

## PREMIUM MEMBER SPECIAL REPORT SAMPLE

### Arizona Tax Lien Sales 2013 Part 2: Coconino Online Tax Lien Auction

February 1, 2013

Dear Premium Members,

Welcome to part two of the 2013 Arizona Tax Sales.

Tax lien sales are in full swing in Arizona. By law, all sales occur in February of each year; however, tax sale lists are typically released in a local newspaper of each county about two to three weeks in advance. Consequently, many tax lien lists are now available.

With online auctions, a strange thing has happened. Counties are able to show the lists on an auction site. You can even sign up and place bids. That's the case in Coconino County, which is where Flagstaff resides. The catch is your bids are just held in a queue until the actual auction date. In the case of Coconino, the auction is February 12, 2013.

I have never done much research in Coconino, but I've always wanted to. Having traveled throughout the county, I know it is beautiful. My problem was I could never get passed my love affair with Yavapai County (home to Sedona and Prescott). Anyway, I am excited to look into this sale and see what it yields.

Before we go any further, take a look at our calendar and do some planning and perhaps you can attend more than one online auction or if you are really courageous, try a live auction.

Here are some Arizona counties with online auctions: Apache, Coconino, Navajo, Pinal and Yavapai (<http://www.realauction.com/client-sites>); Maricopa (<https://bidmaricopa.com>) and Mohave (<https://bidmohave.com>).

#### **Deposit**

To be eligible to win certificates (not bid) you must meet the county's deposit requirements. Generally the county requires 10% of the anticipated winnings be held on deposit before a bid is considered, although such rules may be defined by the county in advance and may differ.

For example, if you place a deposit of \$500, you cannot win more than \$5,000 in certificates. You will usually be required to use the Automated Clearing House (ACH) system to deposit money from your checking or savings account. If you need to send a cashier's check, consult directly with the county. I missed out on a sale once because I was trying to use self-directed IRA funds, which cannot be deposited using the ACH system, unless you have a business structure tied to your IRA. This is another lesson,

though. Some counties will let you send cash, make wire transfers or pay using a cashier's check.

### **Batches**

As the site makes clear, certificates are combined in groups called batches. The county decides the size of the batches; however, generally they are blocks of 500 or 1000 certificates each.

### **Auction Day**

Each County chooses the day when the auction officially ends. At a specific time on that day the first batch officially closes and winners are determined.

Results are posted within 5 minutes of a batch closing. Additional deposits can also be made at anytime during the sale. Be careful not to base your entire bidding strategy on the results of the first batch closing. Like physical auctions, often times the early money is the dumb money. What I mean is people often spend too much early in an auction and then settle in to more reasonable bids.

I often train students to start from the end of a list and work towards the beginning, and then if you run out of money, you have a better chance of getting a good deal toward the end.

Having said that, online auctions like this one allow you to sort for certain criteria, irrespective of the batch number. So although I have seen my "late bird gets the worm" strategy work many times, it is not quite as robust with online auctions.

### **Pay for Certificates**

After all batches have closed, the bidder can pay for his/her certificates through the ACH wizard on the site.

### **Important Things to Remember**

\* The asterisk on the Tax Sale List is used to indicate parcels that have prior tax years due or an existing lien, but because of unpaid subsequent taxes they are going back into sale this year. If you purchase one of these parcels with a prior lien or prior year you are required to buy out the prior lien as well as the current lien.

P - Possessory rights parcels are strictly the improvements on the land. In the case of possessory rights and utility company parcels, we ask for you to be very careful and have a complete understanding of what you are bidding on before you bid.

Enough with the babble, let's get started.

First, find [CoconinoTaxSales.com](http://CoconinoTaxSales.com) website. This is the site that Real Auction runs for the County's benefit. If you want to visit the actual County Treasurer's website, you can find it by using your favorite search engine or [NACO.org](http://NACO.org).

← → ↻ <https://www.coconinotaxsale.com>



# COCONINO COUNTY

OFFICIAL TAX CERTIFICATE AUCTION SITE  
BONNY LYNN, TREASURER

user name

password

Can't remember your password?  
Click [HERE](#).

