

# OCTOBER 2010 SPECIAL REPORT:

## Colorado Tax Lien Certificate and Tax Deed Sales

Tax Lien Sales			Tax Deed Sales		
Public Auctions	Internet Auctions	Over-the-Counter	Public Auctions	Internet Auctions	Over-the-Counter
Yes	Yes	Yes	Yes	No	No

### TAX LIEN SALES

Yes.

#### General Information

Governing State Law: Colorado Revised Statutes (CRS) Title 39, Article 11: Sale of Tax Liens; and Article 12: Redemption

State Statutes: <http://www.michie.com/colorado>

County Agency Conducting the Sales: County Treasurer (CRS 39-11-108[1])

Private Administrators of Sales: SRI Auctions Online and RealAuction

Sale Date: Tax lien sales are required to begin on or before the second Monday in December of each year. If the liens cannot be advertised and offered for sale by this time, the Treasurer must conduct the sale on a subsequent date. (CRS 39-11-109, 110). Typically, counties hold their sales during the fall, beginning in October.

→ Upcoming Internet Sales on SRI Auctions Online

Pueblo County: October 18 - October 20

Registration Closes October 8, 2010

<https://www.sri-auctionsonline.com/Pueblo/index.html>

Practice auction: [https://www.sri-auctionsonline.com/event\\_registration.cgi?event\\_id=0000000062](https://www.sri-auctionsonline.com/event_registration.cgi?event_id=0000000062)

Jefferson County: October 21 - October 25

Registration Closes October 11 - October 19, 2010

<https://www.sri-auctionsonline.com/Jefferson/index.html>

Alamosa County: November 16 - November 18

Registration Info Coming Soon

<https://www.sri-auctionsonline.com/Alamosa/index.html>

Costilla County: November 16 - November 18

Registration Info Coming Soon

Colorado lien practice sale: <https://www.sri-auctionsonline.com/display.cgi?categories=115>

→ Upcoming Internet Sales on RealAuction

Adams County: November 1 – November 5  
<https://www.adamstaxsale.com>

Arapahoe County: November 4  
<https://www.arapahoetaxsale.com>

Archuleta County: November 4  
<https://www.archuletataxsale.com>

Denver City and County: November 2  
<https://www.denvertaxsale.com>

Grand County: November 4  
<https://www.grandtaxsale.com>

Weld County: November 1  
<https://www.weldtaxsale.com>

Colorado practice auction site: <https://www.coloradotaxsale.com>

→ Upcoming Public Auctions

The Colorado 2010 Tax Lien Sale Dates is published on the Colorado County Treasurer and Public Trustee Associations website at [http://www.e-ccta.org/CCTA/tax\\_sales.htm](http://www.e-ccta.org/CCTA/tax_sales.htm).

Public or Internet: Both are allowed (CRS 39-11-108[1], [2]). Internet sales are conducted by SRI Auctions Online (<https://www.sri-auctionsonline.com>) and by RealAuction (<http://www.realauction.com>).

Interest Rate: The annual redemption interest rate is nine percentage points above the Federal Reserve discount rate, rounded to the nearest percent (CRS 39-12-103[3]). The 2010 tax lien sale redemption interest rate is 10% per annum. The redemption interest rate set cannot be lower than 8% per annum.

Interest is paid on the amount of taxes, delinquent interest, and costs for which the tax lien on the property was sold, from the date of sale, together with the amount of all taxes accruing on the property after the sale, paid by the purchaser and endorsed on his certificate of purchase (CRS 39-12-103[3]).

Subsequent taxes paid bear the same annual rate as the tax lien originally purchased, from the time when the purchaser becomes entitled to a deed up to the time the deed is issued. If the taxes are paid before the time they become delinquent, the interest is only computed from the time of delinquency. (CRS 39-12-103[3], [4])

All statutory fees paid by the purchaser in connection with the tax lien certificate bear the same interest rate as the original amount for which the tax lien on the property was sold (CRS 39-12-103[5]).

