

Coach Mitch's
Tax Delinquent Real Estate
Ridiculously Simple System *sm*

**Questions To Ask
Government Officials
About Tax Delinquent Property**

People who can tell you what you must know before investing in tax delinquent real estate.

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Anyone considering any investment should find out about that investment before investing. This is called “due diligence.” Due diligence is especially necessary with tax delinquent property, as government makes the laws, interprets the rules, creates the exceptions, determines when and if to exercise any policy, and is in charge of any disputes. The game sounds rigged, but the rules are public and if you know how to play – there is plenty of profit. This manual outlines what you should ask and of whom, so you don't get into trouble.

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Starting is hard

When starting out, we are all apprehensive. Some of us are downright scared. It is legitimate that we should be concerned because this is our livelihood, our dream.

Talking to government officials

WoW! Talk about scary! If we mess up in this phase of the operation, what will it matter if we succeed elsewhere? What can we do to make up for the mess up?

I still recall my beginning calls to county officials. I was a stuttering fool. I had a clear vision of the information that I wanted, but I did not ask questions that were clear, concise, and to the point. I figured that I could explain what I wanted.

County officials are human also

When I finally drew up the courage to call, I was all over the place in my explanation of what I wanted, intimating that I needed lots of information, in several areas, and asking at least five questions instead of one.

Imagine my surprise when the clerk was a bit frustrated that I couldn't get out of my mouth the information that I wanted. She was confused. She didn't know where to start helping me. She wanted to help me, but I had not made it easy.

Take a deep breath

Just calm down. You are prepared. This is America. You are a member of the public and public officials are legally obligated to help you find the information you seek.

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Be prepared

This is the biggest thing. Nothing creates confidence like knowledge.

Have you read, understood, and highlighted those parts of your state's statutes and regulations on public access to information that has been gathered and stored by our governments?

Do you know what a FOIL request is? Do you know the proper form of a FOIL request? Do you know the punishment a public official can get for not fulfilling a FOIL request?

Have you read, understood, and highlighted those parts of your states statutes and regulations on property taxation and delinquent property taxes in particular?

Do you even know the basics, like if your state is a tax deed state or if your state is a tax lien certificate state or if it does both?

First, read the law

I know that this seems hard, but it is very important.

Goto: www.prairienet.org/~scruffy/f/htm

This link has the latest updates to state statutes.

Know your county officials

It seems logical to me that you should know the names and the background of those officials that you will be working with – before you call them.

Goto: <http://www.naco.org/>

National Association of Counties.

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This site lists all the links in the county site, including tax collectors, tax assessors, and county recorders.

Practice, Practice, Practice

Study the questions. Understand their order. Be ready to jump from one subject to another subject when the conversation dictates it.

An ounce of prevention...

Amongst your first activities, you should be picking the geographic area that you want to invest within. Excepting some areas, like Alaska, there will probably be from four to fifteen counties within a convenient commute, say a 60 to 90 minute drive. You can choose any of these counties to start your information gathering investing journey.

I suggest that you start your questioning in a county other than the county which is your prime area for investment. If you do not get along with the county officials, your choices are: sue them or move on to another county. If you sue, you may win, but it will be an empty victory. You will never get their cooperation in the future. Therefore, hone your questioning skills in a county which is not as important to you.

The old saying really fits, "An ounce of prevention is worth a pound of cure."

Always be polite

Never, lose your temper, just walk away. Always say, "Please" and "Thank you."

I suggest that you record your conversations for your own record and protection.

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Questions to ask county officials:

- 1 "I am thinking about investing in real estate in your county. My interest is in property that is tax delinquent. Could you please tell me what happens when a property becomes tax delinquent? I would like to understand the entire process."

I could have asked, "Could you please tell me about your tax delinquent process." The answer would almost certainly have been something like, "We have a tax auction every October..." Its good info, but not what you wanted.

The clerk may still simply iterate the auction date. Say, "Thank you for that information. " Then, just repeat yourself, "Could you please tell me what happens when a property becomes tax delinquent? I would like to understand the entire process."

