DeedGrabber’s
Underground Tax Sale Strategies
How The Pros Profit From Tax Sales Without Bidding, Waiting, or Risking Their Own Cash
Gold Mine or Trap?

Property taxes on a typical house are just $300 - $2000 per year. After a year or two of non-payment, the government gets serious about collecting its money and offers the property at a tax sale.

The house is usually offered for a minimum bid, which covers the back taxes plus small fees. A lot of the time, valuable houses and land will be offered for only $300 - $4000.

If you manage to get a property, mortgages and liens are generally wiped off. So, it will be free and clear.

This sounds like a gold mine, but it's NOT. Let's see why.
The Reality of Tax Deed Auctions

When the government offers tax deeds at a public sale for a tiny fraction of property value, then lots of people will want to get in on the action. So, there could be 100 people who will show up at the sale wanting to purchase that great $50,000 property for $1,000.

The government will hold an auction to see who is willing to pay the most for the property. Auction fever sets in, and when the dust settles, that property might sell for $25,000 - $50,000 or more. The property might end up going for almost its full value.

But this isn’t the only way that governments can recover their back taxes through a tax sale. In other cases, they sell a tax lien against the property instead of auctioning the property itself.

How does that work?
The Reality of Tax Liens

Some states offer tax liens instead of auctioning the property itself. A tax lien basically lets you pay off the delinquent taxes on behalf of the property owner and receive a first-priority lien from the government in return.

The owner is now given a certain amount of time to pay off your lien along with interest to avoid foreclosure. This period of time is called the redemption period.

If the owner pays off the lien, you receive your investment back with interest. If the owner fails to pay off the lien, you can claim ownership of the property in most states.

Sounds great, but here’s the reality. You have to wait out the long redemption period before you can acquire the property. In most states you will also have to hire an attorney and order a title report for each property. This can easily add $1000 or more per lien in expenses. You’re reimbursed for these expenses in the event that you’re successful. However, most owners will pay off the lien, so you will get nothing in the end.

Also, if there is a long redemption period, you may have to continue to pay property taxes as they become due.

So all in all, you might end up investing more over the life of the lien than you did to acquire the lien in the first place. Bottom line: You will wait months or years to acquire property from a tax lien sale, and you may not even acquire any property.
Other Tax Sale Disadvantages

Research

Tax lien and tax deed lists often have hundreds of properties listed on them (our county once had 10,000). And once you purchase, there are no refunds.

So, you have to know what you’re willing to pay for each property on the list, when you attend the lien or deed sale. A good portion of the tax sale list is often worthless, properties that you would never be able to resell or profit from, like unbuildable/landlocked lots, ravines, and drainage ditches.

After eliminating these, you’ll have to assign a value that you’re willing to pay for each remaining property, and make sure the property is in suitable condition. And, while you’re waiting for your tax deed, the property can deteriorate substantially.

So research can be very time-consuming. Errors are easy to make. And you’re vulnerable to events beyond your control.

No Inspection

You cannot inspect the interior of any structures that you are about to acquire. So you have to take your best guess when you view the outside, what the inside condition will be. Beware: you will rarely be pleasantly surprised at the interior condition of a tax sale property.
Title Issues

When you acquire a property through tax sale, you will not have marketable title. This means no title insurance company will insure your tax deed as-is, so you cannot immediately resell.

You will have to call up the attorney again and spend some more money. He’ll do a “quiet title” action for you, which will allow you to sell the property with title insurance. Expect to pay $500 - $2000 each for the quiet title actions, and be prepared to wait several more months at a minimum while this is done.

Noticing Issues

Owners, mortgageholders, and other parties with interest in the property must be notified of the tax sale, often several times. If this noticing is not done correctly, a judge will overturn the tax sale on the property and you can lose big time.

This is why title insurance companies don’t insure titles until you do a quiet title action. They want to see that you’ve given final notice to everyone who was interested in the property and that you are now the owner.

Noticing for tax deeds is usually done by the county before the sale. If you buy a tax lien, you will have to hire an attorney to do it at your own expense.
Underground Strategy 1

Tax-Delinquent Properties

You need an easy-to-obtain list of motivated sellers that hardly anyone else is targeting, right? You can get that list right at your county treasurer’s office if you know how to ask for it.

Depending on the size of your county and the tax sale system your state has, there may be anywhere from 500 to over 100,000 tax-delinquent properties at any given time right in your county. You need to narrow down the list to just properties in the $10,000 - $100,000 range, and start with the out-of-area owners.

