

Table of Contents

Introduction.....	5
Section 1: Overview of Chapter 7 Tax Sales.....	6
Section 2: Significant Factors Timeline	8
Section 3: Preparing the Files	10
Assembling the Files	10
The Property File.....	11
The Auction File	11
Section 4: Preparing the List of Properties to be Offered for Sale	12
Existing Property Conditions	12
Section 5: Determine the Property Descriptions, Exemptions, and Tax Sale History.....	14
Property Description.....	14
Existing Exemptions (Public and Internet Auctions Only)	14
Tax Sale History.....	15
Section 6: Establishing the Minimum Selling Price.....	16
Section 7: Request Approval from the Board of Supervisors.....	18
Section 8: Notice to Taxing Agencies.....	19
Objections to the Sale	19
Type of Agency	20
Type of Objection	20
Section 9: Notification of Sale to the State Controller’s Office	22
Section 10: Search for Parties of Interest.....	23
Section 11: Notice to Parties of Interest.....	25
Prepare the notice.....	25
Mailing Considerations	25
Section 12: Determine and Notify Eligible Bidders (Sealed Bid Sale only)	26
Execute the Notification Process.....	27
Section 13: Notice to Assessee by Personal Contact (Public and Internet Auction only).....	28
Section 14: Notice to the Internal Revenue Service	30
Section 15: Publish/Post Notice of Sale	31
Section 16: Redemption and Other Issues Prior to the Sale	33
Redemption.....	33
Portion of Property Redeemed	33
Objection to the Sale.....	34

Bankruptcy	34
Injunction Brought Against Tax Sale.....	34
Mobile/Manufactured Homes and Other Possessory Interests	35
Properties Withdrawn for Other Reasons	35
Other Conditions	35
Section 17: Information for Prospective Bidders.....	36
Section 18: Conducting the Auction	37
In-house (User Managed) or Vendor Supported.....	37
General Considerations.....	38
Staffing.....	39
Pre-Sale Registration	39
Pre-Sale Announcements	40
Bidding Procedures	40
Payment Procedures.....	42
Voided Sales	43
Continuance of Sale	43
Postponement of Sale	43
Section 19: Conducting the Sealed Bid Sale.....	44
Staffing.....	44
Forum	44
Reading the Bids.....	44
Tracking the Proceeding	44
Notifying Successful Bidders	45
Section 20: Recording of Deed and Deposit of Proceeds.....	46
Deed Preparation and Recording	46
Deposit of Proceeds	46
Returned Check/Failure to Complete Purchase.....	47
Section 21: Fee Calculation and Post-Sale Reports.....	48
Fee Calculations	48
Other Elements of the Sale	48
Required Reports	48
Report to the County Treasurer and the County Auditor.....	48
Report to the Assessor.....	49
Section 22: Excess Proceeds Notification and Claim Request Processing.....	50

Notification	50
Claim Request Processing	51
APPENDICES	53
I. Chapter 7 Sample Forms	53
II. Disqualifying Property Conditions	55
III. Establishing the Minimum Selling Price – Welfare Exemptions.....	58
IV. Calculating the Power of Sale Schedule for Disaster-Damaged Property.....	60
V. Frequently Asked Questions	62

