

MARTIN COUNTY TAX COLLECTOR

Web Site: <http://martintaxcollector.com/>

Tax Certificate Sale Information

1. **What Is A Tax Certificate?**

A tax certificate represents a lien against real property and earns interest at a maximum rate of 18% per year. The amount due to purchase a tax certificate is listed beside each parcel in the delinquent advertisement. This amount includes the gross tax, interest, and prorated costs of advertising and the tax certificate sale.

2. **What Is A Tax Certificate Sale?**

A tax certificate sale is a process where each advertised real estate item is individually bid upon with the award allowing the entity or person whose bid is the lowest interest percentage to pay the delinquent taxes and thus be issued a lien in the form of a tax certificate.

Each item is auctioned in the order listed in the delinquent advertisement publication. The bidding begins at 18% (the maximum rate) and is bid down in quarter percent increments. The "winning" bidder's number and rate of interest are recorded. At the close of the sale, any item not bid upon is "struck" to the county.

3. **Are Bidders Required To Submit A Deposit?**

No deposits are required.

4. **Are Sub-Accounts Or Multiple Primary Accounts Allowed?**

No, as part of our efforts to provide a sale that addresses the needs of taxpayers, taxing authorities and tax certificate investors, The Office of the Martin County Tax Collector has suspended the use of sub-accounts subordinate to a master or primary account and the entry of multiple primary accounts. We feel this policy is necessary in order to ensure the integrity and fairness of the registration and bidding process at the online tax certificate sale.

5. **How And When Can One Start Bidding?**

To participate in Martin County's internet tax certificate sale, one must first register as a bidder through the tax sale web site. An identification number (bidder number) is assigned for use during the sale. Bids can be made once the advertised items are published on the internet, usually by early to mid-May.

6. **How Does An Internet Tax Certificate Sale Work?**

With an internet tax certificate sale, bids are transmitted and received through the Internet using a computer and a web browser. A tax certificate sale "test" site will be available to any user who wishes to "practice" on a site prior to bidding. Information entered on the test site will not be used for the live tax certificate sale.

7. **What Documentation Is Required By Foreign Bidders To Participate In The Tax Certificate Sale?**

Foreign bidders are allowed to participate in the tax certificate sale provided they have been issued an individual taxpayer identification number (ITIN number) through IRS. After completing the on-line registration, an original W-8 form and supporting documentation must be submitted to the Martin County Tax Collector's Office. Please contact the Tax department at (772)288-5749 for

complete details between the hours of 8:30 a.m. to 4:30 p.m. EST, Monday through Friday. All payments must be made via ACH through a U. S. Bank only. Wire transfers are not accepted.

8. What If I Have Problems Using The Internet Tax Certificate Sale System?

A bidder must have access to a computer with internet and a web browser (recommended: Internet Explorer 7.0 or higher, Netscape 7.1 or higher; or Mozilla Firefox). You can always submit a question through the contact us support request page.

9. How Is A Winning Bid Determined When Multiple Bids For An Item Are Received?

During a live (in person) tax certificate sale, a bidder will lower his bid in increments until he is the only bidder left or until the interest goes below his acceptable minimum level, at which point he would drop out. In contrast to the live sale, the Internet sale has proxy bidding. Proxy bidding is a form of competitive bidding in which bidders enter the minimum interest rate that they are willing to accept for each certificate. The tax certificate sale system will submit bids on behalf of each bidder. The result of the proxy system is that the electronic agent keeps lowering the bid to submit by quarter percent increments until you are either the only bidder left, or until you reach the lowest minimum bid you have set. Zero percent bids will not be treated as proxy bids. They will be awarded at zero percent. If you are the only bidder on a given certificate and your minimum rate is greater than zero percent, the auction software will award the certificate to you for the actual minimum bid you submitted. In the case of a tie at the winning bid rate, the system awards to one of the tie bidders through a random selection process using a random number generator. In no case will a bidder be awarded a certificate at a rate lower than his specified minimum acceptable rate.

10. Is Security An Issue?

The information that you supply the Tax Collector's Office to perform the internet tax certificate sale is treated with the utmost level of security, both in storing your information and in keeping your information private. Transmission of your information utilizes a security certificate for your protection. A user password is issued during the registration process and subsequently required for login to the sale website.

