

**21 DAY**

# ***QUICKSTART GUIDE***



**BY BRIAN PETERSEN**

## ***21 Day Quickstart Guide***

Tax liens have existed for as long as counties and municipalities have existed. Any government that collects property taxes must have a way of enforcing the collection of them through incentives and penalties.

There are typically three parties involved in every tax lien certificate transaction; the county government, the property owner, and the tax lien certificate investor, and all three parties benefit from the transaction.

## ***Tax lien certificates are one of the very few investments that benefits every party involved***

When we first began to invest in tax lien certificates, the process was long and tedious and required, for the most part, a physical presence in order to participate in an auction or to purchase tax lien certificates. We quickly recognized the problem and were at the forefront of innovation to bring data and processes online in order to make the investment process possible from anywhere and to make the process of performing due diligence and making investments extremely simple.

This 21 Day Quickstart Guide is meant to help you make your first tax lien certificate investment in 21 days or less. Our team of investors and experts has trained over 20,000 students since we began educating in 2005, and our experience says that the most important thing for any new student is to get their first investment done. Once that first investment is completed, new students gain a new confidence and can do another deal and another, and it gets easier with each investment.

Please read through the following text alongside the text from the Tax Lien Code, the content from the Video Training Modules on the website and follow each assignment in this Quickstart Guide. If you complete each assignment, then you will make your first purchase inside of 21 days. If you fail to follow any of the assignments, then this won't be possible. The assignments are very simple, so please make sure to complete each of them within the time allotted.

Please note that this entire book can be completed early, if you choose.



# Contents

## ***Week 1***

**Introduction to Tax  
Liens and Deeds** 3

## ***Week 2***

**Locating and Researching  
County Lists** 9

## ***Week 3***

**Preparing for and  
Completing Your First  
Investment** 13

## Week 1

# Introduction to Tax Liens and Deeds

---

Is anything so universally despised as taxes? Taxes, however, are a necessary burden that each of us benefits from. The purpose of any tax is to create revenue that the governing body needs to operate and support their programs.

County governments bear a large part of the programs that we interact with on a daily basis. Programs like public education including school, teachers, and buses, police departments, fire departments, public parks, and the roads that we drive on.

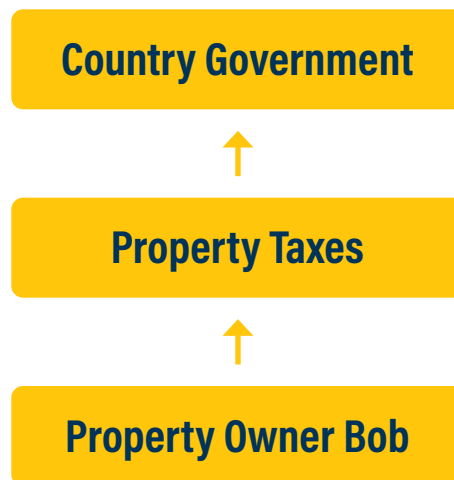
County's primary source of income comes from property taxes. Every plot of land, house, commercial building, and every property in between that is found within the county boundaries is taxed on an annual basis. The amount that every property owner in the county pays is directly related to the value of property which he or she owns.

Among the many elected officials in every county, you will usually find a property Assessor or Appraiser, which terms we use interchangeably. The Assessor is responsible for placing a value assessment on every parcel and structure of real estate within the county boundaries. The assessed value is based on other comparable properties, as well as the size, make, and features of the property.

Counties operate on an annual budget. The county sets an annual budget based on the previous year's expenses, inflation, new programs, standard public services, and any other expenses not covered by the previous year's budget. Once a budget amount has been determined and approved, the county totals the value of all real estate valued by the Assessor. After the county has arrived at a total amount for both the budget and all real estate, they will determine a percentage by which all real estate will be taxed to reach the established budget. The percentage that each property is taxed varies between .5% and 2.5%, depending on the county.

## ***What happens if property owners are delinquent, or fail to pay their annual property taxes?***

Because the tax rate is based on a budget, failure to pay the tax creates a budget deficit. How severe could the budget deficit be? Imagine what might happen if 10% of all property owners failed to pay their annual taxes. A 10% deficit could equate to millions or tens of millions. Schools would close. Parks would be unkept. Police Departments wouldn't have the capital to continue policing the streets. Roads would be in disrepair. The problems that a deficit would cause are obvious and counties need a way to enforce the property tax system. They need an enforcement method that prompts landowners to pay. This is where the tax lien and deed systems come into play.



## ***Are there any other systems that states and counties use to enforce property taxes?***

Yes, there is one more system used by a few states in the U.S., such as Texas. Texas uses what we call a redemption deed system. Texas counties sell tax deeds, meaning that they are selling properties that have been foreclosed on previously by the county. The difference is that Texas offers property owners an 18-month redemption period. Property owners have 18 months from the date of the sale to repay the delinquent taxes and fees. Texas counties also pay investors a flat penalty rate of 25% instead of an annual rate of return. This means that when the tax deed redeems, the investor will receive a flat return of 25% of the total amount that he or she spent for the tax deed. Penalty rates can offer amazing returns. If the Deed were to redeem 2 days after the sale, the investor would make a 25% return in a single month. On an annual basis, this would be equivalent to a 300% rate of return!

