

# Tax Foreclosed Property



Public Meeting

November 12, 2016

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# What is Tax Foreclosed Property?

- Tax Foreclosed Property is property that has been foreclosed upon by multiple taxing entities for non-payment of taxes primarily due to the City, County, School District, Hospital District and Community College District.
- These properties are subject to a Right of Redemption (2 years Homestead, 6 months all others).
- The first attempt to sell a tax foreclosed property is by Tarrant County at a Constable Sale on the first Tuesday of each month.
- If a property does not sell at the Constable Sale, it is “struck-off” to the City to manage-as Trustee. It is important to note that:

## **THE CITY IS NOT THE SOLE OWNER OF TAX FORECLOSED PROPERTY.**

- These properties are owned by all of the taxing jurisdictions that are owed taxes.

# What is a TRUSTEE?

- A TRUSTEE is defined as a person or organization who is given the responsibility to manage the assets (property or money) of another person or organization. A Trustee has a legal obligation to act in the best interest of the beneficiaries of the trust.
- The City's primary responsibilities to the other taxing entities are to:

## MANAGE THE INVENTORY

- Secure the properties (board-up)
- Maintain the condition of the properties (mow)
- Demolish hazardous properties

## SELL THE INVENTORY

Return as many properties to the tax rolls as possible through:

- Sealed Bid Sales
- Direct Sales
- Collect unpaid taxes owed to each taxing jurisdiction
- Distribute revenue according to state law

# Tax Foreclosed Property Sales

- Properties may be sold by Sealed-Bid or Direct Sale.
- The City maintains the properties until they are sold for the lesser of:
  - the Constable Deed Amount
  - the adjudged value at the time of the foreclosure; or
  - the current appraised value (with the consent of the taxing entities).
- Exceptions:

Tax foreclosed properties may be sold for less than the above amounts IF:

  - sold to certified affordable housing non-profit agencies-specifically for the development of low-to-moderate income housing.
  - For urban redevelopment initiatives.

# Tax Foreclosed Property Sales

(TEXAS PROPERTY TAX CODE 34.05)

The City currently has an inventory of over 500 tax foreclosed properties for sale. The list is available on the City's Property Management website under the Real Property Tab.

- DIRECT SALE

- Interested buyers may submit a letter to Real Property requesting to purchase one or more properties from the list. The letter must include the following (see Guideline for full list):
  - Name, mailing address and phone number of the requestor
  - Tax Foreclosed property address and/or legal description
  - Specific plans for development or intended use of the property
  - ***Funds Availability Letter from bank***
- Available properties are sold to the first person with funding for the purchase amount or may be placed on the next sealed bid sale.
- Zoning must be in compliance with the City's Comprehensive Plan before property is conveyed.

- SEALED BID SALE

- City staff regularly (every 2-3 months) advertises specific properties for sale in the Fort Worth Star-Telegram. The list of 80-100 properties is intended to cycle through the inventory each year.

# Tax Foreclosed Property Sales

- State law determines the method by which the sales price for a tax foreclosed is set. Generally, the sales price is the lower of:
  - The Constable Deed Amount plus Post Judgment Taxes; or
  - The Tarrant Appraisal District Amount
  - Any deviation from the above must have prior written approval from each taxing entity.\*
- Properties are sold AS-IS. The buyer is responsible to inspect the site to confirm that the property may be used for his or her intended use (zoning) and to confirm whether or not there are any other judgments or liens against the property. City liens will be released upon sale.
- Property sales generally take between 3-4 months to complete.  
**(\*Deviations take much longer to process and my not be approved)**

# Current Inventory

| Inventory   | Number of Properties |
|---|----------------------|
| Properties Sold By Sealed Bid and Direct Sales<br>Fiscal Year 2016  | 90                   |
| Total Properties in Inventory   | ~550                 |
| Properties Not Currently Available:<br><br>- Direct Sale Request Pending<br>- Sealed Bid Sale Pending<br>- Newly “Struck Off” to City ( and/or under review)<br>- Pending Conveyance for Affordable Housing | ~250                 |
| Total available for future bid/direct sales   | ~300                 |
| *Bid sales are generally limited to 100-150 properties in order to effectively manage the sales with existing resources.  |                      |

# Tax Foreclosed Property Sale Results

- FISCAL YEAR 2016      FISCAL YEAR 2017 (TO DATE)  
    ~90                                      ~60

## 2016 Sealed Bid Sales

January 28, 2016

July 28, 2016

April 28, 2016

October 207, 2016

1705 Edgewood Terrace-10/27/16 Sealed Bid Sale Min. Bid-\$14,266.91  
Sold for \$14,600.00 Plus Post Judgment Taxes of \$1,660.37



954 E. Allen 10/27/16 Sealed Bid Sale Min. Bid-\$11,660.17  
Sold for \$17,280 plus Post Judgment Taxes of \$738.96



208 NW 14<sup>th</sup> Ave- 10/27/16 Sealed Bid Sale Min. Bid-\$31,278

Sold for \$36,001 plus Post Judgment Taxes of \$1,769.72



# Upcoming Bid Sales

There is a scheduled increase in the number of Sealed Bid Sales from 4 in Fiscal Year 2016 to 6 in Fiscal Year 2017.