Premiums (or “bonuses”) paid over the starting bid amount are not returned to the tax lien purchaser and do not earn interest.

If a lien is wrongfully sold and the County must pay the certificate holder, the annual rate of interest that is paid is two percentage points above the discount rate (CRS 39-12-111[2][a], [b]), but not less than 8% per annum.

The interest rate does not change through the life of the tax lien certificate, which is 15 years.

In computing the amount of interest due, portions of months are counted as whole months. (CRS 39-12-103[6])

Redemption Period: Three years from the sale date for real property (CRS 39-11-120[1]). For mobile home tax liens, the redemption period is one year.

### **Before the Sale**

Obtaining the Tax Sale List: The tax sale list is advertised in a local paper and is available at the County Treasurer’s office. If publication is made in a weekly newspaper, the notice must be published in three successive weekly issues. If publication is made in a daily newspaper, the notice must be published only three times, once each week, on the same day of the week. The first publication is required to be at least four weeks before the date of sale. (CRS 39-11-102[1])

Bidder Requirements: The bidder cannot, at the time of sale, be an elected or appointed county official, a county employee, a member of the immediate family of any such official or employee, or an agent of any such official or employee (CRS 39-11-151[1][b]).

Exceptions are made for the purchase of any tax lien in the following situations (CRS 39-11-151[2]):

- If the property to be conveyed was owned by the county official or county employee, or by a member of the immediate family of any such person, immediately prior to the sale of a tax lien on such property for delinquent taxes;
- If such property is situated within a county other than the county to which such county official or employee is elected, appointed, or employed; or
- If the property to be conveyed is a severed mineral interest and, at the time of the conveyance, the county official or county employee is the owner of the surface estate which is coterminous with the severed mineral interest.

Any county official, county employee, or member of the immediate family of any such person, or the agent of any such county official or employee, who knowingly purchases any tax lien in violation has committed a class 1 misdemeanor and can be punished per CRS 18-1.3-501 (CRS 39-11-151[3]).

Registration: Registration requirements will vary from county to county. The private administrators of online auctions will have their own registration requirements.

## **At the Sale**

**Minimum Bid:** The minimum starting bid for each tax lien certificate is equal to the amount of unpaid taxes, delinquent interest, and fees due (e.g., advertising and/or auction costs). (CRS 39-11-106[1], 39-11-115[1])

The sale will include the sale of any lien for delinquent special assessments on the property that have been certified to the County Treasurer for collection. The separate sale of liens for delinquent general taxes and for delinquent special assessments on property is prohibited. (CRS 39-11-152)

**Bidding Process:** The winning bidder is whoever pays the minimum bid (taxes, delinquent interest, and fees) or the largest amount in excess (premium) of the minimum bid. (CRS 39-11-115[1])

The County Treasurer has broad powers to set bidding rules governing the public auction (CRS 39-11-115[2]). These powers include, but are not limited to:

- Recognition of buyers in numerical sequence, in rotation, or in the order in which bids are made;
- Determining the order in which tax liens are sold, without regard to the order in which they appear in the published notice of sale;
- Setting minimum bid increases; and
- Setting a minimum total of taxes, delinquent interest, and costs below which competitive bids will not be accepted.

The Treasurer may combine and sell as a unit parcels which are contiguous or are contained within one subdivision (CRS 39-11-115[3]).

Here are a few examples of the variations in bidding rules that occur:

**Jefferson County:** Liens are offered for sale, through open bidding, in four sections: improved property, vacant land, unbuildable strips and mobile homes.

**El Paso County:** The auction begins with automatic rotation selling. Category Two contains the liens for a single property or multiple properties where the total amount of the lien is greater than \$100.00 and less than or equal to \$2,000.00. Buyers cannot be present for the automatic rotation selling. Category Two liens are sold in reference number order to buyers in bidder number order. If the amount of the lien exceeds the available balance a buyer has on deposit, their bidder number is skipped. Once a buyer's deposit amount is expended their bidder number will no longer be considered. If buyers do not want to participate in the automatic rotation selling, they are required to state this in writing at the time their deposit is made. Reports which list the liens sold to each buyer are available at the end of the day, or mailed at the conclusion of the sale if not picked up.