**Bidding Rules**

Bidding Rules

Results

**Training**

Training General Information

Tax Certificate Process

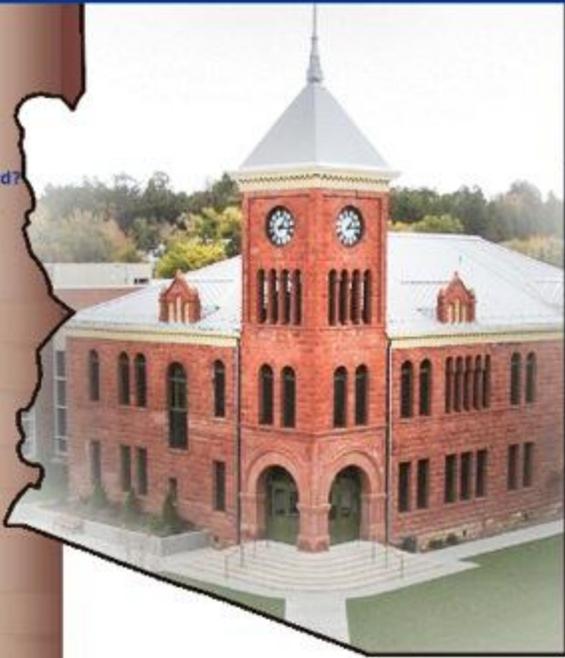
**External Links**

County Treasurer

County Property Assessor

MyCounty

Other Realactions



**START HERE**

**REGISTER**

**PREVIEW  
ITEMS FOR SALE**

Click on Start Here (see above image) and read through the rules. Real Auction also has a couple of webinars, which I have never taken advantage of, but it might be a good idea.

Next, visit the Register link.

**You must complete this registration to get  
your User Name and Password.**

I am registering using my:

- SSN** - Social Security Number
- EIN** - Employer Identification Number
- ITIN** - Individual Taxpayer Identification Number

Go to Next Page >

Here you will sign up using your social security number, employer identification number (if you are using a business, such as an LLC), or an individual taxpayer identification number if you applied to the IRS for a number. Non-U.S. citizens often use ITINs. The purpose of this is to keep track of your taxable earnings.

Social Security Number (SSN):  -  -   
(Format ex: xxx-xx-xxxx)

Name (as shown on income tax return) (?):

Individual / Sole Proprietor  
 Corporation  
 Partnership  
 Other   
 Limited Liability Company (LLC)

Tax Classification: Disregard Entity "D"

Note: For multi-member LLC registrations, please register with your Employer Identification Number (EIN).

Are you subject to backup withholding?  Yes  No (?)

Are you exempt from backup withholding?  Yes  No (?)

[← Back](#) [Go to Next Page →](#)

For this sale and for illustration purposes, I am registering as an individual. As for backup withholdings, the default is no. Most individuals will not be subject to backup withholdings.

Primary name on winning certificates:	<b>MICHAEL WILLIAMS</b>
Additional Name(s) on Winning Certificates <a href="#">(?)</a> : (optional)	Michael A Williams
Contact First Name:	Michael
Contact Last Name:	Williams
Email Address:	michael@rogueinvestor.com
Confirm E-mail:	michael@rogueinvestor.com
Phone Numbers:	( 913 ) - 777 - 9779 ext <input type="text"/>
example:	( <input type="text"/> ) - <input type="text"/> - <input type="text"/> ext <input type="text"/>
area code - exchange - phone - ext	( <input type="text"/> ) - <input type="text"/> - <input type="text"/> ext <input type="text"/>
	( <input type="text"/> ) - <input type="text"/> - <input type="text"/> ext <input type="text"/>
<p><b>Please Note:</b> Confirmation emails will be sent to you at the email address entered during registration. Please change your protective settings to allow emails from <a href="mailto:customerservice@realauction.com">customerservice@realauction.com</a> or be sure to check your junk mail folder. If you do not get a confirmation email stating that you have registered, please contact customer service at (954) 734-7401 or (877) 361-7325.</p>	

[← Back](#) [Go to Next Page →](#)

Insert your name and email address in the form above.

Next, set up a username and password.

