

Grow Rich With Government-Issued Secret Certificates: How to Earn as Much as 50% on Your Money

Each year billions of dollars in “secret certificates” are being sold to savvy investors . . . to the wealthy . . . to elite financial institutions . . . maybe even to your own stockbroker!

Yes, there’s an exclusive investment party quietly taking place. The rewards are extraordinarily high. The risk is extremely low. And, surprisingly, these remarkable opportunities are actually open to everyone.

But only a few elite investors are aware of the festivities. Considering the vast potential of this hidden market, they’re happy to keep their lucrative secret among themselves. So you can be sure no one’s sending out invitations anytime soon.

It’s been an ongoing event . . . spanning more than a century

For over 150 years, state and local governments have been issuing “secret certificates.” Tens of thousands of these certificates are sold at public auctions each year to affluent individuals as well as banks, credit unions and assorted financial institutions.

Depending on the state in which they’re issued, the interest rate can be exceptionally high—ranging from 12% to 16% to 24% and even higher in some areas.

So exactly what are these hidden treasures? They’re called tax lien certificates. Also known as tax-defaulted paper, tax lien certificates are, in essence, liens against unpaid property taxes.

High-yield, ultra-safe and government-guaranteed

Imagine the ideal investment vehicle. It’s safe. Secured by real property. Offers a pre-determined high return on your investment. Plus it’s guaranteed by the government.

These are the typical characteristics of a tax lien certificate: The perfect wealth-building tool.

Sound too good to be true? Well, try this on for size. In addition to the perks mentioned above, these little known certificates are not dependent on fluctuating economic conditions either.

And the best part is, with tax lien certificates you can earn as much as 50% on your money!

How do you get started?

First, you'll need to understand the basics of tax lien certificates. What they are. How they work. Where to buy them. The pros. The cons (which are almost negligible). You'll be especially intrigued by the incredible potential inherent in what has until recently been an exclusive investment device of the wealthy. Then you'll embark on a remarkable journey that can yield extraordinary gains.

The process is pretty straightforward. You have to make a few phone calls for basic information. And there's some legwork and research involved. You'll learn how to participate in an auction. Then you'll be ready to buy your first tax lien certificates.

Previously known only to the elite, this privileged information is yours to absorb, investigate and put into action. You'll be up and running in no time.

What is a tax lien anyway?

Taxes are essential to the successful delivery of government services—such as fire and police protection, educational and health needs. When property taxes go unpaid, local governments don't have the money required to provide these vital services. That's where tax lien certificates come into play.

In order to obtain the necessary funds, government entities assign a tax lien (related to the amount of taxes owed by the property owner) to tax-defaulted properties. Then the government sells the tax lien certificates to interested investors at public auctions. Most often these auctions take place on the county level. But they can also be held by a city, township or village.

Proceeds from the auction are then used to pay for governmental services. All of this activity takes place under the sanction of existing state law.

What's in it for you?

So far so good. The county gets money that's critical to meet its budgetary requirements. Citizens can enjoy their rightful provisions from the government. And the investor? What about the fortunate procurer of the tax lien certificate? Well, that's a really good story . . . and it can have an especially rewarding ending.

Interest rates for tax lien certificates can be exceptionally high. Depending on the state in which they are issued, the interest rate can result in annualized returns of:

- 10% (Missouri)
- 16% (Arizona)
- 18% (Florida)
- 15% to 50% depending on year of delinquency (Michigan)
- 25% to 50% and higher depending on the redemption period (Texas)

Each state has its own statutes governing liens on real property. So the details may be different from state to state. In fact, some states auction **tax lien certificates** while others auction **tax lien deeds** and still other states auction off **both certificates and deeds**. Redemption times vary. Collection details may be different. But the basic process is pretty standard.

The fact remains that a vast market with incredible opportunities awaits anyone interested in entering this profitable investment arena.

The United States has over 3,100 counties—in which some **\$3 BILLION to \$5 BILLION** in tax lien certificates are being sold each year. All of which can translate into a significant market opportunity with the promise of enormous investment gains.

What the lien really means

First of all, remember that a tax lien certificate represents the right to collect delinquent taxes. Since the property owner did not pay on time, the taxes are now in default. As the buyer of the tax lien certificate, you don't actually own the property, just the right to collect the overdue taxes.