After automatic rotation selling is concluded, open bidding commences. Liens are sold to the person who pays the largest bonus bid (aka premium), in excess of the minimum amount. Bid increments are \$1. The following liens are available through open bidding:

- Category One contains the liens where the total amount of the lien is less than or equal to \$100.00.
- Category Three contains the liens for a single property or multiple properties where the total lien is greater than \$2,000.00.
- Category Four contains the liens for properties with alert information. The alert information is a good faith effort by the County Treasurer to share known information with prospective tax lien sale buyers. It is not all inclusive. The County is not able to warrant the alert information or lack of alert information. The tax lien sale buyer participates at his or her own risk.

Payment: The County Treasurer is allowed to accept payment of the purchase price in the form of cash, negotiable paper, or electronic funds transfer (CRS 39-11-111).

If the winning bidder fails to pay the amount due, the County Treasurer has the option to recover the amount bid in a civil action. The County Treasurer also is allowed to prohibit that person from bidding at tax lien sales for up to five years. Alternatively, the County Treasurer has the option to try and resell the lien. (CRS 39-11-116)

Evidence of Successful Bid: The successful buyer receives a Certificate of Purchase from the County Treasurer. Alternatively, the buyer could choose to have the certificate retained at the County Treasurer's Office, a procedure known as "safekeeping." The buyer would then receive a list of certificates purchased. (CRS 39-11-117)

Unsold Tax Lien Certificates: Any tax liens not sold at the sale are struck off to the county (or, in some cases, city or town) (CRS 39-11-108[3]). The County (or city, town) is allowed to sell these tax lien certificates upon payment of the purchase amount given at the original sale (taxes, delinquent interest, and fees), interests and costs that have accrued since the date of the sale, a fee for assigning the certificate to the purchaser, and assessed taxes since the date of the sale (CRS 39-11-120[4]).

If the amount to be received for the certificate is less than the full amount due, approval by the Board of Commissioners is required for the sale (CRS 39-11-122).

Assignments, sales or transfers of certificates of purchase by irrigation or drainage districts are governed by CRS 39-11-123, 125 -127.

If at the time of assignment of a certificate of purchase held by the County the certificate is 15 years old or will become 15 years old within one year from the date of the assignment, the holder is entitled to a tax deed if demand for a deed is made to the County Treasurer within one year from the date of assignment. (CRS 39-11-148[3])

### **After the Sale**

Paying Subsequent Taxes: An endorsement is the option extended to the previous year tax lien certificate holder to buy the current year lien on the same property prior to the tax lien sale, without paying a premium. A holder of a certificate of purchase may pay any subsequent taxes on the property on which the buyer has an unredeemed certificate. If the certificate is being held by the County Treasurer, the holder will be notified of the amount due. Otherwise, the holder needs to bring the certificates in to the Treasurer's office. This payment is then endorsed on the

certificate of purchase and the tax lien sale book of record in the Treasurer's Office. The Treasurer is allowed to charge a fee for these services. (CRS 39-11-119)

Payments of subsequent taxes earn the same rate of interest as the lien purchased at the original sale.

Redemption Amount: The redemption amount paid is the certificate amount (tax, interest, advertising, and fees), plus redemption interest.

If the lien is redeemed, the certificate holder is entitled to interest on the taxes, penalty interest, advertising, and legal charges, which was paid and subsequently endorsed.

If the certificate holder has begun the foreclosure process, then the redemption amount will include costs paid by the applicant for a tax deed for notices, abstract and search fees, and for the cost of publishing the notices (CRS 39-11-130).

If a lien is wrongfully sold and the County must pay the certificate holder, the annual rate of interest is two percentage points above the Federal Reserve discount rate, rounded to the nearest full percent. (CRS 39-12-111[2][a]) The rate cannot be lower than 8% (CRS 39-12-111[2][b]).

