts come to mind. Either they have never heard of it before, or they saw a commercial on TV about how to buy property for a few pennies on the dollar. It is better to never hear of them because those in the second category usually don't believe in the potential of tax liens, or they get caught up in a situation they never anticipated. Remember, "if it's too good to be true, it probably is." It is unlikely that you'll end up owning a million dollar property for a few hundred bucks.

Despite the many myths surrounding tax liens and tax deeds, they DO exist and can provide a 20-40% return in a relatively short time. In fact, tax liens and tax deeds are very crucial for counties across the nation and their operating budgets to function appropriately. You could profit from them and earn a healthy return that consistently exceeds the stock market year after year.

Profiting from Tax Liens

The first tax lien myth to dispel is that you are most likely never going to end up owning a property from investing in tax liens. It happens, but it is a rare occurrence. Property ownership usually only results from tax deed investing. Instead, it is wiser to look at tax liens as an excellent interest bearing investment. If you end up owning a property, it is an extra bonus, but don't bank on it.

Since 1900, the stock market has averaged a 9.3% yearly return (4.6% price appreciation, plus approx 4.7% in dividends). That means if you had invested $10,000 in 1900, you'd have nearly $148,244,125 today. That is a great return, if you can wait over 100 years! In the last 25 years of the stock market the average return of has been roughly 11% (6.8% price appreciation, plus approx 4.2% in dividends). If you had invested $10,000 at that time, you would now have $135,854 today.

Comparatively, investing in tax liens can generally net you a return of 18% annually. This is usually more, but we'll remain conservative to give you an idea of benefits of tax lien investing versus the stock market. Also, let's assume you have travel costs and you pay someone to invest for you (both to be discussed later), which are 2% of your total investment. Therefore, you're total yearly return would be around 16% (18% return – 2% costs). During the same time period from 1975, using your original $10,000, you'd have $408,742 today. That's over 3 times as much as you would have gained investing in the stock market! I don't know about you, but I'll take the additional return anywhere I can get it.

Profiting from Tax Deeds

Tax deed returns aren't as straight forward as tax liens; therefore, comparing them to the returns of the stock market isn't simple. Still, tax deeds can be VERY profitable.

When you purchase a tax deed, you are actually purchasing ownership in a property indirectly. If you understand deeds, then you would disagree. However, when you purchase a tax deed, you are actually purchasing a "tax deed" and not a "warranty deed". Nearly all counties require a "warranty deed" to prove ownership, and there is a legal process to go through to convert the "tax deed" into a "warranty deed". This legal process is NOT free. This is usually a situation investors never anticipate. Once you have a warranty deed for the property, you can rent it, sell it, or live in it. As a result, you end up with additional costs. Nonetheless, tax deeds can still be very profitable. Here is a basic example:

Let's say you attend a tax deed auction in a state that sells their deeds for the amount of delinquent taxes due (plus fees). Most states allow the taxes to go delinquent for a few years, so you will be bidding on an amount more than a typical tax lien. If the property you want to purchase could be profitable, you'll most likely be competing with another bidder. So, the auction started out at $9,000 and you ended up paying $30,000 dollars for it. Typically you would hire a tax deed lawyer and end up with an additional $5,000 in costs to convert the tax deed into a warranty deed. The property may be worth $100,000. To sell it quickly, you'll want to hire a realtor and drop the price below market value. In the end, you end up selling the house for $75,000. Here is a breakdown of your return:

$75,000 – Amount property sold for
-$3,750 – Realtor costs
-$5,000 – Legal fees
-$30,000 – Price paid at auction
-$1,000 – **Costs to perform due diligence**
$35,250 – Total Profit

You've roughly doubled your money which is pretty good! Depending on your costs on each transaction and the time it took to finally get your profit in hand, it can be very high. There is also potential in getting burned. To fully protect yourself, never skimp on the costs (such as the tax deed lawyer) and do your due diligence by checking on the property and scoping out the housing market before bidding!

Tax Lien/Deed Basics

The Purpose of Tax Liens and Tax Deeds

Why are there tax liens and tax deeds? Property taxes are the main source of income for nearly all counties in the United States. Without property taxes, we would not have paved roads, street lights, a police force, firehouses, parks, or a number of other services provided by your local government. If someone doesn't pay their taxes, the county needs a way to continue operations. Therefore, tax liens and deeds function as an alternative collection of delinquent taxes. Counties offer them to investors in exchange for much needed funds.

