Pima County

Tax Lien Sale
2012

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I. DISCLAIMER
(Mandatory Reading)

Welcome to the Pima County 2012 Tax Lien Sale. This is a public sale of delinquent real property taxes, held pursuant to Arizona Revised Statutes, Title 42, Chapter 18 Article 3, Section 42-18126, and the law of the land.

To those of you who are new to this type of sale, I would like to make clear the manner in which this sale will be conducted, exactly on what you are bidding, and what you will receive in the event you are successful in purchasing a tax lien on a property.

You **are not** bidding an amount that you wish to pay in order to obtain a Certificate of Purchase; you are bidding the rate of interest that you are willing to accept on your investment. The amounts printed in the newspaper are the base tax, interest, and penalties due through February 2012. You are not purchasing property, but a tax lien against the property in the amount of your investment. In the absence of any future payments by the property owner, your Certificate of Purchase allows you to make subsequent payments of delinquent taxes. This amount will be added to your initial investment and continue to draw interest at the same rate as originally bid until such time as the tax lien is redeemed or a foreclosure action results.

Pursuant to Arizona Revised Statutes, Section 42-18201, you must hold the certificate for a period of three years from the date of original offering before initiating an action in Superior Court. **You are advised to investigate, prior to bidding**, to determine whether the property would be of sufficient use or value to you should you be fortunate or unfortunate enough to be in a position to obtain a deed at some future date.

Legal descriptions are obtained from the **assessment and tax roll** generated by the County Assessor, who, by the way, does not guarantee the descriptions are complete or entirely correct. You are advised to independently verify legal descriptions prior to bidding. Otherwise, difficulties, including obtaining title insurance, may occur in connection with foreclosure.

In the event the Board of Supervisors, by resolutions, retroactively cancels a property or corrects the valuation or classification of a property, you may not receive the anticipated interest. If the resolution results in increased tax on a property on which you hold an existing lien, you will be required to pay the additional amount of tax or your existing lien amount will be refunded without interest.

The tax lien you wish to purchase may be rescinded due to a pre-existing stay order from Bankruptcy Court. In that case, only your purchase price will be refunded to you at such time as the existence of the stay order affecting a particular property is made known to the Treasurer.

In the event of a bankruptcy proceeding either before or after the sale of the lien, there is no guarantee the purchaser of the tax lien will be refunded his/her entire purchase amount, receive the anticipated interest, or receive any interest whatsoever. The United States Bankruptcy Court will make that determination!

In the event a property has been split from another property with delinquent taxes, there may be tax liens prior and superior to the one you are purchasing. You are advised to research such genealogy and tax status prior to bidding.

Due to re-platting, conveyances, etc., real estate may have a different legal description and/or different parcel number for different tax years. Once again you are advised to research the genealogy of a property prior to bidding in order to buy all delinquent taxes under all parcel numbers for that property.

You are advised that, pursuant to the laws of the State of Arizona, specifically ARS 42-18116, in the event a person to whom a tax lien has been sold fails to pay the amount due and the sale has closed, the Treasurer may recover the amount bid by civil action in a court of competent jurisdiction.

Again, I would like to welcome you to the Pima County Tax Lien Sale. Welcome to in my humble opinion the ultimate in buyer beware. On your own volition, you are about to do business with government and government has written every one of the rules by which we play this game.

Caveat emptor! Let the buyer beware! Good luck and good bidding.

II. RECOMMENDATIONS

A. PIMA COUNTY'S BEST

As a potential investor of tax liens, **you** are advised to thoroughly research all aspects of property you are interested in to determine its value to you.

B. WHAT YOU SHOULD DO/KNOW

You should independently verify legal descriptions of properties before bidding. Otherwise, difficulties, including obtaining title insurance, may occur during foreclosure proceedings.

You should research genealogy and tax status of properties before bidding. Pima County and the Pima County Treasurer make no title warranties on properties at the sale. Neither the County nor the Treasurer warrants title concerning disclosed or undisclosed title problems including any environmental problems.