## 2017 Sealed Bid Sale Dates:

October 27, 2016

December 15, 2016

February \_\_, 2017

April \_\_, 2017

June \_\_, 2017

August \_\_, 2017

-Ads for the December 15<sup>th</sup> sale begin next Sunday, November 20<sup>th</sup> in the Fort Worth Star Telegram and will run for four consecutive Sundays.

# Who To Contact?

- Real Property:
  - Direct Line- 817-392-7590
  - Mailing Address: City of Fort Worth  
Property Management Department/Real Property  
900 Monroe Street, Suite 400  
Fort Worth, Texas 76102
  - Web Site-  
[www.FortWorthTexas.gov/PropertyMangement/RealProperty](http://www.FortWorthTexas.gov/PropertyMangement/RealProperty)
- The website provides access to:
  - the current Sealed Bid Sale list,
  - recent sale results,
  - a portal to sign up for future notifications, and
  - a detailed FAQ list

# FREQUENTLY ASKED QUESTIONS-DIRECT SALE :

- **HOW DO I PURCHASE TAX FORECLOSED PROPERTIES DIRECTLY? / DO I HAVE TO WAIT FOR A SEALED-BID SALE?**
- You do not have to wait for a sealed-bid sale. Tax Foreclosed Properties are available for “Direct Sale” to interested parties. The inventory is available on the Real Property website at: <http://fortworthtexas.gov/propertymanagement/realproperty/> . Please know that the inventory list is updated as often as is practical, however, there may be a slight delay in removing recently sold properties or in adding newly received properties to the list.
- **HOW DO I START THE DIRECT SALE PROCESS?**
- After you have identified a property that you would like to purchase, please submit a detailed letter requesting the purchase and detailing your proposed plans for the property (include all preferred contact information). A Land Agent will contact you with next steps.
- **HOW MUCH DO I HAVE TO PAY?**
- The Direct Sale purchase price includes the amount identified in the Constable’s Deed, Court Costs, Post Judgment Taxes and Administration Fees. The Land Agent assigned to your transaction will inform you of the total purchase price for the selected property and when the amount is due. The total purchase price must be paid in CERTIFIED FUNDS. **No cash, personal or company checks will be accepted.**
- **You will not be required to make your payment until after Council approves the purchase request. Please do not attempt to bring in your payment for the property or pay Post Judgment taxes to the County Tax Office until AFTER you receive your letter from City staff informing you that Council has approved your purchase request.**
- **HOW LONG DOES THE PROCESS TAKE?**
- From start to finish, the process could take upwards of 3 months. City Council must approve the sale of all Tax Foreclosed properties. **Please be patient! This part of the process takes approximately 6-8 weeks.**
- **WHAT KIND OF DEED WILL I RECEIVE?**
- Tax Foreclosed Properties are conveyed using a Tax Resale Deed. The City sells these properties As-Is and Where-Is. It is important for buyers to do their own research regarding to the condition of the property **PRIOR TO** making an offer to purchase the property.
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- **\*\*IF YOU NEED GUIDANCE, PLEASE CONSULT THE ATTORNEY OF YOUR CHOICE. THE CITY CANNOT OFFER LEGAL ADVICE.**

# FREQUENTLY ASKED QUESTIONS-SEALED BID SALE:

- **HOW DO I GET A BID FORM?**
- During the last week of a Bid Sale, lists and packets are available for pick up on the first floor of 900 Monroe Street (across from City Hall) or may be downloaded at any time from the Real Property website located at: <http://fortworthtexas.gov/propertymanagement/realproperty/>
- **HOW DO I SUBMIT MY BID?**
- Directions to submit a bid are clearly listed on page 1 of the bid form. Please read this form carefully to ensure that all requirements are met and the bid form is complete so that your bid is not rejected.
- **HOW MUCH MONEY SHOULD I INCLUDE WITH MY BID?**
- NONE. No money is required with your bid. However, you must include (in your bid packet) a letter from your bank confirming that you do have funds available to cover your bid amount. If you are the winning bidder, you will be notified to deliver the amount of your bid in CERTIFIED FUNDS. **No cash, personal or company checks will be accepted.**
- **WHAT HAPPENS IF I AM THE WINNING BIDDER?**
- **A**-City staff will notify winning bidders within 7 business days of the bid opening.
- **B**-City staff will present the list of winning bidders to City Council for approval. ***Please be patient! This process takes approximately 6-8 weeks.*** If Council approval is granted:
- **C**-Winning bidders will be required to pay post-judgment taxes due to Tarrant County in addition to the amount of the bid. This amount may be listed in the bid announcement, but does increase monthly as interest accrues on the property. A Certified Tax Receipt showing no outstanding taxes will be required before the City will issue a deed to the winning bidder.
- **WHAT KIND OF DEED WILL I RECEIVE?**
- Tax Foreclosed Properties are conveyed using a Tax Resale Deed. The City sells these properties As-Is and Where-Is. It is important for bidders to do their own research regarding to the condition of the property **PRIOR TO** submitting a bid on the property.
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# QUESTIONS / COMMENTS