

## SRI, INC. TAX SALE GLOSSARY

This glossary of terms is designed to be used as an “at a glance” reference to terms that are common, exclusive or even jargon, specific to the tax sale area. It is not inclusive of each and every term, but contains words that may be confusing or singularly pertinent to Indiana Tax Sales. Hopefully, the definitions are simpler than statutory construction as it is meant to help those county staff people that represent all levels of tax sale expertise.

*NOTE: Words that are defined elsewhere in the glossary appear in italics.*

**Application for Judgment-** the document or court filing that gives rise to the judge signing the order or *judgment*. Commonly used to obtain Order for Tax Sale.

**assignment-** sometimes lien buyers sell or give their interest in their *certificate* to another entity. The back of the printed *certificate* has the necessary information to be completed in the event of an assignment.

**attorney fees-** fees recoverable for hiring an attorney to prepare the notices to the interested parties. Considered as part of the *Noticing and Attorney Fees* item on the *137B form*.

**B sale-** also, expedited sale. Indiana law allows counties to have a second sale in the winter to attempt to sell those parcels that did not sell in the regular tax sale held in the fall. The reason it is referred to as the “expedited sale” is that the period of *redemption* is shortened to 120 days for the property owner and the buyer can receive their *tax deed* more expeditiously.

**bidder registration form-** the document required, on your behalf, by *SRI* to permit someone to receive a bidder number and bid at a sale.

**blanket consent form-** a form that comes from the IRS every two years that sets forth the process a lien buyer can follow to obtain a release of any IRS liens on the property.

**buyer beware-** see *caveat emptor*

**buyer handout-** the document distributed by *SRI* at the tax sale which contains much information important to the lien buyer.

**bounty hunters-** parties that search county records, or request the county to search their records to locate surplus funds for other people. Bounty hunting is not illegal if done properly, but there are many abuses and even instances of fraud that are being performed.

**caveat emptor-** Latin for “buyer beware”. “as is”, no warranties, no refunds.

**certificate-** the actual legal document that creates the legal interest or lien on the real estate. This is the document that must be surrendered when a buyer claims the *redemption* proceeds.

**certificate sale-** IC 6-1.1-24-6 et seq. defines the manner in which commissioners may sell *certificates* for less than the face value, or lien amount, of the certificate.

**certified list-** Indiana law requires the treasurer to provide to the auditor on July 1 a list that certifies all tax sale eligible properties as of that date. Tax sale eligible is defined as any entity that is delinquent from the prior years spring installment.

**Commissioners' sale-** the county commissioners may sell any property held in their names. Specifically. The commissioners can obtain a deed after a *B sale* or the second consecutive offering of a parcel at the regular fall sale by following the same procedures as a lien buyer. Most pertinent legal references can be located at IC 36-1-11

**common location-** the actual location or street address of the property.

**expedited sale-** see *B Sale*

**free and clear title-** the interest in the real estate that is created by the issuance of the *tax deed*.

**institutional buyers-** also known as "big buyers". Bank and insurance companies and groups of investors that buy tax liens in hopes of getting the return on their investment upon redemption.

**insurable title-** title insurance companies consider risk factors in determining whether or not to insure title or for how much premium. Historically, title companies will not insure tax-deeded properties. There are few exceptions, but generally the buyer that wants to obtain a loan on a *tax-deeded* property will have to perfect a quiet title.

**interest rates-** the percent of return the lien buyer will receive upon *redemption*

**interested parties-** those parties that have a *substantial property interest* as defined by Indiana law and therefore are the parties to whom notices must be sent in perfecting deeds.

**invalid sale-** a county Auditor and Treasurer can jointly determine that a sale was invalid based upon issues regarding failure to notice to the owner of record on July 1, issues of incorrect noticing of due process rights and dollar amounts, and other issues that might, in fairness to the owner, favor the setting aside of the sale. The buyer is entitled to 6% interest per annum on the purchase price plus a reimbursement of properly certified *137 B* costs.

**judgment-** also, *court order*, Any document signed by the judge that directs someone to act. In tax sale, an order is signed that allows the sale to take place and orders are signed to direct the preparation of deeds. There are other instances that court orders or judgments are used in tax sale.

**minimum bid-** the dollar amount that represents delinquent taxes, special assessments, penalties and costs. In a regular tax sale, it will include the November installment of taxes and in B sale, it will include an estimate of the May installment. No amount less than this amount will be accepted on a parcel to purchase the lien.

**Mundy case-** a case that was decided in Vanderburgh that held that a purchaser of a lien may petition the court for an order to refund the purchase price less 25% where the purchaser has sent his *4.5 notices*, but chooses not to perfect the deed. Also see *buyer's remorse*.

**noticing costs-** the sum recoverable by a lien buyer for sending certified mail notices to *interested parties*. These costs are refundable upon *redemption* if the buyer filed a *137B form*.

