

## PREMIUM MEMBER SPECIAL REPORT SAMPLE

### Setting Your Goals, and Arizona Tax Lien Sales 2013 Part 1

January 7, 2013

Dear Premium Members,

Welcome to 2013. Let's make this a great year. Along with the New Year come new goals, reflections of past successes and mistakes, new financial aspirations and a sense of renewal. January, in fact, is usually a busy time for financial companies and health clubs. We all want to get back on track, both physically, spiritually or emotionally, and financially. Believe me, I feel the same every year.

The U.S. appears to be on a road to recovery, although it's slow. Our lawmakers are getting a few things done by avoiding the so called fiscal cliff; however, we still have a looming debt crisis, health care that rises at about 10 times the rate of inflation and many other problems.

Nevertheless, job growth is steady and the housing market is looking up. So, what does this mean for tax sale investing? Well, you are in a sweet spot that won't last forever. The sales are still great because tax foreclosures lag behind economic recovery. But, don't wait. When I taught my students in 2005 we were in the heady days of investing and the sales were crowded, fewer liens were available and average interest rates were down (see below). In 2011 and 2012, the average interest rate has been around 10%, which is not bad for a state that allows for Internet Auctions. Not only that, the number of liens not purchased at the sale, which are called "Struck to State" or "Over the Counter" liens, has steadily increased. These liens can be purchased at the full 16% interest rate, but it's first-come, first-serve.

| <b>Sale Year</b> | <b>Liens Sold</b> | <b>Average Interest Rate</b> | <b>Liens Struck to State at 16%</b> |
|------------------|-------------------|------------------------------|-------------------------------------|
| 2012             | 34,550            | 9.93%                        | 14,348                              |
| 2011             | 39,037            | 10.79%                       | 12,543                              |
| 2010             | 25,660            | 8.62%                        | 11,040                              |
| 2009             | 22,354            | 8.66%                        | 8,107                               |
| 2008             | 20,401            | 7.64%                        | 1,651                               |
| 2007             | 15,972            | 7.96%                        | 1,804                               |
| 2006             | 13,479            | 6.03%                        | 2,147                               |
| 2005             | 12,515            | 5.80%                        | 4,247                               |
| 2004             | 14,065            | 6.09%                        | 5,258                               |
| 2003             | 14,156            | 7.88%                        | 7,044                               |
| 2002             | 11,771            | 10.91%                       | 9,299                               |
| 2001             | 11,363            | 10.95%                       | 8,660                               |
| 2000             | 11,002            | 10.12%                       | 6,939                               |

|      |        |        |       |
|------|--------|--------|-------|
| 1999 | 10,766 | 9.93%  | 7,769 |
| 1998 | 8,456  | 10.04% | 8,195 |
| 1997 | 10,057 | 8.90%  | 8,060 |

Data: From Maricopa County Website (Maricopa.gov)

For 2013, I want to issue three challenges:

**1. Develop a positive mindset.** Whether you believe in the “law of attraction” or just positive mental attitude, it works! You won’t accomplish anything without a positive outlook. Many of us can complain about losing jobs or the horrible returns in our 401(k) or IRA accounts, but don’t just complain, do something about it this year. Set your goals and don’t let a few bumps get in your way. Strive to hang around others who are positive and successful and ignore the negative.

**2. Take care of your body.** Exercise and eat right. In many religions, the body is referred to as your temple, so to treat it poorly is to defile the temple. Regardless of whether you believe in a higher power, all the financial success in the world means nothing if you are sick, unhealthy, or just feel bad about yourself. Taking care of your health will also work hand in hand with your positive mindset. As you see yourself looking better and you feel healthier, you’ll be happier and you will attract others who are happy and successful.

**3. Get your financial house in order.** Start by setting up a filing system and tracking what you are spending. This does not have to be complicated – just keep track of what you buy. Check out one of my favorite financial books of all time – Your Money or Your Life (<http://www.yourmoneyoryourlife.org>). Determine what your net worth is now and start tracking it. Remember that your net worth is essentially all your assets minus all your debts. Finally, fill out a personal goal sheet.

Let’s talk about your goals for 2013. Goals are our roadmap or personal GPS system to success. As a gift to you, I am attaching a link to find a personal, one-page business plan. I normally only give this out to seminar or mentoring attendees; however, I think it’s too important not to share.

Here is the link: [http://taxliens.framelova.info/images/pdfs/one\\_page\\_personal\\_plan.pdf](http://taxliens.framelova.info/images/pdfs/one_page_personal_plan.pdf)

Why only a one-page business or personal plan?

Because that is all you really need. You can use this for yourself or your business. Take it seriously and update it throughout the year. As a bonus and only if you want to, you can fill it out and return it to me and I will personally review each one and give you feedback.

Now let’s talk about what you can do to kick yourself into gear for 2013.

Learn...learn...learn, but also put your knowledge into action. Although I normally teach a few workshops throughout the year, I also actively purchase liens, deeds, foreclosures and international properties. I also find time to read, listen to tapes, and attend seminars and workshops myself. If I didn't, I wouldn't have the energy and excitement that I need. However, I want to warn you about only becoming a seminar junkie. Seminars and workshops are fun, but at some point you need to do something and then you'll really get excited.

So let's get started learning about tax liens.

First, let's understand what we are dealing with. As boring as it sounds, you should know where the tax lien statutes/laws are located.

Before we dive into an Arizona list, I want you to really understand the law.

Where may I obtain copies of the Arizona Revised Statutes that pertain to the tax liens? Statutes are available on-line (Title 42, Chapter 18, beginning with Article 3)

<http://www.azleg.gov/arstitle>

The tax sale laws are found in Title 42 – Taxation, Chapter 18 – Collection and Enforcement, Articles 3-9. Please read through them so you really know what the law says and not what some book or website told you.

Let me summarize quickly:

In Arizona, tax lien sales occur in February each year for delinquent taxes of the previous year.

**Interest rate:** 16%

**Auction type:** bid down in 1% increments, the average rates are shown in the table

**Redemption Period:** 3 years from the date of the sale. After 3 years you can foreclose and take ownership of the property.

**Lien Expiration Period:** If you wait longer than 10 years to foreclose, a tax lien will expire and become void.

**Subsequent Taxes:** These are taxes owed for the next year that you as an investor may pay. You earn the same interest rate that you bid on the first year's taxes. If you fail to pay subsequent taxes, another investor could purchase the next years taxes and buy out your portion. Therefore, your lien would be redeemed.

For Part 2, the Arizona lists will be out and we will go through an online auction list, do some screening and get ready for a sale.

Happy Investing,

Michael Williams