APPENDICES

APPENDICES

I. Chapter 7 Sample Forms

<i>Recession of Notice of Power to Sell Tax-Defaulted Property</i>	SCO 5-08
<i>Partial Recession of Notice of Power to Sell Tax-Defaulted Property</i>	SCO 5-09
<i>Tax Collector's Record of Sale of Tax-Defaulted Property</i>	SCO 8-01
<i>Request to Approve the (Public Auction or Public Internet Auction) Sale of Tax-Defaulted Property Subject to the Power of Sale</i>	SCO 8-02
<i>Request to Approve the Sealed Bid Sale of Tax-Defaulted Property Subject to the Power of Sale</i>	SCO 8-02.1
<i>Authorization and Report of Sales</i>	SCO 8-03
<i>Checklist of Mandatory Requirements – Public Auctions and Public Internet Auctions</i>	SCO 8-04.1
<i>Checklist of Mandatory Requirements – Sealed Bid Sales</i>	SCO 8-04.2
<i>Notice of Sale of Tax-Defaulted Property to Parties of Interest</i>	SCO 8-05.1
<i>Notice of Personal Contact for Sale of Tax-Defaulted Property</i>	SCO 8-05.4
<i>Chapter 7 Notification (to SCO)</i>	SCO 8-05.5
<i>Receipt for Property Purchased at Tax Sale</i>	SCO 8-06
<i>Report of Sale of Tax-Defaulted Property (Report to County Treasurer and County Auditor)</i>	SCO 8-07a
<i>Report of Sale of Tax-Defaulted Property (Report to County Assessor)</i>	SCO 8-07b
<i>Notice to Owners of Contiguous Property of Sealed Bid Sale of Tax-Defaulted Property</i>	SCO 8-08
<i>Notice of Sealed Bid Sale of Partial Interest in, (Oil, Gas, or Mineral) Rights to Appurtenant Property Owners</i>	SCO 8-09
<i>Notice of Sealed Bid Sale of Complete and Undivided Interest in, (Oil, Gas, or Mineral) Rights to Appurtenant Property Owner</i>	SCO 8-10
<i>Bid Form (Sealed Bid Sale)</i>	SCO 8-11
<i>Receipt to Absentee Purchaser at Sealed Bid Sale</i>	SCO 8-12
<i>Tax Deed to Purchaser of Tax-Defaulted Property</i>	SCO 8-19
<i>Claim for Excess Proceeds</i>	SCO 8-21
<i>Affidavit of Posting Notice of Public Auction of Tax-Defaulted Property for Delinquent Taxes</i>	SCO 9-02
<i>Affidavit of Posting Notice of Public Internet Auction of Tax-Defaulted Property for Delinquent Taxes</i>	SCO 9-02a
<i>Affidavit of Posting Notice of Sealed Bid Sale of Tax-Defaulted Property for Delinquent Taxes</i>	SCO-9.02b

Notice of Public Auction of Tax-Defaulted Property for Delinquent Taxes.....[Figure 9.5](#)

Notice of Public Internet Auction of Tax-Defaulted Property for Delinquent Taxes.....[Figure 9.5a](#)

Notice of Sealed Bid Sale of Tax-Defaulted Property for Delinquent Taxes.....[Figure 9.6](#)

Notice of Right to Claim Excess Proceeds (Parties of Interest).....[Figure 9.8](#)

II. Disqualifying Property Conditions

The following conditions will cause a given property to be exempted or excluded from agreement sale. However, in some cases, these conditions can be remedied. Where applicable, there are corrective measures included in these descriptions.

1) **Property with an Indefinite or Improper Description**

Reference made to acreage without specifying boundaries is an improper description. For example, "the south 10 acres of the NW 1/4" creates probable lines but may lead to conflicts over boundaries. Examples of inadequate descriptions are: a description that is dependent upon another description, a lot shown on an official map without reference to that map, and metes-and-bounds descriptions that do not establish a basic reference such as township, range, meridian, or name of a valid Spanish or Mexican land grant. See [section 8120 of the County Tax Collectors' Reference Manual](#) for the full explanation and definition of "indefinite description."

2) **Property Belonging to Public Agencies**

Properties belonging to public agencies normally should not be sold, pursuant to Article XIII, Section 3, of the Constitution and [§202](#) of the Revenue and Taxation Code. Contact the State Controller's Office for any situation involving a public agency.

3) **Unpatented Property**

Unpatented property is land that has never been granted or conveyed to an individual by either the federal government or the State. It is not subject to taxation and, therefore, cannot be sold at a tax-defaulted land sale.

4) **Property Assessed to an Individual Who Has Filed for Bankruptcy**

The filing of a bankruptcy petition creates an automatic stay in the enforcement of any lien against the estate of the debtor, and the stay continues until the case is closed or the real property no longer belongs to the estate. If the tax collector learns that bankruptcy proceedings have begun for the assessed owner, the tax collector must ensure that no attempt is made to sell the secured property covered by the bankruptcy without the bankruptcy court's permission. Such permission would be in the form of a relief from stay. The tax collector should contact the county counsel to file such a motion with the court.

5) **Property Assessed to Individuals Not Responsible for Their Affairs**

If a property that is subject to sale is owned by a person who is committed to a state hospital, the property cannot be offered for sale until the status of the property owner has been determined. It may be necessary to call one or both of the following agencies to locate that information.

Department of Developmental Services – Client Financial Services (916) 654-1690
(916)654-1690

Department of Health Care Services (916) 445-4171

*To view an electronic copy of this chapter visit:
The State Controller's Website
http://www.sco.ca.gov/ardtax_tcs_taxguide.html*

*State Controller's Office
Local Government Programs and Services Division
Government Compensation and Property Tax Standards Section
Post Office Box 942850
Sacramento, California 94250-5875
propertytax@sco.ca.gov*