

So you'd like to purchase Municipal Tax-foreclosed properties...

Tax and/or Special Assessments Foreclosure Property Sale Information

The purpose of this guide is to help you through the process of how to **carefully** and successfully obtain property that has been foreclosed and deeded by court order to the Municipality of Anchorage.

Please read everything. People have been known to get into serious financial straits when they didn't do their homework on foreclosed property. They'll bid on a likely-looking prospect and then later discover major hidden liabilities or other problems.

**Real Estate Services Office
4700 Elmore Road, 2nd Floor
Anchorage, AK 99507
907-343-7525**

Muni.org / Real Estate Department

Finding Your Way through the Foreclosure Sale

A **foreclosed property sale** is the sale of real properties that have been deeded to the Municipality as a result of delinquent real property taxes and/or special assessments. Special assessments, as noted previously, include local improvements that benefit the property such as roads and utilities. A couple of things to bear in mind:

- 1) **The bid sale is a process in which you participate at your own risk.** Municipal personnel are not allowed to give you legal advice or interpret title documents for you. The Municipality *urges* you to consult various professionals such as architects, engineers, surveyors, title examiners and a real estate attorney before making a decision to bid. It is well worth *your* time and money to do so!
- 2) The Municipality has not done any site assessments to determine the presence of any hazardous material, hazardous waste or above-ground or underground tanks/containers on any of these properties. Some of the properties may have varying degrees of contamination or other undesirable conditions. It is the bidder's responsibility to thoroughly research any property and to understand that they are relying solely on his/her own research to determine the condition of property.
- 3) Complete all of your property research prior to the published bid submittal date. Real Estate Services personnel cannot provide legal advice, interpret title documents, or assist you with filling out the prescribed bid packet forms.
- 4) Do not wait until the bid submittal date to ask Real Estate Services questions regarding the sale process.
- 5) The property continues to accrue property taxes while the municipality holds the tax deed. The successful bidder that closes the purchase of the property will be responsible for the full amount of real property taxes for that tax year; property taxes are not pro-rated. Any unpaid special assessments levied against the property which are due or will become due are the responsibility of the purchaser.

How It Works...

- 1) The Anchorage Assembly first approves a list of foreclosed property for sale. Upon approval of a sale, the list of available sale properties is available in the Real Estate Department office located at 4700 Elmore Rd, 2nd Floor or on the [Real Estate Department web site](http://www.muni.org/Departments/hlb/Pages/RESForeclosedProperties.aspx):
www.muni.org/Departments/hlb/Pages/RESForeclosedProperties.aspx

No list is available before the Assembly gives approval for the sale. As provided in state statutes, the former record owner at the time of foreclosure retains the right to repurchase the property at any time before the property is sold.

- 2) Once the Anchorage Assembly approves a foreclosed property sale and a sale is scheduled, property profiles, maps, assessment information, and minimum bid amounts will be made available for prospective bidders for free on the Real Estate Department website or may be purchased for a minimal fee from the Real Estate Department office. All questions regarding zoning standards, building lot restrictions and utility requirements must be researched by you; municipal employees are not available to do the background research for you. Always check the latest updated list of available sale properties, knowing that **it can be repurchased by the former record owner up until the day of the actual sale.**
- 3) **Begin your research.** Get copies of all available information that Real Estate Services has at a fee from our office or for FREE from our website and read them carefully. Look for any other liens and lawsuits that may be tied to a property for which **you** the bidder could become responsible. Consult a real estate lawyer or title officer to explain the liabilities attached to the property you are interested in and ask them about any other potential liabilities.

The property may have current and/or delinquent homeowner and/or condominium association dues. Research if the property has an association. Some questions to keep in mind: What are the association rules? What is the monthly dues amount? Is there a balance owed?

Zoning information can be obtained at the Zoning counter and plats maps may be inspected or purchased at the Right of Way/Mapping counter at the Municipal Permit Center, 4700 Elmores Road.

- 4) **Personal Property and Mobile Homes Not on Permanent Foundations:** Mobile homes not permanently affixed by foundation to real property, or other items such as cars, boats, snowmobiles, etc. are considered personal property. **A foreclosed property sale does NOT include the sale of personal property that may be situated on the property being offered for sale.**

If you are the successful bidder on an occupied house, or on a property on which there is a mobile home or other personal property, you will be responsible for dealing with the occupants and the removal or disposition of personal property after the sale. This may include litigation, and yes, you are responsible for any and all associated costs.