Please be careful to remember your password, as it is the key to your access to the Martin County tax sale web site. If, however, you forget your password, it may be recovered easily by clicking on the "Forgot Your Password?" link on the tax sale login page. You can request your password be sent to you by email if you are unable to recall it. To do this you must provide your matching personal information via your registered email address. If this process is not successful, you may contact us through the support link.

11. When Do The Bidders Have To Pay The Amount Due For Their Purchases?

Bidders will receive an email invoice indicating the total amount due. All payments must be made via ACH Debit (U. S. Bank only) from the tax sale website within 48 hours after the close of the sale. Failure to pay by that date could result in the forfeiture of the certificate(s) and the right to bid in future sales.

12. When Do Real Estate Taxes Become Delinquent?

Real estate taxes become delinquent April 1 of each year. At that time, 3% interest and advertising fees are added to the gross tax.

13. Are Delinquent Taxes Advertised?

Yes. A list of all real estate property with delinquent taxes is advertised once a week for three consecutive weeks in a local newspaper during the month of May. The advertisement specifies the place, date and time of the Tax Certificate Sale.

14. What If There Are No Bids?

Any certificates not sold during the sale will be issued to the County and are offered for public purchase from the Tax Collector's office at a time to be announced once the tax sale is balanced and closed. The unsold certificates carry an 18% interest rate per Florida Statutes beginning on the date the certificate was "struck" to the County.

15. Can A Tax Certificate Be Cancelled Or Changed?

Yes. A tax certificate can be cancelled or changed if there was an error in the original tax bill or in the issuance of the tax certificate. The Tax Collector's Office reserves the right to cancel or correct certificates issued in error. Interest payments may be affected by bankruptcies, U.S. Marshal Seizures, property taken over by a receiver, etc.

16. Is This A Risk Free Investment?

No. Although it is a secure investment in most cases, there is an element of risk in purchasing tax certificates. Examples of risk include:

- If the property value drops significantly in subsequent tax years, the value of the property may be less than the cost of the tax deed process.
- In the event of a correction to the original taxes, the interest rate on the tax certificate would be the lower of 8% or the amount bid.
- If the landowner enters into bankruptcy, the certificate holder is prevented from enforcing the lien (applying for a tax deed) until the bankruptcy is released. In addition, the bankruptcy court has the authority to lower the interest rate and/or order payments to be made over a period of years.
- If the County holds a tax certificate and applies for the tax deed, no other certificate holders are paid off unless the property is purchased at the tax deed sale or redeemed prior to the tax deed sale. By law, the County does not redeem any other outstanding tax certificates when making tax deed application. If the property is not purchased or redeemed, the land will eventually escheat to the County and the certificate holder's investment would be lost.

17. How Are Tax Certificates Redeemed?

In order to clear the tax lien, the property owner must pay the amount of the tax certificate plus interest calculated from the month of the certificate sale to the month of payment. When a tax certificate is redeemed and the interest earned is less than 5% of the face of the certificate, a mandatory charge of 5% interest is due. Payments may be mailed or hand delivered to our office. Forms of payments include cashier's check, money order, cash or wire transfer.

18. After The Tax Certificate Is Redeemed, How Does The Tax Certificate Holder Receive His/Her Money?

A check will be issued to the certificate holder within 10 days after the date of redemption.

19. Is The Interest Taxable?

Yes. Interest earned is reported to the IRS and in January a form 1099-INT or a 1042-S (for foreign bidders) is sent to each certificate holder for interest earned in the previous year.

20. What If The Tax Certificate Is Not Redeemed?

If the taxes are not paid within two years from the date the tax became delinquent, (April 1) the certificate holder may submit a tax deed application which ultimately may result in the sale of the property at a public auction, commonly referred to as a tax deed sale. A certificate holder who

wishes to apply for a tax deed must redeem all other outstanding certificates, any omitted taxes, plus interest, fees and current taxes, if due, covering the property.

21. What Is The Life Span Of A Tax Certificate?

The life of a tax certificate is seven years from the date of issuance, which is the first day of the Tax Certificate Sale. If the certificate holder does not apply for a tax deed within seven years and the property owner has not redeemed the certificate, the certificate is null and void and the certificate holder's investment is lost.