Tax Liens

By definition, "a tax lien is a lien imposed by law upon a property to secure the payment of taxes. A tax lien may be imposed for delinquent taxes owed on real property or personal property, or as a result of failure to pay income taxes or other taxes." For the purposes of this book, we'll focus on the delinquent taxes of real property.

'Real Property' is a term used, in the realm of taxes, to describe property that *cannot* be picked up and moved, as in land and buildings. 'Personal Property' on the other hand can be your car, a boat, etc.

Tax liens are a way for counties to collect their needed funds much quicker than a tax deed. They are usually issued within a year of the delinquency. They do not represent ownership of a property, but do represent "interest" in a property. Liens are one of the first things title companies search for when they do a title search. Most of the time title searches are performed when purchasing a property and if a lien pops up during a title search, it will need to be settled before the transaction can take place. Mortgages are a type of lien and IRS liens are another. Fortunately for investors, tax liens have first priority (in most states). What does that mean to you? It means you're almost guaranteed to always get your money back plus interest. In other words, if a house were to go into foreclosure and it had a mortgage, a contractor's lien, and a tax lien placed on it, the tax lien would be the first to be paid off after the liquidation of assets. Yes, you would be paid before the mortgagor!

Tax Deeds

A tax deed is the "legal instrument that transfers absolute title to the purchaser of a property sold for non-payment of taxes (tax sale), after the expiration of the redemption period." Tax deeds are usually a result of several years' worth of delinquent property taxes. In tax deed sales you are purchasing ownership in a property and not just interest (as in the case of a tax lien). However, there are different levels of "ownership" and a tax deed does not necessarily give you the right to move in (with the exception of some states). In the majority of states, a tax deed gives you the right to apply for a warranty deed. Eventually, a warranty deed would then be issued by the local court system and you would then have the right to move in, sell, or do what you wish to the property (within the confines of the state and local laws).

Tax Liens/Deeds In-depth

Different State Processes

The process in each U.S. State and county function a bit different, but nearly all fall into one of four categories: Tax liens, tax deeds, tax deed redeemable, or a combination of the first three. Most counties use either a tax lien process, or a tax deed process (it's roughly a 50/50 split). The others use the tax deed redeemable process or a combination.

Tax Lien

In tax lien states, the county generally gives the property owner roughly a year to pay their taxes. If they do not, the county offers a lien, with a very favorable interest rate, to investors in exchange for liquid assets immediately. The liens are distributed via an auction process (more on this in Purchasing Liens section). Once the lien is purchased and the investor has been issued a lien, the investor is said to have "interest" in the real estate. The lien accrues interest while it remains unpaid. Once the lien is redeemed, or paid off by the property owner, the investor collects his/her original investment plus the interest accrued. If the lien goes unpaid for a given amount of time, (specified by the state statutes, but usually 2-3 years) the lien holder can then initiate a foreclosure process. Through the foreclosure process the lien holder collects his/her initial investment, plus interest.

Tax Deed

Counties in tax deed states usually give the property owner several years to pay their taxes (again, specified by the state statutes, but usually 2-3 years). If the taxes remain unpaid, the county then notifies the property owner and offers a tax deed to the property via an auction process. Once a tax deed is purchased, it can then be taken through the local court system to eventually attain a warranty deed. Once an investor attains a warranty deed, he/she can go about taking residence or selling the property.

Tax Deed Redeemable

Tax deed redeemable states are much like tax deed states, but usually the time period in which the property remains delinquent is less. Usually tax deed redeemable states issue their deeds very quickly following delinquency. Then, the property owner has a redemption period to pay the county/you back and retain ownership of the property. If he/she does not, you then take ownership of the property. In many cases, tax deed redeemable states issue "warranty" type deeds. That means you don't have to go through the same court system as standard tax deeds, in turn reducing your overall costs.

Combination

A few combination states usually utilize the tax liens and tax deeds. It is called a 'Combination' because when the tax lien goes unpaid for the given amount of time, the county then instills the tax deed process, instead of foreclosure proceedings.