Once you buy a tax lien certificate, the property owner still has a certain period of time (specified by the government—it differs according to state) to pay the overdue taxes. If the property owner pays off the taxes on time, you'll be notified and receive a return on your investment that includes the initial investment amount with specified interest plus any penalties (paid by the homeowner) and/or other charges that the state may allow.

However—and this is what makes this type of investment particularly fascinating—if the property owner doesn't meet the deadline, you can end up owning the property. A 230% annualized return on investment isn't unheard of under such circumstances. And often even more.

Deeds vs. Certificates

Wondering whether to invest in tax deeds or tax lien certificates?

How much money (and time) do you have to invest? **Tax lien certificates** are particularly advantageous if you have limited funds.

If you're mostly interested in owning property and have the working capital to make higher bids, you may want to check into buying **tax deeds**, which means the property is sold outright at auction.

If it's such a great idea, why isn't everyone doing it?

You might be wondering why more people don't invest in tax lien certificates. As we said earlier in this report, well-heeled individuals and institutional investors relish keeping these investments a secret.

Plus Wall Street certainly doesn't want you to invest in any instrument that doesn't provide them with a hefty commission. The investment gurus are always trying to steer you back to the realm of stocks, bonds and mutual funds.

But there's another factor. Basically, there's just not very much information around about tax lien certificates. There are a few books and a growing number of web sites. So, to help you on your path along the way, we've included a listing of resources at the end of this report.

As you become more involved in tax lien certificates, you'll meet others associated with this investment community. The tax lien experts. Government clerks. Other start-up investors. You'll find that people are willing to share what they know. You'll begin to unearth a wealth of information that's hidden away in county databanks, web sites and printed matter. And you'll begin to fashion your own network of experts and associates.

Honestly, is this really a good opportunity?

Since this is a previously untapped market for the general investment populace, the opportunities are immense. Until now the world of tax lien certificates has been a private get-together. But now—with the information in this report—you can walk into the celebration right through the front door. And you'll be ready to enjoy yourself.

Remember that there are thousands and thousands of counties in the United States. And within these counties, many cities, townships and villages also hold their own tax lien auctions. So there are innumerable opportunities.

Just think about yields from those interest rates of 12%, 24% and higher.

Tax Lien Interest Rates Table	
	Rate of interest*
Alabama	12%
Arizona	16%
California	18%
Colorado	Fluctuates (9% above federal discount rate)
Connecticut	18%
Florida	18%
Georgia	20%
Illinois	18% + (24% under the "Scavenger Act")
Indiana	10%-25%
Iowa	24%
Kentucky	12%
Louisiana	17% (12% after first year)
Maryland	Varies (Baltimore – 24%)
Massachusetts	14%-15%
Michigan	15%-50% (50% in second year)
Mississippi	17%
Missouri	10%
Montana	10%
Nebraska	14%
Nevada	12%
New Hampshire	18%
New Jersey	18%
New York	10%
North Dakota	9%-12%
Ohio	18%
Oklahoma	8%
Rhode Island	12%
South Carolina	8%
South Dakota	12%
Tennessee	10% redeemable on deed
Texas	25%-50% redeemable on deed
Vermont	6%-12%
West Virginia	12%
Wyoming	18%
Puerto Rico	Varies
Washington, D.C.	Varies

***Since rates fluctuate, be sure to contact government officials for the current rate before purchasing a tax lien certificate.**

Plus you aren't restricted to buying tax liens in the area in which you live. Check out the interest rates and procedures in other counties and states. You'll soon discover your own favorite regions of the country in which to invest.

It will take some work on your part. You have to conduct due diligence to be sure the properties you're interested in are good investments. So be organized and stay focused on your goals.

But don't worry about finding a seat at the table at this investment party. There's room for all.

I don't have any money to invest right now

One of the advantages in buying tax lien certificates is that you can participate even if you don't have a huge amount of cash to invest. Plus there's no middleman making away with a portion of your earnings, so you'll be taking home higher yields.

If you don't have enough money to invest on your own, you might consider asking several other investors to participate in a joint venture agreement with you. Perhaps you could do the research, and they can invest their money while giving you a certain percentage of the returns.

No one ever said you had to go to the party alone.

Getting started

First, let's run through the basic steps. Then we'll go into more detail a little later.

