

Sale of Real Estate for Taxes

September 5, 2018

Connecticut General Statutes §12-157

Tax Collectors Office Staff:

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General Information

The Town of Southington will conduct a tax sale of delinquent properties on Wednesday, September 5, 2018 beginning at 7:00 PM.

The sale will take place at the Southington Town Hall, 75 Main Street, Southington, CT 06489. The tax sale is a collection enforcement measure authorized by Connecticut General Statutes §12-157. Additional information about the process, and specifics concerning the notices involved, may be obtained by consulting the statute directly.

The Tax Collector and Town employees **are not** authorized to advise property owners, lien-holders or potential bidders. Interested parties are advised to consult their own legal counsel. Research on properties offered for sale is the responsibility of the potential bidder.

General Procedures

The tax sale is a public auction by a municipal entity which applies the proceeds against unpaid taxes. A series of notices have been sent to the property owners and to anyone with a lien or other encumbrance on the property and filed on the land records within the Town of Southington. Three (3) notices were mailed over a twelve (12) week period. Additionally, three (3) legal notices of the tax sale were published in the *Record Journal* over the same twelve (12) week period.

Each property is sold separately at the sale to the highest bidder. The Town seeks to recover all taxes and other charges due, plus the cost of conducting the tax sale.

Properties will be auctioned for the amount of their delinquent taxes, interest, lien fees, and associated costs. Associated costs include title searches, newspaper advertising, filings in the land records, certified mailings, and the cost of running the tax sale. The Tax Collector may not waive or reduce any amount owed.

Tax sale properties are not owned by the Town. These are properties that are privately owned. If there are no bids the tax sale can be adjourned to a later date; lower bids may be accepted, or the Town can bid to acquire a property.

Tax Sale Time Line

Funds collected at the sale are applied to clear the back taxes and release the liens. The Tax Collector creates a deed to each property in the name of the successful bidder. This deed remains unrecorded for six (6) months from the date of the sale. During that period the property remains the owner's property; the successful bidder has no rights to the property. The owner may redeem the property within the six (6) month period by paying the amount of taxes that were due (the minimum bid) plus interest on the total bid (purchase price). If the property is not redeemed within the six (6) month period, the deed is recorded transferring ownership to the successful bidder.

With no redemption, the new owner takes title to the property free of prior encumbrances, with the sole exception of Internal Revenue Service (IRS) liens. The IRS has an additional 120 days to redeem the property in which case the buyer will lose title.

Property Inspection Warning

Bidders and potential bidders are advised that tax sale properties are private property and that trespassing on private property is a crime. You may not violate the privacy rights of the owner or any occupants of the property. There is no allowance for property inspections of tax sale property. You may not trespass on a property either before or after the sale, even if you are the successful bidder. Interested bidders may view the property from the public right-of-way and consult public records like assessment maps, field cards, and recorded deeds.

Instructions for Bidders & Potential Bidders:

Instructions will be read at the beginning of the tax sale and procedures for conduct of the sale will be explained. Specific questions concerning the tax sale process will be entertained. Questions concerning specific properties or their inclusion in the tax sale are not appropriate.

In order to register to bid on a property, you must provide:

Your name, address, and daytime phone number

Your social security number or business identification number (Federal ID)

Valid current personal identification (e.g. driver's license)

\$3,000.00 cash or certified bank check or cashier's check made payable to CT State Marshall
David F. Hubbs, Trustee

A separate deposit is required for each property you intend to bid on

Upon completion of the bidding, the successful bidder's \$3,000.00 payment shall be retained
and all other payments returned to the unsuccessful bidders

A separate \$3,000.00 payment shall be required for each parcel purchased

You will be required to sign an affidavit that you have received a copy of the rules of the sale and that you agree to abide by them. You will not be allowed to register if you refuse to sign the affidavit or if you appear unable to understand the rules of the sale.

Each property will be sold separately to the highest bidder. **The \$3,000 deposit is nonrefundable.**

Minimum bids were posted in the legal notice in the *Record Journal*.

Minimum bids include: all past due real estate taxes and all interest and lien fees; attorneys' fees, marshall fees, notice fees, and title search costs.

No bids less than the minimum will be accepted.

