Working documents

The Tax Lien Investor, by Julian R. Sterling. Companion forms, to print or copy and fill in. The chapter references on each form point to where each item is explained. The columns for your answers, owners and dates are left blank on purpose: they are yours.

	Form	Where in the book
1	The statute worksheet: the dozen parameters that decide the numbers	Chapter 14, Appendix C
2	The parcel diligence sheet: one page per parcel	Chapter 8, Appendix B
3	The bid sheet: how low to bid, class by class, before sale day	Chapter 6, Appendix B
4	The certificate ledger	Chapters 12 and 15, Appendix B
5	The deed-sale checklist: before applying, and before bidding on a deed	Chapters 9 and 10, Appendix B

Calder County, Wexley County and every figure given for them are the book's fictional worked case, not any state's law. Nothing in these forms is legal, tax or investment advice. Where a form says "counsel", it means a lawyer admitted in the state where the parcel lies. The forms are provided without warranty of any kind.

1. The statute worksheet

Chapter 14 and Appendix C. For each parameter: the question, where to find the answer, the value the book assumes for Calder County, and yours. Write the section of the statute or the sale terms beside every answer, and the date you read it: statutes change.

State and county		**Sale date**	
Statute read on (date)		**Counsel consulted**	

Parameter	The question	Where to find it	Calder County (the book's assumption)	Your county, with the section
Maximum rate or penalty	What is the highest rate a certificate can carry, and is it a rate a year or a flat penalty?	Statute; county sale terms	18% a year, simple	
Bid method	Is the rate bid down, a premium bid up, a random or rotational award, or a share of ownership bid down? Step size? Is 0% allowed?	Statute; sale terms; auction rules	Bid down from 18% in 0.25-point steps; 0% allowed	
Minimum charge	Does the owner pay a minimum on redemption, how much, and on which bids?	Statute (redemption section)	5% of the face, except on a 0% bid	
Interest convention	Simple or compound; per month, per full month or per day; on the face only or on other amounts?	Statute	Simple, per full month, on the face	
Fees	What does the buyer pay per certificate, and is any of it recovered on redemption?	Sale terms; fee schedule	$10.00 per certificate, not recovered	
Redemption period	How long can the owner redeem before the holder can act? When may the holder apply or foreclose?	Statute	Deed application from month 24	
Subsequent taxes	May or must the holder pay later years' taxes? At what rate do they earn, and with a minimum?	Statute; treasurer's office	Paid at months 12 and 24; 18% simple, no minimum	
Deed or foreclosure process	Administrative application or court action? Its steps, its cost, its length, and whether the cost is recovered	Statute; clerk's and treasurer's offices	Application $1,800, recovered; owner may redeem to month 27; sale month 30	
Deed sale and surplus	What opening bid does the sale start from? Who is paid what, and who is owed the surplus?	Statute; sale terms; counsel	Holder paid its opening bid; surplus held for the former owner and claimants	
Certificate life	When does an unredeemed certificate lapse if the holder does nothing?	Statute	7 years without an application	
What survives the deed	Which liens and interests survive a tax deed (municipal, code enforcement, special assessments, association, federal)?	Statute; title examiner; counsel	Depends on the state: counsel	
Contact with the owner	May the holder contact the owner, when, and how? What notices must be sent, by whom?	Statute; counsel	Many states restrict it: counsel	
Payment lag	How long after a redemption or a sale does the county pay the holder?	Treasurer's office; past remittances	1 month	

Chapter 14 says how each parameter moves the model. A higher minimum charge helps early redemptions; a longer payment lag lowers every IRR; subsequent taxes and deed costs weigh on the classes that redeem slowly.

2. The parcel diligence sheet

Chapter 8 and Appendix B. One sheet per parcel researched. The book's investor spent about 25 minutes on each of 150 parcels. Record what you found and where; a blank answer is a reason not to bid.

