SALE OF REAL ESTATE FOR TAXES

August 27, 2013

Conn. Gen Stat. 12-157 (1949 rev., s. 1838; PA 82-141, s. 3,4;

PA 84-146, s. 9; PA 95-228; PA 97-139)

Collector of Revenues' Office Staff:

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The Town of Enfield will conduct a tax sale of delinquent residential, commercial and other properties on Tuesday, August 27, 2013, beginning at 4pm EDT. The sale will take place at the Enfield Town Hall, 820 Enfield Street, Enfield, CT 06082. The tax sale is a collection enforcement measure authorized by Connecticut General Statute 12-157. Additional information about the process, and specifics concerning the notices involved, may be obtained by consulting the statute directly.

The Collector of Revenues and Town staff are not authorized to advise property owners, lien holders or potential bidders of their rights or obligations, or to pass judgment on the character or suitability of any property offered for tax sale. Property owners, lien holders, and potential bidders are advised to consult their own private attorneys. Research on properties offered for sale is the responsibility of the potential bidder.

Introduction/General Procedures

The tax sale is a public auction conducted by the Collector of Revenues. A series of notices have been sent to the property owners and to anyone with a lien or other encumbrance on the subject property. A series of notices were also published in the newspaper, and filed in the land records of the Town. 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 sale. Properties will be auctioned off by the Collector of Revenues for the amount of their delinquent taxes, interest, lien fees and associated costs. These **are not** properties that are owned by the Town. These are properties that are privately owned that have delinquent taxes due the Town.

If there are no bids, the sale can be adjourned to a later date; lower bids can be accepted, or the Town can bid to acquire the property.

There will be a variety of tax delinquent properties up for auction. Properties may include single and multi-family residential properties, commercial and/or industrial properties, residential and /or commercial condominiums, and vacant that land that may, or may not, be buildable. The list of properties included in the sale has CHANGED from the original listing, as property taxes are paid off to avoid the sale. Properties removed from the sale will be posted on the boards at Town Hall the day of the sale.

Funds collected at the sale are applied to clear the back taxes and release the tax liens. The collector draws up a deed to each property in the name of the successful bidder. This deed remains unrecorded for six months from the date of the sale. During that period, the property remains the owner's property – the bidder has no rights to the property – not yet.

The owner, or any lien holder or encumbrancer, may redeem the property within the six 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 month period, the new deed is recorded and the successful bidder becomes the owner of the property at that time.

If redemption does occur, and title passes, the new owner takes title to the property free of prior encumbrances, with the sole possible exception of Internal Revenue Service (IRS) liens. New owners take title subject to the possible redemption rights of the IRS.

Additional information concerning this process may be found in section 12-157 of the Connecticut General Statutes. A copy of the Connecticut General Statute 12-157 revised, is included here, as well as related statutes.

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 close to the stage.

WARNING:

Bidders and potential bidders are advised that tax sale properties are PRIVATE PROPERTY and that trespassing on private property IS A CRIME. There is no allowance for property inspections of tax sale property. You MAY NOT trespass on these private properties AT ANY TIME, either prior to, or after the sale, even if you are the successful bidder. The owners of these properties retain ALL of their rights to the property, and the peaceful enjoyment thereof, for a period of six months from the date of the sale (until February 27, 2014). YOU WILL BE SUBJECT TO ARREST AND PROSECUTION for breaking the law if you do not abide by this rule.

Instructions for Bidders and Potential Bidders

A. Bidder Registration, Bidding Procedures and Restrictions

These instructions will be read at the beginning of the tax sale, and procedures for the conduct of the sale will be explained. You will have an opportunity to ask brief, specific questions concerning the tax sale process at that time. However, please note that this is not a public hearing. Questions or comments not related to the conduct of the tax sale will not be entertained. Questions concerning the policy reasons for inclusion or exclusion of particular properties in the sale, or the characteristics of particular properties, are not appropriate. Determination of the suitability, relevance or propriety of

any question or comments rests exclusively with the Collector of Revenues conducting the tax sale. Instructions will be provided in the English language and read in the English language.

IF YOU WISH TO BID – You MUST pre-register between 1pm and 3:30pm on August 27, 2013. Only registered bidders will be allowed to bid at the sale. The sale will begin promptly at 4pm EDT, assuming that all interested bidders have pre-registered by that time. If the bidder registration process takes longer than 2 1/2 hours, the sale will begin after bidders have been registered.