## What is the biggest risk associated with investing tax liens and tax deeds?

The biggest risk a tax lien or deed investor faces is acquiring useless land or overspending on an investment. Let's say that you bought a tax lien on a drainage ditch that was valued at \$4,000 dollars by the Assessor. After all the penalties and fees are included, the lien could cost you \$300 dollars. If the redemption period passes and you acquire the property, what are your options? There still may be options to you, but it requires experience and creativity. Our mentors will be able to help with due diligence to avoid getting into this situation and will also help navigate through sticky situations that you may end up in like this.

## What are the different ways that tax liens and deeds can be purchased?

Tax liens and deeds can be purchased using any of the following methods:

- **Attending the Auction:** This is the most common way to buy liens. The county will post a list of the eligible parcels starting 4 weeks before the auction in a local newspaper and website (if available). To participate, you must register for the auction by providing the clerk with a filled-out registration form, a signed tax form, and possibly a deposit, which varies by county. Following registration, you will be given a bidder number which you will use when placing bids.
- **Over the Counter:** This method involved going through county-held tax liens that were offered at previous sales, but never bought. Research of the available liens can be done on the internet, or at the county records building. Purchasing can be done by mailing certified funds to the county official responsible with the parcel numbers or through online sales whose sales are available on the Tax Lien Code members' website.
- **Online Auctions:** This is new to tax liens and deeds. Online auctions can be used for tax liens and deeds. Interested bidders register online using the same information required to register for a live, in-person auction. Most online auctions require that bidders place a deposit.

# Assignment for **Week 1**

Your assignment is to define what your goals and objectives are with tax liens or deeds. What is your driving force? What motivates you? Are your vision and goals strong enough to push you forward? Will it force you to take action?

People who have never purchased a tax lien certificate are going to tell you that you're foolish to believe that this might work, but they're wrong. They work. But, in order to overcome that bad energy from friends and family, it's crucial to have a solid vision and goals to keep you on track.

**Your Vision Statement:** Your vision statement is a brief statement describing what you desire. Imagine yourself 5 years down the road from now. Imagine yourself in a specific situation that you might find yourself in. It could be driving with your family to the airport on your way to vacation, or it could be signing papers for a new car or house. Include as many details as possible. Include your senses such as the way things look, smell, feel, and sound. The more detailed your statement is the more real it will be to you.

Also, log into [TaxLienCode.com](http://TaxLienCode.com) using your unique username and password and complete the first two modules, which discuss the fundamentals of tax lien investing, counties, and due diligence. This is important for next week's assignment.



## Week 2

# Locating and Researching County Lists

---

Your investment objectives are the results that you desire. However, the results that you want are most likely only a means to the end. An example might be, "I want to acquire 5 single family homes this year that I can rent out." Based on this statement, a fair assessment might be that this individual is interested in property acquisition for the purpose of creating residual income. This is a straightforward objective that can be used to determine an investment strategy. However, this is not the reason this individual invests. The reason is likely to be additional income for the purpose of living more comfortably, walking away from a full-time job, or a number of other wonderful things prosperity can make possible. It is important that your investment objectives match your reasons to invest. Every investor has a dream. That dream will determine the road that you need to travel to get there.

Consider the following questions carefully. There are no right or wrong answers, only those that work for you and those that do not. Answer these questions based on what you're comfortable with right now.

**Question 1:** *Are you looking to supplement your income or replace it altogether?*

**Question 2:** *Are you more interested in obtaining a rate of return or acquiring properties?*

**Question 3:** *How much money would you need to make a month to be financially free (You may base this on your current lifestyle or the lifestyle you desire)?*

**Question 4:** *Where would you like to see yourself financially in 1 year?*

**Question 5:** *Where would you like to see yourself financially in 5 years?*

**Question 6:** *Would you leave your current line of work if your finances allowed you to do so?*

**Question 7:** *From what you understand would you prefer to buy tax liens or tax deeds?*

## Investment strategies are separated into 2 categories:

1. High Rate of Return

2. Property Acquisition

### *High Rate of Return:*

As the name implies, the objective of this investment strategy is to earn the highest rate of return possible. This is accomplished when the delinquent property taxes are paid by the property owner and the lien is removed by the governing body. Investors pursuing this result are best served to identify those liens that are most likely to redeem. As a rule, with tax liens, the higher the property value, the more likely the lien is to redeem. It is common sense for the value of the property to determine how likely the owner is to ensure that their property is not lost to foreclosure. This often means the cost of the lien is above average as the assessed value is also higher. Many investors that use this strategy focus their investments in single family homes and other dwellings. The benefits of doing this are time saving simplicity and nearly guaranteed security. Locating property with improvements is easy and can usually be identified by the amount of the lien. Imagine that the amount of the tax lien represents 1% of the property's value. While not always accurate, it is a good starting point for determining estimates of the assessed value.