Mail a postcard offering to purchase the property. Then save the returned mail you get and do some snooping online to find some red-hot leads. Out of town, tax-delinquent owner with bad mailing address - good prospect? You better believe it!

Using this list you can easily get many properties under contract and sell to our buyer’s list. Sometimes you’ll find people that just don’t want the property and we’ll be able to buy it for a token amount like $50. Pretty sweet – and easy on the wallet.

We’ve laid out our entire tax-delinquent property system in a 120-page ebook, “Go Ahead – Be A DeedGrabber”.

Learn more at http://www.deedgrabber.com/orderpage
If you're thinking about investing at your next tax lien sale, and you want to get properties, know that most owners will pay off the lien and you'll get nothing. If you do get any properties, you will have wait months or years to claim them.

We can't do anything about the wait – but we can definitely improve your odds of obtaining properties from the liens you buy by a factor of 10 or more.

Use Underground Strategy #1 before the tax lien sale – but send to everyone who has a property you might be interested in, whether they're out-of-area or not. Do this the moment the tax lien sale list comes out.

Collect your returned mail and diligently try to contact the owners of properties that will be in the lien sale whose mail has come back to you. Can’t find them anywhere? GREAT! Add them to the list of “Must Buy” tax liens, since these are least likely to pay off their lien.

Take this list and run the names through the social security death index (http://ss-index.com). If the owner is deceased, there’s even less chance that the lien will be paid off.

Limit your purchases to liens with bad addresses and/or deceased owners and watch your property acquisitions skyrocket!
Underground Strategy 3

Last Minute Redemptions

You often have months or years to find a buyer for tax-delinquent properties before they’re lost to tax sale. Not so when the tax deed sale, or redemption deadline from the tax lien sale is approaching.

Now you have 30 days or less to locate the owner or lose the opportunity. This is one of our favorite times to work the business, because the owners do not have the luxury to put off a decision on what to do with the property.

By now owners often know they will be unable to redeem the property and will instead take a small amount of cash so they get something instead of nothing. You may initially miss some owners while you research delinquent properties and now is the perfect chance to grab them.

You should focus on these last-minute properties, because you usually only get the chance a few times or even once a year to get these fantastic deals. You should do everything in your power to locate every owner of a property that’s about to go to a tax sale buyer. Then get this property dirt cheap. Of course, we can also still quickly flip these properties to members of our cash buyer list in as little as a few days – with no money out of pocket.
Here’s even a way to profit AFTER the sale! Competitive bidding inflates the price of properties and makes the purchase unprofitable for us. But what happens to the excess of the sales profits after the taxes and fees are paid off?

In a lot of areas these “overages” are due to the former property owner! If the minimum bid was $2000, but someone outbids us at the sale and offers $40,000 for the property, that $38,000 excess is due to the original owner.

The county often gets to keep unclaimed funds, so it certainly will not go out of their way to inform the owner.

So here’s what you do. Submit a public records request to determine the unclaimed funds a county is holding and who this money is owed to. Then locate the owners and retrieve the funds for a 40-50% finder fee. So both you and the owner profit!

Bonus: We Invite You to a FREE Webinar with Attorney Bob Diamond

“Earn Big Paychecks From Tax Sales Properties”

Check Next Event Date
visit www.instanttaxproperty.com/webinar

Typical attendance is around 30-45 participants
Thank You and Good Luck!

We hope you’ve found this guide helped you get inspired to get started in this business. As you can see, tax lien and tax deed sales are for serious investors only, who have lots of cash that they can tie up for long periods of time. Trying to profit on a shoestring by attending a tax sale is a recipe for disaster.

You will be outbid at a tax deed sale, or pay too much for the property. And if you go the tax lien route, you will wait months or years to acquire a property, or in the end you may not even acquire any property.

There is lots of money to be made without competitive bidding. The strategies we’ve shown you here are far easier and more profitable.

We sincerely want you to succeed. That’s why as a bonus, the first lesson of our free 5-day mini-course should be on its way to your inbox. In addition, you can learn more about deedgrabbing in our 120-page ebook, “Go Ahead – Be A DeedGrabber” (to learn more visit http://www.deedgrabber.com/orderpage)

We also run a monthly webinars that show you how to profit from Tax Sales Overage Funds, Underground Strategy 4 (to learn more visit http://www.instanttaxproperty.com/webinar)

Sincerely,

Bob & Rick