First, you will obtain a bid number. **You will use the same number** for each property on which you intend to bid. At that time, you will be asked to show I.D. and Town records will be checked to be sure you do not owe delinquent taxes. **If you do owe delinquent taxes, you will be excluded from bidding. If you have previously bid at Town of Enfield tax sales, and failed to consummate the sale, you will be excluded from the bidding.** The Collector of Revenues has the discretion to exclude any potential bidder for cause, including unwillingness to acknowledge or conform to the rules of the sale.

After your taxes are checked, you will proceed to the registration tables to indicate the property or properties on which you intend to bid. **You must register separately for each property on which you intend to bid.**

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

- your name, address and daytime telephone number
- your social security number or business identification number (federal ID)
- valid current personal identification (such as a drivers' license)
- $5000.00 in cash, certified or bank check, or money order payable to the Town of Enfield Collector of Revenues ONLY – we WILL NOT accept checks co-payable to both you AND to the Town.
  The bid deposit is NON-REFUNDABLE if you are the successful bidder but later decide you do not wish to participate or consummate the sale.

- **A separate deposit is required for each property on which you intend to bid.**

You will be given a copy of the rules of the sale. You will be required to sign an affidavit to acknowledge that you have received a copy of the rules of the sale, that you understand the rules of the sale, and that you agree to abide by all of the rules of the sale.

You will not be allowed to register if you refuse to sign this affidavit, or if you appear unable to understand the rules of the sale. The final decision on who is eligible to bid rests with the Collector of Revenues.

Each property will be sold separately to the highest bidder on each individual property.

If the highest bidder fails to consummate the sale, the Town reserves the right to offer the property for sale to the next highest bidder, and so on down the line of bidders. If this situation should occur, and you were not the successful bidder, but you were the next highest bidder, the Town will contact you. If no bidder subsequently consummates the sale, the Town also reserves the right to acquire the property in lieu of taxes, as if the Town had bid in the sale.

You will not be recognized as a bidder on a property unless you have registered for that property prior to the sale.

Bidding will advance in increments of a minimum of $1,000.00, unless specified otherwise by the Collector of Revenues.

Properties are listed, and will be sold, in alphabetical order by owner's name.

Minimum bids were announced by the Collector of Revenues' Office on June 20, 2013. They are also posted on the boards at Town Hall, on the Town website, and listed on the Bid List.

Minimum bids include: all past due real estate taxes and sewer use charges; past due business personal property taxes, if any; sewer assessment charges, if any; interest and lien fees; attorney's fees, marshal and constable fees, if any; all costs incurred by the town in conducting the tax sale; and 2012 grand list real estate taxes.

No bids less than the minimum will be accepted in the initial round of bidding.

If there are no bids for the minimum announced bid on a property, bids less than the minimum will be accepted at the discretion of the Collector of Revenues. The Collector of Revenues and the Town, reserve the right to reject any and all bids and to sell the property to the Town.

Restrictions: Current owners may not bid on their own property. Lien holders may not bid on property in which they hold an interest.

Restrictions: Potential bidders who owe past due taxes or other charges to the Town of Enfield may not bid on tax sale property. If you owe past due taxes to the Town, you will be disqualified at the registration table. If you wish to bid, and you owe past due taxes, you must bring ALL your accounts up to date before the Town will accept your deposit and register you as a bidder.

The Town reserves the right to require payment in the form of cash or bank check in order to clear you for bidder registration. The Town reserves the right to refuse to register any bidder if dealing with tax delinquent bidders impedes orderly bidder registration or subjects the sale to undue delay. This determination is at the sole discretion of the Collector of Revenues and staff.

If you have previously bid at Town of Enfield tax sales and subsequently refused to pay the amount of your bid or otherwise failed to consummate the sale, you will be excluded from the bidding.

The Collector of Revenues has the sole discretion to exclude any potential bidder for cause, including the bidder's past history of failing to follow the rules, past history of significant tax delinquency, unwillingness to acknowledge or conform to the rules of the tax sale, or unwillingness to sign the affidavit to abide by the rules of the sale. This determination is at the sole discretion of the Collector of Revenues and staff.

The Collector of Revenues reserves the right to adjourn the sale of any and all properties for any reason to a later date to be established by the Collector of Revenues.