## Property Acquisition:

This investor's primary objective is to acquire property. This strategy tends to work faster for generating lump sums of capital. Long redemption periods are the enemy here as they tie up vital funds. This investor is also required to spend more time searching for possible investments. There are a number of different types of liens or deeds that might be used to acquire property including standard tax deeds, over-the-counter tax liens, and over-the-counter tax deeds. Anyone looking to replace their income or generate wealth will need to employ this strategy to build enough working capital to effectively invest for a high rate of return. Time spent on this strategy most likely includes digging through county lists with thousands of over-the-counter liens from years past. Property Acquisition usually involved a higher level of risk than investments focused on a high rate of return.

Even if you've decided that you would like to acquire real estate as your primary objective, we need you to start by investing in a tax lien certificate. Why? Because the process for investing in a tax lien certificate is largely the same as investing in a real estate property through a tax deed, but the liability and risks tend to be much lower.

For your first investment, we're going to keep things simple and invest in a tax lien certificate. And to simplify things further, we're going to invest in a tax lien certificate over the counter, which means that we will purchase a tax lien certificate from the inventory held by the county after their last auction.



# Assignment for **Week 2**

Log into TaxLienCode.com, and navigate to Phase II in the menu, select Online Auctions & Sales.

Scroll down to Florida Over-the-Counter Tax Liens.

Select a county, register for an account, and start using your new due diligence skills to browse through and narrow the lists to investments that may make sense for you. Examine the property information provided and evaluate potential investments that you think may be a good investment for you.

If you feel ready, make your first investment. Since it's your first investment, be conservative, though. If you don't quite feel ready, finish the next chapter.



## Week 3

# Preparing for and Completing Your First Investment

---

Without the links, resources, and tools that we provide through our program, many individuals fail to find available tax lien certificates and never get past that stage; however, after completing last week's assignment you can now see how simple it can be to find available tax liens for purchase.

Although last week's stage may appear heavy or intimidating, with practice it will become much easier and more comfortable.

The next stage, however, is the most important stage of the investing process and requires great care and attention. This week we are talking about performing due diligence to narrow lists to investments that make sense for the individual investor's profile and goals, and to pull the trigger to make an investment.

Use the steps from last week's assignment to find an over-the-counter list in Florida. Let's begin there.



# Narrowing a List

When examining a list of possible investments, it's possible that the list can be overwhelming or hard to understand. Many of our lists available through the members' website or the Marketplace provide an abundance of information that is easily searchable or can be quickly filtered, so we will focus on those lists, like we did for last week's assignment, to execute your first deal.

The first thing that you need to do is to identify the investment criteria that makes sense for your profile and experience. Answer the following questions:

- **How much can you comfortably invest today?**
- **What is your experience like in real estate? Renting a home? Owning a home? Previous investment experience? How much and to what extent?**
  - *For the purpose of getting your first deal done quickly and safely, we will treat all new students as beginning tax lien investors, and we will begin with a small certificate.*
  - *Outside of this Quickstart Guide, if you have extensive real estate experience and investing capital, then you may want to jump straight to tax deeds or tax liens likely to be acquired. But we'll stick to over-the-counter tax liens for this exercise.*

Tax liens and deeds are available on all property types, but we should try to stick residential-type properties when beginning, like single-family residential (homes), vacant residential (improved building lots neighboring homes), and similar.

Let's get started.

## 1. Narrow the List by Price

The first question asked above will be the first thing that you'll use to narrow the list. If you have \$500 set aside for a tax lien certificate, then you'll only look for tax liens under that amount. The same applies to whatever amount you identified above.