You should know in the event a property is obtained by the Federal Government by forfeiture, you will not receive the penalties you paid on the lien.

You should know that on certain parcels, in addition to ad valorem taxes offered for a tax lien sale, there might be special assessments due that are unknown to the Pima County Treasurer.

You should know that in the event the Board of Supervisors retroactively cancels a property or corrects the valuation or classification of a property by resolution, you might not receive the anticipated interest.

You should know that in the event of bankruptcy proceedings either before or after the sale of a tax lien, there is no guarantee that the investor of the tax lien will be refunded his/her entire purchase amount, receive the anticipated interest, or receive any interest whatsoever. <u>The United States Bankruptcy Court will make that determination.</u> Liens will be offered for sale that are currently under bankruptcy protection. We will provide you a list of those parcels that are under bankruptcy protection, to the best of knowledge. We make no warranties as to the accuracy or completeness of this list. It is provided to you as a courtesy by the Treasurer's Office.

C. RESOURCES

A wide variety of research materials on property tax liens are available to the general public. The Pima County Treasurer's Office has computers, microfiche, and microfilm to research County and Treasurer's Office records. We also provide data on a CD at your request for a fee of $50.00. CD fees are non-refundable. Members of the Treasurer's Office staff are available Monday through Friday, between 8:00 AM and 5:00 PM to assist in answering tax lien questions. They can be reached at (520) 740-8341.

You may obtain general tax information by visiting the Treasurer and Assessor web sites at www.to.pima.gov and www.asr.pima.gov . For additional information regarding these services, please contact our office at 1-520-740-8341. To obtain information regarding Arizona Revised Statutes, you may visit the Arizona State Government website A.L.I.S. (Arizona Legislative Information Services) at www.azleg.state.az.us. Please note that the Treasurer's Office website DOES NOT contain accurate delinquent tax due information. Many of the fees have not been included.

The Pima County Treasurer's Office presents the information within this document as a service to the public. We have tried to ensure that the information within this document is accurate. The Treasurer's Office makes no warranty or guarantee concerning the accuracy or reliability of the information contained herein. Assessing accuracy and reliability of information is the responsibility of each individual. The Treasurer's Office shall not be liable for errors contained herein or for any damages in connection with the use of the information herein.

III. DEFINITION AND PROCEDURES OF A "TAX LIEN SALE"

A. DELINQUENT PROPERTY TAXES IN PIMA COUNTY

The Pima County Tax Lien Sale is held annually in February (A.R.S. 42-18112). The sale involves the offer/purchase of delinquent taxes for the previous tax year. To be included in the sale, taxes must be delinquent for two or more years. (ARS 42-18104). For example:

2010 tax liens will be offered for sale in February 2012 (A.R.S. 42-18104)
2009 tax liens were offered for sale in February 2011
2008 tax liens were offered for sale in February 2010

You are NOT purchasing property. Instead, as an investor in Pima County, you are purchasing a tax lien (certificate of purchase) in the amount of all taxes due, interest charges and related fees. A certificate of purchase or CP is defined as a lien document signifying payment of delinquent secured property taxes by an "investor." The lien against the property is sold in an open competitive bidding process based on the lowest interest rate to be received by the investor. Bids are accepted in 1% decrements.

By State Statutes, a formal list of all delinquent parcels is advertised in the issue(s) of a paper of general circulation two weeks prior to the sale. The property subject to the 2012 tax lien sale for delinquent 2010 taxes will be published in the Daily Territorial. To obtain a copy of the list, please contact the Daily Territorial at (520) 294-1200. The listing is also published on the Internet at www.ananews.com where you will find the appropriate link.

B. BIDDER REGISTRATION

The Treasurer's Office is required by the Internal Revenue Service to obtain the tax identification number and a completed W-9 form at the time each buyer registers as a bidder. Regulations implemented by the Internal Revenue Service require the Treasurer's Office to withhold 28% of all proceeds for non-compliance or incorrect reporting of the tax identification number.

