

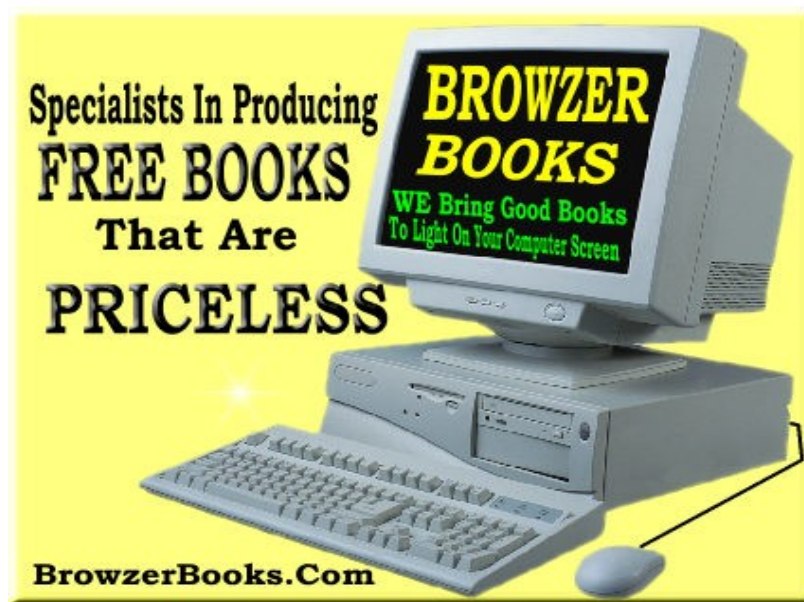
# How to Buy Land at Tax Sales



This book is written by Lin Stone

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# Chapter 1

## Tax Sales are Your Best Bargains in Real Estate

The American Dream has always included the ownership of land. Pioneers like Daniel Boone dreamed of 40 acres to clear with a salt lick somewhere close.

All David Crockett wanted was a little home in the woods with bear sign on all four sides.

Henry Thoreau waxed eloquent about a tranquil pond with timeless ripples in the sunset.

Cowboys saddled up every morning with visions of their own ranch spreading out before them to the far horizons.

Now, it's YOUR  
turn.

\*



Sparkling clean Pennies-on-the-dollar land bargains at the tax sales are your best ticket for winning a real estate empire of your own. The jackpot is full of bargain basement prices! City lots often go as low as \$40. Garden Spots for \$75. Vacation sites start at \$100. It isn't at all unusual for raw acreage to cost even less than \$100 per acre. Property with a building on it starts at only \$160.

## **Pennies-on-the-Dollar Land Bargains**

That's right! Pennies-on-the-dollar land bargains at the tax sales really are your best ticket for winning a real estate empire of your own. Yet in spite of all these bargains, at every auction there are only a few bidders and lots of bewildered spectators. Why?

Because, if you haven't learned to read the scorecard before you get there, you will either: a) never know where the property is, or what the property is, or like a friend of mine; b) you might even buy an island that only comes up to see the light of day once or twice each year!

The auctioneer will be going at breakneck speed. "1976, I hear no bid. 1977, I hear no bid. 1978, I hear no bid. 1979...."

It is no wonder that buying land bargains at tax sales is intimidating. But most of those problems consist of confusion, cowardice and just plain misconceptions.

### **"How To"—Not Just "Where To"**

All the How-To books on the subject I ran across were really WHERE-To books. For page, after page, after page, they are packed with phone numbers and addresses which only told me WHERE to call, and WHERE to write to get in on this kind of landfall. The directions got me to the auction, and dumped me. Like most people, I could not read the bid sheet. Like most people, I did not know where the property up for sale was located. Like some people, I didn't even know WHAT the property was.

Fortunately I have never met a man with money that I couldn't like for at least a few minutes. I looked around the room as the bidding went on and picked out several people who did know what they were doing. Two of them became friends that day, several others I got to know over the years.

With them, I went to pay their taxes. I went to research the mortgages.

I went to the land office. I went to the library. I went to the courthouse. I went through all the steps of locating the property. I took buyers to see it.

These tutors found me an apt pupil. From these associations I learned the mechanics of the entire process. More importantly, I came to understand the strategies of buying. Being completely honest, down to the last penny and up to the highest million was my biggest asset for I was soon acting as a fiduciary agent for my friends, and gradually they let me do more and more of the actual work for them.

I found that buying tax sale land is far more complicated than buying property where a real estate agent handles all the details for you. But knowledge is power; knowledge is money. Repeatedly, property you can get for a few hundred dollars might be sitting right next to property worth \$29,000. Collecting this difference in value is your reward for learning the information and strategies I give you here.

You see this book is an outgrowth of solving problems faced in the field. You will find it is short on numbers you can get from the operator, and long on actual examples.

**The truth of the matter is,  
if you can find the courthouse,  
you can find the land bargains.**

My intention was to create a book with a genuine HOW-to personality, with a built-in program for your success. It is laid out to take with you for on-the-spot help as you go through each step so you can soon be right in there digging in the treasure hunt. And this book will show you how to get in on the action, fast.

Okay, here we go. The first question everyone asks is where do these bargains come from?

