

I Bought Some Property Tax Liens at Auction; Here's What I Learned

In Colorado, if you haven't paid your property taxes by June, your county sells the resulting tax lien at auction a few months later. In Jefferson County, that auction was held online on Nov. 6 and 7, and I decided to buy a few tax liens in Golden, where I live, to learn about the process so I could share it with you, my readers.

This year, 85 other buyers and I purchased a total of 1,130 Jeffco tax liens totaling \$6.4 million, paying a premium of \$400,415 or 6.25% more on average than what was actually owed in property taxes plus accrued interest and fees by the property owners. The county treasurer received the \$6.4 million on behalf of the properties' respective tax districts, and the \$400,415 went to the county's general fund.

The reason people purchase tax liens is to earn the 15% interest that is added to the taxes owed. When the property owner "redeems" the property, he or she basically pays the lien holder the amount of the lien plus interest from the date of the sale through the date of redemption.

Thus, if the taxpayer takes a year to

pay it, I earn 15% interest minus the premium which I paid. If he redeems it soon after I have purchased the lien, I lose money depending on how much I bid up the lien amount.



I chatted with a fellow lien buyer and learned his technique for making money on tax liens. He researches each property owner to determine whether he's likely to pay quickly, slowly, or not at all. For example, was he delinquent in prior years?

I didn't do any of that research, so I have no idea whether a year or two from now I will be counting my profits or my losses on the four liens I purchased. I'll chalk up any losses to the cost of publishing this column!

Statistically, 7% of tax liens are redeemed within a month of the sale, 22% within 3 months, and 38% within 6 months. All but 4% of purchased tax liens are redeemed within 4 years. It has been just over two months since the sale, and none of my four tax liens have been redeemed.

In the next column is a chart showing how many tax liens were sold at auction since 2001, so you can see that

YEAR/PAY	SALE DATE	# SOLD	CERT AMOUNT	PREMIUM PD	PREM %
2000/01	OCT 25-26	2256	3,908,083	120,292	3.07
2001/02	OCT 24-25	1866	3,584,741	91,028	2.53
2002/03	OCT 30-31	2183	4,286,728	197,501	4.60
2003/04	OCT 19-28	2444	4,454,846	226,817	5.09
2004/05	OCT 17-24	2270	4,581,440	301,602	6.58
2005/06	OCT 18-25	2641	6,314,501	449,088	7.11
2006/07	OCT 25-29	2212	5,606,304	374,364	6.68
2007/08	OCT 23-27	2019	5,545,198	187,094	3.37
2008/09	OCT 22-26	1750	6,586,167	94,919	1.44
2009/10	OCT 21-25	1738	8,350,678	211,641	2.53
2010/11	OCT 20-24	1546	5,732,976	198,647	3.46
2011/12	OCT 25-29	1450	4,386,049	251,257	5.72
2012/13	OCT 1-9	1445	4,297,842	269,830	6.33
2013/14	OCT 22-24	1105	3,642,091	342,232	8.91
2014/15	OCT 14-16	1192	2,955,878	269,161	9.15
2015/16	OCT 19-21	1285	2,979,217	152,029	5.10
2016/17	OCT 18-20	1013	2,707,655	222,977	8.24
2017/18	OCT 17-19	1138	3,635,088	250,872	6.90
2018/19	OCT 14-15	1183	4,338,479	399,301	9.20
2019/20	NOV 9-10	1159	4,310,240	237,850	5.52
2020/21	NOV 8-9	1308	4,663,622	399,211	8.56
2021/22	NOV 7-8	1119	4,450,160	354,178	7.96
2022/23	NOV 6-7	1130	6,410,450	400,415	6.25

this year's numbers are not much different than in prior years. The \$6.4 million figure is higher than last year, but can be attributed in part to the run-up in Jeffco property values.