For individuals, the tax identification number (TIN) is your Social Security Number (SSN). Incorrect numbers may occur because of a name change due to marriage, divorce, adoption or some other reason that has not been communicated to the Social Security Administration. Alternatively, the account may not contain the correct number of the actual owner. An account must be titled in the name of the actual owner, not a child's name with the parents SSN.

For most non-individuals (i.e., trust, estates, partnerships, and similar entities), the tax identification number (TIN) is the Employer Identification Number (EIN) for the organization. The EIN on your account may be incorrect because it does not contain the number of the actual owner of the account. For example, an account of an investment club or bowling league should reflect the organization's own EIN number rather than SSN of a member.

Please make sure the TIN you write on the Bidder Information form matches the name shown on your social security card or Employer Identification form. Should you have any doubts about the number and name matching, send us a copy of your Social Security card, Notice of EIN (Form 8501), Application for EIN (form SS-4) or Notice of New EIN Assigned (Form 5372).

C. THE BIDDING PROCEDURE

Liens will be offered for sale by the corresponding sequence number for each parcel by the auctioneer in the order they appear in the newspaper. Bidding on the parcel number begins once the corresponding sequence number has been called. The interested investors hold up their assigned bidder cards while calling out their desired rate of interest, the maximum being 16%. If two (2) or more bidders bid on the same parcel, the Auctioneer and two observers will determine the successful bidder. The bidder who offers to accept the lowest rate of interest is awarded the lien. Bidders must be present. Telephone or mail bids are not accepted during the sale. The successful bidder must pay the entire amount due by close of business the day following the end of the sale. You are advised that, pursuant to the laws of the State of Arizona, specifically ARS 42-18116, in the event a person to whom a tax lien has been sold fails to pay the amount due and the sale has closed, the Treasurer may recover the amount bid by civil action in a court of competent jurisdiction. The sale continues until all liens are sold or a lack of bidding warrants discontinuing the sale. Once purchased, ALL SALES ARE FINAL.

Any decisions made by staff in the absence of the Treasurer are to be considered as if the Treasurer made the decision.

D. AMOUNT OF PURCHASE

The amounts printed in the newspaper represent the total purchase amount, which includes the base tax amount, interest accrued through February 2012, and penalties. Additional fees of $20.00 will be charged (a $10 non-refundable processing fee and a $10 Certificate of Purchase fee) per parcel.

E. PAYMENT FOR CERTIFICATE

The total purchase amount must be paid by the close of business the day following the end of the auction. Payments must be made at the Pima County Treasurer's Office located at 115 N. Church Avenue, Tucson, Arizona, 85701. Upon payment of the purchased tax liens, the investor will be issued a receipt that indicates the parcel number, the certificate number and dollar amount paid. Acceptable forms of payment are cash, check, cashier's check, ACH or wire. If you wish to pay by wire, please contact us at (520) 740-8775 for instructions.

ALL SALES ARE FINAL unless there are mitigating circumstances. Such circumstances should be placed in writing and submitted to the Treasurer for her decision.

F. REGISTER OF CERTIFICATES OF PURCHASE

The Pima County Treasurer provides for a registered certificate of purchase in the Treasurer's records in lieu of a physical certificate (ARS 42-18118). Each bidder will receive a quarterly statement titled "Unmatured Tax Lien Portfolio." This statement will reflect all outstanding, unredeemed certificates of purchase for the bidder number indicated on the statement. It will include the certificate number, parcel number, interest rate, purchase date and certificate amount by tax year, and total certificate amount.

G. TRANSFER OF CERTIFICATE OF PURCHASE

If not redeemed, a Certificate of Purchase (CP) may be transferred to another registered bidder. The transferring owner must complete a "Request for Reassignment" form (found on our website) for each CP. After the form has been notarized it must be submitted to the Pima County Treasurer's Office with a $10.00 transfer fee (per CP), for the transfer to be processed. Once the taxes are redeemed, the Treasurer then initiates a redemption payment to the last CP holder on record.

