

7 Best Tax Lien States

The best tax lien states achieve a balance of excellent returns, quick redemption periods, strong state support and some Internet support. If you live near any one of these states and you want to buy tax liens and achieve a high rate of return, then look no further.

Alabama (sales are usually held in May and occasionally in June)	
12% on the minimum bid, and up to 15% of the appraised value of the property	3-year redemption period.
Good state support.	Good Internet support for some counties.
<u>Tips:</u> Tax liens not purchased are sold to the state and are available for purchase over-the-counter.	(1) Jefferson County: http://tc.jeffcointouch.com/taxcollection/HTML/intro_taxsales.html (2) Lee County: http://www.leecountyrevenuecommissioner.com/realProperty.aspx#taxSale
Property owners are allowed a 10-day grace period after the sale to redeem without paying any interest.	
Arizona (sales are held in February)	
16 percent interest rate	3-year redemption period
Excellent state support and interest.	Excellent Internet support for many counties.
<u>Tips:</u> Arrive at sales early, as some counties are very popular.	(1) Coconino County: http://www.coconino.az.gov/treasurer.aspx?id=548 (2) Maricopa County: http://treasurer.maricopa.gov/research.htm (3) Mohave County: http://www.co.mohave.az.us/ContentPage.aspx?id=132&cid=223
Florida (sales are held in April or May)	
18 percent interest rate	2-year redemption period
Excellent state support and interest.	Excellent Internet support for many counties.
<u>Tips:</u> Arrive at sales early, as some counties are very popular.	Links: (1) Broward County: http://www.broward.org/revenue/cert_faq.htm (2) Hernando County: http://www.hernandotaxsale.com (3) Pinellas County: http://www.taxcollect.com/Content.aspx?ContentID=350&CommandID=2&DeptID=3
At the auction you pay 10 percent of the total lien amount and the remaining balance within 48 hours. Florida can also be a good tax deed state.	

Indiana (sales are usually held August through October)	
Flat 10 percent interest rate on the minimum bid if redeemed within 6 months; flat 15 percent interest on the minimum bid if redeemed within 6 months to one year; 10 percent annual interest rate on the overbid.	1-year redemption period for "A" and "B" properties; 120-day redemption period for "C" properties
Good state support.	Good Internet support for some counties.
<u>Tips:</u> Sales less known in some counties. Good choice for a state with less competition.	Indianapolis and Marion County: http://www.indygov.org/eGov/County/Treasurer/Sale/home.htm
Very quick redemption period, so property ownership is possible.	
Iowa (sales are held the third week in June)	
24 percent interest rate is excellent	21-month redemption period
Good state support.	Good Internet support for some counties.
<u>Tips:</u> Arrive early at sales. You bid on the percentage of the property you would own if the tax lien goes to foreclosure, so be careful how you bid.	Links: (1) Polk County: http://www.polkcountyiowa.gov/treasurer/Pages/taxsale.aspx (2) Story County: http://www.storycounty.com/index.aspx?DN=842,24,6,1,Documents
You can buy tax liens over the counter after the sale.	
Missouri (all sales are held on the fourth Monday in August)	
10 percent interest rate on the minimum bid.	Up to 1-year redemption period, depending on the property classification.
<u>Tips:</u> Register in advance.	(1) Clay County: http://www.claycogov.com/taxsale (2) Platte County: http://www.co.platte.mo.us/2004_tax_brochure.pdf
Although it appears that the interest rate is not favorable, in Missouri the competition is limited and some properties held over for three years can go to foreclosure in 90 days. Be careful not to bid more than the property is worth in case it is not redeemed. If you are not a resident of Missouri, you will need a notarized document from someone who lives in the county you wish to bid in to act as your representative.	
New Jersey (sale dates vary by municipality)	
18 percent interest rate	2-year redemption period
<u>Tips:</u> Watch for environmental problems. Rules can be complex. Populated counties can have crowded sales.	(1) Camden City: http://www.ci.camden.nj.us/departments/finance4.html (2) East Brunswick: http://www.eastbrunswick.org/assets/PDF/tax_sale_notice.pdf
Municipalities can sell unsold tax liens at private sales, other auctions, or through assignment. Even if you bid down the interest rate, subsequent years earn 18 percent.	