## **Where Do These Bargains Come From?**

Each year, the major paper in each county publishes a list of people who have not paid their taxes. People overdue on their taxes for just one year appear on this list. Tax sales are held only on property whereon the taxes have not been paid for at least two years. Indeed, by the time the auction rolls around, most of these property owners are four years behind in fulfilling their tax obligations. Any property sold after letting it be delinquent for up to four years you can assume the owner has abandoned it.

Most of these properties come from out-of-state owners who have gotten old or otherwise can't take care of their property. There are also people who are no longer interested in holding ownership of family estates, and from those strapped for cash; those folks going on welfare may neglect to pay their taxes just to declare the property out of their name.

**How many foreclosures are available in your neighborhood or state right this minute? [Click Here to find out for free.](#)**

When that happens the state must auction off the real estate in order to collect the delinquent taxes. If it didn't, a whole lot more of us would soon be neglecting our duty.

Called a TAX SALE (or a SHERIFF SALE in some parts of the country), these sales happen every year, once in each county (some cities) or parish. And by following this program these auctions can make the American Dream affordable for you!

Land ownership is part of the American dream. Nine out of ten adult white males in America enjoyed the privilege of land ownership before 1850. Even today with apartment buildings rising seventeen stories high, forty-seven out of one hundred Americans have pursued the dream of owning real estate property to completion.

The second question everyone asks is: "Are the properties we pay \$100 for ever really worth more than the hundred dollars or so we pay for them?"

## **Are These Bargains Real?**

Let's put the facts right up front so we can examine them carefully. First, some property that changes hands at tax sales is such a steal that the media begins screaming bloody murder. (I guess because they didn't know how to get in on the deals!) I speak most specifically of the incident where the entire Magic Springs Amusement Park of Arkansas was passed into public domain.

Said Charlie Daniels, Arkansas State Land Commissioner at that time: "Most comments received by my staff were incredulous that we would offer a property such as this for sale at such a low price. I can understand the confusion, since most people don't deal with the issue of delinquent taxes every day."

I repeat, definite, real bargains, exist and actual sales are consummated every year. Before you go rushing off, however, there ARE also properties out there that are not worth even the forty or fifty dollars you put up front! If you aren't careful you can be buying fence rows, you can be buying property in the middle of the street, or under the bridge, or in the center of some farmer's field, or buy an island in the river that only sees the light of day twice a year.

Relax.

I've already done most of that  
and I'll show you how to avoid (most of) them.



## Chapter 2

# Why Tax Sales Offer The Best Deals

"Well Mr. Stone, aren't there OTHER agencies that offer real estate bargains too?" Yes. There are other government agencies that sometimes offer real estate bargains besides Tax Sales or SHERIFF's Sales. The knowledge and skills I help you learn here will work just as well with them, when the bargains really exist. In fact, [click here](#) and find out exactly how many and what kind of foreclosures are available in your area right now.

"When the bargains really exist? What are you talking about? Of course they exist! Why, I've even seen advertisements that talk about getting houses for a dollar."

## Don't Fall Victim To Misleading Ads

Well, bless your heart, so have I. But when you buy into ads like that, you don't see one house for sale for one dollar, or even five. One I'm looking at right now says: "Foreclosed Homes are Available From \$1.00 up. With No money down."

Sorry, chances are all you will get for your money is a long list of agency addresses and phone numbers. Worse, call those agencies and none of those bargains are available right then. Think about it, if you worked in one of those agencies and knew about houses for a dollar, wouldn't you be telling Uncle Harry and your friend Pete about them? You betchum bottom dollar. Now, when you run out of friends and relatives, maybe there will be something left for the public footing the bill, but they won't last long and YOU KNOW IT!

Make it light on yourself. Before you buy some course or manual, ASK local representatives of these agencies if any of these bargains STILL exist in your area. It's easy to do. You can get the latest local numbers to these agencies right out of your phone book.

Many major cities even have an information department to call the government itself for help in finding agency phone numbers. I have found the assistants at these numbers particularly helpful, leading me down avenues I never even suspected to exist before I picked up the phone.

[Click HERE](#) and get the lowest quotes on home and property insurance. The money you save, could be your own.

[Click HERE](#) to explore other work at home projects.

[Click HERE](#) if you want to sell books and services like this for a living.

### **Can You Buy Real Estate From Other Agencies?**

YES! I admit up front there are other agencies out there that sell real estate; HUD (Housing and Urban Development) and the FHA, FmHa, VA, Small Business Administration (Real Estate Liquidation Division), [Fannie Mae](#), U.S. Marshal's Office, U.S. Bankruptcy Court, and Probate Court for example. Even the police department gets in on the act occasionally.

Just to be fair, when I started on this book I made a supreme effort to contact these agencies listed in so many other recent books. First I called the FmHA about their repossessions up for sale, and found out they were now the FSA and proud of it.

The main FSA office in Little Rock was quite friendly and efficiently eager to send a huge listing of all the properties in inventory to me.

Just the ones in Arkansas cost that agency over \$3.00 in postage to mail to me, not to mention all the printing cost our poor government.

The FSA and "Property In Inventory"

In it I found listings like 115 acres of farm land in prime farm country for only \$39,000? Wow! When you compare that with retail, it looks good!

I picked out the counties I was interested in, zeroed in on the price range I wanted, and headed out to look at the treasures I might buy.

Right away, I met resistance. The first FSA county agent I visited didn't want to show me an address on the property I asked him about first.

