

Video Series: How to Profit From US Real Estate for Pennies on The Dollar Without Being a Landlord or Fixing or Rehabbing Anything

Video 1 – Tax Lien And Tax Deed Investment



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Chuck: Now, I'd like to take a moment to introduce Ted Thomas who after 25 years of guiding others to profit with these government sold investments Ted has become known as the Tax Lien Certificate and Tax Deed Authority in America. Ted, thanks so much for being with us.

Ted: Glad to be here.

Chuck: All right. Let's get right to it.

Ted: Okay.

Chuck: Many people are watching or hearing about tax lien certificates and tax deeds for the first time and they really don't know what a tax lien certificate or a tax deed is. Can you explain that?

Ted: Okay. It all starts out with just a piece of paper that a local government will issue when someone doesn't pay their property tax. And those certificates are sold and people can buy them and they can earn high interest rates on them.

Chuck: But who sells the tax lien certificates?

Ted: Actually the local government does, the local government would be a county or a municipality. There are over 3,000 counties in the United States they all sell tax certificates or tax deeds and there are 1400 municipalities they do the same thing.

Chuck: Okay. Now why do tax lien certificates and tax deed auctions and sales occur?

Ted: Well it takes place because in the marketplace the local government has to collect taxes. They have to collect those taxes on all property and if they don't collect the taxes of course they couldn't run the government. So local governments sell tax certificates and they're available in every county.

Chuck: Okay. Well, I guess the first question the first thing that pops into my mind is what makes this investment any different than say other investments like stock market?

Ted: Oh my goodness. Well, with a stock market investment you're in to stocks that can go up and down, up and down, up and down. With this investment you buy a certificate that is always going to go up. It is going to go up at high rates, which we'll talk about in a few minutes. But let me kind of backup for a minute if I can.

Let's back up, we can kind of look at a slide here for a second. Okay, on the left is a property, every property is taxable. Okay, now that property is taxable and that money is owed to the local government. Now, the local government could be a municipality or it could be a county. Now, that county needs to collect that money to pay the county employees and the police and the fire department and we'll talk about that in a minute. All right.

So the money is owed to the government now property tax is generally about 1% as you can see here in the slide. All right, so if that's the case they need to collect

from this property 2500 dollars. Now if they don't collect that money what are they going to do? They're not going to be able to pay the police and so on. So we'll talk about that. But every property is taxable if they don't collect the tax they sell a tax lien certificate. It's a super simple process it has been around for 200 years.

Chuck: Right, and the type of investment is a tax lien certificate.

Ted: Well it's very safe. First of all it's passive. If you raise your hand and buy a certificate and take it home just put it on your desk it's a very passive investment. There isn't anything you have to do. You just sit there and wait for the people to come in and pay the taxes.

Chuck: Are these high-risk or low-risk investments?

Ted: Oh no, no. This is a super low-risk investment. As a matter of fact this is the safest and the most lucrative investment in America today. Let me say that again. Safest and most lucrative because what you do is you're going to invest your money with the government and you're going to get a check back from the government. So let me say that again. Invest with the government and you're going to get a check back from the government. So you kind of get the basics of this whole thing.

Chuck: Okay, Ted, before we go any further can you tell us why you're qualified to talk about tax lien certificates and tax deeds?

Ted: Well, I have been doing this for over 2 decades. I started when I came out of bankruptcy and grew into this business because I found out it was a safe secure way to make money and I want to get out of the risk business. So I've been teaching people and I'm not talking about just a few. I have taught thousands and thousands of people all across the United States and in many foreign countries how to do this exact process.

Chuck: All right. Can we back up a little bit and talk about tax lien certificates.

Ted: Sure.

Chuck: You said a moment ago that investing in tax lien certificates and tax deeds is the safest investment in America. I want you to just go a little further, elaborate on that.

Ted: All right, good. So let's talk about that. When you buy a tax certificate you're going to buy it from the local government. So in the simplest form you invest with the government and then you're going to get a check back from the government. When that check comes back from the government it's going to be bigger than the one you gave them because these certificates pay such high interest rates which we will cover in a few minutes. Basically it's the safest investment in America because you're going to invest with the government, you're going to get a check back from the government. It's a secure investment.

Chuck: That is interesting. You actually invest with the government and then get a check back from the government?

Ted: Yes, exactly. You see when the property owner finally comes in and pays their property taxes they pay their taxes and a penalty. Then you're not only going to get all your money back plus some interest. Let me say that again. You're going to get all your money back plus a high interest rate. What investment can you buy that you get all your money back?

Chuck: Right. Speaking of investments and let's turn to banks for example. All right, now what kind of interest rates can we get from the government? The banks are only paying, what, 1% or less these days?