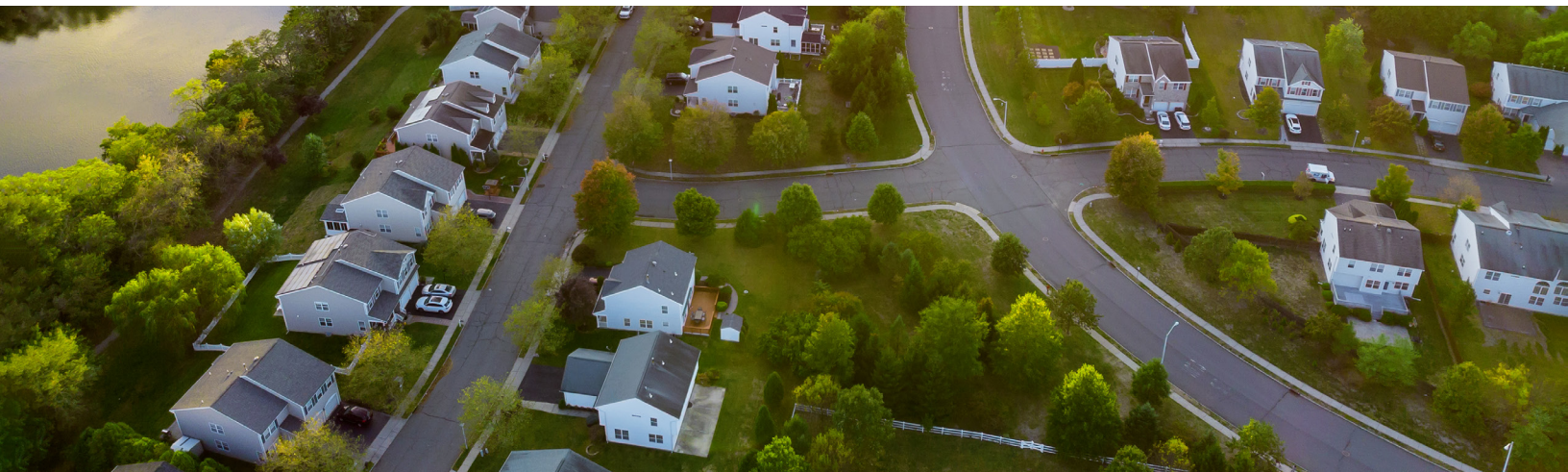
## 2. Narrow the List by Property Type

Using the updated list, recently narrowed by purchase price, examine the property type of each potential investment. Look for residential properties, especially single-family residential homes, but vacant residential properties can also be great investments. For now, let's just narrow to single-family residential and vacant residential, then we can dive into more detail for the individual properties later. We don't want to look at each property quite yet.

## 3. Narrow the List by Property Value

Once we've narrowed the list by price and property type, we like to look at is the property value. One thing to consider is that property values in different states and cities may vary dramatically from where you live. For example, if you live in the Los Angeles suburbs and a typical middle-class, single-family residential home is valued at approximately \$500,000, then understand that a similar home in the Cleveland suburbs will cost about half to two-thirds the price. If a vacant residential lot in the same neighborhood in Los Angeles costs \$200,000, understand that a similar vacant residential lot in the suburbs of Orlando will cost about \$20,000. What's important is that you compare property values to similar property in the area rather than comparing to the market that you're in.

The goal when examining property value is to determine what your investment is backed by. If you were to acquire the property, is there sufficient value to cover your investment or make your investment worth it to you?



## 4. Narrow the List by Data Points

The next thing that we will use to narrow the list further are smaller data points like homestead exemption, years delinquent, years redeemed, and years unpaid.

A Homestead Exemption can only be filed by a property owner who can legally call the property their primary residence. This means that the property is a single-family residence and it also means the property owner lives in the home. This is important because it likely means that the property owner will pay off the taxes quickly, generally speaking.

(Many institutional investors will ONLY invest in properties with a Homestead Exemption because they are only interested in tax lien certificates that will redeem quickly.)

We look at the previous years' taxes that are delinquent, years redeemed, and years unpaid in order to determine how likely we are to be redeemed by the property owner. Does the property owner fail to pay their property taxes every year or just periodically? Many property owners only pay their property taxes when they absolutely need to (when a certificate is issued or they sometimes even wait until a tax lien certificate holder files for foreclosure) and not before, so it's not uncommon to see delinquent taxes every year.

Does the property owner pay the delinquent taxes to redeem themselves every year or only when forced through foreclosure?

If the property owner has a history of redeeming, then you might assume that they will redeem again. If they've never redeemed, then you might assume that if you file for foreclosure that you will likely end up with the property. If it's not a property that you would like to acquire, then you may want to skip those tax lien certificates.



# Deeper Due Diligence

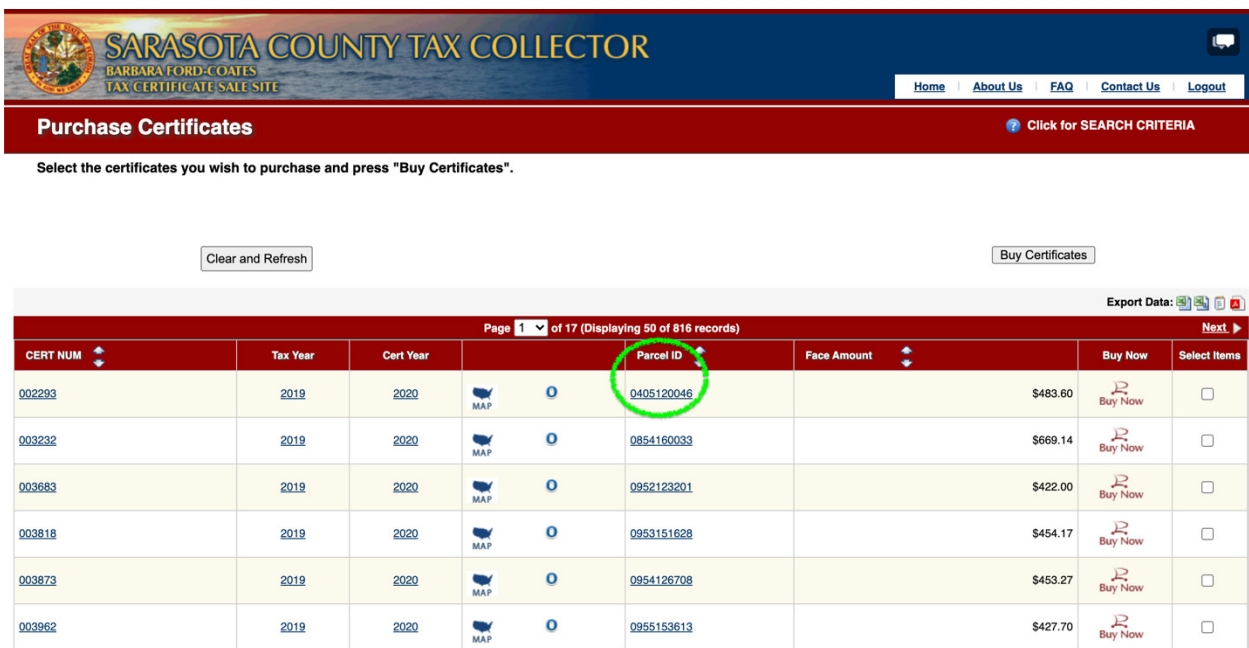
Once the list has been narrowed using the data points above, you should have a manageable list of potential investments. It's possible that you have enough information at this point to make an investment – this is often the case with tax lien investing because if we can determine that there is a very high likelihood of redemption, then we may just pull the trigger.