- 5) **The Bidding Process:** If you are satisfied that the risks of ownership of a particular property are reasonable and affordable after all this, you can purchase a bid packet at the Real Estate Services office for \$5.00 per bid packet (cash or check only). If you are bidding on more than one property, you will need to purchase a packet for each property. Detailed instructions on how to submit a bid (and the minimum deposit amount to submit) are included in the bid packet as well as on the Real Estate Department website. *If you are an employee of the Municipality, including Anchorage School District employees, a member of an*

appointed public body, elected official, or family member of these groups, you must refer to Page 6 of this document.

The minimum acceptable bid consists of delinquent taxes and special assessments, interest, penalties, and foreclosure costs, plus administrative costs associated with managing and maintaining the properties and preparing the sale. All bids must be accompanied by **a minimum 25% deposit of your bid amount in the form of a cashier's check or money order** payable to the Municipality of Anchorage. No cash, personal or company checks or any other types of payment will be accepted.

Bids will be accepted between 8 a.m. and 3 p.m. on the published sale date. **Mailed and electronic bids are not accepted.** If a bidder is to be represented at the sale by someone else, a notarized Special Power of Attorney (form included in bid packet) must be presented by the bidder's specified agent along with agents picture ID. Bidders may submit only one bid per parcel. If a bidder wishes to change his/her bid, the first bid must be withdrawn and the new bid received prior to the bid deadline. Upon hand delivery, bids must be logged in by date and time at the Real Estate Service's counter in order to qualify. Be sure to come early on the day bids are due as no bid will be accepted if not logged in on or before 3 p.m. on the day of the sale!

- 6) **The Bid Sale.** Successful bidders will be notified by telephone and must be available to sign an agreement to purchase within **48 hours**.
- 7) **If There Is A Tie.** The first bid that was submitted to the Real Estate Services office by the time and date received as recorded on the Sealed Bid Receipt Log will be the winning bid.
- 8) **If You Are The Winning Bidder.** Within two days following the bid closing, the successful bidder shall sign a purchase agreement. If before signing the purchase agreement the successful bidder decides they no longer wish to purchase the property, they may pull their bid and receive their bid deposit back. In this event the next highest bidder would be notified that they are now the successful bidder. After signing the purchase agreement the bid deposit is non-refundable and the successful bidder has until 5 p.m. on the second Friday following the bid closing in which to pay the balance of the bid by **certified check or money order** at the Real Estate Service's counter on the 2nd Floor of the Municipal Permit Center. **If the balance is not received by this deadline, the deposit shall be forfeited** and the opportunity to purchase will go to the next highest bidder.
- 9) **If you are not a Successful Bidder.** On or after the day following the sale date, and upon presenting picture identification, bid deposits may be claimed by the unsuccessful bidders, or their representatives (who must have power of attorney),

between 8 a.m. and 4 p.m. at the Real Estate Service's counter at the Anchorage Municipal Permit Center, 2nd Floor, 4700 Elmore Road.

- 10) The property continues to accrue property taxes while the municipality holds the tax deed. The successful bidder that closes the purchase of the property will be responsible for the full amount of real property taxes for that tax year; property taxes are not pro-rated. If you are the successful bidder, do not be surprised to receive a tax bill for the full year's property taxes even if you closed the purchase mid-year. Any unpaid special assessments levied against the property which are due or will become due are the responsibility of the purchaser.

Guarantees

We must inform you that successful bidders have **NO** guarantees of any kind concerning these properties.

Our Disclaimer

All properties are offered for sale "as-is" and "where is" without recourse against the Municipality of Anchorage. No representation or warranty, expressed or implied, is made as to the validity of the title, size, dimension, or condition of any property, or its suitability for any use or purpose whatsoever. The Municipality has not done any site assessments to determine the presence of any hazardous material, hazardous waste or above-ground or underground tanks or containers. Bidders are relying solely on his or her own research to determine the condition of the property they wish to bid on. Bidders should consult various professionals, such as architects, engineers, surveyors, title examiners, environmental consultants, and a real estate attorney before making the decision to bid. Successful bidders will be responsible for paying all current year property taxes and/or special assessments in full; there is no proration. Successful bidders will also be responsible for any current and/or delinquent homeowner and/or condominium association dues.