- 2 If someone does not know some information you need, then ask, "Who might know that information?" What is their title, their phone, their duties, do they have an assistant? What is that person's name, title, phone, and duties?"

- 3 Frame your questions carefully. Play to their vanity. The very best thing that you can do is to make a government official feel important, but not in an obvious way.

If sensing a pause and wanting more info, "Great, what happens next?"

If wanting them to continue speaking, "That's interesting, please continue."

If you didn't hear something, "I'm terribly sorry, could you please repeat that?"

If confused on a point, "I missed something, could you expand on that please?"

If wanting more information, "Very good, please say more about that?"

If excited about something, "Oh wow! How can I find out more?"

Did you notice that I have an adjective or a verb prior to my statement which acts as an exclamation? This is what makes the speaker "feel" good. "Great," or "That's Interesting," shows that you are pleased with their performance and therefore the speaker is pleased that they have accomplished something good.

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Don't gloss over this point. This accumulated good will gains you points and will overcome something negative later on in the conversation.

4 If you don't get exactly what you want, then start with specific questions. "When does a piece of property become delinquent?"

5 "Which public official is responsible for the collection of taxes? What is that person's name? What is their phone number?" Is there an assistant?

At each point in the exercise where another function is involved, make sure to find out the person's name, title, phone number, and specific duties. You will get a great deal more accomplished if going directly to the person who is responsible for your area of need.

6 "Are tax lien certificates (TLC's) sold or does the official actually sell the property and the high bidder gets a deed and possession of the property?"

7 "How long must the property be delinquent before it becomes subject to being sold for non-payment of taxes?"

This is a great question. You will routinely see properties that are tax delinquent for a significant number of years - but they have not been put up for tax auction. One can only speculate why this happens.

8 "What process is used to determine which properties are chosen to be included in the tax deed auction? Who makes that decision?"

Another great question. The answer will lead to that counties decision making process. Invaluable.

9 "What happens after a property is chosen to be part of the tax auction? I am curious about the internal processes?"

In tax deed states, this often means that the county has come to own the property, that redemption rights may not be in place and that the county

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has to do title work for the purpose of due process and perhaps they

create a work file, a maintenance record and do an in-house appraisal for that property. Because I am on good terms with my tax collectors, I often get to look at these records. **WoW!**

10 "When must that official advertise properties that are delinquent for non-payment of taxes?"

11 "Which newspapers carry the advertisements?"

12 "How many times must the advertisement be run?"

13 "When is the very last moment that a tax delinquent can redeem their property?"

You must know this information. It will guide many decisions. Each state is different. Read the law. Speak with the county attorney for his opinion.

The policy of the taxing jurisdiction may be different than what statute dictates. The local policy may be more liberal.

14 "Which section of statute requires how and where the records of tax delinquent property owners shall be maintained?"

This question is crucial. You should understand the importance of asking the question in the manner that I propose. You infer that you know that statute governs this area and you just want to know the specific section.

Your question implies that you also know where to find the law. Therefore, the county official is less likely to lie to you or give you an evasive answer. Statements like this tell the government worker that you are not someone to mess with. You have gained Power and you have not offended. Smart.

If you want to seem friendly or nonchalant, then you could ask the question this way, "By the way, I've been meaning to look up the section of law

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that governs how tax delinquent records are required to be maintained. Might you know that particular section number, please? It would save me some time.”

15 “Where are the records of tax delinquent property owners maintained? “

16 “Are the records of tax delinquent property maintained in more than one office?”

17 “Are there any rules for attending the tax auction?”

There are lots of rules. You must know them. The Tax Collector or the official responsible for conducting the tax sale auction will have a copy. The rules will also be on the Tax Collector’s website.

18 “Is there a minimum bid required at the tax sale? What is that minimum bid?”

19 “If I win a bid, what are the rules for paying for the property?”

These rules vary so widely that you should keep very good track of each counties rules.