For example, if the property is single-family residential, has a Homestead Exemption, and a history of recent redemptions by the property owner, then we can be pretty confident of a future redemption, and if that's what we want, then we would go for it. Redemption isn't ever guaranteed, but those three data points are the most dramatic signals for a redemption.

If we still are not positive about the list, then we would dive a little deeper into our due diligence by looking at the property. There are two primary places that we like to look when diving a little deeper at a tax lien certificate investment: a mapping service, an automated property evaluator, and the County Property Appraiser.

## 1. County Property Appraiser

Many lists do not provide the address for the property, so we will often start with the County Property Appraiser. It's also possible that we get all the information that we need to make a decision from the Property Appraiser. Use the property identification number or parcel number for the property from the list, not to be confused with the tax lien certificate number listed on the tax lien list.



**SARASOTA COUNTY TAX COLLECTOR**  
BARBARA FORD-COATES  
TAX CERTIFICATE SALE SITE

Home | About Us | FAQ | Contact Us | Logout

### Purchase Certificates

Click for SEARCH CRITERIA

Select the certificates you wish to purchase and press "Buy Certificates".

Clear and Refresh Buy Certificates

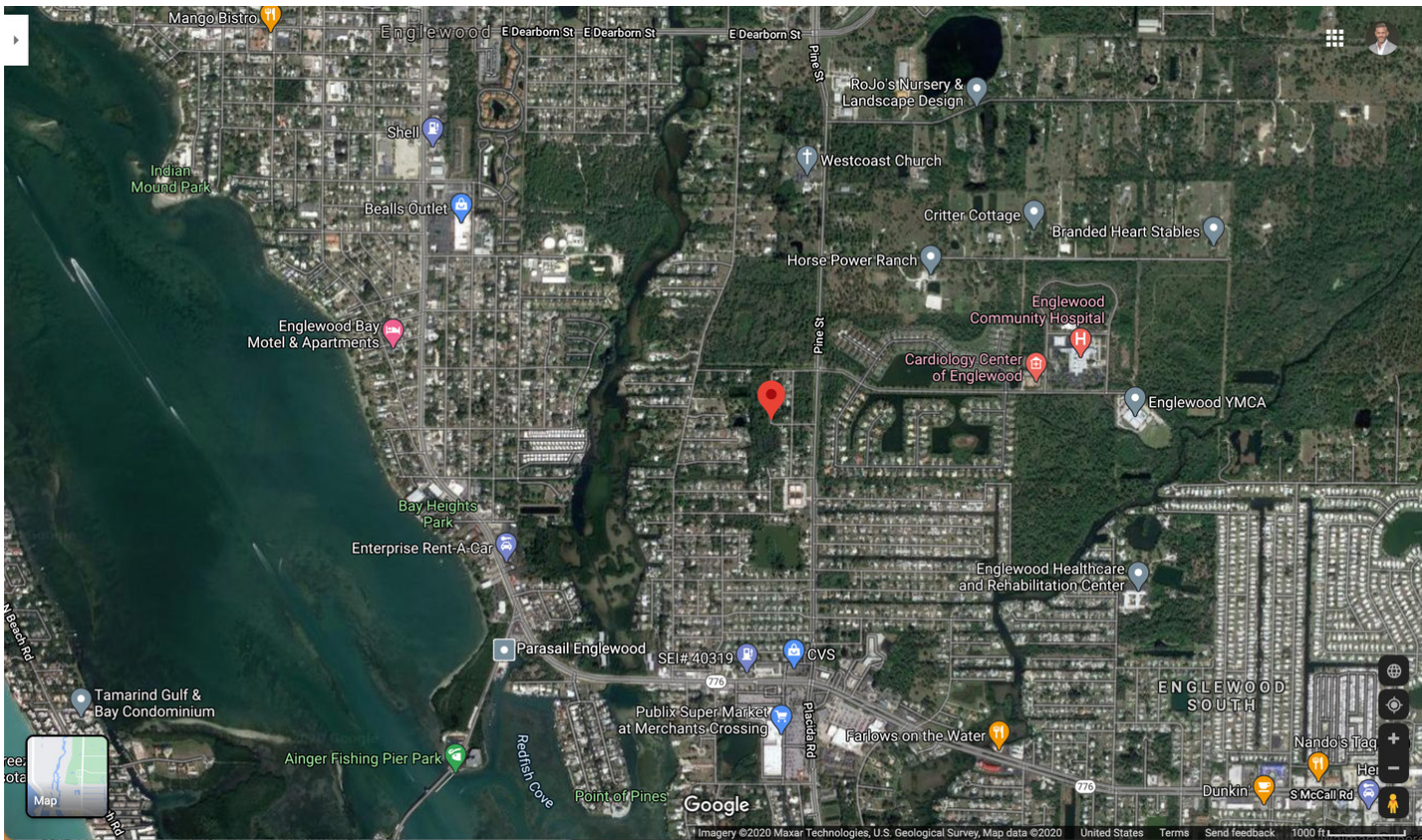
Export Data: [Icons]

