

TAX LIEN CERTIFICATE SALES

- ✓ LORRAINE M. FENDE
- ✓ TREASURER
- ✓ LAKE COUNTY, OHIO



EACH YEAR BILLIONS OF DOLLARS IN PROPERTY TAXES GO UNCOLLECTED.



- ✓ In Ohio alone, each year there are approximately \$ 1.7 billion in delinquent property taxes.
- ✓ Counties face budget shortfall.
- ✓ Schools are forced to rely on levies to meet their needs.
- ✓ Counties are searching for alternative collection tools.
- ✓ Citizens who pay taxes are deprived of needed services.

IMPORTANCE OF COLLECTING DELINQUENT TAX DOLLARS.



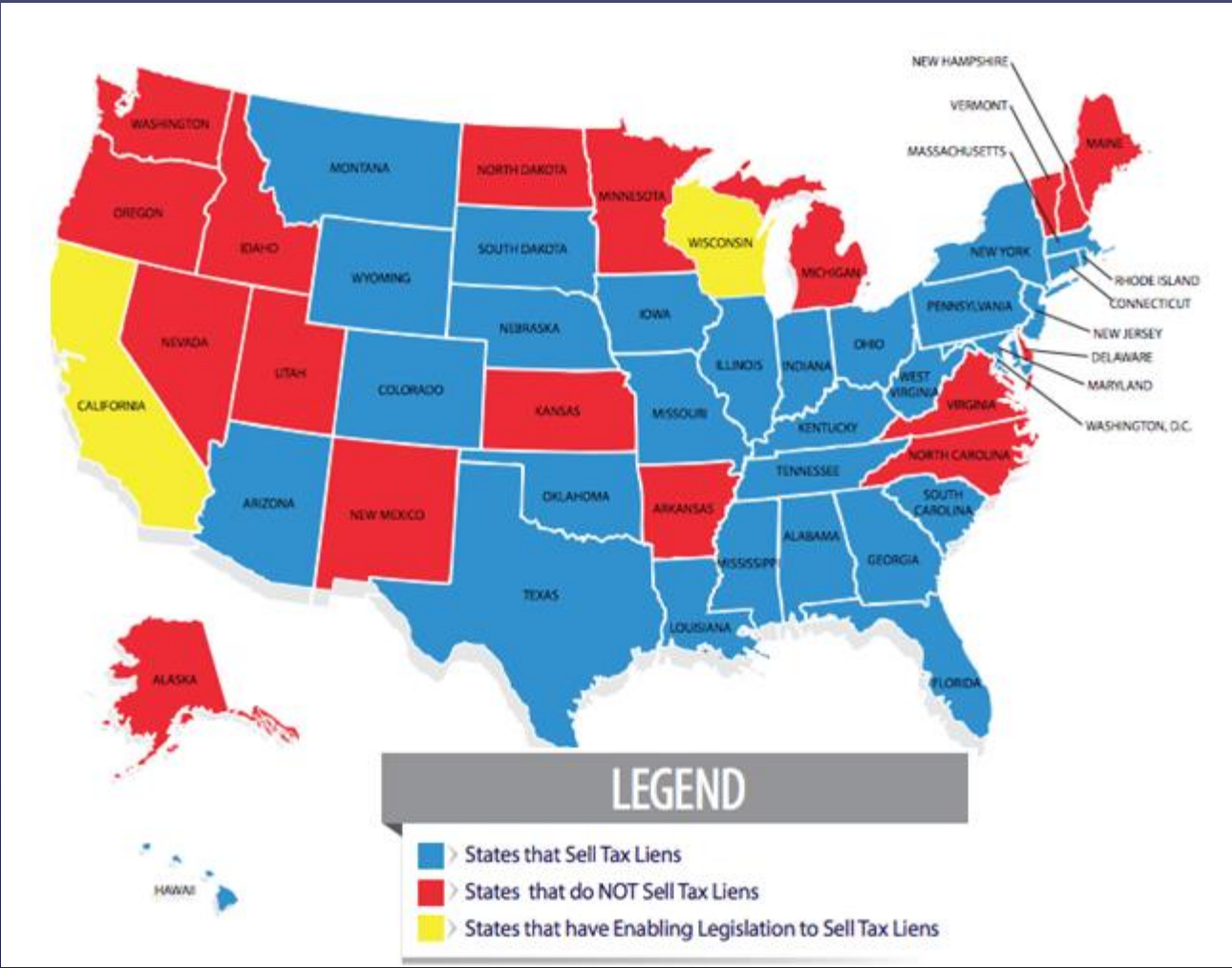
- ✓ Each year, anywhere from 3-5 billion dollars in delinquent real estate taxes are offered for public sale around our country.
- ✓ It is important to realize that these monies are earmarked by local governments to fund:
 - ✓ The public education of our children.
 - ✓ Police and Fire protection
 - ✓ The fundamental systems serving Lake County for example: the elderly, parks and libraries.



TAX LIEN STATES

- ✓ Currently Washington D.C. is utilizing Tax Lien Sales.
- ✓ Currently 29 States are utilizing Tax Lien Sales.
- ✓ Currently 2 more States are adding Tax Liens legislation.
- ✓ Currently 1 State is voting on legislation for Tax Lien Sales in 2015.





HISTORY OF TAX LIEN SALES IN OHIO



- ✓ House Bill 371 introduced on April 8, 1997 and signed into law on November 26, 1997, allowed counties with a population of at least 200,000 to collect delinquent Real Property Taxes by selling Tax Lien Certificates to private investors (O.R.C.) in 1998.
- ✓ Amended in late 2008 to allow all Ohio Counties to conduct a sale beginning in 2009.