In Conclusion...

As you can see, bidding on foreclosed/deeded properties is a risky venture. If you're inexperienced in real estate dealings and/or have minimal financial resources, we don't recommend that you bid. Those who spend the time needed to carefully research and understand the process of buying foreclosed property have significantly more chance of success and less chance of heartache than those who don't. Learn all that you can, ask question, and read everything. We wish you success!

Code of Ethics requirements Municipal Code Chapter 1.15

Employees of the municipality, including Anchorage School District employees; members of an appointed public body; elected officials; and family members of these groups, that intend to participate in the bidding process at a foreclosed property sale are required to file a “Notice of Intent to Respond to Public Solicitation by a Public Servant”. The form may also be obtained from the Municipal Clerk’s Office at 632 West 6th Ave., Suite 250.

The completed “Notice of Intent to Respond to Public Solicitation by a Public Servant” must be timely filed the Municipal Clerk’s Office at 632 West 6th Ave., Suite 250. The ‘notice’ is required to be electronically published by the Clerk for at least seven (7) days prior to the foreclosed property sale date. **To be timely filed, please submit the completed form to the Clerk’s Office at least two weeks prior to the sale date.**

Bids received from employees of the Municipality, including Anchorage School District employees, members of an appointed public body, elected officials, or their family members that have not timely filed a “Notice of Intent to Respond to Public Solicitation”, or other notices, as required by the Municipal Code of Ethics will be rejected upon presentation or later disqualified.

(To determine if the filing of additional notices will be required depending on your specific group/situation, contact the Municipal Clerk’s Office (907) 343-4311).

TERMS AND DEFINITIONS YOU SHOULD KNOW

Liens

Webster's II University Dictionary defines 'lien' as, "*The right to take and sell or hold the property of a debtor as security or payment of a debt.*"

Just like any other public or private person or institution, the Municipality of Anchorage can, through legal process place a lien on property when money is owed and payment has become delinquent.

Taxes

According to the Anchorage Municipal Code 12.15.070A, "Taxes levied on real property are a prior and paramount lien on the property upon which the taxes are levied. The lien includes accrued penalty, interest, and costs resulting from delinquency. The lien attaches on the first day of the tax year in which the taxes are levied." Taxes continue to accrue even when the Municipality has the clerk's deed. The full amount of current year's taxes become the responsibility of the purchaser at the tax foreclosed property sale; taxes are not pro-rated from the date of purchase. Delinquent real property tax liens are enforced by annual foreclosure, Alaska Statutes §29.45.320-29.45.470.

Special Assessments

According to Alaska Statutes §29.46.080.(c), assessments for improvements such as roads, gas, water or sewer are liens on the property assessed and are prior and paramount to all liens except municipal tax liens. All unpaid special assessments become the responsibility of the purchaser at a tax foreclosed property sale. Delinquent assessment liens are enforced as is provided in Alaska Statutes §29.45.320-29.45.470 for enforcement of property tax liens.

Foreclosure

Many people do not realize that tax and/or special assessments foreclosures are not the same as bank foreclosures. In the world of banking, a foreclosure removes the ability of a mortgagor to redeem property when payments haven't been made. In the case of the Municipality, State law requires the Municipality to initiate foreclosure proceedings for non-payment. The court then enters a judgment and decree that the tax and/or special assessments liens be foreclosed against property when property taxes and/or special assessments are not paid. Alaska Statutes Chapter 29.45 also requires the Municipality to hold properties for at least one-year *after* the foreclosure judgment and decree is awarded. After this waiting period, any property that has not been redeemed (property on which delinquent taxes and/or special assessments, penalty, interest, and foreclosure costs remains unpaid) is deeded to the Municipality by the Superior Court.