*B. **The Tax Sale Process***

The auction will begin as soon as all prospective bidders are registered, but not earlier than 4pm EDT. We will begin by reading the rules of the sale. Properties will be offered in alphabetical order by the name of the record owner. Each property will be announced and the opening bid will be given.

The opening bid will be the total owed to the Collector of Revenues on the day of the auction. No lower bids will be accepted in the first round of bidding. That means if there is $10,000.00 due on a property, you cannot bid $9,000.00. You must bid the minimum amount due or higher.

The bidder interested in the property will hold up his or her number card. It will then be recognized that there is a bid on the floor for that amount. If another bidder is interested in the same property, he or she can hold up their number card and state the higher amount he or she will bid. Bidding will continue until the highest amount is reached. The person who has bid the highest amount will be declared the successful bidder, after the property is offered as "going once, going twice, sold."

Each property will be auctioned off in this manner. **When the successful bidder is determined at the end of bidding on each property, the bidder will be asked to return to the registration table to complete his or her paperwork. This will be done immediately after the successful bid, rather than at the end of the auction,** unless the bidder also intends to bid on the very next property offered, in which case he or she will remain on the floor and continue bidding.

- **If you are a successful (winning) bidder:**

If you are the successful bidder, your $5,000 deposit will be retained by the Town. Be sure to return to the registration table in order that a photocopy of you identification may be made.

Payment of the balance of the purchase (bid) price is due by 5 p.m. EDT on August 30, 2013. Payment of the balance must be in the form of cash, certified or bank check, or money order, payable to the Enfield Collector of Revenues.

If payment is not received by 5 p.m. EDT on August 30, 2013, the purchaser (bidder) forfeits his or her deposit and the right to purchase the property. This means that if, for any reason, you do not consummate the sale by paying the balance due, **YOU LOSE YOUR $5,000 DEPOSIT. THERE WILL BE NO EXCEPTIONS MADE REGARDLESS OF THE REASON.** You will lose your deposit if you decide you do not want the property any longer; if you say you did not know what you were bidding on; if you say you did not understand the rules of the sale; if you, for any reason, do not want to participate; etc.

DO NOT BID ON PROPERTY UNLESS YOU ARE SURE YOU KNOW WHAT YOU ARE DOING. DO NOT BID ON PROPERTY UNLESS YOU KNOW WHAT YOU ARE BIDDING ON. UNDER ABSOLUTELY NO CIRCUMSTANCES WILL YOU GET YOUR MONEY BACK IF YOU LATER DECIDE YOU DON'T WANT TO PURCHASE THE PROPERTY OR YOU DON'T WANT TO PARTICIPATE.

Deeds in the name of each successful bidder will be lodged in the office of the Enfield Town Clerk after full payment of the purchase price has been received. These deeds will remain unrecorded for a period of six months from the date of the sale (until February 27, 2014). During that six month period, the owner of the property retains full ownership. During that six 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 (one and one half percent 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. Please note that this is public information and that the Collector of Revenues' office is required by state statute to provide this information as described above. The Collector of Revenues is also required to publish notice of the results of the sale in the newspaper, including your name and the

amount of your successful bid. However, the Collector of Revenues will not publish your telephone number.

If you change your address or telephone number, you are required to notify the Collector of Revenues. This is necessary so that the Town can contact you if and when the property is redeemed.

If you assign your rights as the successful bidder to another party, you are required to notify the Collector of Revenues. This is necessary for the same reason as above.

During the six month "redemption" period, you as the successful bidder DO have an insurable interest 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 are not the successful bidder:**

Your deposit will be returned to you immediately following the bidding on that particular property. Please return to the table as soon as the bidding on that property is concluded. You will be asked to present your bid number, surrender your receipt, and sign for your deposit, and your deposit will be returned to you at that time.

If the highest bidder fails to consummate the sale by 5 p.m. EDT on August 30, 2013, the Town reserves the right to offer the property for sale to the next highest bidder, and so on down the line of bidders. If this situation should occur, and you were initially not the successful bidder, but you were the next highest bidder, the Town will contact you. The Town also reserves the right to sell the property to itself if the highest bidder and/or the next highest bidder(s) fail to consummate the sale, by acquiring the property in lieu of taxes due, as if the Town had bid in at the sale.