1. Call (and visit, if possible) one or more tax collector's offices to get information about where to obtain lists and additional resources.
2. Ask for a list of tax lien certificates that will be available at the next auction, as well as other information on the subject.
3. Study the materials you've acquired. Then determine which properties you're interested in pursuing.
4. Visit properties associated with the tax lien certificates you've selected. Decide if they're good investments. Write down your impressions so you don't get confused. Take pictures and attach them to the appropriate property descriptions.
5. Go to the live auction and bid (or maybe you'll decide to watch your first time out). Once you buy a tax lien certificate, you own the right to collect the back taxes and any other penalties allowed by the state. You don't own the property. But if the owner doesn't pay the taxes and redeem the property within the required period of time, then you'll be taking steps (as stipulated by the state) to

take possession of the property itself—often including a huge increase on your investment if you researched the property carefully.

The overall process is just that simple. But there's a bit of a learning curve and some investigative work. You'll be acquiring lots of information and absorbing details about multiple processes and diverse properties. So be sure you keep track of everything.

You might want to obtain a computer software program to help keep your information organized.

Now, let's get into more detail.

First things first. Pick up your phone . . .

Start out by making telephone calls. You'll save yourself lots of time and trouble. Not to mention gas and frustration.

Every county has different procedures. If you can use the phone to track down details and identify the specific person who can actually give you the information you need (and where he or she is), you'll save yourself a lot of headaches.

If the county doesn't conduct the sales, an employee in the tax collector's office should be able to point you in the right direction.

Visit the tax collector

Even if you are able to obtain information over the phone, try to visit at least one or more tax collector's offices—preferably in the counties where you expect to purchase tax lien certificates.

You'll get some indispensable insight into the people who handle the paperwork. Plus you may strike up a friendship with one of the clerks—someone who would be willing to answer questions later on.

Round up your resources

During your visit, gather as much printed information as possible—including brochures, fact sheets and all materials pertaining to tax lien certificates and property acquisition. Ask if there's a web site you can visit or a database to access any additional information.

Don't forget to ask for a list of tax lien certificates. This will tell you which properties will be available at the auction. Some counties don't have a printed list to give you, which leads us to the next point.

Ask when the county will publish a list of tax lien certificates to be sold in the next auction. Be sure you find out which newspaper will publish the list. It may not be your

local home-delivered newspaper, but a financial/legal newspaper instead. Take note of the date and be sure to buy that edition of the paper.

Usually the state mandates several notices. For example, if the auction is held on the fourth Monday of August, a list of properties may first appear in the newspaper six weeks prior to the auction. Subsequent revised lists will appear during the next two weeks, excluding the properties whose owners have paid their delinquent taxes since the first listing appeared.

What's the yield?

Now for one of the most important questions. Ask what the prevailing interest rate is for tax lien certificates, as well as the calculation process.

Calculation can vary widely among states. Some use simple annualized interest while others might use minimum rate of return and penalties. We'll look more closely at these calculations later.

Auctions rule

Be sure to request the rules of sale. Also ask which law governs tax lien certificate auctions. Has it been changed recently?

For example, one prospective investor who was learning about this process asked a clerk for a copy of the rules of sale. The clerk gave her a quick overview and then—as an afterthought—said to be sure to call her back a few weeks before the sale, because a new state law was about to be passed that would substantially change the way the interest rate and penalties would be calculated. The change would significantly reduce the potential profits as compared to the process used in the previous year.

So, even if you have a best friend who used to deal in tax lien certificates and knows everything about them, you need to do your own research to be sure your information is up-to-date.

Redemption periods and profits

Find out what the redemption period is for the property owner to pay his back taxes after the tax lien certificate has been sold. When the property owner pays the tax, you'll turn in your certificate and receive a check.

But if the property taxes aren't paid within the redemption period, the owner can lose the property—which then passes to the owner of the tax lien certificate.

Ask what steps you would need to take to obtain the deed in such a case.

Don't like competition? Check out the leftovers

Also ask for a list of certificates that did not sell at previous auctions and that are still available for purchase. (There will probably be a charge for this list.)

Unsold certificates are generally available in the tax collector or county assessor offices. You don't have to compete for these certificates as in an auction. They are generally available at a set interest rate (plus penalties).

Even though unsold certificates are the "leftovers" from previous auctions, there may still be some outstanding properties available if you're willing to search for them. You can conduct your research and then buy the tax lien certificate directly from the clerk.

So if you don't like the idea of auctions and fast-moving competition, unsold certificates are a good alternative.

Now that you have all this information . . .