Properties in foreclosure are not available for bid; a foreclosed property **must be deeded to the Municipality by the court** before the sale process can begin, and the sale must *first* be approved by the Anchorage Assembly. Lists are often made available, say, from The Anchorage Chamber of Commerce or other organizations, of properties "in foreclosure;" however, **this does not mean that these properties will be deeded**

to the Municipality. The lists usually represent property against which a judgment and decree of foreclosure may be entered but the one year period in which the foreclosed property may be redeemed has not expired. **This means that most of the properties listed in such publications will be redeemed and will never be deeded to the Municipality.**

State and Federal Liens

Important note: **There are some prior recorded liens of the state and federal government that remain a lien against the property as they are NOT extinguished by the Municipality's foreclosure.** These government liens are often (but are not always) listed on the Limited Liability Report (see below). If you wish to attempt to negotiate with the IRS to get one of their liens discharged, you may contact Internal Revenue Service, Seattle Advisory in Seattle, Washington at (206) 220-4868. Negotiating with the IRS to discharge one of their liens cannot be done at the IRS office locally.

Limited Liability Report

The Municipality can provide prospective bidders with a copy of a limited liability report (when available) generated by a local title company for properties that the city has foreclosed and taken deed to, and is selling at public auction. These reports are \$2.00 if purchased from our office but are available to download for **FREE** from our website. These are important documents since Limited Liability Reports show holders of mortgages or other liens of record on the property to whom notice was required under AS §29.45 *prior* to the city taking deed. These are, however, by no means complete; that's why they're called "limited." They are also **not** title reports.

We *very* highly recommend that you consult a title officer or a real estate attorney for matters of record, which could be extremely important to you. The value of Limited Liability Reports is that they will **get you started** on the road to learning more about the history of the property you are interested in bidding on. A full title report will show all matters of record such as easements, covenants, etc.

Quitclaim Deed

This is the type of deed issued for anyone purchasing a Municipal foreclosed and deeded property. It does not guarantee a free-and-clear title. **This might affect your ability to obtain title insurance or financing from lending institutions.** The Quitclaim deed only transfers whatever interest the Municipality has in the property to the successful bidder at sale. The successful bidder is then responsible for clearing the title and this usually requires the services of an attorney. Yes, this can be a costly process.

Repurchase Rights

The former owner of property that has been foreclosed and deeded to the Municipality can repurchase the property simply by paying the delinquent taxes and/or special assessments (*plus* penalty, interest, foreclosure and administrative costs), and they can do so **at any time before** the property is sold. Alaska Statute 29.45.470

Sealed Bid Sale

Like most government entities, the Municipality of Anchorage sells foreclosed properties through a “sealed bid sale.” Notice of the sealed bid sale is published in a local newspaper following the Anchorage Assembly’s approval for the sale. A list of potential properties for sale with minimum bid requirements, copies of litigation reports, and prior year sale information, is available on the [Real Estate Department website](http://www.muni.org/Departments/hlb/Pages/RESForeclosedProperties.aspx) at <http://www.muni.org/Departments/hlb/Pages/RESForeclosedProperties.aspx>.

Bid Packets

Bids are prepared by filling out prescribed forms that come in “bid packets” that are available for purchase from the Real Estate Services Office. Please note: bid packet purchases are **non-refundable**. Detailed instructions are included in each bid packet on how to fill out the forms. Completed bid packets must be submitted to the Real Estate Services Office between 8:00 a.m. and 3:00 p.m. on the sale date. All bid packets that are not dated and timed in by Real Estate Services personnel by 3:00 p.m. on the sale date will be rejected. *Do not wait until the sale date to ask Real Estate Services questions regarding the sale process.*

Bid Packet Fee: A complete bid packet must be prepared for each parcel that you wish to bid on. There is a nominal fee of \$5.00 per bid packet (cash or check only) to cover Real Estate Services expenses. **Note: No copies of bid packet forms will be accepted - original forms only.**

Property Profile Fee: There is a \$2.00 fee for **each** property profile when picked up from our office OR you can download each profile for **FREE** from our website. The profiles contain basic information about each property; and include a limited liability report which provides other pertinent information provided by a title company.

Copies of a property profile for each property of which you are interested is considered essential in beginning your research.

Winning Bid: When the sealed bids are opened, they are examined to determine that they meet all qualifying requirements, and the highest qualifying bid is declared the winning bid. The winning/successful bidder will be notified by telephone.

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