Page 1 of 17 (Displaying 50 of 816 records)

CERT NUM	Tax Year	Cert Year		Parcel ID	Face Amount	Buy Now	Select Items
002293	2019	2020	MAP	0405120046	\$483.60	Buy Now	<input type="checkbox"/>
003232	2019	2020	MAP	0854160033	\$669.14	Buy Now	<input type="checkbox"/>
003683	2019	2020	MAP	0952123201	\$422.00	Buy Now	<input type="checkbox"/>
003818	2019	2020	MAP	0953151628	\$454.17	Buy Now	<input type="checkbox"/>
003873	2019	2020	MAP	0954126708	\$453.27	Buy Now	<input type="checkbox"/>
003962	2019	2020	MAP	0955153613	\$427.70	Buy Now	<input type="checkbox"/>

If you are viewing the list online, as in the image above, you can simply click on the link and it will take you to the property information on the Appraiser's website. If you are not viewing the list online, then we recommend simply typing into Google "Sarasota Florida parcel search" and the first result is usually the Property Appraiser's property search. (Replace "Sarasota Florida" with whatever county and state in which you're searching.)

You may also notice that this particular county, Sarasota County in Florida, gives you the option to view a map of the property. You can simply click on Map and it will bring you to Google Maps or a similar mapping service to view the property.



To view information about the property, once you click the link on the Parcel ID or search for the parcel number in question, you will be taken to page that will look something like this (although every county may look a bit different).



← **Property Record Information for 0854160033** →

- [Map](#)
[Print Summary](#)
[2020 TRIM](#)
[2020 Record Card](#)
[Tax Bill](#)

Account #/Parcel ID  
[View Another Parcel](#)

**Ownership:**  
 LINGVAY MAYRA  
 LINGVAY LAURANCE S  
 327 BEACH AVE, LONGWOOD, FL, 32750-7528  
[Incorrect mailing address?](#)  
**Situs Address:**  
 BERTREND ST ENGLEWOOD, FL, 34223

**Land Area:** 6,250 Sq.Ft.  
**Municipality:** Sarasota County  
**Subdivision:** 0874 - PINELAND SUB  
**Property Use:** 0000 - Residential vacant site  
**Status:** OPEN  
**Sec/Twp/Rge:** 31-40S-20E  
**Census:** 121150026052  
**Zoning:** RSF4 - RESIDENTIAL, SINGLE FAMILY  
**Total Living Units:** 0  
**Delineated District:** ENGLEWOOD REDEVELOPMENT AREA  
**Parcel Description:** LOT 20 BLK C PINELAND

**Buildings**

Vacant Land

**Extra Features**

There are no extra features associated with this parcel

**Values**

Year	Land	Building	Extra Feature	Just	Assessed	Exemptions	Taxable	Cap <sup>i</sup>
2020	\$7,900	\$0	\$0	\$7,900	\$7,900	\$0	\$7,900	\$0
2019	\$10,200	\$0	\$0	\$10,200	\$7,502	\$0	\$7,502	\$2,698
2018	\$24,100	\$0	\$0	\$24,100	\$6,820	\$0	\$6,820	\$17,280

