

## County panel OKs real estate tax foreclosure policy

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JEFFERSON — The Jefferson County Finance Committee set forth a real estate tax foreclosure policy during its meeting Thursday.

“It sets out a step-by-step process that county staff follows when there is a property that is going to be foreclosed on due to non-payment of taxes,” Jefferson County Corporation Counsel J. Blair Ward explained following the meeting. “The Finance Committee had to meet to address what to do with tax foreclosed properties and they had to answer a lot of questions, make a lot of decisions every meeting. We couldn’t move forward in the sale process until the committee met.”

The policy is the legal process by which ownership interest in real property is terminated due to delinquent property tax payments. This process typically results in the sale of the property by competitive bidding, public auction or other methods allowed by law which are determined to be in the best interest of the county, with the proceeds being applied to the delinquent property taxes and interest.

“Delinquent taxes result when the annual property taxes that are required to be paid by owners of real property in the county are not timely paid,” Ward said. “In that case, outstanding taxes and interest accrue until the owners pay the outstanding taxes and interest or the property is foreclosed by the county and sold at public auction.”

Tax foreclosures are unique in that they are specific to counties, he explained.

“When county residents do not pay their annual property taxes, the county treasurer charges interest on the outstanding taxes,” Ward said. “If taxes are delinquent for at least two years, the county has the option to foreclose on the property. Counties are not required to foreclose after two years of delinquent taxes. Counties have the option to foreclose up to 11 years after taxes become delinquent. Taxes beyond 11 years of delinquency need to be written off as a loss.”

The policy provides guidance to administration and staff on dealing with the various issues related to tax foreclosures, such as setting minimum bids, allowing the repurchase of land by former owners and the eviction process.

“Our finance director, Brian Lamers, thought it would be a good idea to have a policy in place so we, as staff, could have some guidelines on how to proceed with selling properties,” Ward said. “This would avoid having to go back to the Finance Committee to have them decide on

administrative details on how to move forward. This puts a process in place that will give us the ability to know what to expect as far as what steps to take in selling property.”

Ward explained that Jefferson County has not foreclosed on homes for a number of years.

“We’re starting to get back into the process to foreclose on land with homes on it,” he said.

“Usually it was just vacant land, which didn’t present the problems of selling a piece of land with a house on it and with people living in it. That creates a new set of problems and, I think, that’s part of why we put this policy in place — so there’s a procedure that staff could follow and so that the public could be aware of the process.”

The process begins by establishing a list of properties that are appropriate for foreclosure. According to the policy, properties are able to be foreclosed on after two years of being tax delinquent.

A letter then is sent to the property owner stating that the county is starting the process of foreclosing on the property.

“(Property owners) have a period of time to redeem their property, pay off their taxes and then it’s off our list,” Ward said. “If they don’t pay their taxes, then we need to move forward with publishing the properties for sale ... at a particular price — the appraised value.”

If the property is not sold at the appraised value, then it would be reduced for sale to an amount equal to taxes and interest that have accrued over the years.

“If it doesn’t sell at that amount, then it’s reduced to an amount that would just equal the principle of the taxes without interest,” Ward said. “That’s pretty much where we bottom out, because the county wants to at least get the money of delinquent taxes — even if it may be foregoing interest — it’s not inclined to reduce it below what the taxes would be.”

The policy says that the property owner has eight weeks from the first publication of the notice to redeem the property by paying the delinquent taxes and interest for the delinquent tax years. If full payment is received, a redemption certificate is filed with the Clerk of Courts.

It continues by stating that, after the redemption date has expired, any person having any right, title or interest in or lien upon the property may serve an answer to the Treasurer, which has to be filed with the clerk of courts within 30 days.

On a foreclosed property, notices will be sent out to the occupants for payment of rent to be sent to the county in the future. The property also will be brought before the Finance Committee for authorization to be sold.

The policy states that, “if requested by the former property owner, the Finance Committee may allow the repurchase of the foreclosed property by the former property owner by payment of all

delinquent taxes together with interest thereon to the date of payment; specific costs attributable to the property including special assessments, interest and foreclosure costs; and an additional sum equal to 125 percent of the foregoing year's taxes."

The policy went into effect as soon as the Finance Committee approved it Thursday morning.

"This will only affect the new parcels that are being foreclosed on in 2016," Ward said. "We started the foreclosure process on 150 properties last week. This will apply to all of them because they're so new in the process that this policy will eventually give staff guidance on how to proceed with those properties.

"I think what will happen is that, between the time period of foreclosure and to where we are now (in the 2015 foreclosures process), I think it will be a lot smoother for staff and for the Finance Committee," he added. "We won't have to go to the Finance Committee every month and say, 'what do you want us to do on this property? On this property? How about that property?' We've got the answers in the policy now."