Investing Successfully

Prior to the Auction

There are several steps to successfully attend an auction and earn a decent return on your investment. Determining when and where auctions are, finding out which properties are being auctioned, investigating the properties you wish to bid on, and ensuring you bid only on appropriate properties are the four basic steps to attending an auction. Finally, ensuring you don't overpay is the essential step in earning a higher than average return.

Finding Auctions

Delinquent tax auctions may seem like a mystery, but more than likely there's at least one that takes place in your county every year. The county office that handles auctions varies from state to state and encompasses county auditors, tax collectors, tax claim bureaus, clerks, and trustees. However, the best place to start is with the county entity most states rely on to administer their delinquent tax sales; the county treasurer. If this office isn't the correct contact, they will be able to point you to the correct department. Once you find the correct contact, you should be able to find out approximately when the next auction takes place. Some states require auctions to be on a particular date each year (example: "2nd Tuesday in June of each year"), but most leave it open to a given month(s) and a few allow them year round.

Be patient. Counties don't normally finalize their sale and their listings until 4-6 weeks prior to the set date. Therefore if you want to invest locally, you may have to wait.

Attaining Listings

Attaining the property listings for the yearly auction can vary depending on state laws and county standard procedures. There are 3 basic methods of use.

- **From the County –** In many cases the county distributes them directly to interested investors. Sometimes there is a charge for obtaining a list, but it usually minimal ($2-$5).
- **Local Newspaper** – Nearly all counties are required to advertise their sales and listings in a local newspaper. Sometimes these will be posted on their online news sites or you can request a copy of an issue from the paper itself (again for a small fee).
- **Online** – Some counties have embraced new technology and post their listings online either at their website or the online auction website.

Completing Your Due Diligence

Insurance. Everybody hates paying for it until you need it. You've found out who the correct contact is, and attained the auction listings. You're ready, right? **WRONG!** Those are the easy steps, and eventually investors who stop there are almost guaranteed to be burned. Would you buy a car without test driving it or purchase a home without seeing the inside? Obviously not. By test-driving your new car or having a property inspection done before you move in, you are completing your due diligence and tax lien/deed investing needs the same care and attention to details. You should take the following steps to conduct your due diligence.

State Laws

The state statutes governing how counties conduct their auctions are different in every state. Find out what the statutes are and familiarize yourself with them. Most have been written by an attorney and read like a contract. If you don't understand something, ask your county entity for clarification. If you're lucky, they may answer your questions. However, more than likely they'll usually respond with "we are unable to give legal advice". Don't give up! Maybe you know another investor who can help, or ideally you can run through the statutes with a knowledgeable attorney. Whatever it takes, understanding your laws can keep you from making important mistakes. Counties don't give refunds if you plead ignorance.

County Procedures

First your socks. . . . Then your shoes. Each county conducts their auctions differently, even within the same state. A few details that may vary include when the auction starts, when registration starts, and what forms need to be completed before auction day and when those forms and registration are due. Most counties will provide you with their procedures along with the terms and conditions. Read and understand them thoroughly. Nothing is more frustrating than completing all your research and then finding out you can't participate because you didn't submit a form to the county on time.

Property Values

Nobody will pay the taxes on a chunk of sidewalk. You may laugh, but it's the truth. There are portions of property that are nothing more than a few square yards of concrete. Another example of a worthless lien is one placed on a town home, condominium or apartment that was never built and is nothing more than an empty corner of a large complex. Counties aren't going to research their delinquent taxes. Therefore, you must. Always ensure the properties you plan to bid on are worth something. With tax liens, you want to ensure the lien you're purchasing is worth redeeming. Whether the property owner settles the lien or you end up foreclosing on the property, you must ensure the property is worth the amount you will be investing, plus your interest. It's even more important when bidding on a tax deed since you're essentially bidding on ownership of the property. Make sure you can recover not only the amount you bid, but also the additional costs when you are finally ready to sell the property. Remember, these costs include travel, attorney fees, deed transfers, potential renovations, etc. Don't jump into the pool head first without knowing how deep it is.

