

## Understanding the Florida Delinquent Real Estate Tax process

All unpaid real estate taxes become delinquent on April 1 each year, with a 3% penalty added to the taxes. In the month of May the delinquent taxes are advertised in the local newspaper once a week for three (3) consecutive weeks before the tax certificate sale is held following the payment deadline. The advertising cost and associated tax sale fees are added to the amount of the tax bill due during this time.

On or before June 1, the Tax Collector is required by law to hold a tax certificate sale, to auction off tax sale certificates. A Tax Certificate is a lien on property created by payment of the delinquent taxes due. It is not a purchase of property. Florida Statutes require the Tax Collector to conduct a sale of tax certificates beginning on or before June 1 for the preceding year of delinquent real estate taxes.

The amount of the tax certificate is the sum of the unpaid real estate taxes and the non ad valorem assessments, 3% penalty, the advertising costs and tax sale fees.

The county uses an On-line Tax Sale process using proxy bids placed by its bidders. Tax Sale bids can be input on-line starting the first day the advertising list is published in the newspaper. Bidding continues until mid-night of the night before the Tax Sale awarding (aka Tax Sale date). On the day of the tax sale, the system awards the certificates to the lowest bidder. Certificate bidding begins at an 18% interest rate and is bid down until the certificate is sold to the lowest bidder.

Tax Certificates on land which has been granted a homestead exemption for the year in which the delinquent taxes were assessed and which have a face value of less than \$250 shall not be sold to the public at a tax certificate sale. These certificates are issued to the county and shall bear Interest at 18% Interest per year. Once the face value and accrued Interest exceed \$250, these certificates may be sold to an individual.

Tax Certificates are kept as an electronic file within the Tax Collectors office. A listing of certificates awarded and held are provided to each buyer after the tax sale.

Simple interest accrues on the certificate on a monthly basis (not daily), starting on June 1 for those certificates awarded to bidders during the tax sale process. Interest is accrued at the rate of the winning bid. When a tax certificate is redeemed (paid by the property owner), the certificate holder will receive the amount of his investment (certificate face amount) plus the interest accrued up to the date of redemption. If the tax certificate Interest amount earned on the face amount is less than 5% a minimum of 5% Interest amount is paid to the holder of the redeemed (paid) certificate. However, if a certificate is awarded at the tax sale as a 0% bid, it earns no interest and there is no 5% minimum interest amount paid to the certificate hold upon its redemption.

Tax Certificates are dated as of the first day of the tax certificate sale and expire after seven (7) years. Any tax certificate can be cancelled or reduced if errors, omissions, or double assessments are made.

Any certificate not sold during the tax sale, will be awarded and held by the county, as a County Certificate, accruing interest at 18%. Individuals can purchase these County Held Certificates from the county by contacting the tax collectors office.

If/when the property owner pays the delinquent taxes, the interest is calculated and a check is distributed to the certificate holder. Certificate holders can file for a Tax Deed Application with the tax collector anytime after two years have elapsed from the date of delinquency (April 1) for any unpaid certificates but no longer than 7 years. This process starts the foreclosure of the property. To foreclose the property, the certificate holder making application for a tax deed has to pay the Tax Collector an application fee, a title search fee and all amounts required for redemption or purchase of all other outstanding tax certificates, interest, omitted taxes, and delinquent taxes as well as applicable Clerk of Circuit Court fees, relating to the real estate. In most cases the property is scheduled to go to sale at public auction by the Clerk of Circuit Court within 3 to 4 months from the date of the tax deed application. Holding the certificate creates no advantage towards owning the property. The highest bidder becomes the owner of the property. If the property is a non homesteaded parcel, the opening bid is the amount of the taxes, accrued interest, plus costs and fees involved in a tax deed application. If it is a homesteaded property, the opening bid is half the assessed value plus the tax certificate face value and costs. If the property does not sell, the tax certificate holder is required to take deed to the property.

This information provided is not intended as legal purposes, it is intended for a general understanding of the process. For specific and the legal description of this process, refer to Chapter 197 of the Florida Statutes