IV. THE DEEDING PROCESS

For an investor to obtain a Judicial (Judgment) Deed to the property as a result of non-payment of a tax lien, the investor must hold the tax lien certificate for a minimum of three (3) years from the date the certificate was first offered for sale. A foreclosure action in a Pima County court of competent jurisdiction can order a transfer of title from a property owner to a tax lien holder because of non-payment of property taxes. (A.R.S. 42-18203/18204).

As an example, in the case of a 2005 tax lien certificate purchased at the tax lien sale on February 26, 2007, you could file an action in a court of competent jurisdiction to foreclosure after February 26, 2010 to receive a judgment deed to the property.

Please be aware that, if you own six or more lots in a subdivision, you may be considered a "subdivider." You should contact the Arizona Department of Real Estate for determination and instruction.

V. REDEMPTION OF A TAX LIEN CERTIFICATE

Any time during the period an investor holds a tax lien certificate, it is subject to redemption by the property owner, his agent, assignee, attorney or by any person having legal or equitable claim therein, including a purchaser of a certificate of a different year (A.R.S.42-18151/18153). Full payment of all taxes, interest and fees is required to be made by the property owner, et al. Per A.R.S 42-18154A, the Treasurer must be satisfied that the person or entity redeeming the lien has the legal right to redeem. Recorded documents or evidence of recording may be required to establish proof of right to redeem.

Should the tax lien certificate be redeemed any time prior to deeding, the investor will receive the purchase amount, less non-refundable fees, plus the rate of interest bid at the time of the sale. If purchased at the tax lien sale, interest will accrue from March 1st and each month thereafter until redeemed (A.R.S. 42-18153). Any portion of a month counts as a whole month. (A.R.S. 42-18053)

VI. NEW ASSIGNMENT PURCHASES

Lists for new assignments and the accompanying payments **must be received by the Treasurer's Office** during the dates listed below:

April 1 through April 20 / May 1 through May 20 / June 1 through June 20 / July 1 through **July 15**
October 1 through October 20 / November 1 through November 20 / December 1 through **December 15**
Please note that we do not sell new assignments during the months of January, February, March, August, and September. A completed Form W-9 should be included with your submission if one is not already on file in our office. A fee of $10.00 (ARS 42-18122) is required for each lien being purchased.

Submissions may be submitted in person or by mail. However, any submission consisting of more than 25 parcels must be submitted electronically (e-mail or on disk) in Access, Excel, DBF or TXT format.

VII. SUBSEQUENT TAX PURCHASES

Lists for sub taxing (subsequent tax purchases) and the accompanying payments **must be received by the Treasurer's Office** during the dates listed below:

April 1 through April 20 / May 1 through May 20 / June 1 through June 20 / July 1 through **July 15**
October 1 through October 20 / November 1 through November 20 / December 1 through **December 15**

Please note that we do not sell subsequent tax years on existing liens during the months of January, February, March, August, and September. A fee of $5.00 (ARS 42-18121) is required for each parcel being sub taxed.

Submissions may be submitted in person or by mail. However, any submission consisting of more than 25 parcels must be submitted electronically (e-mail or on disk) in Access, Excel, DBF or TXT format.

VIII. EXPIRATION OF TAX LIENS

The Arizona Revised Statutes provides that the right to bring an action to foreclose the right to redeem terminates ten years from the date the lien was purchased. The certificate of purchase or registered certificate then expires and the lien is void.

A judicial proceeding may prevent the Pima County Treasurer's Office from voiding your lien on its records. If a judicial proceeding for the certificate of purchase begins before the expiration date of the lien, it is imperative that you provide the Pima County Treasurer's Office with verification of the judicial proceeding as soon as possible.

IX. CONTACT INFORMATION

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