Clear Titles

Let's look at two different scenarios since the importance of this portion of your due diligence varies:

First, with tax liens, clear titles are not quite as imperative since most states place tax lien repayment as first priority. Since the lien has first priority, you'll eventually receive your investment plus interest. All that may vary is when. If you purchase a tax lien on a property that has a mortgage and your lien goes unpaid, you can initiate the foreclosure process. Through the foreclosure process you will almost always receive your investment plus interest, but it will take a while and you will most likely never attain possession of the property.

If you invest in a state that utilizes the tax deed process, or doesn't place tax liens as first priority this is much more important. For example, if you invest in a state that sells tax deeds with "unclear" titles and the property has a mortgage, you would now be the proud owner of a property and are now responsible for the mortgage. This is probably not the situation you want. Also, if your lien does not have first priority and the mortgage is higher priority and the property goes into foreclosure, you will most likely never receive your investment (nor interest) since the mortgage holder is the first to receive payment upon settlement. Are you seeing a pattern? You must understand your state and county laws to know who has priority payment in both situations to know where you will lie as an investor.

Issues Out of Your Control

There are a few issues that are quite frankly out of your hands. Redemption time is something completely out of your control. If you purchase a lien and the property owner pays their taxes quickly, you won't receive your full annual interest. If you only invest in your local area, you would now have to wait until next year to earn any return on your capital. Foreclosure length is another issue out of your control. Usually, they are controlled by state statutes, but you can't do anything to change the length if one of the properties you own a lien/deed on gets to that point. The key here is simply to know what these are and try to minimize their impact as much as possible by planning accordingly. Invest outside of your local area, and be prepared to proceed with foreclosure proceedings.

Purchasing Liens/Deeds

There are a few different ways to purchase a lien or deed. The most popular, and the method this book focuses on most, is bidding on properties during a county's delinquent tax sale. However, you can purchase one from another investor or directly from the county (if state statutes allow it) as long as they go unsold at the auction (this is usually called an over the counter lien).

Auction

You've contacted the appropriate entity, attained the listings, and narrowed the list down to those worth bidding on. Now what? Yet again, the process varies from state to state, but most county processes fall into one of the following bid methods for auctions.

Bid Methods

Premium, or Bid Up

This is the most familiar, as most auctions (not just tax auctions) are performed in this manner. The bidding starts out at the minimum amount and bidders bid up from there. The minimum amount usually consists of any taxes due, plus fees etc. Keep this in mind because *what you'll be earning interest on will more than likely be the delinquent taxes only*. You don't want to be caught bidding too much in excess where you won't ever get your investment capital back, let alone any interest.

Bid Down

Unique to tax liens only, Bid Down method is somewhat similar to Premium bidding, but just the opposite. You start out with a standard interest rate of return that comes with the lien (usually 16-18%) and you bid down from there. . . . 17%, 16%, 13%, 11%, 9% and so forth. The key here is quite simply not to bid down so low that your return is basically nothing. The most popular tax lien investment states (Arizona and Florida) use this method. The popularity, coupled with the fact that most counties in these states perform their auctions online, usually means earning a decent return is going to be difficult. Nonetheless, it is possible so don't get discouraged just know your figures before you enter the auction.

Random Selection

Also unique to tax liens, states that use random selection generally do not hold their counties to this process. However, if you happen to invest in a county that uses this process, it's not that hard. A lien is called, the investor is randomly selected (somewhat like a lottery), and the investor has the option to purchase or not. The chosen purchaser is then held out of the remaining auction round until all investors have been given the choice and the process repeats itself It continues until all liens/deeds are accepted and distributed. In random selection, the return percentage is concrete. You don't have to worry about over bidding the premium, or under bidding the percentage. You also don't have to worry about large funds or corporations competing.

Rotational

Somewhat like random selection, rotational bidding nearly equalizes the investing field. A lien is presented and bidder #1 is given the option to purchase. If he/she chooses not to do so, the option goes to the next investor. If no bidder opts to purchase, the next lien is presented and starts at bidder #2. Again, the process repeats itself until all liens are distributed.

Counties use these processes because they have too many liens then they're able to process in the day or two they're given to conduct the auction (set by state statute). In this case, you can purchase excellent liens over the counter (OTC) without ever attending the auction! You'll learn more about purchasing OTC liens/deeds below.