Study the materials you've gathered so you're familiar with the world of tax lien certificates. If you've managed to gather data from several different counties and states, you'll soon start to see a pattern emerge in the processes and procedures.

What are you looking for? Try to find the answers to questions such as:

- How and when is a property declared delinquent?
- How soon after delinquency is the tax lien certificate sold at auction? It could be months or years.
- Who is eligible to bid in the auction and what proof do you need of your eligibility?

As you examine the materials, begin creating a plan. Take notes. Formulate your investment strategy:

- How much time do you want to spend on this endeavor?
- How much money do you have to invest?
- What types of properties are you're interested in?

Most importantly, consider what you will do with a property if the tax lien is not redeemed. Statistics show that over 95% of tax lien certificates are redeemed, but you need to be ready if the property owner fails to pay his back taxes.

Put down your goals and objectives in writing. Make them simple and straightforward so you can easily review and stick to them.

A cast of thousands

Now start evaluating the property listings. Don't get overwhelmed if there are thousands and thousands of properties.

You've already set your objectives. Stick to them. You want to choose properties that will give you the highest returns possible. Look for properties that are worth much more than the delinquent taxes. Keep it simple.

Don't worry if the tax lien certificate list seems to be a mixture of indecipherable words and numbers at first. The more you use the list, the more comfortable you'll be. Soon these terms will become familiar friends that can guide you to the proverbial diamond in the rough—leading to tremendous rewards.

Deciding which tax lien certificates you want to buy

What is your purpose in investing in tax lien certificates? Are you interested in a quick turnaround or are you willing to let your investment sit for several years and amass significant returns? Do you want to own property or are you only concerned with garnering high-yield returns?

Look at your budget. How much can you actually afford to invest? Do you want to buy only one certificate or several?

If your funds are limited, you may want to ignore larger properties. Also consider if you have any other available resources. Do you have family or friends who would join you in this type of investment venture?

Are you interested in residential or commercial properties? Large or small? Improved or unimproved properties? Desirable or less desirable locations? Condos or houses? Learn the property values in areas where you plan to bid for tax lien certificates.

If institutional investors tend to frequent the auction you will attend, consider properties in rural areas since these properties will have less competition from the big guns.

Research, research . . . and more research

Use your responses to the questions above to determine which properties you want to investigate further. Each parcel is assigned a unique identifying number which can lead you to plenty of information including:

- Legal description
- Property address
- Owner's name
- Assessed value
- Parcel size

- Structures or improvements on the property

As you refine your list and identify which tax lien certificates you're interested in, access the county's website.

But even if you do the bulk of your research online, be sure to visit the county's land records office. You'll gain additional insight into the records process and, as already discussed, may meet some helpful clerks you can call at a later date for additional information.

You're looking for the most valuable property with the lowest tax lien. Consider the amount of back taxes owed and any additional liens against the property. You need to know about zoning (and potential changes in zoning).

What's the condition of the property? Is it marketable? Are there encumbrances or easements? What about title, lien and judgment searches? Generally a tax lien certificate takes priority over all existing liens. In some cases, other liens may be voided against defaulted properties, depending on state and county statutes.

Does the owner have equity in the property? If so, he may be more likely to redeem. Do the owners live out of state? They may be less likely to redeem.

Are you primarily interested in yields or do you ultimately want to own the property? Can you ask a realtor or title company for help in determining the property's value?

If you're unfamiliar with the title search process, buy a book explaining the basics. Then take a checklist with you when you start your search so you don't miss anything.

As you decide which of the properties you're interested in bidding on, don't forget to consider what you might do if the tax lien certificate is not redeemed. Although 95% of tax lien certificates are redeemed, you might become a proud property owner—whether you want to be or not. Be sure you understand the redemption requirements in the county and state where you will participate in the auction.

What if there's a mortgage on the property?

In all probability, there will be very few—if any—mortgaged properties on the auction list.

Why? Because the financial institution involved won't want the property to go to auction and lose their investment.

So they're careful to take steps to prevent just such an occurrence.

Check out the property. Yes, actually go and see it!

Once you've narrowed your search to the tax lien certificates you're actually hoping to bid on, you need to go see each associated property.

Get in your car or on a plane and go visit the actual properties you've researched. One thing's for sure. You don't want a surprise like finding out that the property you so boldly bid on was once a hazardous waste dump—and the backyard is now a lovely environmental wasteland. Water features are sometimes valuable, but real estate that's underwater for half the year is generally of no advantage.

