

# Florida Tax Certificate Information

## What are tax certificates?

Property taxes become due November 1, and are delinquent if not paid by April 1 of the following year. In March the Tax Collector sends out reminder notices to all unpaid accounts. The Tax Collector prepares a list of delinquent taxes in May to be posted in the newspaper and online.

The tax certificate's face amount consists of the sum of the following: delinquent real estate tax (unpaid amount), interest (1.5% per month for April and May on the delinquent amount), Tax Collector's commission (5% on the delinquent amount), and the newspaper's advertising charge (& sale costs or other costs).

Tax certificates are a first lien against property and shall supersede governmental liens.

## The Auction

On or before June 1 the Tax Collector must start the tax certificate auction (Note: the issuance of tax certificates and the auction process is governed by Chapter 197 of the Florida Statutes).

Tax certificates convey **no property rights**. They are an interest bearing "lien". Prior to the auction, the list of delinquent properties are advertised once a week for three consecutive weeks.

The interest on a certificate ranges from 0 to 18%. Valid bids may be entered between 0 and 18% in 0.25% increments. If the certificate is redeemed after June 1 the certificate holder is guaranteed a minimum of 5% interest. Zero percent bids will not earn the 5% minimum interest. Bids are entered and awarded to the buyer with the lowest interest rate bid. Simple interest accrues on a monthly basis. If the certificate earns an interest rate of 12%, then interest will accrue at 1% per month until the certificate is redeemed.

If there are any delinquent properties that do not receive a bid, those certificates are issued to the county at 18%. These county held certificates will become available for purchase at a date to be determined by the Tax Collector.

The life of a certificate is 7 years. In the event of a bankruptcy filing, the life of a certificate may be extended. If no action is taken by the certificate holder during the 7 year period, and the taxes remain unpaid, the certificate is cancelled due to the Statute of Limitation, which will result in the loss of your investment.

## Now you own a tax certificate, so what happens next?

In accordance with Florida Statutes, a certificate holder shall not contact the owner of the property for two years. Such contact may result in costly legal action.

Upon redemption of the delinquent taxes, the tax collector's office will then pay the certificate holder the total taxes due including interest earned.

Certificates can be sold and transferred to another buyer by submitting a completed transfer form along with a transfer fee of \$2.25 per certificate payable to the Tax Collector.

The holder of a tax certificate may apply for a tax deed after two (2) years have elapsed from April 1 of the year of issuance of the tax certificate.

Prior to applying for tax deed foreclosure it may be advisable to check for any existing liens on the property. Sec 197.552, Florida Statutes, provides that unsatisfied governmental liens shall survive the issuance of a tax deed.

To apply for a tax deed, the tax deed applicant shall do the following: (a) submit a signed application (b) pay all amounts required to redeem all outstanding tax certificates not owned by the applicant (c) if due, pay current taxes (d) pay a fee of \$100 for a title search fee (e) pay a \$75 application fee (f) pay a \$60 Clerk of Circuit Court fee. Note: All fees are subject to change at any time.

At a later date, the Clerk of the Circuit Court will notify the applicant of the sale date and additional cost, which the applicant must pay. These costs include the advertising cost, mailing cost and Sheriff's fee. In Hillsborough County, the sale will take place in approximately 2 -3 months following this notification. The property will be sold to the highest bidder at a public sale.

For properties **without** homestead exemption on the current tax roll, the opening bid will include all cost and delinquent taxes plus interest. For properties **with** homestead exemption on the current tax roll, the opening bid shall include, in addition to all cost and delinquent taxes plus interest, an amount equal to one-half (1/2) of the assessed value of the homestead property as listed on the current year's tax roll.

In the event the non-homestead property does not sell, the applicant is required to take deed to the property. If the homestead property does not sell, the applicant must pay the additional one-half (1/2) assessed value in order to take deed to the property. If the applicant elects not to pay the additional amount, the property will be entered onto the List of Lands Available for Taxes.

Property not purchased from the List of Lands within 3 years will escheat (revert) to the county and the applicant's investment is lost.

Buyers beware. Know what you are purchasing.