"Are you telling me I can't even find out where this property is?"

"Uh no." He grimaced, made several half-hearted glances at his watch, studied my inscrutable face, then sighed and went to digging in his files. The computer terminal was sitting right there in front of him, but apparently none of this information was entered...he had to dig in his hard copy files.

After only 10 minutes of digging, and repeatedly glancing hopefully at me over his shoulder, he produced a paper that proved that the first property I had picked out was really not for sale. "And I personally know for a fact that none of the others listed for this county are for sale either."

"Whoa. You can't mean that NONE of the properties on my list from the State are for sale?"

"None of them!" He shrugged eloquently. "Naturally I can't criticize the state office for sending you this list, but I can tell you that it is highly unlikely that any properties listed on all the sheets you have for any of the counties in this state you have are actually for sale."

"Do what? Not for sale?"

"Not for sale," he assured me.

I had a question for him. I'm sure it is the same one you have. **"Why are they on the list the head office sent me then?"**

The agent heaved a great sigh. "They are in inventory, but we have a seven year sale/lease back contract with all the owners of these properties. Now you take this property you were interested in at Coy. The previous owner's grandson wants it so that's who gets first chance to buy it from us."

(This is the kind of nepotism  
Americans call democracy in action.)

"Okay, this 115 acres of prime property is listed at \$39,000. Let's say this grandson is foolish enough not to want it, at what sum of money would that land be available to me?"

"That's hard to say," the agent told me. "It will have to be appraised at least one more time if someone else is buying it, and I don't know what all. We will of course want to get fair market value in any sale."

"I see."

He glanced up at me and smiled -- then shrugged, for he knew I did see. Then he went on to reveal the REAL bad news. "But even if it was up for sale, and even if we knew how much it was going to sell for, we would still sell only to ELIGIBLE buyers!"

Whoa. I asked him to define eligible, thinking that perhaps I could scrounge up a relative to qualify. I didn't qualify, so I said, "Then what?"

"Then we'd check to see if we have any money to loan available for you to buy the property with."

(Oh sure. Obviously unless you happen to be a favored grandson, the dice are loaded against casual buyers at FSA.)

As any reasonable person might, I went back and complained to the head honcho in the capital. "Well, I'm sorry you went to all that trouble, but we have no way of telling which properties are really for sale, and which ones are only in inventory. You'll just have to hunt through all of them until you find one. Next time, CALL ahead to each of these counties before you drive all the way out there on a wild goose chase."

Now, after that comment, I spent more than five minutes, just making absolutely sure I understood what I have told you here.

They assured me, I did understand them...perfectly.

More than likely, NONE of those properties are actually for sale. They are most likely IN inventory.

Now, if I had used the phone as suggested I would have invested over \$27.00 just to find out that the bargains in the first county weren't really for sale. Tally that up with the other forty counties I had thought of investigating and you come to some pretty expensive education here.

## The Myth of Bargains From HUD

Okay, you get used to things like that in America. Let's go on to the next agency. I followed a real estate agent around to look at some HUD properties up for sale, and found them to be (as bargains) worse than FSA.

"Where are the bargains?"

"These are bargains," he said, stopping short in his tracks and glaring over his shoulder at me.

"I mean, like the homes these national ads say you can buy for a dollar."

He sniffed scornfully as he turned all the way back around to face me. "I have never seen one for less than market value," he assured me.

Well, that was blunt enough. "Okay, tell me where do these HUD properties come from?"

"HUD properties were deeded to HUD/FHA by mortgage companies who had foreclosed on FHA-insured mortgage loans."

How does HUD decide how much a property is worth? "HUD estimates the list price by comparing your property to similar properties sold within the community within the last six months. HUD is determined to get market value, in order to obtain the highest possible financial return on its mortgage funds."

"Ah Ha! In other words, there aren't going to be ANY bargains from HUD unless there is an accident?"

"That's right." He stood there, looking off past my right shoulder.

"Well, okay. Let's pretend I am interested anyway. How do I find out about these properties that will be coming up for sale in other parts of the world?"

"Ask your local broker there. And you'll have to find one that is willing to work with HUD properties and willing to put up with -- " his voice trailed off.

I waited a few seconds for him to recover his composure from that bite on his tongue, then I asked him. "Once people go through all this rigamarole, how do they actually go about buying the thing?"

"What it boils down to is this, you have to submit a sealed bid through your licensed real estate broker. If no one else bids any higher than you do, then you win it."

"Thank you. I'll try my luck with the VA."

Sure, HUD has occasional bargains, and there is nothing in this book saying not to grab the bargains from ANY source. For example, I'm buying a house from HUD right now. HUD has been trying to sell it for a long time. Their EXPECTED price had dropped to \$42,900. I put in a sealed bid for \$37,500 including a thousand dollars down, and won the auction in less than three working days.

This was the ONLY HUD property for sale in the whole county at that time. At a tax sale the same house would have been right at \$12,000 but I'm not complaining because the house next to it is selling for \$85,000. And, that property is only a 100 by 150 lot while mine is 150 by 250. Furthermore, if I'd been a teacher or a policeman I could have gotten the place for MUCH less.

Are there problems with the house? Yes. The next lower bidder complained to the Code Enforcement Authorities about them after losing at the auction.

