



PRIME TIME HOME BUYER
LLC Buy-Back Program

BIDDING STRATEGIES AND APPROACHES



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Bidding Strategies | Investment Approaches

Types of Bidding

Bid down interest

- This is the process of bidding down interests to the lowest interests will be the winner. Remember some states have minimum interests in penalties. This mean that you are guaranteed a set minimum amount of interest.

Premium bidding

- The process of bidding is bidding above the premium amount. Example if the tax lien costs \$500 but the investor pays \$1000. This makes \$500 of that bid the premium. The most important thing to know is the interest is based on the tax lien premium. You will only receive interest on the amount that is due on the taxes. Please see state for detailed information.

Over the counter Purchase

- These purchases take place more passively. It takes place at the location where the tax certificates are held. These properties are usually residual properties leftover from past Tax Lien auctions. Be aware when purchasing these type of tax liens redemption. It may be shorter then expect it because of transfer of deed from the county's possession to the investor. The usual period of redemption starts from the day of the original tax sale date.

Rotational

- Rotational Bidding takes place when the County use a system medical approach to choose who would bid the County goes through each bidder giving them the opportunity to purchase as many tax liens as possible after this is completed the next bidder is allowed to bid on the remaining properties and so on until all the liens have been purchased.

Random selection

- Random selection is the county's way of randomly selecting a bidder who is interested in purchasing a tax lien. They will show the property then pick a random bidder. The officer of the sale offers the property to the person selected. If the bidder does not want the property, the officials will move to the next randomly picked bidder. These type of tax sales usually take place online.



Bidding and investment strategies

Bidding on properties that will not redeem

- An investor can look for specific properties that will redeem. As shown in previous modules/Course 1. It is important to understand how to pick properties. Some will be easily redeemable. As noted, most development companies that purchased large land masses to create societies or development communities. Usually are the tax lien culprits that leaves their tax for each parcel on that land mass unpaid until sold. Knowing this as an investor, this is a prime time for you to invest in the County by purchasing these land lots located within development communities. These tax certificate can be purchased in bulks, and they can be identified by the developer's name, location is similar, parcel IDs similar. Please highlight, if you do happen to foreclose on properties such as such in these locations' homesteads. This can complicate the Foreclosure procedure as well as mortgages may be attached to parcels. This is rare but, in any case, it is important to be educated on all scenarios.

Bidding on property that will redeem

- If you are an investor who is interested in having a high probability of having a property behind your tax lien investment, there is some investigation that should be done before making your decision. Seek properties that own by others who are out of the state and the country. This will increase the probability of non-redemption. Seek properties that have one or two years of late taxes. This indicates that there is a higher percentage rate of foreclosure, based on homeowner's availability. Contact or review the tax office database to ensure property is not under contract with homeowner and County. Contact the County for details or see FAQ.

Keys to Bidding Wars

- Show up before the auction take the time out to understand the process as well as engage your competition
- Set a budget and stick to it
- Understand what you are investing in and foresee future expenditures.
- When at auctions make sure that your voice is prominent make your bid known
- Make sure that you have the financial means to complete the transaction
- Get reinforcements, such as Realtors, other investors and or family to help you in the bidding process and properties review process



Key Terms to Know

- **BID IN (a.k.a. Bid Off):** is the process of sale liens or property that are not sold at the auction, and they are written off to the county for disposition.
- **BIDDING a Premium or Bonus amount:** The bidding for any lien at auction being at the total amount of delinquent taxes, interest accrued, penalties, and any other cost. The successful bidder is the one who offers the largest cash amount more than the amount due on the tax lien.
- **BIDDING Down on a Percentage of Ownership:** (Bidding down the interest in property) The Bidding for any lien at auction begins at 100% ownership. Investors offer bids in a declining manner (as in first 100%, then 99%, then 98%, etc.) The successful bidder being that investor who is willing to accept the least amount of interest position of ownership for his/her investment.
- **BIDDING Down the interest rate:** the bidding for any lien at the auction begins at the maximum interest rate. Investors offer bids in a declining manner (as in first 16%, then 15%, then 14%, etc.) The Successful bidder being that investor who is willing to accept the least amount of interest for his/her investment.
- **Mill:** the rate of tax imposed upon taxable value. One mill equals \$1 of tax for every \$ 1,00 of taxable value.
- **Minimum BID:** The opening price of a property that will be offered at auction- also known as Opening BID
- **Opening BID:** The Beginning bid of an item at auction. This consist of all the tax, interest, penalties and fees.
- **Penalty:** A sum of money attached to a debt as a punishment for non-payment.
- **Premium BIDDING:** Opening bid equals the sum of taxes, interest, and penalties due. Bidding continues in set dollar amount increment, increasing with each new bid.
- **Profit checks:** a check issued by a county that includes both principal and interest.
- **Rotational BIDDING:** a method of auctioning off lien/ property. The auction starts off with the parcel listed in the advertisement. The listing is offered to each investor in order. Each one is given a chance to bid on each parcel.