**Under penalties of perjury, I certify that:**

1. The tax identification number provided is my correct taxpayer identification number (or I am waiting for a number to be issued to me).
2. I am not subject to backup withholding because:
  - (a) I am exempt from backup withholding, or
  - (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or
  - (c) the IRS has notified me that I am no longer subject to backup withholding.
3. I am a U.S. person (including a U.S. resident alien).

By entering your User Name and Password, you are certifying the above is true and electronically affixing your signature to your W-9 Form.

Create a User Name:

Create a Password:

Confirm Password:

Select a security question:

Enter your answer here:

---

Please let me know when Realauktion is about to conduct another auction:  Yes  No

From the welcome message below, it looks like everything has gone through. The auction has begun. Well, sort of. Actually, it really hasn't started in my mind, but we can do our research and place our proxy bids. It's just that the actual live part of the auction hasn't started.

Welcome

**\*\*\*The Auction Has Begun\*\*\***

The Coconino County Tax Certificate Auction is officially open. Please read the Bidding Rules and FAQ documents located on the Home Page for important information on the rules and format of the online auction.

To familiarize yourself with the auction software, please visit <http://www.arizonataxsale.com/>. This practice site has all the functionality of the real auction site, but is for learning purposes only. Bids and deposits are not real.

Continue

Return to the main CoconinoTaxSales.com page and find Make a Deposit. Click on this link and you will be directed through making your deposit.

**DEPOSIT WIZARD**

Payments for Security Deposits can be made via ACH Deposit.

The Automated Clearing House (ACH) network is a payment system that allows corporations and individual consumers to make payments without the use of paper checks.

Funds must be drawn from a US depository financial institution. Some types of money market, brokerage and trust accounts cannot accept ACH debits. Please verify with your financial institution that ACH debits are permitted.

If your bank has merged or been acquired by another, please check with your bank to determine that your account and routing information have not changed. Banks will continue to use the former bank's information for a period of time after which it will no longer be valid.

Do not take routing and account information from deposits slips. Use of those numbers will cause a transaction to fail.

Cancel

Go to Next Page >

Provide information about your account. Use your check to obtain the information required below (not your deposit slip).

YOUR NAME	DATE _____	1234
YOUR ADDRESS		
PAY TO THE ORDER OF _____	\$ _____	
		DOLLARS
BANK NAME	9-digit routing number	
BANK ADDRESS		
!:(123456789)! 12345678910 !: 1234		

Account Holders Name:

Routing ABA Number:  **INVALID**

Account Number:

Confirm Account Number:

Account Type:  Checking  Savings

Account Use:  Personal  Business

[Back](#) [Go to Next Page](#)

Notice the INVALID message. That's because I entered a fake ABA number. Once I entered my correct routing number, it was verified instantly.

Okay, we are getting close now. I can feel it. I will start by placing a deposit of \$500, which allows me to bid on up to \$5000 worth of liens. Should I decide not to bid on anything, the County will refund my money a couple weeks after the sale.

**Summary**[Collapse](#)[View / Download Bids >](#)[View My Awarded Certificates >](#)

<b>My Bidding [?]</b>	<b>\$0.00</b>
My Bids	0
Average Interest Rate	0.000%
Face Value	\$0.00
<b>Total Investment</b>	<b>\$0.00</b>
<b>My Deposit/Payments [?]</b>	<b>\$500.00</b>
Jan 31, 2013 08:35:35 PM MT      ACH - Deposit	\$500.00
<b>Total Deposits/Payments</b>	<b>\$500.00</b>
<b>I can still win [?]</b>	<b>\$5,000.00</b>
Total Deposits	\$500.00
Minus Deposits Used	\$0.00
Balance	\$500.00
<b>I can still win (10 times balance)</b>	<b>\$5,000.00</b>
<b>My Winnings [?]</b>	<b>\$0.00</b>
Certificates Won	0
Face Value	\$0.00
<b>Total Winnings</b>	<b>\$0.00</b>
<b>My Balance [?]</b>	<b>(Refund) \$500.00</b>
My Winnings	\$0.00
Deposits and Payments	\$500.00
<b>Refund Amount</b>	<b>\$500.00</b>

Click on Place Bids and you will see what the batches look like. In fact, you can go through each batch and when you are ready to place a bid, this is where it's done.