22. What Happens At The Tax Deed Sale?

If the property goes to a tax deed sale, the starting bid is the total amount the certificate holder has paid to initiate the tax deed application plus interest. If the property is assessed on the latest tax roll as homestead property, the starting bid also includes one half of the assessed value of the property as listed on the current year's tax roll. The property is sold to the highest bidder who will receive a tax deed from the Clerk of the Circuit Court. This is not the same as a Warranty Deed and more steps may be necessary to obtain a clear title. If the applicant is not the highest bidder, he/she will be reimbursed for the total amount paid to initiate the tax deed application plus 1 1/2% interest per month beginning the 1st day of the month following the month of application. The tax deed sale is conducted by the Clerk of Circuit Court. A lien of record held by a municipal or county governmental unit under the provisions of s. 197.582(2), survives the issuance of a tax deed if not satisfied from sale proceeds.

23. Can A Property Owner Stop A Tax Deed Sale?

Yes. The owner of the property can prevent the loss of the property by paying all accrued costs and interest (base bid at the tax deed sale) at any time before the tax deed is executed by the Clerk of the Circuit Court.

24. What Is The "List Of Lands Available"?

If the County is the holder of a certificate and begins a tax deed application and there is no bidder, the land is placed on a List of Lands Available for purchase. If not purchased, lands contained on the list shall escheat to the county, three years after the date on which the property was offered for tax deed sale.

25. What Happens If A Bidder Is Awarded A Certificate And He/She Determines The Bid Was Submitted On The Parcel In Error?

The bidder will be liable for the transaction and will be required to pay for the certificate.

26. What Is An Internet Tax Certificate Sale And How Is It Different From A Traditional Tax Certificate Sale?

At a traditional tax certificate sale, the bidder is bidding in person with other bidders and calling out an interest rate in a competitive auction format. In contrast, an internet tax certificate sale requires each bidder to place his/her bid electronically, and the bidder with the lowest interest bid is automatically selected.

Note:

There are risks involved when purchasing tax certificates (such as bankruptcy filings, property value changes, certificate cancellations & etc.). These risks are borne solely by the certificate holder. We do not file claims for the certificate holder in bankruptcy cases.

EXPLANATION OF THE GUARANTEED 5% INTEREST RATE ON CERTIFICATES AS STIPULATED IN FLORIDA STATE STATUTE 197.472(2):

Basically, the statute states that tax lien certificates are guaranteed an interest rate return of a flat (non-accruing) 5% **OR** your bid, on an APR basis, **whichever is greater**.

See below to compare and/or further understand how the guaranteed 5% interest rate effects your investment and subsequent return when purchasing tax certificates:

If you hold a certificate at 18 % interest:

Certificate Age	What your return would be <u>without</u> the 5% Guaranteed return	What your return will be <u>with</u> the 5% Guaranteed return
1 month	1.5 %	5 %
2 months	3.0 %	5 %
3 months	4.5 %	5 %
4 months	6.0 %	

Your bid, on an APR basis, is now greater than the 5% guaranteed rate therefore, your certificate interest will start calculating at your bid percentage rate. In this case your interest will revert to accruing at a rate of 1.5% on the first of each month.

If you hold a certificate at 5 % interest:

1 month	0.417 %	5 %
2 months	0.834 %	5 %
3 months	1.251 %	5 %
4 months	1.668 %	5 %

This calculation will continue until the percentage you bid on the certificate (on an APR basis) is greater than 5%. At that time the non-accruing 5% rate will stop and your certificate interest will start calculating at your bid percentage rate. In this case your interest will revert to accruing at a rate of 0.417 % on the first of each month.

PLEASE BE AWARE THAT INTEREST RATE ON CERTIFICATES IS CALCULATED AS SIMPLE INTEREST – NOT COMPOUND INTEREST. THE INTEREST IS CALCULATED ON THE ORIGINAL FACE AMOUNT AND ACCRUES ON THE FIRST DAY OF EACH MONTH UNTIL THE CERTIFICATE IS REDEEMED.