Here is an example of the return that could be earned on a \$1,000 tax lien based on a 10% interest rate:

**Return on a \$1,000 Tax Lien**

Based on a 10% yearly coupon rate	Redemption (Maturity)		
	Premium	1 Month	6 Months
7%-\$70	(\$62)	(\$20)	\$30
5%-\$50	(\$42)	\$0	\$50
3%-\$30	(\$22)	\$20	\$70

(from Jefferson County, CO Treasurer's powerpoint presentation at [http://www.co.jefferson.co.us/jeffco/treasurer\\_uploads/2010\\_tax\\_lien\\_sale\\_web\\_site1.ppt](http://www.co.jefferson.co.us/jeffco/treasurer_uploads/2010_tax_lien_sale_web_site1.ppt))

Process if the Lien is Redeemed: The tax lien certificate may be redeemed at any time until a Treasurer's deed is issued. The holder needs to surrender the certificate (unless the Treasurer's office is holding the certificate in safekeeping), in order to be paid. (CRS 39-12-109)

Assignment of Tax Lien Certificate: Certificates of purchase are assignable by endorsement (CRS 39-11-118). There may be other, county-specific requirements, such as not permitting an assignment until a certain number of days following the lien's sale.

In Arapahoe County, for example, all tax lien holders must be registered as tax lien buyers. If a tax lien holder wishes to assign his/her tax lien to someone who is not already a registered tax lien buyer, the person to whom the assignment is made must register before the assignment can be processed. When the county files have been updated, the assignment is then processed.

Life Span of Tax Lien Certificate: Fifteen years (CRS 39-11-148).

## **Foreclosure**

Foreclosure Process if the Lien is Not Redeemed: The certificate holder can apply for and receive a Treasurer's Deed to the property after the redemption period has expired (CRS 39-11-120[1]). Often, lien holders apply for a deed prior to the three-year point after they endorse the third year of taxes.

Prior to deed application, all subsequent taxes, special assessment liens and current taxes must be paid and endorsed on the certificate.

To make application, the lien holder will need to contact the Treasurer's office, complete an application form and deposit expense money for processing the application. After a title search, advertising, and notifications to all interested parties, a Treasurer's Tax Deed is issued if there has been no redemption. (CRS 39-11-128[1], CRS 39-11-136)

The Treasurer is allowed to charge a fee for each deed executed and acknowledged (CRS 39-11-120[2]). In Denver City and County, the deed fee in 2010 is \$500.00. It is \$350 in El Paso County, and \$500 in Jefferson County.

No property for which a tax lien is sold for delinquent taxes can be conveyed to an elected or appointed county official, to a county employee, or to a member of the immediate family of any such person or to the agent of any such county official or employee, if the tax lien on the property was sold during the time the official or employee held office or was employed (CRS 39-11-151[1][a]). Exceptions are made for the following situations (CRS 39-11-151[2]):

- If the property to be conveyed was owned by the county official or county employee, or by a member of the immediate family of any such person, immediately prior to the sale of a tax lien on such property for delinquent taxes;
- If such property is situated within a county other than the county to which such county official or employee is elected, appointed, or employed; or
- If the property to be conveyed is a severed mineral interest and, at the time of the conveyance, the county official or county employee is the owner of the surface estate which is coterminous with the severed mineral interest.

Any county official, county employee, or member of the immediate family of any such person, or the agent of any such county official or employee, who knowingly receives a conveyance of property in violation has committed a class 1 misdemeanor and can be punished per CRS 18-1.3-501 (CRS 39-11-151[3]).

The procedural requirements for issuing a deed normally take anywhere from six months (Jefferson County) to 9 to 12 months (El Paso County) to accomplish. An extension of the time period may occur when there are complex problems related to the property. The deed

application processing costs are recoverable if the property is redeemed; however, no redemption interest is earned on deed expenses.

If application for a Treasurer's deed is pending at the time the lien is to expire (15 years from the date of sale), a Treasurer's deed can still be issued (CRS 39-11-148[2]).