**Batch Summary Screen**

1 - 10 | 11 - 16

<b>Batch 1</b>		Starts: 01/28/13 07:00 AM MT	Ends: 02/12/13 08:30 AM MT
Total Certs in batch:	161	Total Bids:	0
Total Certs face Amt:	\$624,890.98	Total Bid Amt:	\$0.00
Beginning ADV Num:	00001	Deposit Required:	\$0.00
Ending ADV Num:	00161		
		<a href="#">[Back to Top]</a>	<a href="#">Go to Batch &gt;</a>

<b>Batch 2</b>		Starts: 01/28/13 07:00 AM MT	Ends: 02/12/13 09:00 AM MT
Total Certs in batch:	161	Total Bids:	0
Total Certs face Amt:	\$190,090.61	Total Bid Amt:	\$0.00
Beginning ADV Num:	00162	Deposit Required:	\$0.00
Ending ADV Num:	00322		
		<a href="#">[Back to Top]</a>	<a href="#">Go to Batch &gt;</a>

What I think is really interesting is the User Live Stats. As you can see, there are 16 batches with 2570 liens representing 3.3 million dollars.

User Live Stats			
Advertised Certificate Stats		Sold Certificate Stats	
Total Certificates Advertised	2,570	Certificates Sold	0 0.00%
Total Inactive Certificates	0	Face Amount Sold	\$0.00 0.00%
Total Active Certificates for sale	2,570	Certificates Sold at 0%	0 0.00%
Total \$ Active Certificates	\$3,326,718.30	Certificates Sold at 16%	0 0.00%
Total \$ Inactive Certificates	\$0.00	Average Interest Rate	0.00%
		Weighted Average Interest Rate	0.00%

Batch Stats						
	Active Certificates	Certificates Sold	Average Interest Rate	Weighted Avg Interest Rate	Active Face Amount	Total Amount Sold
Batch 1	161	0	0.00%	0.00%	\$624,890.98	\$0.00
Batch 2	161	0	0.00%	0.00%	\$190,090.61	\$0.00
Batch 3	161	0	0.00%	0.00%	\$373,655.78	\$0.00
Batch 4	161	0	0.00%	0.00%	\$318,282.68	\$0.00
Batch 5	161	0	0.00%	0.00%	\$111,975.32	\$0.00
Batch 6	161	0	0.00%	0.00%	\$167,953.17	\$0.00
Batch 7	161	0	0.00%	0.00%	\$234,082.15	\$0.00
Batch 8	161	0	0.00%	0.00%	\$270,304.17	\$0.00
Batch 9	161	0	0.00%	0.00%	\$158,443.85	\$0.00
Batch 10	161	0	0.00%	0.00%	\$118,749.87	\$0.00
Batch 11	161	0	0.00%	0.00%	\$96,864.26	\$0.00
Batch 12	161	0	0.00%	0.00%	\$102,126.43	\$0.00
Batch 13	161	0	0.00%	0.00%	\$73,683.83	\$0.00
Batch 14	161	0	0.00%	0.00%	\$116,914.63	\$0.00
Batch 15	161	0	0.00%	0.00%	\$112,779.62	\$0.00
Batch 16	155	0	0.00%	0.00%	\$255,920.95	\$0.00
<b>Totals</b>	<b>2,570</b>	<b>0</b>	<b>0.00%</b>	<b>0.00%</b>	<b>\$3,326,718.30</b>	<b>\$0.00</b>

Okay, enough already!

“Show me the beef.”

Go back to your home screen and find the link for the Quick Search. This is where you can setup some screening criteria. Click on the link to land use codes and you will find a huge list of property types. This is an excellent screening device for anyone who is looking for liens on certain property types.

Furthermore, you can screen on the value of properties or, one of my favorites, is acreage. I love land.

Before we go on, I want to talk about some strategy. As you might be able to guess, the most popular property type is a residential house. Why? Well, for obvious reasons, very few people will lose their own house in tax foreclosure so the redemption rate is high. In other words, you are likely to get your lien redeemed and earn interest. The only problem is many other investors will be interested in these properties as well. A bread and butter house in a nice neighborhood in the city will oftentimes result in a low interest rate.