Look at each property from an investment standpoint. Does the building that's listed as being on the property really exist? Ask yourself whether the property is a good enough value that it will be redeemed. What do you think the property is worth to the current owners? Will they redeem? Would you really want to own it if the property owner defaults on the taxes? Are there potential liabilities involved?

What's the location like? What condition is the property in? Are there any environmental issues? Take pictures so you can remember which property is which. Be sure the physical property matches the description in the tax lien certificate listing. Clerical errors can occur, and a parcel number might have been assigned incorrectly.

You don't want to think you're bidding on one property and then find out it's a different one altogether.

You're almost there . . .

If you've conducted due diligence and have carefully researched the properties, you're just about ready to go to auction.

But first, study the rules of sale prior to the auction. As we said earlier, you may want to attend an auction before you're ready to buy. Consider it a practice run so that you're familiar with the process.

Tax lien certificate auctions may only be held once a year. Or they could be held more often. It all depends on the state in which the auctions are held.

Sometimes tax lien certificates are sold individually and sometimes they're sold in blocks. Bidding procedures can differ. Be sure you understand the bidding process, as well as the final calculation process.

Before auction day, prioritize the properties you want to bid on and be sure you set a limit on the amount you're willing to spend. This is a business venture, so you don't want to get caught up in the excitement of the moment and bid beyond your means or above a reasonable amount.

Write down your plan and take it with you to the auction.

Bidding processes

You've done all your homework and you're ready to bid. Be sure you understand the bidding process for the auction you're attending, since procedures and calculations can differ from state to state and county to county.

Here are a few examples of actual state processes:

- Bidding starts at a preset interest rate. Prospective buyers bid down to the lowest interest rate. (For example, an interest rate of 18% could be bid down to an interest rate of 12% or as far down as the participants are willing to go.)
- The lien amount and interest rate are constant. Buyers are bidding on a percentage of property, starting at 100% and bidding down. (Remember, you're buying delinquent taxes, not property. With this method, you'll still get the interest rate on the amount you pay for the lien. But if the property owner doesn't pay the taxes and the property goes into default, you as the tax lien certificate owner will only own the percentage of the property stated in the tax lien certificate.)
- A set interest rate is paid on the certificate's face value. However, buyers may bid above the face amount for the privilege of owning the tax lien certificate. (For instance, you might bid \$5,000 on a \$4,000 tax debt. When you turn in your certificate you'll get your \$4,000 back and you'll still get the stated interest rate, but only on the \$4,000. Your yield will be lower since you don't get back the surplus \$1,000 of your bid—or any interest on that extra \$1,000.)
- A variation of the previous process. The interest rate is constant. The tax lien certificate goes to the person willing to pay the highest price above the amount of taxes owed. But this time the state-determined interest rate applies to the total bid amount. (So if you bid \$5,000 on a \$4,000 tax debt, you'll receive your \$5,000 plus interest and any applicable penalties).
- Smaller debts may be sold at face value plus interest (often for liens under \$5,000).
- Tax liens that were not sold at auction are sold over-the-counter by the county clerk (at the state-determined interest rate).

You're ready for the auction

Before you leave for the auction, ask yourself the following questions:

- Did you carefully review the information available?
- Did you actually visit the property and evaluate it as an investment?

- Did you compare the physical property to the county listing?
- Have you determined how much you want to bid on the property?
- Did you write down the information you'll need so you can easily refer to it during the auction?
- Do you have the documents necessary to prove you are eligible to bid?

One of the most common problems in tax lien investments arises when the investor doesn't take the time to properly evaluate the property associated with the tax lien certificate. If you don't carefully check out the properties, you could leave yourself open for disappointment—and a substantial loss of earnings.

It's showtime!

So, what will the auction be like? It's generally like any other auction you'd imagine—complete with an auctioneer and intense bidders. Different states and counties conduct their sales of tax lien certificates in various settings. Some are held indoors in a county meeting room. Some are held outdoors on the steps of the county seat.

You will probably have to register to bid, so get there early enough to take care of these details (some counties require preregistration).

As suggested previously, you may want to visit a tax lien auction before you're ready to bid, just for practice. But if the county only auctions off tax delinquent properties once a year—and if you go in for a practice run—you'll have to wait a pretty long time until it's your turn to bid for real.