Currently 34 counties in Ohio are using Tax Lien Sales.





OHIO COUNTIES THAT UTILIZE TAX LIEN SALES





TREASURER'S AUTHORITY UNDER O.R.C

- ✓ Ohio Revised Code authorizes the County Treasurer to sell delinquent taxes to a third party.
- ✓ The sales are conducted under authority of 5721.33 Ohio Revised Code.
- ✓ Treasurer has the discretion to set forth all terms and conditions, 5721.33A4 Ohio Revised Code.
- ✓ Treasurer negotiates and complies with all terms and conditions necessary for the sale, 5721.31 Ohio Revised Code.



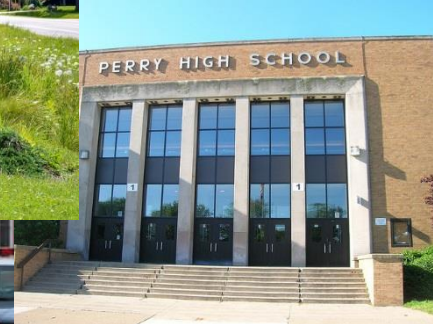
HOW TAX LIENS WORK

- ✓ It is widely MISUNDERSTOOD that Tax Lien Sales cause property owners to lose their homes to investors.
- ✓ The reality is that very few occupied homes are lost through Tax Lien Certificate Sales.
- ✓ The opposite is true: Tax Lien Sales actually extend the period for which property owners can save their property.
- ✓ The cost to redeem the Tax Lien Certificate is low relative to the value of most homes, so lenders often redeem the property or home owners sell before all is lost.
- ✓ Instead, through tax sales the local governments get the cash they need immediately and there exists a prolonged stay against foreclosure to allow property owners to get caught up.
- ✓ The vast majority of properties acquired through Tax Lien Certificate Sales are vacant land, vacant homes, and vacant commercial property.

OBJECTIVES



- ✓ Utilize all available tools to collect taxes.
- ✓ Collect delinquent taxes.
 - ✓ Tax payment in full upfront.
 - ✓ Decrease number of foreclosure properties.
 - ✓ Return delinquent properties to active tax roll.
 - ✓ Continuous revenue for subsequent delinquent taxes.
- ✓ Protect Quality of Life for County Residents.
 - ✓ Allow residents to avoid foreclosure and retain their homes.
- ✓ Treat Taxpayers in an Equitable Manner.
 - ✓ Every property owner will pay their share of taxes.
- ✓ Meet Fiscal Needs of Public Systems.
 - ✓ Schools
 - ✓ Police
 - ✓ Fire
 - ✓ County: Parks, MRDD, Libraries, Etc.





BASIC STEPS FOR TAX LIEN SALES



- ✓ Negotiate a contract with a third party to purchase the delinquent taxes.
- ✓ Send Certified letter informing taxpayers of the possibility of a tax sale.
- ✓ Third party pays the delinquent taxes in full.
- ✓ Third party collects the delinquent taxes from the taxpayer.
- ✓ The money from the sale is distributed to the different entities.



BENEFITS OF A TAX LIEN SALE

- ✓ # 1 Benefit is that it motivates over 50% of Delinquent Taxpayers to pay their taxes before the tax sale.
- ✓ The Third Party immediately pays the FULL amount of taxes owed to the county for each parcel they purchase.
- ✓ The Third Party Purchaser may purchase subsequent delinquent taxes as a means of consolidating the debt. This will ensure that the county will receive taxes on those parcels that continue to stay delinquent.





BENEFITS TO THE DELINQUENT TAXPAYERS

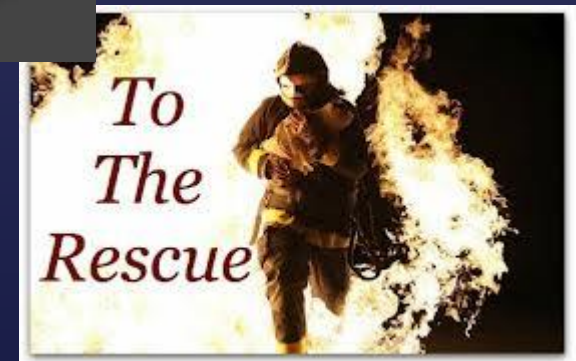


- ✓ Redemption period is extended.
- ✓ Payment plans will be established with the company that purchases the tax liens.
- ✓ Collection and notification procedures are controlled by the Ohio Revised Code.



HOW TAXPAYERS BENEFIT

- ✓ Fortunately, 97% of the nation's taxpayers pay their property taxes on time.
- ✓ Additional funds for schools, police & fire departments, parks, elderly and more as a result of the Tax Lien Sale.
- ✓ Assurance that everyone will pay his or her fair share.





HOW GOVERNMENT BENEFITS



- ✓ Collect revenue immediately to impact current budget restraints.
- ✓ Supports local schools, various safety and health organizations by providing an immediate revenue source.
- ✓ Decrease in total delinquent properties.
- ✓ Increase Bond Rating.



CONCLUSION

- ✓ TAX LIEN SALES ARE A VALUABLE TOOL TO KEEP OUR COMMUNITY EDUCATED, SAFE, HEALTHY AND IN POSITIVE MENTAL HEALTH.



SOURCES OF INFORMATION

✓ SOME OF THE INFORMATION FOR THIS PRESENTATION WAS PROVIDED BY :

TAX EASE

NATIONAL TAX LIEN ASSOCIATION

LAKE COUNTY AUDITOR'S OFFICE