



TITLE MINUTE

HOMESTEAD TITLE AND ESCROW

Unpaid Property Taxes-Tax Lien Sales

Tax lien sales are one of the many creative ways investor buyers can acquire property. There is a process involved and recently it has changed with some new legislation which became effective July 1, 2024.

In Colorado, property taxes are due in ½ installments by the last day in February and by June 15th or one lump sum payment by April 30th for the previous year. If the taxes are not paid, they become “delinquent” and the tax lien process begins. This is the final step in the county treasurer’s efforts to collect taxes on the real property. The tax lien sale allows the taxing authorities to receive their budgeted revenue without having to wait for the delinquent taxes to be collected. It also provides an investment opportunity for investors and the general public.

When a homeowner does not pay their property taxes, the counties in Colorado typically hold their “tax lien sales” in the fall. The county will publish a list of all the properties with delinquent taxes. Investors can register with each county to participate and bid to pay for the delinquent taxes and become a lien holder for the delinquency. Some counties require deposits, and some do not. It’s best to go to each county site to research the tax lien purchasing/bidding requirements. **A list of links is attached at the end of this article.**

Tax liens are sold to the bidder who pays the largest amount. If you purchase a tax lien, it means that the homeowner’s taxes are now paid at the county and the investor purchaser is the lien holder for that amount. In the past, that lien holder could apply for a treasurer’s deed after a period of three years, and if conditions were met, they could acquire the property.

A new law passed in July 2024 regarding the issuance of Treasurer Deeds (HB24-1056) <https://leg.colorado.gov/bills/hb24-1056>. The new law requires the county treasurer to follow a public auction process prior to the issuance of a deed, which brings the Colorado law into compliance with the United States supreme court’s recent decision affirming property owner’s constitutional right to the value of their property in excess of their tax debt.

The lawful holder of a certificate of purchase of a tax lien may apply for a public auction for the sale of a certificate of option for treasurer’s deed (option certificate). If the public auction results in an “overbid,” meaning the purchaser of the option certificate pays an



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amount in excess of the minimum bid price set for the auction, then the overbid must be paid in order or recording priority to junior lien holders who have filed a notice of intent to redeem. After payment to all lienors, any remaining overbid must be paid to the owner of the property subject to the tax lien.

The act specifies the required application form and deposit amount for the lawful holder to request a public auction and notice requirements that a county treasurer must comply with, including a review of the property's title work to include known interested parties in the notice process. The act also specifies the general manner and timing requirements for the public auction and provides the county treasurers with procedural guidance.

At the public auction, a county treasurer must only accept bids that are greater than the combined value of the amount owed to the lawful holder and the fees/costs incurred by the treasurer. If no such bid is made and paid to the treasurer, then the lawful holder is deemed the purchaser of the option certificate.

If the lawful holder is not the purchaser of the option certificate, the lawful holder is still entitled to redeem the property subject to the tax lien if certain procedural requirements are met, including payment to the purchaser of all sums necessary to redeem. Junior lienholders may also file for redemption, but only as to a portion of the overbid and only if certain procedural requirements are met. If the property remains unredeemed, the lawful holder of the option certificate may present the certificate, along with other required documentation to the treasurer to obtain a treasurer's deed, giving full right to the property.

If you have a property that was acquired by tax sale/treasurer's deed, it's important you consult your title company immediately to verify if the transaction will be insurable and able to close. It is common for title insurance underwriters to require a 9 year waiting period following the sale before they will insure a new transaction. Many title insurance underwriters will insure following the completion of a Quiet Title action brought by the buyer of the tax lien to extinguish the prior property owner's interest and the interest of any other party claiming an interest in the property.

Below are the links to the respective counties tax sale information pages if you wish to find out county specific information or register:

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Adams County: <https://adcogov.org/tax-lien-sale>

Alamosa County: <https://alamosacounty.colorado.gov/taxliensale>

Arapahoe County:

https://www.arapahoeco.gov/your_county/county_departments/treasurer/tax_lien_sale/index.php

Boulder County: <https://bouldercounty.gov/property-and-land/treasurer/taxes/tax-lien-sale/>

Broomfield County: <https://www.broomfield.org/814/Tax-Lien-Sale-Information>

Clear Creek County: <https://www.clearcreekcounty.us/548/2024-Tax-Lien-Sale>

Denver County: <https://denvergov.org/Government/Agencies-Departments-Offices/Agencies-Departments-Offices-Directory/Department-of-Finance/Our-Divisions/Treasury/Property-Taxes/Real-Estate-Delinquent-Taxes-and-Tax-Lien-Sale>

Douglas County: <https://www.douglas.co.us/treasurer/tax-lien-sale-information/>

Eagle County:

https://www.eaglecounty.us/departments__services/treasurer__public_trustee_office/treasurer/tax_lien_sale.php#:~:text=The%20Eagle%20County%20tax%20lien,goal%20of%200fairness%20and%20efficiency.

Elbert County: <https://www.elbertcounty-co.gov/321/Tax-Lien-Sale#:~:text=Current%20Sale,the%20event%20of%20inclement%20weather.>

El Paso County: <https://treasurer.elpasoco.com/county-treasurer/tax-lien-sale/#1694641454557-3ad9f45c-8f13>

Gilpin County: <https://gilpincounty.colorado.gov/elected-officials/treasurer/tax-lien-sale>

Grand County: <https://www.co.grand.co.us/129/Tax-Liens>

Gunnison County: <https://www.gunnisoncounty.org/213/Online-Tax-Lien-Sale>

Jefferson County: <https://www.jeffco.us/2430/Tax-Lien-Sale>

Larimer County: <https://www.co.grand.co.us/129/Tax-Liens>

Park County: <https://www.parkcountyco.gov/437/Tax-Liens>



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Pueblo County: <https://county.pueblo.org/treasurers-department/2023-tax-lien-sale-information>

Summit County: <https://fiscaloffice.summitoh.net/index.php/tax-certificate-liens>

Weld County: <https://www.weld.gov/Government/Departments/Treasurer-Public-Trustee/Treasurer/Tax-Sale-Information>