I'll have to redo the central air conditioning wiring, enclose some electrical wiring, rip out the carpets, fix the air mover in the attic, and sand the floors. The three outbuildings need some cosmetic repairs too. I'll also pay a fortune to get someone to mow that much blasted grass until my orchard comes in. But it was a bargain! [Click HERE](#) to keep up with bargains like this in your own area.

Now, before I go on, in spite of what that particular real estate agent said, I will tell you that by calling HUD you will at least be able to find out if there are any properties which are REALLY FOR SALE in those areas you target.

"Why is that information important to know?"

Because if there are a lot of them on the market, that has changed into a BAD area to invest in. People are going broke and moving away from there! Go thou and do likewise.

## What About the VA?

The VA has property really for sale too. Unfortunately, the list I saw had prices so high that I decided to not even go look at any of the properties. Obviously, all these other agencies are only in the game to get their loan money back. They are not interested in providing us with a bargain, much less with making our dreams come true.

**The only bargains you will find are there by accident, or being held out for a friend. I'm not saying there aren't some bargains there. I'm saying that somebody in those agencies goofed if you can actually buy one of them.**

Okay, that leaves us with two basic sources of **REAL BARGAINS**. Both are easy to get into, and both can skyrocket your fortunes, once you learn the ropes.

**One is BANK FORECLOSURES, and the other is TAX SALES.**

Foreclosures is a whole nuther ball game. There you can reasonably expect to get bargains of 20% off retail, and once in a blue moon, down to as low as 60% off. Discounts of more than that show up only when the bank officer really wants to put the screws to somebody in default. What do I mean by that?

**(Holding an auction will only discharge as much of the owner's debt as the highest bid and court costs will allow. The poor owner has to cough up the rest, or suffer the consequences for years!)**

### What about tax sales?

There's Only One Reason for Tax Sales

Tax sales are held for no other reason than to get the tax money due the state and a little dab more to cover agency operating costs. The opening bids you find there will be real and they will be consistently rock-bottom-low! Quite often no one will even raise your bid. That \$40 lot will be yours for \$40 and the back taxes on the property.

**Please note:** There are many states that don't actually auction off the property; probably California by this time, Colorado, Georgia, Illinois, just for starters. These states auction TAX LIEN CERTIFICATES.

BUT, and this is a very important but -- Even those states with the TLC process in effect will still have property for sale at tax auction prices. These properties have gone through the auction for tax lien certificates, were not discharged, and now are in serious default. [You can pick them up for a song.](#)

## Chapter 3

# Mark-Up of Property Values

Virtually all properties at a tax sale have a potentially wide markup. For example, one 15 acre parcel we got for \$800 sold for \$7,000 just a few weeks later. Once the sale was consummated, the buyer could SEE the difference between what we had paid for the property and what we had sold it to him for. Was that buyer upset about how much profit we had made? No, he made special trips several times to come back, hoping we had MORE land for sale.



Why? Because he had already sold that property for \$13,000 (in used money) BEFORE he paid us off. That's right, that property we bought for \$800 sold for \$13,000 before the dust settled.

As the guy I was working with at that time said, "When you put the dollars to the paper, he actually made more cents than we did."

Here's the dollars to the paper: We put up \$800 and only got \$7,000 back. The fellow that bought the property from us only put up \$100, and cleared \$6,000! Of course, by waiting, YOU could have cleared the whole \$12,000 -- PLUS a little interest. (Later I will show you how to maximize the potential of every piece of property you do invest in.)

## **Compare Appraised Value to Actual Value**

If you already own some real estate I can show you the potential of dealing in tax sales rather quickly. Take out your paperwork from the last time you paid taxes. See that appraised value listed that the tax collector does his figuring from? That is what you might be able to buy your own place for at a tax sale. Now, if you just bought your place recently you can see a BIG DIFFERENCE between what you paid, and what your place would bring at a tax sale. That difference is the profit margin potential you have to work with when you buy from tax sales. If it has been a while since you bought your home, compare the assessed value with the retail price of comparable properties being sold around you. The difference is Shocking!

## **Compare the Minimum Bid to Actual Value**

Now, take a look at the minimum bid on the bid sheet put out by the state. If the minimum bid is \$100 then the real value of that property is somewhere around \$500. Very seldom will there be an excuse to go over the assessed value of that property when, on the next property up no one will bid against you. Now, things get even better. That property above that we got for \$800 as the only bidder, should have sold for what?

Five times eight is how much?

Four thousand.

That means we could have bid all the way up to four thousand and still eventually made some money on the buy. Even if we had paid the full four thousand, and sold it for seven we would have cleared three thousand.

How much was that eight hundred dollar property really worth? Value is in the eye of the final holder. What did the final owner pay for it? Thirteen Thousand! THAT'S how much the eight hundred dollar property was really worth!

## **Learn How to Read the Scorecard**

Sure the assessor of that property should have been shot. Sure s/he might have been just as far off the mark in the other direction for all we knew. The point I'm trying to get across is this, there are good bargains available at tax sales.

Once you learn how to read the scorecard, you can get them, and you can keep them for your own use, or resell them. All you need is a little information, and a little learning, and you are ready to roll.

There are three ways of buying land at a tax sale:

- a) *Look Before You Leap*;
- b) *Leap Before You Look*; and
- c) *Look Through What Everyone Else Leaped Over*.