For the low risk, you are going to give up some of your return. Really nice houses in Sedona are often bid to zero. Investors are just hoping that an owner will maybe, just maybe not redeem. It's silly because they are just giving the homeowner an interest free loan.

So what do you do?

Well, if you are willing to venture out a little and consider land, rentals, condos, apartments or commercial properties, the crowd starts to thin out and the returns are typically higher.

Please understand that your risk tolerance will differ than mine.

Please enter one or more of the following search criteria to filter the tax certificate listings.

<b>Face Amount:</b> Less Than <input type="text"/> \$ <input type="text"/>	<b>Full Cash Value:</b> Less Than <input type="text"/> \$ <input type="text"/>
<b>ADV Num:</b> Less Than <input type="text"/>	<b>Land Use Code:</b> Less Than <input type="text"/>
<b>Acreage Search:</b> Less Than <input type="text"/>	
<b>Filter on My Bids:</b> All Certs <input type="text"/>	<b>Certs In Closed Batches:</b> Include <input type="text"/>
<b>Filter on Sold:</b> All Certs <input type="text"/>	

---

**Owner Name:**

---

**Property Address** (Please note: Either the 'Zip Code' or the 'City' is required.) :

Property Num	Street Dir	Street Name	Street Type	Zip Code	City
<input type="text"/>	None <input type="text"/>	<input type="text"/>	None <input type="text"/>	<input type="text"/>	<input type="text"/>

---

**Parcel ID:**

For example, I decided to look at duplexes, which include properties with land use codes between 320 and 327. I also looked for liens with values exceeding \$250, but no more than \$2000.

**Search Summary**

**Search Criteria:**  
Where Face Amount  
>= 250 And Face Amount <= 2000  
And Full Cash Value > 20000 And SLUC Range >= 320 And SLUC Range <= 327  
And Acreage > 0

<b>Total</b>	1
<b>Certs:</b>	
<b>Total Bids:</b>	0
<b>Total Bid Amt:</b>	\$0.00

Enter  % for every item on this page

page #  of 1

ADV Num	Batch #	Parcel ID	Face Amount
<a href="#">00732</a>	5	<a href="#">R0042916</a>	\$1,781.17

Using these really specific search criteria I am left with only one potential certificate. Nevertheless, it is an interesting one – worthy of further conversation.

It is a duplex with a value exceeding approximately \$150,000. It is owned by a Mr. Compton, the property appears to have two units (i.e., duplex) and it is situated on 1.58 acres. So far, I like it.

One duplex unit must be worth much more than the other based upon the assessor data.

Location	Owner Information	Assessment History	
Parcel Number 203-40-005	Owner Name COMPTON WILLIAM C	Full Cash Value (FCV)	\$154,243
Situs Address	In Care Of Name NOLA J CARDANI	Limited Property Value (LPV)	\$154,243
Tax Area 0113 - SD#1 FD PONDEROSA	Owner Address 11157 N LILAC LN	Primary Assessed	\$15,424
Legal Summary Sixteenth: SW Quarter: SE Section: 35 Township: 22N Range: 05E POR OF SEC 35 BEG AT A PT WH BEARS N 42DEG 39MIN E230.707' FROM TH S4 COR SEC 35 TH S 69DEG 28MIN E 204' TOA PT TH N 14DEG 48MIN E A DIST OF 318.54' TO A PT WH PT IS ON THE SLY R/W OF US HWY 66 TH NWLY ALNG SAID HWY R/W LINE A DIST OF 208' TO A PT TH S 15DEG 10MIN W A DIST OF 352.51' TO POB	FLAGSTAFF, AZ 86004	Secondary Assessed	\$15,424
Parcel Size 1.58		Tax Area: 0113 Primary Rate: 4.9713 Secondary Rate: 4.0790	
Unit of Measure A - Acre		Legal Class	FCV LPV Primary Assessed Secondary Assessed
Neighborhood 02.07 - PARKS MAIN TOWNSITE AREA-PEACEFUL VALLEY AND BRANNIGAN PARK AREA-PINE-AIRE AREA-SHERWOOD FOREST AREA		04.2	\$154,243 \$154,243 \$15,424 \$15,424
Business Name			