If there is a competition among bidders for a property, and the bidding goes higher than the minimum bid on any property, any "overbid" in excess of the amount due to the Town is deposited in a separate escrow account. There is more information later in this packet about overbids.

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

C. Payment

The balance of the final bid amount (the purchase price) is due by 5 p.m. EDT on August 30, 2013. You will have less than a week after the auction to come up with the balance of the purchase price or your bid will be lost. This deadline is very important! You do not want to bid on a property you may not be able to pay for by 5 p.m. EDT on August 30, 2013. Do not rely on being able to obtain a loan after the sale. Financing is difficult to arrange in such a short time.

THERE WILL BE NO EXTENSIONS FOR ANY REASON WHATSOEVER. You will forfeit your deposit WITHOUT EXCEPTION if you miss the deadline. We are aware that illnesses, schedule conflicts, transportation problems and so on can occur unexpectedly. Because there are NO EXCEPTIONS to the deadline, please do not wait until the last minute to come in with your bid balance if you are prepared earlier! Make sure you have the rest of your purchase price by the deadline BEFORE YOU BID.

REMEMBER: Payment of the balance due must be in the form of cash, certified or bank check, or money order payable to the Enfield Collector of Revenues.

If payment is not received by 5 p.m. EDT on August 30, 2013, the purchaser (bidder) forfeits his or her deposit and the right to purchase the property. This means that if for ANY REASON you not consummate the sale by paying the balance due, YOU LOSE YOUR $5,000 DEPOSIT. THERE WILL BE NO EXCEPTIONS.

D. After the Sale

Also please remember that there is a six month redemption period on each property. If you are the successful bidder, you simply wait during this time. You have no rights to the property – not yet. You cannot make repairs, collect rents, move in or even inspect the property. However, the law states that do have a sufficient insurable interest in the property to insure against fire or other risk. Therefore, we strongly recommend that successful bidders insure the properties they bid on in order to protect their investment. This is up to you as the bidder, however. The Town is not involved.

E. Property Redemption

<u>If the property is redeemed</u>:

In order to redeem the property, the delinquent taxpayer, mortgagee, lien holder or other record encumbrancer whose interest in the property will be affected by the sale, within six months from the date of the sale, must pay or tender to the Collector of Revenues the amount of taxes, interest and charges which were due and owing at the time of the sale, together with 18% per annum (on and one half percent per month) interest <u>on the total purchase price (the bid)</u> paid by the purchaser.

If the property is redeemed, the owner retains the property, and the deed which had been drawn up in the bidder's name is cancelled.

Within ten days of receipt of the amount in redemption, the Collector of Revenues shall notify the purchaser of the property that the property has been redeemed, and shall tender to the purchaser the redemption payment, together with overbid amount, if any.

When an owner or interested party redeems, they prevent title from passing to the bidder.

By way of example, if redemption occurs in the third month after the sale, the bidder can make 4.5% on his or her money. If redemption occurs in the sixth month, the successful bidder can make 9% on his or her money. Because of this rate of return, some individuals consider bidding at a tax sale as a type of investment. No bank can give you this rate of return in this period of time. In this way, bidders make money IF the property they bid on IS REDEEMED. However, if it is NOT redeemed, and you are expecting to make money, you will be disappointed, although you will take title to the property. The bottom line is, it may not be advisable to bid on property UNLESS you are willing to accept ownership of the property, in case it is NOT redeemed and title DOES pass to you after the six month period.

The Collector of Revenues handles the redemption of the property, so there is no reason to worry about how you would prepare for it, or how you would deal with the owner of the property. The owner or interested party must tender the redemption amount <u>to the Collector of Revenues</u>, and the Collector of Revenues tenders the money to the successful bidder. The Collector of Revenues serves as the intermediary in this transaction. In order to redeem property, payment must be in the form of certified check, so there is no chance that a redemption payment will be returned for insufficient funds. The

Collector of Revenues' office collects the redemption amount, makes sure the bidder is being paid the correct amount, including the correct amount of interest, and mails the redemption funds directly to the bidder.

F. Transfer of the Title to the Property

If the property is not redeemed, the bidder will not be paid any money, but will instead acquire the property. If the owner (or other party) does not pay as specified above, the deed in the bidder's name is recorded six months from the date of the sale (on February 27, 2014). Title to the property passes to the successful bidder at that time, when the deeds to all properties that were not redeemed will be filed in the Enfield Land Records. At that time, the bidder becomes the new owner of the property. Note that title passes subject to the redemption rights of the Internal Revenue Service, if there are federal tax liens against the property.