Strangely enough, all three methods work reasonably well over the long run, and all three have frustrating shortcomings. Best of all, any of the real estate basics you learn that applies to one method can readily be applied to one of the others. For that matter, since I get right down to basics you can easily add anything you learn here to any other real estate buying method you ever pick up.

## **The "Look Before You Leap" Method**

*Look before you Leap*: In a nutshell, what you will learn here in this first method, a small portion of the book, is how to do the exact opposite of what most real estate investors do. Instead of finding the property first and then negotiating the price, you will find the price first and negotiate the location. With this program you can be buying land you've never seen or set foot on.

### **A Cautious Approach**

"Whoa now!" you might be saying. "I don't have very much money to start with, and I'm a very CAUTIOUS buyer!"

Hey, EVEN if you have lots of money, and lots of time, there is a good reason not to go look at all the properties up for auction. Half of them may NOT be there at that auction!

That's right. They will be paid up just before the auction, or worse yet, after you have done all the work of investigation, just as the sale is getting under way some dude will come stomping in with his money clutched in a frantic fist, screaming: "Stop the auction! Stop the auction!"

One tax collector told me recently, "It's funny, give them four years and they can't pay their taxes, not until it actually goes up on the block will they get serious about keeping their property taxes paid."

Be that as it may, you could get real discouraged if you've spent weeks and weeks evaluating dozens of properties and finally picked out this one as the special one just for you, only to have some jerk rush in to jerk it out from under your nose.

Don't get discouraged. Don't let these things upset you. With this plan you'll be smiling while other bidders are throwing paper at the ceiling, or tearing hair out by the roots.

"Do you have any more of that free coffee?" you'll ask, as you smack your lips and wait for the real bidding to begin.

## Chapter 4

# What To Buy and How To Sign-up

### Buying Strategies

You need to be clear on the three basic strategies as which one you choose will determine what you at, and what you look for. The strategy you choose depends on whether you are buying for personal use, or as an investment.

### Buying for Personal Use

Are you buying for personal use? With the *Look Before You Leap* strategy you will be looking for the largest chunks of real estate which are about one third less than what you can afford to bid on. Think of it as choosing the right egg for your basket. Someone whose objective is to buy property for his or her own use will best be served with this strategy. For instance, if you want acreage, don't bother looking at lots, even if they have houses on them. Conversely, if you want community, you don't bother looking at acreage. Generally speaking, since all things on the list are

relative to each other, the higher the price the better supposed value of the property.

If ten acres here goes for \$500 and ten acres there goes for \$20,000 then you can assume the last ten acres has more going for it than the first ten. Now this rule doesn't apply across community lines. The ten acres going for \$500 in Yahoo County might well raise more hay than the ten acres in Rockefeller County going for \$20,000.

## Investment Buying

Are you buying for quick ROI? With the *Leap Before You Look* strategy you will be looking to buy several pieces of property and averaging your return. Think of it as putting a lot of eggs into your basket to separate later so you can sell at the market. You know that one egg might be rotten, seven may be fresh, three have a double yolk and one have a yolk of spun gold.

Are you building for a solid future? Leap after the dust settles is like choosing the right basket. You decide WHERE you are going to invest and those are the only properties you look at, price be hanged. Called a "Negotiated Sale" I describe this in more detail in Chapter 6.

## Watch for Mortgages

After you have pre-selected some potential buys, look for those that have mortgages or liens outstanding on them; the state is morally obligated to inform you about all of them that they are aware of. These encumbrances (which will be mentioned on the lists IF the state knows about them) do not necessarily rule out a purchase, but are something you should be aware of long before you begin bidding. The mortgage holder will probably be only too glad to get a new name on their contract.

To me, seeing a mortgage notice on a property clues me in that the property has been improved enough to be worth mortgaging, and is therefore valuable. Find out (at the County Recorder's Office) how much the original loan was, and subtract the balance still owed. As long as you don't pay anywhere close to the difference you have money to play with.

## Watch Out For Multiple Mortgages

But look out for wheeler dealer boys too. One infamous property with 74 acres and an assessed valuation of \$245,860 went for little more than the taxes and penalties. Every paper in the state was screaming unfair, presumably because they hadn't had sense enough to get in on the bidding.

I asked one of the professional buyers why he hadn't bid on the property. "I didn't even go look," he said. Then he told me the property had no less than TEN mortgages slapped on it. "I won't strain your incredulity by counting the number of judgments against the place except to say it was over twenty."

In other words, anyone that bought that chunk of real estate needed fifty lawyers who had a whole lot of nerve.

"TEN mortgages? You can't expect me to believe that!"

Yeah, those were my very words too. I've heard of second mortgages. Once I even ran into a third mortgage. But ten? I called the state and soon received a seven page document indicating that my friend had stated the facts mildly indeed. A visit to the County Recorder's Office revealed there were even more lawsuits in the works.

Now that I've said that, let me add that just because someone owes \$10,000 on a property doesn't mean you can't negotiate with the mortgage holder BEFORE you buy it. By this time they might be anxious to take \$5,000 and a box of salt to lick their wounds with.

## **Pick a Strategy and the Hard Part's Done—Right?**

Once you decide which strategy is best for you it is easy to skim any list of properties. "No. No. No. No. No. No. Aaah!"

"Tell me again, Mr. Stone. Where do I get this list?"