Ownership

Ownership bidding is similar to bid down. However, instead of agreeing to a lower interest rate of return you are agreeing to less "interest" in the property (see the Basics section above about "interest"). While the interest rates offered on liens purchased this fashion can be quite high, ownership bidding can greatly increase your risk of never regaining your investment capital. The added risk should not necessarily be a discouragement, but the importance of due diligence should be highlighted.

Over the Counter (OTC)

Inevitably not all liens/deeds offered for the yearly auction will be sold. As a result many states allow the properties to be re-auctioned. If the liens/deeds still remain unsold, one of two things happen: either the liens/deeds are retained by the county or the lien/deeds are purchased by the state. In either situation, chances are you'll be able to purchase them over the counter.

There are several things to keep in mind when purchasing liens and/or deeds over the counter. Whether good or bad, remember to always complete your due diligence.

- For them to make it this far means no one else wanted them. That doesn't necessarily mean they are all worthless, but remember the sidewalk example above? There are many liens in that category that fall into the OTC bucket.
- The return amount is fixed! That means if you purchase a lien OTC from a county in Florida you will automatically be receiving 18% return.
- They are almost always sold on a first come, first serve basis. Essentially, if there's a lien for sale from 2005, then it's been sitting a while. Again, if everybody has passed it up for the past several years, there is most likely a reason. Remember to check it out first.

Redeeming Your Investment

How do you get your investment back? You've purchased your lien and it's gone unredeemed, or you've just purchased a tax deed. What do you do now? It's been briefly discussed in the sections above, and as with everything else in this investment process, it varies from state to state. Review the State's statutes for exact procedures (you've familiarized yourself with those, right?). Here is as brief overview of the next conventional steps:

Redeeming Liens

If you've held your liens for the required period (usually 2-3 years), and the property owner never paid the lien, you need to contact the county. One of three things happen:

1. You initiate foreclosure proceedings so you can collect your return.
2. You are issued a tax deed and now obtain potential ownership in the property.
3. The county initiates foreclosure/tax deed auction proceedings itself.

Redeeming Deeds

You've purchased a tax deed through an auction or you've been issued a tax deed due to the extended delinquency of a tax lien, now what? In both situations, you almost always need to take additional steps in order to take appropriate ownership in a property. Those steps generally consist of everything it takes to convert a tax deed into a warranty deed, which is within your local court system. It is recommended to hire a knowledgeable tax deed lawyer to do so. There will be costs involved, but since you've read this book and have done your appropriate due diligence, you are prepared. You already know the approximate costs and have ensured the property is worth enough to recover your costs and still provide appropriate return. As long as you have done these things, your investment will still be worth it.

Taking the Next Step

It is impractical to summarize all the different processes used by states and counties in less than 20 pages. What to do from here? This short eBook is only the first step. You still need to learn the specifics about investing in the area(s)/counties in which you are interested. Most likely you'll learn not everything described here is applicable in every county for every situation. If you come to that conclusion, you've probably completed your research appropriately and we congratulate you. Here are a few places to begin:

- Start by figuring out which state statutes govern the delinquent tax process and read them. If you don't understand something, then ask.
- If you have access to knowledgeable legal advice, take advantage of it. Ask specific questions because more than likely they will not be able to sit down and explain everything to you.
- Network with other investors. Although it may be competitive, there are probably other investors in your area more than willing to share their knowledge. Even smaller counties can have millions of dollars worth of liens/deeds available. As a result, the competition isn't so intense that investors don't communicate with each other.
- Hire someone to teach you. Be careful though and remember the "too good to be true" adage. If an investment coach is preaching 1000% yearly returns, they're overcharging you!

Frequently Asked Questions

This short eBook does not cover tax lien and tax deed investing in its entirety, but it is a great start. Here are a few of the most common questions:

What happens to an existing mortgage on the property?

This was discussed briefly above in a couple different sections, but we'll elaborate a bit more. The answer to this question can be broken into three separate answers:

- If you're purchasing a tax LIEN, the answer 99% of the time is "nothing happens to the mortgage". A mortgage is a type of lien itself. A tax lien would just be another lien placed on the property. Fortunately for tax lien investors most states place a higher priority on tax liens and give them the title "1st Lien". If the lien goes unpaid and you end up having to initiate foreclosure proceedings, you will receive your investment before the mortgage holder does.