Further, if at the time of assignment of a certificate the certificate is 15 years old or will become 15 years old within one year from the date of the assignment, the holder is entitled to a tax deed if demand is made of the County Treasurer within one year from the date of assignment. (CRS 39-11-148[3])

Type of Deed Issued: Treasurer's Tax Deed. The general form of the deed issued is provided by CRS 39-11-135. See also CRS 39-11-136 for the rights vested by the deed.

Legal Challenge Period: An action for the recovery of land for which a tax deed was issued can be brought within five years after the execution and delivery of the tax deed by the Treasurer. (CRS 39-12-101; see also CRS 39-12-102 for actions related to mining or placer claims). The value of all improvements made in good faith, and all sums paid for the tax lien on the land and for improvements, and all costs incident to the issuance and recording of the Treasurer's deed, and all taxes and assessments paid after the sale of the tax lien, including the redemption value of all tax sale certificates redeemed, held, or surrendered for redemption by the holder of the treasurer's deed, will be determined by the court or jury. This amount will be paid, with interest at 12% per annum, by the person recovering the land to the person who was holding the tax deed, and payment must be made prior to a judgment or decree being entered. (CRS 39-12-101)

When the owner of real property for which a tax deed was issued is under legal disability at the time of execution and delivery of the tax deed, that person has the right to redeem the property at any time within nine years from the date of the recording of the tax deed. If the person's disability is removed or ceases within this nine-year period, the redemption must occur not more than two years after the removal or cessation of the legal disability. All redemptions must take place within nine years of the recording of the tax deed, irrespective of the time that the disability was removed or ceased. (CRS 39-12-101 and CRS 39-12-104[1])

The cost to redeem, in this case, is the amount for which the tax lien was sold, and the cost of the tax deed and its recording, with interest from the date of the sale at 15% per annum, and all other taxes, costs, and charges which remain unpaid at the time of redemption, and all other taxes levied subsequent to the date of such sale, which have been paid by the person to whom the tax lien was sold, with interest at the rate of 15% per annum from the date of the payment. If improvements have been made upon the property, the person redeeming must pay the then present value of those improvements. (CRS 39-12-104[2])



## **County Tax Lien Sales Information**

(1) Denver City and County, CO  
Treasury Division  
720-913-9300

<http://www.denvergov.org/Default.aspx?alias=www.denvergov.org/treasury>

“Real Property Tax Lien Sale Information” -

<http://www.denvergov.org/PropertyTaxInformation/TaxLienSaleInformation/tabid/425589/Default.aspx>

(2) El Paso County, CO  
Treasurer’s Office  
719-520-6666

<http://trs.elpasoco.com>

“Tax Lien Sale” - <http://trs.elpasoco.com/Pages/TaxLienSale.aspx>

“Tax Lien Sale Redemption Statistics” -

<http://trs.elpasoco.com/Pages/RedemptionStatistics.aspx>

“County Held Tax Liens” - <http://trs.elpasoco.com/Pages/CountyHeldTaxLiens.aspx>

(3) Jefferson County, CO  
Treasurer’s Office  
303-271-8330

<http://www.co.jefferson.co.us/treasurer>

“Tax Lien Sale” - [http://www.co.jefferson.co.us/treasurer/treasurer\\_T68\\_R9.htm](http://www.co.jefferson.co.us/treasurer/treasurer_T68_R9.htm)

“Tax Lien Seminar” - [http://www.co.jefferson.co.us/treasurer/treasurer\\_T68\\_R10.htm](http://www.co.jefferson.co.us/treasurer/treasurer_T68_R10.htm)

“View Maps of Tax Lien Properties” -

[http://www.co.jefferson.co.us/treasurer/treasurer\\_T68\\_R11.htm](http://www.co.jefferson.co.us/treasurer/treasurer_T68_R11.htm)

“County Held Certificates” - [http://www.co.jefferson.co.us/treasurer/treasurer\\_T68\\_R13.htm](http://www.co.jefferson.co.us/treasurer/treasurer_T68_R13.htm)