Each state maintains the right to do things their own way. In Massachusetts you have to deal with one of 351 cities. Rhode Island thought that was a good idea too, but they only have 39 cities. In most states, like Idaho, you deal with each county. In Arkansas all the counties are separate, but listed under one roof in the office of the State Land Commissioner. In Mississippi, not only can you view the properties on the Internet, the state has an expert familiar with each area of the state to give you a hand in deciding where to bid, how much to bid and when. In at least one state ALL county sales are held on the same day of the year. Bottom line, the office handling the sale might be entirely different from that office in any other state around you.



## **Where To Find the Tax Sale Listings**

If your state works from the county level, and if you are on the web, there is a web page at <http://www.naco.org> which not only lists 90% of the counties in the United States, but also creates links to them across the web whenever possible. Talk about service. Wow.

If you are in the county you want to buy from, go to the county courthouse and look for the County Assessor's Office, or failing that, the County Tax Collector's Office. Ask to be put on the list for future sales. While you are there, ask for the list of unredeemed property. If the sales are handled by the state, they will be able to tell you the office to contact. If a list is not available, or if the official assures you no properties are ever actually sold, you are either in the center of prosperity, or in the middle of "The Good Old Boy System" of redistributing the wealth. Either way, watch the newspaper legal notices until a sale is held.

## Then go exercise your rights.

There aren't that many states with overall coverage. If your state has statewide listing services I have noted that in [Chapter 19](#) along with phone numbers too. For up-to-the-minute phone numbers, if you live in a major metro, open your phone book to the State pages and look for an Information number. These stalwart servants of the people are often dedicated beyond belief. They will track down who you should be talking to and get you there.

However, when you hear those wonderful words, "I'll transfer you to --" cut in and ask for the number you are being transferred to. Otherwise you will get cut off at the pass and have to start over again. Or, you will be so thrilled with all the help you get at that office that you forget to ask for the number before you leave so you can call back. Get the number, before you go.

No local Information number to call? Look for the State Land Office. None? Call your Secretary of Treasurer, then the Secretary of State. Frequently unfriendly, often altogether wrong, the Secretary of State can at least be the source of an enterprising start at uncovering the information you need.

## What to Ask the Tax Officials For

"What will I ask for when I get the right office on line?"

You will be asking for THE BIDDING SHEET, a list of the real estate auctions being held for back taxes (or delinquent taxes). I can't emphasize strongly enough the truism that IGNORANCE IS NINE TENTHS OF THE LAW. If you run into static, pretend you are stupid and beg for help. If all else fails, begin asking questions. For example, in one state office I hit a brick wall. "We don't do that. Good-day." "Are you telling me that the Secretary of State was wrong to send me here?"—Pregnant Pause—"Did the Secretary of State send you to this office?" "Yes Ma'am. Did he make a mistake?" "Just a minute." Three, four, five minutes later I heard her say, "Hold on, I'm going to transfer you --" Please note when you use the above -- sarcasm will only get you more static. Play dumb. Public officials are more comfortable with that; they will never realize you are faking it.

Above all else, be persistent. In a pathetic, humble voice, keep asking questions until you get authoritative answers you can use.

When you do get to the right office, be ready for the next question they will ask, "What part of the state (or county if yours is not a statewide land office)?" If you are only interested in Sinbad County, say so. If you want the whole state, you can say: "I plan to invest all over the state." The more specific (or at least positive) your response is, the more helpful the government representative is likely to be.

# Valuable Clues on the Bid Sheet

"Yeah, but is there some guideline on the bidding sheet to show me how HIGH to bid?"

Basically there are two ways to show value on the bid sheet. One is by publishing a MINIMUM BID figure. The other is by publishing a RELATIVE VALUE figure. With minimum bids that is the lowest bid the auctioneer will accept. Generally speaking, with a relative value bid you are free to start the bidding with any amount you want to.

Either way, the figures represent guidelines for your benefit. The relative value figure is what you should usually figure is your top dollar investment.

If the minimum bid is \$100 then the actual assessed value of that property is somewhere around \$500. (Just remember that some properties haven't seen a real tax assessor in fifty years.) Very seldom will there be an excuse to bid for more than the assessed value of that property. Skip that one. Be patient and chances are no one will bid against you on one of the next properties offered at the auction. Remember what I told you though about the difference between assessed values and market prices.

## The Feel-Good-Feeling of a Treasure Hunt

Professional tax sale buyers using the *Leap Before You Look* strategy go in with the idea of picking up 4 or 5 properties per sale, and buy all over the state. They buy strictly by location and price range. "Land is land."

**NOTE: Do NOT buy ANY property** in this way if the legal description has "**PT**" in it anywhere. Why? PT means, PART. Well that's nice, but WHICH part is it? I've seen **PARTS as big as 20 acres** that do not exist anywhere a surveyor can find them. Only buy PT description property when you can physically investigate it **FIRST!** More on this in later chapters.

This gives them that feel-good-feeling that they are on a treasure hunt. The first time I showed my sister how to buy tax land this way she wound up with almost an acre of land with highway frontage. When she went to inspect the property, it was mostly a hole.

"Tink," she demanded. "What can you do with a hole?"

Was she ruined? No.