Spectators

Spectators are welcome to attend the tax sale. Spectators do not need to identify themselves or register and are free to come and go as they wish. We ask that spectators seat themselves so as to allow enough room for registered bidders in front.

Restrictions

The Tax Collector or his designee may, for any reason and for any parcel or parcels scheduled for sale, adjourn such sale from time to time in accordance with Section 3(b) of CGS §12-157.

The Sale Process

The auction will begin as soon as all prospective bidders are registered.

The Tax Collector or his designee shall ask, for each parcel to be sold, whether there be any bidders who are prepared to bid the Minimum Bid. If so, the bidding will begin with such bid. The Town of Southington reserves the right, but shall be under no obligation, to bid for and purchase any parcel if there is no bidder or the amount bid is less than the Minimum Bid or to reject all bids.

The opening bid will be the total amount due to the Tax Collector on the date of the sale. No lower bids will be accepted on the first round of bidding. Bidding will continue until the highest amount is reached. Each property will be auctioned off in this matter The Tax Collector and any auctioneer retained in accordance with Section 3(d) of CGS §12-157, shall conduct the bidding and shall retain sole discretion as to the point at which the bidding shall begin and the increments and pace at which the bidding shall proceed.

Successful winning bidders

If you are a successful winning bidder, your deposit will be retained by the State Marshall. Payment of the balance of the purchase price (bid) is due within seven (7) business days of the conclusion of the Sale. Payment of the balance must be made in the form of cash, certified or bank check, or money order payable to CT State Marshall David F. Hubbs, Trustee. If payment is not received within seven (7) business days the purchaser (bidder) forfeits his or her deposit and the right to purchase the property. Such bidder shall have no interest, right or claim to the parcel on which the bid was made.

Redemption Period

Within two weeks of the sale and the payment of the full purchase price by the successful bidder if greater than the Minimum Bid, the Tax Collector shall execute a deed to the parcel sold or to the Town if the Town bid on such parcel.

Clerk Deeds in the name of each successful bidder will be lodged in the office of the Southington Town Clerk after full payment of the purchase price is received. The deeds will remain unrecorded for a period of six (6) months from the date of the sale. During that time period the owner of record retains full ownership. During that six (6) month period the owner and any lien holder, mortgagee, or record encumbrancer has the right to redeem the property by paying the amount of the bid plus 18% per annum (1.5% per month) interest.

Note: If you are the successful bidder your name, address, and daytime telephone number will be provided to the owner of the property and to each mortgagee, lien holder, and record encumbrancer of the property. The tax collector is required to publish the results of the sale in the newspaper, including the winning bidders name and the amount of the successful bid.

During the six (6) month redemption period you, as the successful bidder, have an "insurable" interest in the property in the property and per state statute you are permitted to obtain casualty or loss insurance on the property to protect your investment even though you are not the owner.

If you change your address or telephone number you are required to notify the Tax Collector. If you assign your rights to another party you are required to notify the Tax Collector. This is necessary so the Town of Southington can contact you if the property is redeemed.

Questions concerning your rights and obligations as a successful bidder should be directed to your private attorney. Employees of the Town of Southington will not provide legal advice to the successful bidder.

Payment

Payment of the balance must be made in the form of cash, certified or bank check, or money order payable to CT State Marshall David F. Hubbs, Trustee. If payment is not received within seven (7) business days the purchaser (bidder) forfeits his or her deposit and the right to purchase the property. There will be no extensions for any reason whatsoever. You will forfeit your deposit without exception if you miss the deadline.

Property Redemption

During the six (6) month redemption period the purchaser has no rights to the property. You cannot make repairs, collect rents, move in or inspect the property.

If the property is redeemed:

In order to redeem the property, the owner of the property, within six (6) months from the date of the sale, must pay or tender to the State Marshall the amount of taxes, interest, and charges which were due and owing at the time of the sale, together with 18% per annum interest (1.5% per month) on the total purchase price (the bid) paid by the purchaser.

If the property is redeemed, the owner retains the property, and the deed which had been lodged with the Town Clerk is cancelled.

Within ten (10) days of the receipt of the amount in redemption, the State Marshall shall notify the purchaser that the property has been redeemed and shall tender the purchaser their bid amount (including the deposit) plus interest at the rate of 1.5% per month.