The statute states that if redemption does not occur, the end result for the delinquent taxpayers and for all mortgagees, lien holders and 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 the new owner takes the property without being subject to these prior encumbrances.

If the property is not redeemed, at the conclusion of the six month redemption period (after February 27, 2014), if there was any overbid, it is delivered to the Clerk of the Superior Court. At that time, the owner of the property and any lien holder, mortgagee or record encumbrancer may make application to the Court for disposition of the overbid. The Town of Enfield is not involved in this determination. Please see more below about overbids.

G. Internal Revenue Service Liens

If there are federal tax liens (Internal Revenue Service, or IRS liens) on a property, bidders and potential bidders are advised that title to tax sale properties passes subject to the redemption rights of the Internal Revenue Service. This means that the IRS may still be able to enforce collection of its liens against a subsequent owner of a property. This is so because, although the Town has notified the IRS in accordance with state law and tax sale procedure, the IRS frequently changes its rules regarding notice requirements. Sometimes the IRS pursues subsequent owner; sometimes the IRS does not. 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 Internal Revenue Service liens in order to determine your rights. The Town of Enfield and its employees and agents WILL NOT answer your questions or advise you in this regard. The Town of Enfield, its employees and agents WILL NOT be able to advise you of the existence or nonexistence of these liens. It is the responsibility of the potential bidder to make this determination.

H. 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 final payment of the purchase price, the funds are used to pay off all the back taxes and charges, and the overbid is deposited into a separate account by the Town.

If the property is redeemed by the owner or interested party within the six month redemptions period, the Collector of Revenues will collect from them 1.) the amount of the minimum bid that was due at the time of the tax 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 Collector of Revenues 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 Collector of Revenues turns the bid over 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 does not retain the overbid and does not make a "profit" on tax sale properties, regardless of how much they sell for.

I. Disclaimers

<u>The Town of Enfield makes absolutely NO representations</u> concerning the character or suitability of any property offered for sale.

Properties are sold subject to restrictions, covenants and appurtenances as of record, and to taxes and fees of the Town of Enfield not yet due and payable.

IT IS THE RESPONSIBILITY OF THE BIDDER TO DETERMINE THE CHARACTERISTICS AND SUITABILITY OF ANY PROPERTY OFFERED FOR SALE.

THIS TAX SALE IS FINAL. Once you have been declared the successful bidder, you may not withdraw your bid without forfeiting your deposit.

The state statutes concerning tax sale are available for public inspection before and during the sale. They have been available in the Town Hall lobby since the notice of the sale was posted on June 7, 2013. They are also included in this packet.

NONE OF THE PROPERTIES BEING SOLD ARE GUARANTEED BUILDABLE UNDER CURRENT ZONING REGULATIONS.

ALL PROPERTIES ARE SUBJECT TO RESTRICTIONS, COVENANTS, AND APPURTENANCES OF RECORD WHICH MAY APPEAR.

THE TOWN OF ENFIELD AND ITS OFFICIALS MAKE NO REPRESENTATIONS, WARRANTIES OR GUARANTEES CONCERNING THE SUITABILITY OR CHARACTER OF ANY PROPERTY OFFERED FOR TAX SALE.

ALL PROPERTIES ARE SUBJECT TO ADDITIONAL TAXES, INTEREST, FEES AND OTHER CHARGES AUTHORIZED BY LAW ACCRUING SUBSEQUENT TO THE DATE OF THE NOTICE OF SALE. Such will be added to the amounts indicated as due and owing.

Potential bidders are advised of the possible existence of environmental contaminants on the properties.

Each tax sale property is sold "as is."

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, and costs due as of the date of the sale.

REMEMBER: For successful bidders, the balance of the purchase price is due by 5 p.m. EDT on August 30, 2013, or they shall forfeit their deposit and the right to purchase the property. Payment of the balance must be made in the form of cash, certified or bank check or money order payable to the Enfield Collector of Revenues. If payment is not received by 5 p.m. EDT on August 30, 2013, the purchaser (bidder) forfeits his or her deposit and the right to purchase the property.

DO NOT BID ON PROPERTY UNLESS YOU KNOW WHAT YOU ARE BIDDING ON AND WHAT YOU ARE DOING. All 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.