



COUNTY OF MENDOCINO

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Frequently Asked Questions about Public Auction of Tax-Defaulted Property Via Internet

- ✚ *All properties are sold “As Is.”*
- ✚ *In order to ask the most informed questions, please review this document in its entirety prior to contacting the offices involved.*
- ✚ *It is the bidder’s responsibility to perform due diligence prior to bidding on a property.*

1) What is tax-defaulted property with Notice of Power to Sell?

Under California law, after a period of five years from the first year of tax-default, during which time the assessee retains the legal title to the property and has the privilege of redeeming it upon payment of the amount due, the tax collector records a Notice of Power to Sell Tax-Defaulted Property in the Mendocino County Recorder’s Office. Once this document is recorded, the tax collector may sell the tax-defaulted property at public auction.

2) Why does the County sell tax-defaulted property?

The primary purpose of public auction sales is to collect the unpaid taxes and to return the property to a revenue-generating status by conveying the property to another owner. Offering property for sale achieves this by either selling the property or forcing redemption. The fact that anyone should lose their property for non-payment of property taxes is regrettable. Our tax laws, however, afford landowners and parties of interest fair notice, a liberal period of redemption, and adequate opportunities to contest irregularities.

3) What laws govern the sale of tax-defaulted property in California?

Public auctions are conducted pursuant to the California Revenue and Taxation Code, beginning with Section 3691. The code can be accessed via the Internet by visiting <http://www.leginfo.ca.gov/calaw.html>. As a bidder, you are responsible to know the laws pertaining to public auctions.

4) How is the minimum bid on a tax sale property determined?

The minimum price at which property may be offered for sale, pursuant to Revenue and Taxation Code §3698.5(a), is an amount not less than the total amount necessary to redeem, plus costs.

5) When does the right to redeem a tax-defaulted property cease?

The right to pay the property taxes in full to avoid the sale of the property ceases at the close of business, 5:00 p.m. PST, on the last business day prior to the tax sale. In the State of California, there is no extended right of redemption.

6) Can I obtain title to the property by paying the delinquent taxes?

No. Legal title to a tax-defaulted property subject to the Tax Collector's power to sell can only be obtained by becoming the successful bidder at the county tax sale. Paying the outstanding property taxes on such property will only benefit the current owner.

7) Does the County guarantee the property?

NO. BE AN INFORMED BIDDER – ALL PROPERTIES ARE SOLD “AS IS.”

Prospective purchasers are urged to examine the title, location, and desirability of the properties available to their own satisfaction prior to the sale. The County makes no guarantee, expressed or implied, relative to the title, location, or condition of the properties for sale. In addition, the County assumes no responsibility, expressed or implied, that the properties are in compliance with zoning ordinances, mining and reclamation regulations, conform to building codes and permits, and/or any other applicable regulations or permits. No government entity is liable for damages sustained to property purchased at public auction, including from the time of the sale until the recordation of the tax deed to the purchaser. **ALL SALES ARE FINAL.**

8) Are contaminated/possible contaminated properties identified?

Yes, if we are aware of such properties. When we become aware of properties on our tax sale list that are known or suspected to be contaminated, we will identify these properties along with supplying the lead agency's name and address where all available information may be reviewed. **DO NOT** bid on these properties unless you understand the issues related to contaminated properties. Prior to bidding, you should contact your attorney regarding the possible purchase of contaminated properties.

9) Are properties currently under a water moratorium identified?

Yes, if we are aware of such properties. We are currently only aware of one such subdivision – the Brooktrails Subdivision, which has been under a state-imposed water moratorium since February 2003. The Assessor's Parcel Numbers used to describe properties situated in the Brooktrails Subdivision range with beginning numbers in the 95-100 range. Additional information may be obtained by visiting the Brooktrails Community Services District website at <http://www.btcsd.org/>.

10) What kind of title do I get?

The deed you receive from the tax collector is a tax deed; it conveys to you whatever right, title, and interest the former owner had in the property. Nothing more is conveyed to you than was taken from the former owner. Nothing is guaranteed, with one exception – if the former owner should break the tax deed and regain his or her property, the County will refund to you the amount you paid for the property at the tax sale.

11) Do liens or encumbrances on a tax-defaulted property transfer to the new owner after purchase of the property at a tax sale?

Per Revenue and Taxation Code §3712, the deed conveys title to the purchaser free of all encumbrances of any kind existing before the sale, except:

- a) Any lien for installments of taxes and special assessments, that installments will become payable upon the secured roll after the time of the sale.
- b) The lien for taxes or assessments or other rights of any taxing agency that does not consent to the sale under this chapter.
- c) Liens for special assessments levied upon the property conveyed that were, at the time of the sale under this chapter, not included in the amount necessary to redeem the tax-defaulted property, and, where a taxing agency that collects its own taxes has consented to the sale under this chapter, not included in the amount required to redeem from sale to the taxing agency.
- d) Easements constituting servitudes upon or burdens to the property; water rights, the record title to which is held separately from the title to the property; and restrictions of record.
- e) Unaccepted, recorded, irrevocable offers of dedication of the property to the public or a public entity for a public purpose, and recorded options of any taxing agency to purchase the property or any interest therein for a public purpose.
- f) Unpaid assessments under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code) that are not satisfied as a result of the sale proceeds being applied pursuant to Chapter 1.3 (commencing with Section 4671) of Part 8, or that are being collected through a foreclosure action pursuant to Part 14 (commencing with Section 8830) of Division 10 of the Streets and Highways Code. A sale pursuant to this chapter shall not nullify, eliminate, or reduce the amount of a foreclosure judgment pursuant to Part 14 (commencing with Section 8830) of Division 10 of the Streets and Highways Code.
- g) Any federal Internal Revenue Service liens that, pursuant to provisions of federal law, are not discharged by the sale, even though the tax collector has provided proper notice to the Internal Revenue Service before that date.
- h) Unpaid special taxes under the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code) that are not satisfied as a result of the sale proceeds being applied pursuant to Chapter 1.3 (commencing with Section 4671) of Part 8, or that are being collected through a foreclosure action pursuant to Section 53356.1 of the Government Code. A sale pursuant to this chapter shall not nullify, eliminate, or reduce the amount of a foreclosure judgment pursuant to Section 53356.1 of the Government Code.