**order establishing fees-** a document submitted to the court at the time of filing the *Application for Judgment*. The order gives the judge the opportunity to establish a ceiling on fees recoverable by the buyer upon submission of the *137 B form*. The judge can choose to set a dollar amount or not set one. The document also allows the judge to establish a “no earlier than” date for filing *137B forms*.

**parcel number-** the number assigned by the county to identify a parcel of real estate.

**petition for fees-** Indiana law allows the lien buyer to file a request with the court to be reimbursed for an amount greater than the ceiling set by the court for title search and *noticing and attorney fees*.

**quiet title-** an action brought by an entity that has an ownership interest in real estate which may be questionable for some reason. This legal action allows the entity to receive a court judgment declaring them to be the owner of the real estate eliminating any issues, or quieting the title. Most tax sale purchasers that seek *title insurance* are required to obtain such an order before *title insurance* will be issued.

**redemption-** the process that allows the delinquent owner to pay the taxes, penalties and costs after the parcels sells at tax sale. The period in which this must occur is one year and the buyer of the lien receives the purchase monies back plus interest, when the buyer submits the *certificate* to the Auditor. This period is 120 days for parcels sold in a *B sale*.

**sales ID number-**the number assigned by SRI to identify the parcel in the tax sale system. The first four digits identify the county and year.

**sheriff sale-** sale conducted by the sheriff as the final step of a mortgage foreclosure. These sales are under the jurisdiction of the court and the sheriff is statutorily required to do noticing and conduct the sale.

**SRI-** a.k.a. Synergistic Resources Integration, the tax sale experts.

**status codes-** the code used by SRI to identify parcels and their particular status in the tax sale process. i. e., S=sold, P=paid, D=delinquent.

**subsequent taxes-**lien buyers should pay taxes that become due after the sale and before the redemption period ends. The buyer can be reimbursed for those taxes if they file a 137B form.

**substantial property interest-** title to or interest in a property based upon the records of the county recorder and county clerk. These entities are located by title searches in order to determine to whom notices must be sent to perfect tax deeds. Inclusive in this group would be mortgage holders, judgment lien holders, mechanic lien holders and the IRS.

**surplus-**the sum of money bid and paid by a buyer over and above the minimum bid amount at the tax sale. This amount bears interest at 10% per annum for the one-year redemption period and is paid back to the buyer upon redemption. If the property goes to deed, the person who lost the property as a result of the deed is entitled to claim the money. If the surplus is not claimed or paid to the buyer, it will go to the county general fund after three years.

**surplus disclosure form-**137G form, completed and signed by an entity who desires to transfer their rights to *surplus* on property they owned at the time of the tax sale and prior to the

issuance of a *tax deed*. This document must be notarized and is designed to protect owners from fraudulent *bounty hunters*.

**tax deed**-legal document prepared by *SRI* pursuant to a court order that directs the auditor to prepare the deed to transfer title to the lien buyer.

**tax sale book**- The State Board of Accounts approved book that contains various documents, but most importantly the *137 Forms*. *SRI* tax sale book is given to the auditor and treasurer the day of the sale.

**tax sale costs**- By statute, the \$25.00 fee added by counties to pay postage and advertising costs, plus any other costs directly attributable to tax sale. *SRI*'s per parcel fee is included in the category of costs directly attributable to tax sale.

**tax sale notice**-Indiana law at IC 6-1.1-24-2 defines the details of the content of the tax sale notice. The notice is the document that must be sent by certified mail as the initiation of the proceeding against the owner of record of the delinquent parcel as listed in the *certified list*.

**title insurance**-a policy of insurance issued by a title insurance company that guarantees clear title with no clouds.

**title search costs**-money expended by the lien buyer to have the record searched to identify *interested parties*. This is a recoverable expense upon *redemption* if a duly filed *137B* was filed.

**137 form**- The State Board of Accounts form that contains the detail of each parcel sold at sale. This form contains owner name, buyer name, and amount of minimum bid and *surplus*. It also contains interest paid upon *redemption*, quietus numbers and *137B* costs that have been filed.

**137B form**-This is the State Board of Accounts form for lien buyers to use when they are seeking reimbursement for costs from the redeeming owner. See *noticing costs, attorney fees or title search costs*.

**4.5 notices**-the legally required notice that must be sent by certified mail to all interested parties by the lien buyer. This notice must be sent prior to nine months from the date of the sale.

**4.6 notices**- the legally required notice that must be sent by the buyer to the interested parties after a year from the sale that notifies them that the redemption period is over and a deed petition is being filed.

**W-9**-the IRS form used to identify taxpayers by social security or EIN number. This form may be requested by the county at the sale or at the end of the calendar year.

**1099**- the IRS form that tax payers who earn interest, like lien buyers, must file with there annual tax returns as a proof of the amount of interest earned by the income tax payer.