While you're at the auction, survey the scene and take in as much information as possible. If this is your first time and you're not actually buying, it's an ideal time to watch how others conduct themselves. How do they organize their information? Ask questions if you have the opportunity. People are often willing to share their knowledge with newcomers. But they probably won't answer any questions in the heat of the auction itself.

Bidders can range from individuals to institutional investors—insurance companies, banks, pension funds—to agents for individuals who can't attend the auction themselves.

If you've done your homework, you'll know what to expect and there shouldn't be any surprises.

Once you've successfully bid on the property, follow the process required to pay for the tax lien certificate. Remember that you're not getting title to the property—only the right to collect taxes and any related state-mandated interest rates and penalties.

Which sale year is it?

The state in which you are bidding may require that a property go to auction three times before being assigned to the county trustee. So be sure you know which sale year applies.

For instance, let's say that property taxes become delinquent after three years of nonpayment. At that point, a tax lien certificate is auctioned to collect the back taxes.

If the certificate doesn't sell during the first year's auction, it's available for sale again the second year.

If it still doesn't sell, the certificate is offered a third and final time the following year.

If there's no sale of the tax lien certificate this time, then the property is sent to the trustee's office to be deeded to the county or another municipality.

How long until you get your money?

You've successfully bid on a tax lien certificate and are now the proud owner, not of the property, but of the right to collect back taxes on the associated property. But first, you have to wait to see if the property owner will step forward to redeem the certificate.

Depending on the particulars of state regulations, you might get your returns in a few months—or it may be as long as seven years or so. In that case, you can just sit back and anticipate the future rewards of that high interest rate.

Statistics show that about half of all tax lien certificates are paid off within the first year, and around 95% are redeemed before the deadline. So there's only about a 5% chance of going to foreclosure.

The county will notify you if the property owner pays the delinquent taxes and other fees. You'll receive instructions on surrendering your certificate and then, once you've complied, the county will issue a check for your earnings.

How much money can you make from tax liens?

As mentioned earlier, tax liens allow you the opportunity to make a lot of money much more safely than with other types of investments. For example, compare tax lien certificates to a more traditional investment—the certificate of deposit or CD. While it's true that CDs are safe and you'll always get a guaranteed return, they only offer approximately 4%.

Why would you do that when, in the same amount of time and for the same amount of money, you could earn 20% from the purchase of a tax certificate? This is a substantially more profitable investment than a CD—or a government bond for that matter. You can put \$1,000 into a CD annually for 20 years and still not achieve the return you would by investing the same amount, for the same length of time, in tax certificates. Getting high returns with CDs is virtually unheard of.

In theory, if you put \$1,000 a year into an IRA that pays 4% interest, compounded annually, in 20 years you'll earn less than \$50,000. On the other hand, **if you put the same amount into tax certificates at 18%, compounded annually, for the same amount of time, you could earn around \$500,000.**

Stocks offer high returns. You've heard of people getting rich in the stock market—sometimes overnight—earning hundreds of thousands to millions in a matter of weeks. But it takes a lot of capital and it can be very unsafe.

There are no sure bets in the stock market or even futures or commodities. It's basically a gamble. Whenever you invest in something with the speculation that its value will increase, you're not always happily rewarded. Just as some people have become rich overnight, others have lost it all in the blink of an eye.

The “grow rich” opportunity of tax lien certificates

At this writing, I have looked up what traditional investment vehicles are yielding to investors. Take a look:

Five-Year Treasury Note	3.01%
10-Year Treasury Note	3.89%
30-Year Mortgage Backed Security	5.93%
Corporate Bond	5.80%
Money Market Fund	1.27%
One-Year Certificate of Deposit	2.00%
*Rates subject to change	

Let's pretend that you invested \$200 a month—or \$2,400 a year compounded annually at various interest rates (numbers rounded)—for 40 years. Let's jump forward and see how comfortable you'll really be.

Amount Invested Each Year:	Interest Rate:	Amount at Retirement:
\$2,400 each year for 40 years	1.00%	\$122,074
\$2,400 each year for 40 years	2.00%	\$153,163
\$2,400 each year for 40 years	3.00%	\$194,221
\$2,400 each year for 40 years	4.00%	\$248,706
\$2,400 each year for 40 years	5.00%	\$321,311
\$2,400 each year for 40 years	6.00%	\$418,400
\$2,400 each year for 40 years	7.00%	\$548,602

Those numbers aren't bad but you have to wait 40 years to build up a sizeable return on your investment. Investing in tax liens puts you ahead of the game. As we mentioned earlier, interest paid on tax liens varies from 16% to as high as 50%. Plus, you are also entitled to the late fee penalties on the taxes. Some states charge 1½% after the due date plus 1½% every 30 days thereafter.