All county and city taxes are canceled. Anyone holding a mortgage or lien of any nature against the property has lost their claim, with the possible exception of a U. S. Government lien filed prior to the recording of the Notice of Tax Collector's Power to Sell. When a property on which the Internal Revenue Service holds a tax lien is sold at public auction, the United States has the right of redemption for 120 days from the date of such sale or the period allowable for redemption under local law, whichever is longer [Section 7425(d), 26 USCS, Internal Revenue Code; Section 3712(g)]. The amount to be paid by the Internal Revenue Service is (a) the actual amount paid for the property by the bidder, (b) plus interest at 6% per annum from the date of sale, (c) plus the expenses of sale that exceed any income received from the property. [Treasury Regulation 26 CFR Ch.1 (4-1-87 Edition) Section 301.74254(b)(1)].

12) How can I obtain Assessor's plat maps?

To obtain plat maps, contact the Mendocino County Assessor-Clerk-Recorder's Office at 501 Low Gap Road, Room #1020, Ukiah, CA 95482 or by telephone at (707) 463-4311. The County Assessor's plat maps and map books can determine the geographical location of a particular property; exact boundary lines of a property can be determined only by a survey of the property undertaken at the purchaser's expense.

13) How can I determine what use I can make of a tax sale property before I purchase it?

The Mendocino County Department of Planning and Building Services can provide information regarding zoning, General Plan designation, water source, and if a permitted structure is located on a particular property. The Department of Planning and Building Services is located at 501 Low Gap Road, Room #1440, Ukiah, CA 95482 or can be reached by telephone at (707) 463-4281. All recorded easements on a particular property can be obtained by reviewing the records located in the Recorder's Office (see # 12 above for contact information).

14) How can I find out if a particular property has been withdrawn from the sale?

Check the Bid4Assets.com website. The right of redemption terminates at 5:00 p.m. PST on the last business day prior to the tax sale.

15) How can I register as a bidder?

Bid4Assets.com will begin registering bidders in April 2011. Full information and instructions will be available on the website www.bid4assets.com or by calling 1-877-427-7387. You may also bid by fax if you do not have access to the Internet. A bidder deposit of five thousand dollars (\$5,000) will be required before placing a bid on any parcel. Bidders are advised to arrange for their deposits early to make sure they are eligible to bid. The Tax Collector's Office will not be registering bidders nor accepting bids, all questions should be directed to Bid4Assets.com.

16) How does the bidding process work?

All parcels will be sold by Auction ID. Minimum bids will be as stated per parcel and each raise will be in increments of at least \$100 until the close of the auction on the stated date and time on the Bid4Assets.com website. For a more detailed explanation of the bidding process, log on to www.bid4assets.com. An autobid (or proxy) saves you time and money. An autobid authorizes Bid4Assets to bid \$100 above any competing bid, up to, but not exceeding the maximum dollar amount that you are willing to pay. In other words, your bid will automatically increase ONLY as other bidders participate, up to you specified maximum amount. This enables you to continually bid without having to constantly monitor the auction.

17) How can a successful bidder pay for a property at tax sale?

Successful bidders must pay by cashier's check, money order, or wire transfer, and payment must be received by 5:00 p.m. PST, three (3) business days after the sale closes. In addition to the purchase price, the documentary transfer tax (\$0.55 per \$500 of the purchase price) is required. A \$35 per parcel processing fee and a \$35 per winning bidder fee will also be required by the successful bidder.

18) How soon can I take possession of a property after purchase at the tax sale?

The successful bidder may *generally* take possession of a property immediately after making payment in full and confirming that the tax deed to the purchaser has been recorded by the County. Any parties of interest have one year from the date of the recording of the tax deed to the purchaser to contest the validity of the sale due to irregularities, therefore, it is strongly advised that the purchaser not make any improvements to their property for one year. In the event that a party of interest is successful at overturning the sale, the sale price would be returned to the purchaser, but any improvements made to the property would not be reimbursed to the person that made them.

19) What happens to property that does not sell at the tax sale?

The owner's right to redeem the property revives if not sold. Any parcels remaining unsold may be re-offered at a new sale within 90 days of the original sale date, pursuant to Revenue and Taxation Code §3692(e).

20) What happens if I am the successful bidder but decide that I don't want the property after all?

Be sure that you want the property before you bid. ALL SALES ARE FINAL AND THERE ARE ABSOLUTELY NO REFUNDS. Failure to consummate the sale within the specified time shall result in the forfeiture of any deposit made and all rights that the purchaser may have had with respect to the property. Failure to consummate the sale will also bar the bidder from participating in future tax sales for this county, as well as possibly other counties. Under California State Law, only a successful bidder has the opportunity to purchase at the tax sale; if the successful bidder defaults, the County cannot resort to the second highest bidder. In the event of a default, appropriate legal action against the bidder will be pursued.

21) How can I get more information?

As of April 2011, specific information on each parcel will be available on Bid4Assets.com. The contact information for the Mendocino County Tax Collector's Office is located in the header on the first page. In addition, appropriate staff may be reached directly by telephone at (707) 463-4323.