Certificate number		**Parcel identifier**	
Face amount		**Prepared by and date**	

Item	Found	Source
Identity and class		
Assessor record: owner of record, address, assessed value, land use code		
Class of parcel (A mortgaged homestead, B other residential, C commercial, D vacant buildable land, E low-value or unusable)		
Face amount against assessed value: is the claim small beside the parcel?		
The mortgage		
A mortgage recorded against the parcel? Lender or servicer, date, whether released		
The land		
Access: frontage on a public road, or landlocked?		
Shape and size from the map and imagery: a strip, a sliver, a buildable lot?		
Flood zone, wetland, drainage easement		
Environmental flags: past use, nearby sites, tanks		
Structures: what stands on the parcel, and its condition from imagery		
A mobile home: taxed with the land, or as personal property?		
The owner and other claims		
Occupancy: owner-occupied, rented, vacant?		
A bankruptcy filing by the owner (the automatic stay stops the holder's steps)		
A federal tax lien (the United States may have a right to redeem after a sale)		
Other liens: municipal, code enforcement, special assessments, association		
Death, divorce or other situation visible in the public record		
Decision		
Bid or no bid, and why		
Floor bid for this parcel (from the bid sheet, form 3)		
What this sheet could not see, and what it would cost to know		

3. The bid sheet

Chapter 6. Decide before sale day, class by class, the lowest bid you will accept. The question is not "what rate do I want" but "what is the lowest rate at which this class still pays my hurdle". The example row is Calder County's class A from the book.

Sale		**Budget**	
Hurdle		**Treasury bill rate**	

Class	Lots to bid	Average face	Record: R24	Target	Floor bid	Expected IRR at the floor	Minimum governs until month	Budget at face plus fees
A (example)		$4,200	98.5%	8.0%	4.25%	8.1%	14.1	
A								
B								
C								
D								
E								

Per-lot bids on sale day

Certificate	Parcel	Class	Face	Floor bid	Diligence sheet done	Bid placed	Won at	Notes

4. The certificate ledger

Chapters 12 and 15. One line per certificate won. Months are counted from the sale. Keep the calendar beside it: subsequent taxes at the months the statute sets, the application window, the certificate's life.

County and sale		**Page**	
Fee per certificate		**Payment lag (months)**	

Certificate	Parcel	Class	Face	Bid	Subsequent tax 1 (month, amount)	Subsequent tax 2 (month, amount)	Redeemed (month)	Amount received	Deed application (month, cost)	Outcome	Notes

The payoff on redemption is the face plus the greater of interest at the bid for the months elapsed and the minimum charge (nothing at a 0% bid), plus any subsequent tax with its own interest. Blank_Templates.xlsx computes it line by line.

5. The deed-sale checklist

Chapters 9 and 10, Appendix B. Part A for a certificate holder about to apply for a deed; part B for a buyer about to bid at a tax deed sale. At the deed sale, "nobody outbid me" is information about the parcel.

Parcel		**Certificate or sale number**	
Prepared by		**Date**	

Item	Ch.	Done	Notes
A. Before applying for a deed (the holder)			
The owner: any bankruptcy filing since the sale? The automatic stay stops the application until the court allows otherwise	9		
A federal tax lien recorded since the sale? The United States may have a right to redeem	9		
Subsequent taxes: paid at each month the statute sets, with receipts	2, 15		
The full amount due: face with interest at the bid (or the minimum), each subsequent tax with its interest, the application cost	9		
What the application costs, what it buys (title search, notices, advertising) and how it is recovered	2, 9		
The parcel again: has anything changed since the diligence sheet? Is it still worth more than the opening bid?	8, 9		
A worthless parcel: do not apply. The application, the taxes and the ownership that follows are new money no bidder will repay	the worthless-parcel chapter		
Contact with the owner: what the statute allows, and nothing more; courtesy always	9, 15		
If nobody bids: can you hold, insure, maintain and resell the parcel? At what recovery?	9		
B. Before bidding on a tax deed (the buyer)			
After-repair value and as-is value, from sales you can document	10		
Title: what survives the deed in this state; whether a title insurer will cover it and what it will require (in Wexley County, a quiet title action of about five months)	10		
Occupants: who lives there; the time and cost of a respectful move (cash for keys)	10		
Inspection from outside, and inside if allowed; repairs priced with a margin	10		
The cost stack: recording, quiet title, taxes, insurance, utilities, keys, repairs, selling costs, and the months of the hold	10		
The maximum bid for your margin: (value x (1 - selling cost - margin) - fixed costs) / (1 + recording)	10		
The surplus: anything bid above the amount owed belongs to the former owner and lienholders, not to the county or to you	9, 10		
A redeemable deed: the premium, the period, what you may do to the house meanwhile. Until the period ends you do not know whether you bought a house or a loan	10		
Deposit, payment deadline, and what happens if you cannot pay	10		

Worked lines (Chapter 10, Wexley County)

Line	Wexley County	Your deal
Sale price (after-repair value)	$185,000	
Total cost at the winning bid	$133,594	
Profit	$51,406	
Maximum bid for a 20% margin	$106,306	
Surplus over the opening bid, for the former owner	$85,150	