In James City County, Virginia, penalties are as high as 10%.

Now you can see why tax liens have been the “private party” of the elite for years. If you invested \$10,000 in tax liens with an annual return of 50% (as in Texas), you could turn that investment into \$100,000 in five years.

Foreclosure procedures . . . Somebody has to do it

As illustrated above, you can make huge profits from tax lien certificates. If, however, the property owner does not pay back taxes according to statutory regulations, you have legal claim to the property itself.

Usually the county will notify you of the steps necessary to obtain the tax-defaulted property.

These steps can include such requirements as:

- Conducting a title search on the property.
- Sending certified letters to all parties with an interest in the property (including the owners, current renters living in the property and those with liens against the property).
- Submitting to the tax collector's office a notarized affidavit that lists the names and addresses of those you notified (and when you notified them).

- Waiting a specific number of days for those with interest in the property to redeem the property. (If it's redeemed, the tax collector's office will notify you.)
- And finally, receiving a letter from the tax collector's office stating that no one redeemed the property—and instructions on obtaining the deed to the property.

You may want to hire a lawyer to help you with these steps, especially if you have to go to court to complete your claim.

A few closing thoughts

Investigating the realm of tax lien certificates can be an exciting journey. The more willing you are to call and ask questions, to research on the Internet, to visit the land records office and to actually go to the site and examine the property—the more successful you'll be. Careful research can make all the difference between mediocre and wildly successful ventures into tax lien certificates investing.

It's actually fun. You'll make friends along the way. The reserved yet knowledgeable woman in the assessor's office. A fellow investor you met at an early morning auction in another city. A real estate agent across the state who knows you're interested in tax lien certificates. Each can become a valuable resource and you can be helpful to them, too.

You'll soon find out which counties have the best interest rates, which ones are easiest to work with and which ones to avoid. The more experience you have, the easier it will be to sort through the terms and red tape to get the answers you need.

Congratulations! It's party time

You've done it. You've earned the right to crash the party that elite investors have been enjoying all these years. You've passed through the door and discovered the wonders of those "secret certificates" that can generate fantastic investment potential.

With research, persistence and continued diligence, you'll soon feel like one of the gang. And you'll be on your way to enjoying a fabulous investment opportunity—one that can bring you incredible wealth-building rewards for a lifetime.

Additional resources

Multiple Streams of Income by Robert G. Allen

Real Estate Riches: How to become rich using your banker's money by Dolf de Roos, Ph.D.

Rich Dad, Poor Dad by Robert T. Kiyosaki

The 16% Solution: How to Get High Interest Rates in a Low Interest World With Tax Lien Certificates by Joel S. Moskowitz, J.D.

The "You can do it" Guide to Success in Tax Lien and Tax Deed Investing, Vol. 1 and 2 by Lillian Villanova

www.dolfderoos.com

www.knowx.com

www.midoh.com/selfdirect.html

www.multiplestreamsofincome.com

www.naco.org

www.ntlainfo.org

www.realtor.com

www.richdad.com

www.taxsalelists.com

www.taxliens.com

www.tax-lien-certificates.net/faq.asp

www.taxdeeds.com

www.tcinvestor.com/taxliens.php

http://directory.google.com/Top/Business/Investing/Real_Estate/Tax_Lien_Certificates/

Possible quotes to use with Tax Lien Certificates premium:

“I hold a small portion of my assets in tax lien certificates instead of CDs. I earn 16 percent per year on my money, which certainly beats the 5 percent the bank offers. The certificates are secured by real estate and enforced by state law . . .”

—Robert Kiyosaki, *New York Times* best-selling author of *Rich Dad, Poor Dad*

“[Tax lien certificates] invested at 24 percent make a lot of sense . . .”

—Robert Allen, *New York Times* best-selling author of *Multiple Streams of Income*

“[Tax lien certificates are] an investment that will allow you to reap ultra-high yields.”

—Joel S. Moskowitz, J.D., *The 16% Solution: How to Get High Interest Rates in a Low Interest World With Tax Lien Certificates*