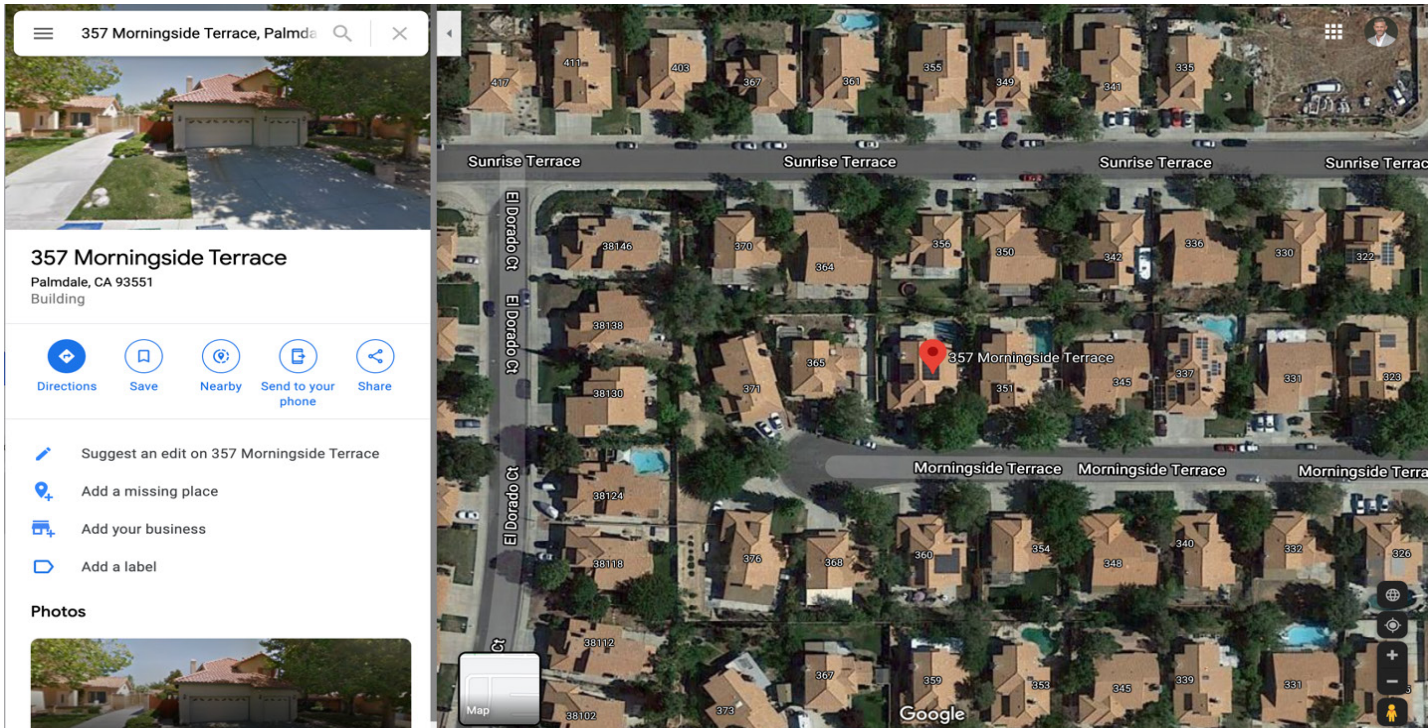
You'll notice information about the property owner, the property owner's address (which may be different than the property in question), the property address, zoning information, past values, past taxes, and past sales history.

The information here is sufficient, that we likely wouldn't need to go any further; however, some County Appraisers do not provide mapping services, so we may want to take the address and plug it into a mapping service to get a look at the property.

## 2. Google Maps

Our first choice for a mapping service is Google Maps. They tend to provide the most recent and accurate images. They also have Street View, which allows you a chance to see the property and street from the ground looking at the property. (Always check the date of the image shown at the bottom of the screen)

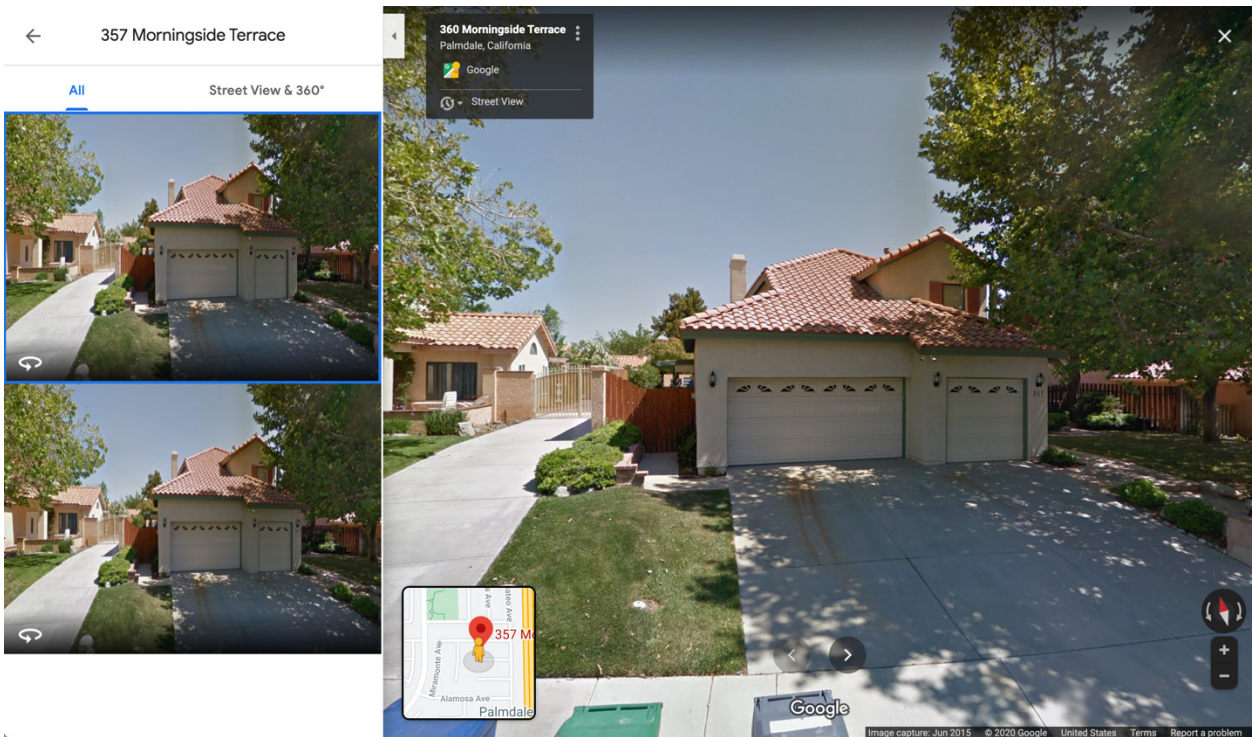
Simply navigate to [maps.google.com](https://maps.google.com) and enter in the address that you're interested in.