Ted: One percent or less, that's right. Okay, well let's look at the slide, okay. So let's go to the slide and I'm just going to give you some example states. I won't cover all the states on this slide because it would take us too long. But we can start out with Arizona and you can see in Arizona a certificate annualized rate of return would be 16% and if we come down to see Illinois in Illinois you can earn all the way up 18% in the first 6 months and then another 18% in the second 6 months so that's 36%. And then if you go to Iowa you can see in Iowa that these certificates are going to pay 24%, Georgia is going to pay 20%, and Texas is the one that surprises everyone you can earn 25% return in Texas and you can earn money (interest) in all of the states, okay. So half of these states will sell these tax certificates and the other half of the states will actually sell tax deeds and we'll cover that before we finish.

Chuck: What happens if a delinquent taxpayer doesn't pay taxes?

Ted: Well, that's what you'd like to hear because, you see, this business is such that you're going to get a guaranteed rate of return. How can I say that? Because the rate is going to be guaranteed by the government, however, if the people don't pay their tax you get their property.

So let's walk through that. Only two things can happen if you buy a tax certificate and only two things. The first thing that happens is that people pay their certificate in other words they can redeem their certificate. So you give them back their certificate and then they give you money. So you get your money plus the high rate of interest that we just talked about. That's number 1. Number 2 if they don't pay you, you get the property and you get the property without the mortgage. Now I didn't make that rule. That's the law in every single state.

So let's look at the slide we have up there now it says in black and white that's for sure but look at the middle end slide it says, either you get paid or you get the property and that's the way it works, so this is the way it has been for 200 years. I didn't make that up.

Chuck: Hold on, hold on not so fast. You're telling me that if a property owner doesn't pay the property taxes I get the property?

Ted: Yes, without the mortgage. You get the property without the mortgage because you see when the government takes that property away they wipe out the mortgage. That's the beauty of this whole thing.

Chuck: Ted, that is why you're considered America's Tax Lien Certificate and Tax Deed Authority. Can you say that again, Ted, please?

Ted: Okay. So let me walk you folks through this simple process again. Once you get the foundation you've got it. So what really happens with the tax certificate is the local government sells them and I'm going to show you thousands of these before we get done. They sell the certificate because the property owner didn't pay. All right, now, you buy that certificate which I'm recommending you do. I'm going to say go down and buy as many as you can because when you buy the

certificate you'll earn a high interest rate. Now I demonstrated that a minute ago. Now, the property owner has two choices then. They can come in and buy their certificate back in other words pay their taxes and a penalty, now if they don't pay their taxes and they don't pay you back then you get the property and you get it without a mortgage. Now that's the law in every state in every county in the United States. I didn't make that law. That's just the way it is.

Chuck: but before we talk about tax deeds because that's the next thing we want to talk about, are there a lot of these certificates available and can the average person the average guy, George, Jane, but one of these for like \$1,000 or 2,000 dollars?

Ted: Okay. Well, people are going to be surprised. So I have here on the desk this happens to be a newspaper that says Miami Times on it. So let me hold it up so everybody can see that we're really talking about a real newspaper. This has 80,000 certificates in it, 80,000 certificates.

Chuck: This is unbelievable.

Ted: There's thousands and thousands and this is just one county this is Dade County, Miami, one county. Okay, and there's almost 3200 counties in the United States. So I'm actually holding up Miami right here. Here's another one this is Jacksonville. Let me hold this one, this is Jacksonville, Florida. These are all the people in Jacksonville that did not pay their taxes.

Chuck: That's bigger than the Sunday paper.

Ted: This is 30,000 people didn't pay their taxes here. And you can buy any one of these certificates and in Florida these certificates pay maximum rate of 18% in Florida.

Chuck: All right. Let's talk about tax deeds for a minute.

Ted: Okay, great. Let's talk about tax deeds. But first let me show everybody a perfect example of somebody that's buying tax lien certificates. Now there are a lot of people that are a little frustrated with the stock market. So if you're one of those people just watch what's going to happen here. This is Marilyn, she lives in Florida, she was frustrated with the market going up and down, up and down, so I

said, why don't you buy tax certificates because you're going to get a steady rate of return? You see the rates of return are all guaranteed and so it's always going to be the same rate. So this is her sitting at her home office and she's going to tell you the story about buying some tax lien certificates.

Marilyn: I bought Ted's program. Within the last 2 years I purchased 48 tax liens averaging from a couple of hundred dollars to just under 1,000 dollars and they're averaging 8-9% return. A couple I got for 18%. So it's a great program. It's the safest investment I've seen earning a better interest rate than the banks are offering.

Ted: So Marilyn stayed home and bought tax lien certificates. That means she got income (interest payments) and the interest was anywhere from 8% all the way to 18%. So let's go to tax deeds now.

Tax deeds means that that state has a rule that if people don't pay their taxes the county seizes the property and they sell it for back taxes. Now let me say that again. The county because the person didn't pay or the property owner didn't pay their property tax the county seizes the property and they sell it for the back taxes and they wipe out the mortgage.