Example: Some counties require complete payment with certified funds within two minutes of the sale and other counties only require a 10% down payment and allow 30 days for the balance, and everything in between.

20 “What happens to property not sold at a tax sale”

21 “What are the procedures for investing in property not sold at the sale?”

22 “Where are the records kept of property acquired by the county for non-payment of taxes?”

23 “What happens to any overbids, overages, or excess proceeds?”

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Use the language that is stipulated in law. Listen for jargon and adopt it.

24 Can any party of interest claim the overage or is the owner the only claimant?"

This is a very interesting question because **Coach Mitch's Famous \$1 Option** makes you an interested party and the Option also gives you an inchoate ownership interest in law, but beyond that, **Coach Mitch's Famous \$1 Option** has specific language that allows you to claim the overages. **Wow!**

25 "Has the county passed any laws or regulations in addition to the state statutes?"

This is extremely important information to know. There are well over 3000 counties in the US. Each of them has their own tax delinquency procedures. They are similar but, again, the devil is in the details.

For instance, in my home county, the county has a policy that once seized; only owner occupied homes can be redeemed. Any non-owner occupied investor property that has been seized for non-payment of taxes cannot be redeemed.

In my home county, this amounts to a 10 - 12 month advantage for a knowledgeable tax delinquent investor. This is so because the investor owner errantly thinks that he still has an additional year to redeem his non-owner occupied property.

In reality, the tax foreclosure has started and the time to redeem has lapsed. He is no longer the owner, he just doesn't realize it. The county has taken his property. The knowledgeable investor must know this quirk in the law in order to market correctly.

In this situation, it does no good to market to an investor owned property if the investor no longer owns the property. In this county, investor owned properties, must be marketed to at least one year earlier than the owner occupied tax delinquents. Knowledge is power.

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- 26 “Does the county keep any records on the property? What sort of records? I’m seeking appraisals, damage reports, interested parties, etc.”

You can also ask any question in a way that presumes knowledge or action. “What sort of records does the county keep on the property? Or, “Where does the county store the records on the property, and what are they keeping track of?”

- 27 “In what way does the county maintain tax properties that it owns or are abandoned?”

The county has a maintenance department. Part of their function is to keep properties under its care in a reasonable degree of repair. This department will have records of what is wrong with the property. They may track those items which violate the building code. They may have cost estimates for repair. All this is very valuable information.

- 28 “Who is in charge of creating the computer records of the tax base?”

- 29 “Who prints out the tax bills?” or “What office prints out the tax bills?”

What a great couple of questions! Whoever collects the data for the tax bills must be using a computer. That same office is often responsible to printing the tax bills. This office has your data.

The people you’re speaking with will probably know where the tax bills are calculated or printed. That same office is where you can get the tax delinquent roll. In this day and age, the accumulated data is too large to be handled manually. It must be handled by the computer. If so, then the Public Access laws of the state will mandate that you can have the same access to the data.

- 30 “What does each part of the parcel number mean?”

This is important to know.

If you know how to disassemble the parcel number, then you will be able to limit your searches to those certain areas of your interest.

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Example: You might want to seek properties on the outskirts of the Path of Progress. You will be able to see which tax delinquent properties are in that area by knowing what each of the different parts of the parcel number mean.

- 31 “Are you familiar with the rights of citizens under the public records statutes of your state?”

That is a really great way to state the question, versus, “Do you know...”

You should go in prepared. Research the public access laws in your state. You will be happy when you read that the public (that's you) has a right to see any public records – in the formats that are available to government.

- 32 “What are rights of the public regarding inspection and copying of the public records regarding delinquent properties?”

- 33 “How much can a public official legally charge for photocopies of records maintained in a digital format?”

- 34 “How much does it cost for a CD to be created of the tax delinquent data base and can it be created in CSV or Excel format?”

This is what you really want.

Your next step is to visit the courthouse and other appropriate county offices. You now know exactly which public records you want and where to find them.

Good luck and much success,

Mitchell Goldstein

Coach Mitch