"Lib, your property is only 4 miles from the largest triploid bass producer in the world. You're sitting on top of the same aquifer. Raise fish. Put in a pond. Or raise bushes all around it and rent it out for a duck blind, to get more in rent each year than you paid for it."

Let me add right here that with this program you will be using your imagination. The more imaginative uses you can think of for a piece of property you buy, the more potential value you have bought. Can it be a vacation spot? A hideaway? A trailer lot? A garden plot? Could someone put in a basketball court and make money? What about a mini-golf course? Would goats love the kudzu all over the place? Can chickens be raised there? Is there free wood to cut? Would a flea market go good right there? No, YOU don't have to start any of these things, just suggest them to people who might be interested.

We hit one lot that had the far end twenty feet lower than the closest end. The prospect I was with nearly swooned because we had driven so far to see it. "No way can I build a house on this." I studied the incline for a few moments and formulated my thoughts. I told him, "You can sheer this side off till it is level with the bottom and straight up and down on this edge. Build your house against this edge, use the top for a patio and carport, have the run off be your own waterfall." I stopped there but I could have gone on to throw a dike across the other end of the lot and put plate glass windows in the "front" of the house facing the far end so that he could look out on a huge aquarium. Either way, the savings on utility bills alone would have paid for the house in that area.

The point is, unless you end up with an island that only sees the light of day once a year, **you've got something**. (And I'm still thinking about that island.) If you end up with a mountain plot, someone wants a mountain plot. If you end up with a valley, someone wants a valley. I've seen property sell with no more than a shrug of the shoulders when the presence of Vertac was admitted. I've seen swampland preferred over solid real estate.

**"Wait a minute. You are encroaching on incredulity with a wild statement like that! What would anyone want swamp land for?"**

To raise shiitake mushrooms on. At that time Campbell's Soups had guaranteed to pay \$16 a pound for them. His plan was to stack up a pyramid of oak logs over the water so that moisture would circulate constantly and thus spur growth effortlessly.

The point again is, almost any property is potentially valuable.

**If you can discover that value,  
you can sell that property.**

"Are you telling me it is safe to buy BLIND?" No. I am not telling you to buy anything blind. This book will show you how to open your eyes when you look at a map.

For example, one man showed me a contour map of his property after he'd bought it at a foreclosure sale. "There are over four miles of river on this property, I wonder how much fall there is From one side to the other?"

I glanced only once at his map and said, "200 feet."

He was ecstatic because that meant waterfalls had to be in there.

**But how had I known at a glance  
how much fall there was?**

All I had done was subtract the lowest elevation where the river went off the property from the lowest elevation where the river came onto the property. Since water never runs up hill that told me exactly how much fall there was on the river. You'll soon be doing tricks like this too.

Bear, turkey, doves, deer, quail, ducks, fish -- his property is a sportsman's paradise. I go there all the time now. Last year he paid for twelve deer tags. Three years after buying it they found natural gas on his property.

**You should be so lucky.**

After you learn how to locate the land you are interested in, you can tell the approximate area your property lies in. I am talking PIN POINT here. Once you get through with this course you can tell within a mile where the property is. And that is usually good enough to keep you out of trouble. And if that property does fall somewhere inside troublesome areas, you will soon know how and when to check deeper.

## **When and How Do You Get Title?**

Once you have successfully bid on a property at the sale, you'll get a limited warranty deed from the state. (Mississippi, et al, gives you a first class patent right from the get-go!) That takes from 30 to 90 days, depending on the speed of the county tax collector. During the first 30 days the previous owner usually has the right to pay up the taxes and reclaim the property.

(In Vermont the owner has a whole year.)

That repossession seldom happens with property on the low end where I suggest you do your buying.

If you are worried that the owner may pay off the taxes owed within 30 days and get the title back from you, In the fourteen years I've been around these kind of buys, I've only known of two properties being redeemed within that 30 day grace period. The reason is, if they haven't paid those taxes in four years, they usually don't intend to. Many of them are glad it is now unloaded.

This limited warranty deed from the state means you have all the rights of ownership on that property the state is authorized to give you. After two years a title attorney can upgrade the title for you.

"WHAT? Does that mean I have to wait TWO YEARS before I sell my property?"

No. I have seen property actually change hands before the buyer got out the courthouse door, before the money ever went down, the property was sold. Both parties were professional buyers though and knew the property MIGHT be redeemed, and what to do if it was.

"Are you telling me that somebody at the auction bought land from another buyer at the auction before the buyer paid for it? That's stupid. Why didn't he just bid on the property?"

"Heh, heh, heh. Why would I want that piece of property from you?"  
I heard the prospect ask.

"Because," I heard the reply, "It is sitting right beside your other property there. You don't mind me making a hundred dollars for knowing how to read a map, do you?"

Technically speaking, you can resell the property just as soon as the deed is in your hands. (Just remember that you can only offer a Quit Claim deed which relinquishes all of your rights to that property.) As a friend of mine is glad to point out, "You can only sell that which you own; and that means I can legally sell you all my rights in the Brooklyn Bridge for any amount you believe is fair and equitable."

## **Bidding By Mail**

Now you can also make bids by mail at an auction, but a deposit is required on each property you want to bid on. And, your bid must be received no later than 7 days before the actual sale begins. Since you have no way of knowing which properties are going to get scratched off the list by getting paid off just before the sale begins, you'd have to make three times as many bids in order to catch some property still up for sale at the auction.