Transfer of Title

If the property is not redeemed, the bidder will not be paid any money but will instead acquire the property. If the owner does not pay as specified above, the deed in the bidder's name is recorded six (6) months from the date of the sale. Title passes to the successful bidder at that time.

The statute states that if redemption does not occur, the end result for the delinquent taxpayer and for all mortgagees, lien holders or other record encumbrancers who have received actual or constructive notice of such sale as provided by law, is that "their respective titles, mortgages, liens, and other encumbrances in such property shall be extinguished." This means that the new owner takes the property without being subject to those prior encumbrances.

The new owner is responsible for evicting any occupants of the property by legal means. Any water/sewer charges owed to the Town of Southington which postdate the first sale notice are the responsibility of the purchaser.

Overbids

If bidding on a property becomes competitive, and the final bid is for more than the taxes and charges due, the additional amount is called an overbid. When the successful bidder makes a final payment of the purchase price, the funds are used to pay off the back taxes and charges, and the overbid is deposited into a separate account by the Town of Southington.

If the property is **redeemed** by the owner or interested party within the six (6) month redemption period, the Tax Collector will collect:

1. The amount of the minimum bid that was due at the time of the sale, and
2. Interest at the rate of 1.5% per month from the date of the tax sale on the total bid amount.

These amounts will go toward the redemption of the property.

The Tax Collector will also withdraw the amount of the overbid from the town's account and tender it to the bidder as part of the redemption amount.

If the property is **not redeemed**, the owner loses title to the property, and the Tax Collector turns the overbid to the Clerk of the Superior Court for subsequent distribution to the owner, the lien holders, or the state (escheat). In either case the Town of Southington does not retain the overbid and does not make a "profit" on tax sale properties, regardless of how much they sell for.

Disclaimers

The Town of Southington makes no representations concerning the character or suitability of any property offered for sale.

Except as provided by CGS §12-157, all parcels are subject to rights, restrictions, easements and covenants as of record appear and further subject to building lines, if established, all applicable laws, ordinances or governmental regulations or rules including but not limited to zoning regulations, Inland-Wetlands Act and regulations, State Health Code and regulations, Solid Waste Disposal Act and regulations; and federal, state, and local laws, regulations, ordinances, and rules relating to the environment. Each parcel is subject to the payment of current taxes.

Properties are sold "as-is" and subject to the taxes and fees of the Town of Southington not yet due and payable.

It is the responsibility of the bidder to determine the characteristics and suitability of any property offered for sale.

The tax sale is a final sale. Once you have been declared the successful bidder, you may not withdraw your bid without forfeiting your deposit.

None of the properties being sold is guaranteed buildable under current zoning regulations. Potential bidders are advised of the possible existence of environmental contaminants on the properties.

Potential bidders assume full and complete responsibility for ascertaining the suitability and character of each property, for any and all costs incurred pursuant thereto, and for all costs and/or liability incurred as a consequence of bidding.

Terms of Sale: This is a public auction and property will be sold to the highest bidder on each individual property. The minimum bid on each property will be the amount of taxes, interest, lien and other fees, jeopardy acceleration, and costs due as of the date of sale.

Remember: For successful bidders, the balance of the purchase price is due within 7 business days of the auction or they shall forfeit their deposit and the right to purchase the property.

Bidders and potential bidders are strongly advised to obtain their own legal counsel or financial advice before making the final decision to bid on tax sale properties.

Other Info:

You will be required to sign an affidavit that you have received a copy of the rules of the sale and that you agree to abide by them. You will not be allowed to register if you refuse to sign the affidavit or if you appear unable to understand the rules of the sale.

Note that title passes subject to the redemption rights of the IRS if there are federal tax liens against the property.

IRS Liens

If there are federal tax liens on a property, bidders and potential bidders are advised that title to tax sale properties passes subject to the redemption rights of the IRS. This means that the IRS may still be able to enforce collection of its liens against a subsequent owner of a property. You are advised to consult with your own attorney or financial advisor if you intend to bid on a property which is the subject of IRS liens in order to determine your rights. The Town of Southington and its employees and agents will not answer your questions or advise you in this regard.