



News & Types: Client Advisories

Unpaid Real Estate Taxes Could Jeopardize Ownership of Your Property

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Practices: Real Estate

If a property owner fails to timely pay their taxes, the unpaid balance (taxes and penalties) can then be subject to sale to a third party at an annual tax sale. If the taxes have been sold, the property owner has a period of time under a particular State's law (redemption period) which they may redeem the taxes. If the real estate taxes sold are not timely redeemed, the owner can lose legal title to the property to a third party tax-buyer through a forfeiture process.

Before the property taxes are sold at the tax sale, the County Treasurer typically mails a certified notice to the taxpayer to warn them to pay their taxes and penalties or risk loss. If the taxes and penalties are not paid in full prior to the scheduled tax sale date, the unpaid taxes can be sold to a tax-buyer.

If the property owner's taxes have been sold at a tax sale, the owner can correct the deficiency by paying the unpaid taxes, as well as any additional interest and fees. This is called a "tax redemption." The owner can usually contact the County Clerk's Office and order an "Estimate of the Cost of Redemption." The Estimate of the Cost of Redemption is a calculation of the amount that needs to be paid in order to redeem the tax sale and remove the threat of loss of the property. If the property owner does not pay all the original taxes and any interest, penalties and fees during the redemption period, the tax-buyer can acquire legal title to the owner's property at the end of the redemption period. The acquiring of legal title by this procedure is referred to as a "tax deed."

The failure to timely pay real estate taxes can result in loss of the property. Prudent management of real estate tax payment is necessary.