"What happens then?" Then, that property is bid on at the sale. After the top bidder is picked, the state opens your bid. Even if it is higher than the top bid, don't start cheering. Then the bidding at the courthouse is reopened and someone usually gets your property just by saying, "And \$1." Naturally, if your bid is lower than the new highest bid, you lose out on the first go-round. The only good news is, if your bid is not accepted, then your deposit is cheerfully refunded.

## What if the bid sheet says There's a House on the Property?

First off, don't get excited if there is a house showing up on a likely piece of property and you haven't gone to see it. If you haven't gone to assess it, when there is a house on it you can usually ignore whatever value they assign to the house as useless in determining your bid.

First off, the value is set from what the house looked like four years before. It might be a shell by now. It might even be condemned by this time, and it will become your responsibility for tearing it down. So, for houses the rule is, **always go look before you leap**, or don't add anything in your bid for the house.

Especially in the inner city, gangs infest abandoned houses to do their dope. In the country, neighbors will dismantle those parts of the house they want -- and last of all kids will walk for miles just to break the windows out of an abandoned house. Subsequently, the best thing you can do (in my opinion) is to pretend the house is not part of any property you are bidding on at a tax sale if you haven't actually seen it.

### Location, Location, Location

The thing to ask yourself on any property purchase is this: Is this where progress is moving towards? If it is, if the price is right, buy it. The most important consideration is the location of the property. Take a cruise around the neighborhood on several different days, just to get a feel for the people there. What I especially watch for is broken glass on the street.

"What is so bad about broken glass on the street? In New York the streets are constantly covered with broken glass!" That's one more reason why I don't buy property in New York. Okay, broken glass on the streets means that there are some frustrated, angry people in that area.

When happy people drink they drink where everything gets picked up. Unhappy people throw their booze bottles into the street because they could care less who gets hurt. Quite often you can spot one particular part of the street in front of a house that is always littered with glass. Don't buy anything in that area...no, not buy anything for blocks around that area. Those are the folks who are smoldering with hatred. They will burn outsiders out.

Again and again I've seen it, a house will be sold to some outsider, and before the ink is dry on the deed, the house is torched, burnt to the ground with neighbors gyrating in the lights of the fire trucks until the ashes smolder. So you watch for broken glass on the street, or whatever the sign of a bad neighborhood is in your area. One more thing to watch out for is that dirty graffiti; if it stays on the walls then the owners feel helpless. Sooner or later there will be a migration from that area, which in turn means you will have a tough time re-selling your property.

Another clue is the demeanor of the police.

Do they look like friends out there protecting friends?

Or, are they veteran troops going out into a battle zone?

On the plus side... Look for sidewalks in good repair. Look for cheerful city employees on the street. Look for happy children playing in their yards or in the street. Look for nearby shopping centers, hospitals, parks. Check for streets that are lighted after dark (come back at night to make sure they actually come on as shooting them out is a favorite pastime in some areas you don't want to be in). If everything else meets your needs, then last of all, taste the water.

One final bonus tip, while at the tax office researching land in the country, one thing I especially watch for are insurance company owners. Why? **Because if insurance companies have been buying in an area then I know the land there is a relatively sound investment.**

There are another 17 chapters in the complete book. And, in the complete Real Estate Buying Power Package there is a well rounded approach that will put your feet solidly on the ground. Take a moment to glance over the list of material.

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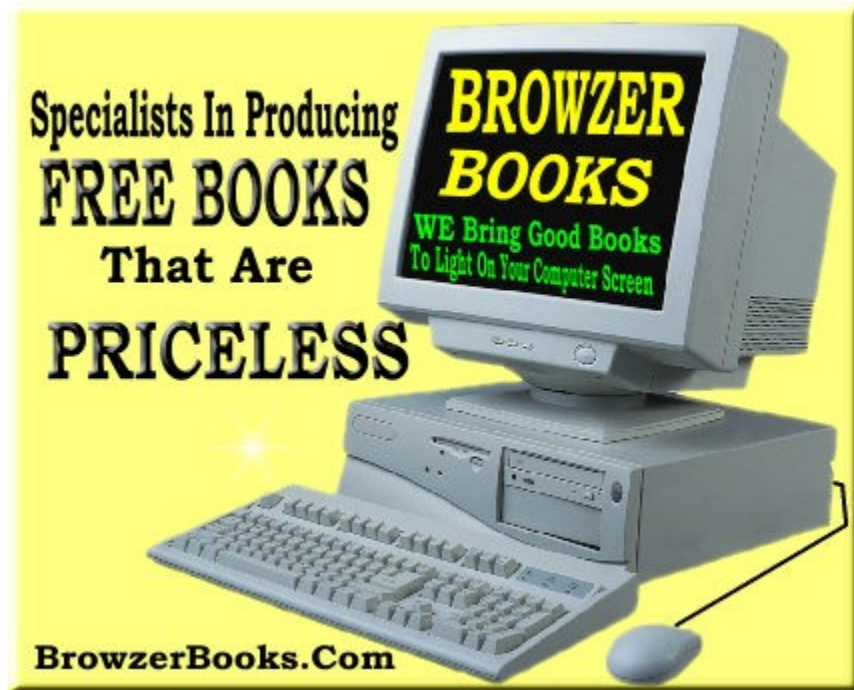
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