- If you're purchasing a tax DEED, and the county has not already cleared/cleaned the title, the answer is still "nothing happens to the mortgage". If you're investing in a tax deed state, it is absolutely imperative to be familiar with your state laws and county procedures. You don't want to be stuck with a tax deed to a property that still has a full mortgage. Why? Because you'd be responsible for the mortgage if you want to retain the property.
- If you're purchasing a tax Deed, and the state laws allow the county to clear/clean the title prior to the action, the answer it most likely "the mortgage no longer exists". You might ask why counties do this. Well, they need property owned by individuals who pay their taxes. Otherwise, they won't get the funding needed to operate efficiently.

Again, familiarize yourself with the laws and procedures that govern delinquent tax sales. Some states have auctions that fall into several categories. Counties in Pennsylvania, to name a few, host sales in both categories of tax deeds.

Where can I purchase liens/deeds online?

We can't cover all the possible sites, however here's a start:

- The mother of all online auction sites…eBay. Just search for "tax lien" or "tax deed" and several will come up. Be careful and always complete your due diligence. Sellers often over charge compared to what the lien/deed is actually worth. Keep in mind, though, that the seller most likely attended the auction in person. Their time is not free.
- A pretty common site that hosts several online auctions for counties is www.bid4assets.com. They even have a notification list so you'll know when they're hosting the next auction.
- There are some counties out there that list their OTC liens and deeds online. Of those, most are in Florida and Arizona.
- There are several large corporations/funds who sell excess liens/deeds online. One of the largest is American Tax Funding Service (www.atfs.com).
- Since we own and operate www.Tax-Lien-Database.com, we would like to at least mention it. You can find liens and deeds listed by other investors. With a main focus on recruiting counties to list their liens/deeds, it could be your #1 source in the years ahead.
- You can always plug "buy tax liens online", or "buy tax deeds online" into Google, Yahoo or any one of the other major search engines and you'll get several sites to check out. Always remember the "too good to be true."

What happens if I bid on a lien or deed and then do not pay?

This is a question for the knowledgeable legal advice you hopefully have access to. It varies greatly from state to state and can encompass several different scenarios. Everything from not being allowed to participate in future auctions, to actual legal ramifications can result. It is best to consult your state statutes and a local lawyer.

Another topic worth mentioning while answering this question is the topic of subsequent liens. In most states offering liens, the county will give you the option to purchase subsequent liens if it goes unpaid for several years. It is highly suggested to purchase them if you have the means. By doing so, you will not only earn the additional interest, you may also be in possession of a lien to property that might be on the verge of issuing a tax deed. If this happens, you'll have fewer items to clear on the title before taking possession of the property.

How do I tell if the title on the property I want to purchase a lien/deed for is "clear"?

The easiest answer would be to order a title search from a local title company. You can, if you choose, perform a title search yourself by contacting your county Clerk. If you've never performed a title search before and want to save money down the road, we suggest you order a title search from a title company (most of them are not an exorbitant charge) and perform one yourself. If you come up with the same results several times in a row, you can have confidence you know what you're doing.

Can there be more than one tax lien placed on a single property?

Yes. For every year a property has delinquent taxes, a separate tax lien can be issued. They can be subsequent years, or in some cases spread out over a few years. The "oldest" lien (first year of delinquent taxes) will have first priority and so forth.

What happens to the other tax liens (if there are any) on a property if I don't own them?

In response, a question: "were the other liens issued in years previous, or since the one you possess?" If the lien was in place prior to you purchasing yours, it probably has priority. That is not necessarily a bad thing though. You will most likely still receive your original investment, plus interest back. If the lien was purchased after yours was issued, then you have priority. Again, check with your state laws to make sure.

Synopsis

Hopefully in the few pages contained herein you've been able to get at least a slight grip on what tax lien/deed investing is all about. We highly suggested you further your education beyond this book before you ever invest significant amounts in tax liens and/or tax deeds. This investment type is still somewhat unknown and perfect for those looking to build independent wealth and financial freedom. If you have any additional questions feel free to place them on our discussion board at www.Tax-Lien-Database.com. We have a myriad of investors available willing and able to help you invest successfully.