Fifty-two tax liens totaling \$13,909 were not purchased in the online auction, so those liens remain held by the county. According to Deputy Chief Treasurer Dave Villano, as of November 17, Jeffco held 479 tax liens that failed to sell between 2010 and this cycle. Most of those will not get paid since they are unbuildable strips and eventually get cancelled and the process starts again.

In theory, the purchaser of a tax lien could end up acquiring the property through a treasurer's deed if the tax lien is never redeemed, but in the past 5 years only two *improved* properties ended up being acquired in that

manner. One was a home with a possible meth issue, and the other was an abandoned gas station that 3 years later remains closed and unsold.

Until 2004, tax liens were sold at the county treasurer's office in a live auction, but since then it has been conducted online by a vendor in a very streamlined manner. I was impressed at how easy it was for bidders to participate.

Although I was studying Jeffco, other counties operate similarly, I'm told. In my posting of this article on Substack, I provide more details from deputy chief Dave Villano about this complex topic.

In conclusion, I learned a lot, but I don't think I'll buy more tax liens next year.

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 Rita and I departed January 6th for a world cruise on the Viking Sky. My daily blog is at <http://wherearejimandrita.substack.com>.

Golden Ranch Is Close to White Ranch Open Space

This well-maintained home at **1509 Jesse Lane** is within the City of Golden with its low property taxes and popular amenities, yet it is closer to the lower entrance of the White Ranch Open Space than it is to downtown Golden. Located behind a hogback, it is super quiet too, isolated from traffic and other noises. With 5 bedrooms (four with walk-in-closets) and 3½ bathrooms, it is a large home with two family rooms, a rec room and over 1,000 sq. ft. of unfinished storage. The heated 3-car garage is finished and has an epoxy floor. The third bay has a workshop table and cabinets. Take a video tour at www.NorthGoldenHome.com, then come to the open house **Saturday, 11 to 1**, or call listing agent **David Dlugasch** at **303-908-4835** to see it.



Wheat Ridge Ranch Features Some Great Updates

Wheat Ridge has some great neighborhoods, and this home at **4021 Moore St.** is in one of them. It's north of 38th Avenue, west of Kipling, and south of I-70 far enough that you're totally unaware of any of them. In the narrated video tour at www.WheatRidgeHome.info, all that you hear outside are birds and the wind in the trees. Inside, this 1958 brick ranch has an updated kitchen and two updated bathrooms. Hardwood flooring was added in the common areas plus the primary bedroom. Partially visible to the left is the newer 2-car carport that could easily be enclosed to be a detached garage, and next to it is a large shed with 4 separate storage rooms. Typical for this seller, both the carport and shed have a shingle roof, gutters and downspouts that match those on the home. After viewing the narrated video tour, come to the open house this **Sunday, Jan. 14, 11 to 1**, but call listor **Kathy Jonke, 303-990-7428**, to confirm, since we received an above-full-price offer on Tuesday.



Lakewood Tri-Level Has Mother-in-Law Basement

This well-maintained home at **2230 Zephyr St.** is on 1/3 acre in that quiet neighborhood southeast of Crown Hill lake and park and west of Wadsworth Blvd. The location offers a perfect blend of seclusion and convenience, not far from a light rail station and Hwy. 6. Its seller-owned solar panels provide most of the home's electrical needs. Entering the home, you're greeted by a living and dining room with vaulted, wood-beamed ceilings, hardwood floors and a wood-burning fireplace. The kitchen has updated cabinets, a newer stainless refrigerator, and a breakfast nook overlooking the expansive backyard. The upper level contains three bedrooms and a full bathroom, as well as a high-efficiency washer and dryer. On the lower level is a 1-bedroom mother-in-law apartment with its own entrance, back patio, storage shed, washer and dryer, and driveway (see boat on left in picture). Visit www.LakewoodHome.info to view a narrated video tour, then call your agent or listing agent **Kathy Jonke** at **303-990-7428** to arrange a private showing. She'll hold it open this **Saturday, Jan. 13th, from 11 to 1**.



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"I cannot do all the good the world needs, but the world needs all the good I can do." —Jana Stanfield