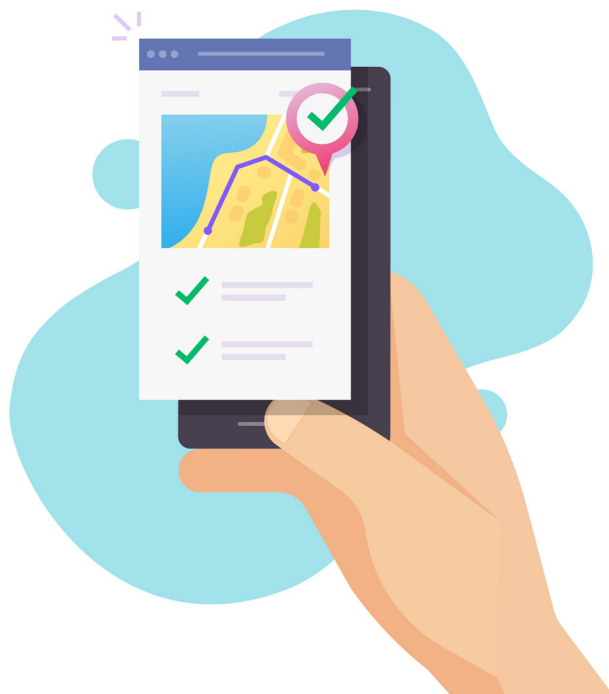
You will then be taken to an aerial view of the property. It is important to get an aerial view when investing in tax lien certificates because we want to see a rooftop for our property, but we also want to see rooftops around our property, if we are investing in vacant residential land. If our tax lien certificate is on an improved lot, for example, then we would like to see rooftops next door, across the street, behind us, nearby, etc.

We know many investors that specialize in acquiring properties through tax lien certificates on vacant residential lots, and then selling the lots to neighboring properties. (We also know investors that specialize in slivers of land, portions of properties, driveways, sidewalks, and gates and will sell those parcels to neighboring property owners as well, but let's stick to the easy stuff for now. You can experiment with that once you get some deals under your belt.)

In order to see the front of the property, click the image of the front of the house at the top left of the screen, or by dragging the little, yellow man in the bottom right corner to the street.



You will then be able to view the front of the property and neighboring properties.



### 3. Automated Property Value

If you would like to view an estimated value for the property in question or neighboring properties, then we will often use an automated property evaluator website like Zillow to give us a quick idea of the property's value.

(Please understand that the values on these websites are not broker's price opinion or actual property appraisals, but are automated values created by software based on recent property sales in the area and other factors. These automated values can be very close or very far from the actual property value, but also understand that a property's actual value is determined only by what a buyer is willing to pay for the property.)

Zillow, and similar websites, work like Google Maps. Simply enter in the property address and it will display a map, images of the property if available, and provide what they call a Zestimate, which is the automated property value.

Zillow can also be useful to get estimates for neighboring properties and to view previous sales of comparable properties in the area.



# Due Diligence Conclusion

**If you're still unsure about a particular investment, then ask yourself this question:**

## What is your exit strategy?

- ▶ *If you intend to purchase a tax lien certificate only to make interest, then you should have your answer above. Is the tax lien likely to redeem or not? If it is not likely to redeem, then cross it off the list and move on.*
  - If it is likely to redeem, but it is also a desirable property that you could do something with in case you do acquire the property, then it could be one to buy.
- ▶ *If you intend to acquire the property, what is your exit strategy after acquisition? Do you have adequate experience and the right team to execute the exit strategy? Is the property a viable property for such a strategy?*
  - If you have the team, experience, the numbers work, and the project seems viable, then it could be one to buy. If it's close or it doesn't seem to work, then pass and move onto the next.

Understanding how tax lien investing works and finding potential investments are both crucial steps to being successful with this investment strategy, and is also where most people quit, but due diligence is the most important step. Take your time to perform adequate due diligence in order to avoid making a mistake.

(The largest mistake being ending up with a property that has little to no value and without a viable exit strategy to get your money back or to make a profit.)

For that purpose, we recommend that you begin investing just a small amount, maybe less than \$100, and sticking to tax lien certificates on single-family residential homes or vacant residential properties.

# Assignment for **Week 3**

This is it! Your final assignment.

It's time to make an investment. If you're nervous, then keep it simple and keep the investment amount small, but we believe that it's crucial to start right away instead of pushing it off.

Follow the steps from last week's assignment to find a list of over-the-counter tax lien certificates in Florida. Feel free to browse multiple counties until you find a tax lien that works for you. You'll need to register for an account for every county in which you'd like to browse the list. Each county that you register for will provide you with a Bidder Number, which is your identification number in that specific county only. A bidder number or registration from one county cannot be transferred to another county.

In order to find a tax lien that works for you, use the steps from this week's text to narrow each list of possible investments to a manageable list. Then decide which tax lien makes sense for you and pull the trigger!

If you have questions, please contact Customer Support and we will be glad to assist you!

***Happy hunting!***