“Register for the Tax Lien Sale” -

[http://www.co.jefferson.co.us/treasurer/treasurer\\_T68\\_R14.htm](http://www.co.jefferson.co.us/treasurer/treasurer_T68_R14.htm)

“List of Properties” - [http://www.co.jefferson.co.us/treasurer/treasurer\\_T68\\_R15.htm](http://www.co.jefferson.co.us/treasurer/treasurer_T68_R15.htm)

“Tax Sale Procedures” - [http://www.co.jefferson.co.us/treasurer/treasurer\\_T68\\_R16.htm](http://www.co.jefferson.co.us/treasurer/treasurer_T68_R16.htm)

(4) Adams County, CO  
Treasurer’s Office  
303-654-6160

<http://www.co.adams.co.us/index.cfm?d=standard&b=1&c=14&s=19&p=231>

“Tax Lien Sale” - <http://www.co.adams.co.us/index.cfm?d=standard&b=1&c=14&s=107&p=259>

“Tax Sale List” - <http://www.co.adams.co.us/index.cfm?d=standard&b=1&c=14&s=296&p=778>

“Mobile Home Tax Lien Sale” -  
<http://www.co.adams.co.us/index.cfm?d=standard&b=1&c=14&s=108&p=265>

(5) Arapahoe County, CO  
Treasurer’s Office  
303-795-4550  
<http://www.co.arapahoe.co.us/Departments/TR/index.asp>

“Real Estate Tax Sale Information” -  
<http://www.co.arapahoe.co.us/Departments/TR/TaxLien/taxsaleinfo.asp>

“Tax Lien Sale Procedures” -  
<http://www.co.arapahoe.co.us/Departments/TR/TaxLien/taxlienGeneralInfo.asp>

“Viewable Tax Sale File” -  
[http://www.co.arapahoe.co.us/Departments/TR/documents/ADV\\_RE\\_VIEWABLE.TXT](http://www.co.arapahoe.co.us/Departments/TR/documents/ADV_RE_VIEWABLE.TXT)

“Downloadable Tax Sale File” -  
<http://www.co.arapahoe.co.us/Departments/TR/documents/TAXSALE.TXT>

“Supplemental Tax Sale File” -  
<http://www.co.arapahoe.co.us/Departments/TR/documents/NoFile.txt>

“County-held Certificates Available for Purchase” -  
<http://www.co.arapahoe.co.us/Departments/TR/documents/Outstanding%20County%20Held%2005-18-2010.pdf>

## **TAX DEED SALES**

Yes. The County Treasurer may apply for a tax deed on property for which it holds a tax lien certificate after the three-year redemption period has expired (CRS 39-11-142). Any property that is not retained or leased by the Board of County Commissioners can be sold at a public sale by the Board within one year after the property is conveyed to the county (CRS 39-11-143[4][a]).

### Before the Sale

A notice of the sale must be posted in a public place in the county courthouse at least 30 days before the date of sale, and the notice of sale must also be advertised in two issues of a newspaper of general circulation in the county in which the property is situated, with the newspaper notices to appear one week apart and within the 30 days before the sale. (CRS 39-11-143[4][a])

### At the Sale

The property is sold at public sale for the highest and best bid, except that the Board may reject any bid that is less than the value of the property as determined by the County Assessor. The Board will determine acceptable terms of payment, but no deed can be issued until the purchaser has made payment in full. Upon written application of any person, the Board will offer for sale the property requested by the person to be sold; except that no parcel can be divided for the purpose of such a requested sale unless the Board specifically permits the division. (CRS 39-11-143[4][b])

Any city and county having a population of over 300,000 will conduct these sales instead according to the provisions of its charter or ordinances (CRS 39-11-143[6]).

### After the Sale

The purchaser will be issued a deed without covenants of warranty (CRS 39-11-143[5]). The sale does not affect any special assessment lien to which the real estate and conveyance is subject to under law (CRS 39-11-144).