Sale Price	Sale Date
\$0	
\$0	

Tax History	Images						
<table border="1"> <thead> <tr> <th>Tax Year</th> <th>Taxes</th> </tr> </thead> <tbody> <tr> <td>*2014</td> <td>\$1,372.84</td> </tr> <tr> <td>2013</td> <td>No Tax Values</td> </tr> </tbody> </table> <p>* Estimated</p>	Tax Year	Taxes	*2014	\$1,372.84	2013	No Tax Values	
Tax Year	Taxes						
*2014	\$1,372.84						
2013	No Tax Values						

Finally, the face amount of the lien is \$1,781.17. Right now there are no competitors (as of February 1, 2013), which means a bid of 16% would win this. Using proxy bidding, any bid from 1% to 16% would win. That's because with proxy bidding you set a minimum bid and the online software adjusts upward in increments of 1%.

<u>Value</u>		
Area Id	Authority Type	Tax Rate
0113 - SD#1 FD PONDEROSA	Primary	0.0497130000
	Secondary	0.0367900000
	Flood	0.0040000000
	<b>Actual</b>	<b>Assessed</b>
RENTAL RESIDENTIAL - 1402	111,080	11,108
RENTAL RESIDENTIAL - 2402	49,740	4,974
<b>Total Value (Limited Property)</b>	160,820	16,082
<b>Taxes (Limited Property)</b>		\$799.48
	<b>Actual</b>	<b>Assessed</b>
RENTAL RESIDENTIAL - 1402	111,080	11,108
RENTAL RESIDENTIAL - 2402	49,740	4,974
<b>Total Value (Full Cash)</b>	160,820	16,082
<b>Taxes (Full Cash)</b>		\$591.66
	<b>Actual</b>	<b>Assessed</b>
<b>Taxes (Flood)</b>		\$64.32
<b>Total Billed</b>		<b>\$1,455.46</b>

For example, if I were to place a bid of 14% on this lien, right now my proxy bid would actually be 16% because there are no other bidders. If another bidder shows up and sets a proxy bid of 7%, she would win the bid beating my 14% bid with a bid of 13% (not 7%). Does that make sense?

It is really quite an ingenious system.

PROPERTY INFO	
Advertising Number	00732
Face Amount	\$1,781.17
Parcel ID	R0042916
Alternate Parcel ID	203 40 005
Property Address	
Property City	
Property Zip	86001
Use Code	0320
Property Description	DUPLEX 1 BUILDING DEFAULT CODE
Year Built	
Construction Type	
Lot Size	68825
Beds	
Baths	
Living Sq Ft	0
Adjusted Sq Ft	0
Legal Description	Sixteenth: SW Quarter: SE Section: 35 Township: 22N Range: 0 POR OF SEC 35 BEG AT A PT WH BEARS N 42DEG 39MIN E230.707 F TH S4 COR SEC 35 TH S 69DEG 28MIN E 204 TOA PT TH N 14DEG 4 E A DIST OF 318.54 TO A PT WH PT IS ON THE SLY R/W OF US HW TH NWLY ALNG SAID HWY R/W LINE A DIST OF 208 TO A PT TH S 1
Section	35
Township	22N
Range	5E
Exemption Description	N
Fire District	
School District	
INCORP	
Subdivision	
Tax Area	113

CERT. SUMMARY	
Unpaid Certs	0
Total Amt Outstanding	\$ 1,781
Redeemed Certs	
Alternate Parcel ID	
Current Number of Bids	0

OWNER INFO	
Owner Name 1	COMPTON WILLIAM C
Owner Name 2	
Mailing Address 1	11157 N LILAC LN
Mailing Address 2	
Mailing Address 3	

MORTGAGE INFO	
Lender Name	
Mortgage Amount	0

Okay, I have shown you only one possible screen for duplexes. Go crazy and try some other screens.

Let me know what you come up with. I am available for any questions. I am going to do some more screens and I'll post some more results in just a few days.

Happy Investing,

Michael Williams