Chuck: All right. I want to make this really clear for the audience and myself, so we understand the difference between a tax lien certificate and a tax deed.

Ted: Okay, good. So, first of all a tax lien certificate is just a piece of paper that will earn you money. That's all it is. Now most of those people are going to come in and pay their tax so you're probably not going to get the property. All right. So that's a tax lien certificate.

But a tax deed which is sold in half the states and we have a map up here. The states that sell a tax deed means that you're going to get the property. So you're actually raising your hand at an auction to buy a property. Now you'd love to get a 50,000-dollar property for 5,000 dollars and we'll show you how to do those kinds of things as we get into the course materials. But a tax deed means you get the property.

Chuck: So what you're saying is these people have already lost the property before you purchase the tax deed.

Ted: The people have already lost the property. They've lost the property to the local government, the government seized the property. Now all the local government really wants is to sell these properties and get them back on the tax roll. That's what the county is trying to do. So the starting bid on these tax deed auctions is always the back taxes.

Chuck: Okay. So the buyer at the auction actually gets the property. What kind of properties are we talking about here?

Ted: I have a bad habit of saying the people but it's not the people it's the property that's involved here, okay. So the properties could be a commercial property, I've bid on shopping centers, everybody just thinks of homes. But what about ranches? What about farms? Every kind of property in the United States, every type of property, it doesn't matter what kind of property it is taxable and believe me thousands of people don't pay their taxes. There's going to be 5,000 of these auctions this year.

Chuck: That is really mind-boggling even hard to believe that someone can get a piece of property for just pennies on the dollar. Now I know that there are some really great deals out there but paying less than 5% of what the property is worth that's really hard to believe. Does that really ever happen to student investor of yours?

Ted: Oh sure. So everybody can just kind of follow along right now. The picture you're seeing behind me is a gentleman by the name of Bob Schumacher and he started some time ago with me learning how to do this and what he does is he looks in his local county every month to see if there's going to be any properties come up for tax auction.

Now the beauty of these auctions is you always know the value of the property because every property has a value and you can just check with the county and they'll tell you. This property happened to be worth 39,000 dollars. It is a residential lot on a beautiful lake. Okay, it's coming up for tax auction and as I said

the auction starts at the back taxes with no mortgage. So he found that property, he headed down to the auction.

Now he thought that he was going to be able to get that property for just the back taxes but there was another bidder so they bid back and forth. But when they finished he ended up being the winner and he won that property for 3700 dollars. Now let's do the math here, 39,000 is the value he bought it for 3700 looks like 10 cents on the dollar he bought the property. All right, what are you going to do with it?

See the whole key of this business is not just to have property you don't just want to buy lots of properties you want to convert the property to cash. So all he did is he put an ad in the newspaper as big as your thumb, and he said, 39,000-dollar value must sell for 24,000. Thirty days later he had his cash.

Chuck: Wow. Ted, then how much money did he actually make? That's what I really want to hear.

Ted: Well, yeah, of course. He invested 3,700 let's call that's 4,000 dollars, okay. He invested 4,000 dollars and he sold it for 24,000 so he made 20,000 dollars and he did that in 30 days now that's pretty exciting, all right. Now we're not going to talk more about that particular deal. Let me just tell you what question I asked him while we were standing on that lot I said to him, Bob, is this the best deal you've ever made? And this is what his answer was.

Bob: I'd have to say that the best dollar for dollar deal I've ever done on a piece of land happened in Oklahoma. I went out to a smaller outlying county and I bought a tax lien. The tax lien was on a 25 acre piece of land. The tax lien was only 67 dollars and 12 cents. You'd think that no buyer would ever abandon a piece of land for that small of a tax bill but things like that do happen. And guess what? Those people never did pay that tax. They never redeemed the tax lien and I ended up getting the tax deed to that property. I eventually sold that piece of land for 22,500 dollars. It's not uncommon to make \$10,000 or 20,000 dollars off of one deal.

Ted: All right. Here is a guy and I've given you both examples now. First he bought a tax deed because he got the property. He bought it for \$3700 sold it for

\$24,000. So that was a pretty good deal. Then we took you to Oklahoma and in Oklahoma he only spent just a few pennies less than 100 dollars for a property and he sold it. It was a tax lien certificate. He bought a tax lien and the property owner didn't pay the property taxes and Bob ended up with the property. He then ended up selling the property and he made another 20,000 dollars. This is very possible in this business to be able to do both things. You could buy tax lien certificates and you could buy tax deeds.

Chuck: Well, Ted, how many of these tax deeds are actually available.

Ted: This is going to surprise you because you have to open up your mind. This business is nationwide so there's going to be 5,000 of these auctions and what I'm going to do is I'm going to surprise you for just a little bit here, Chuck.

Chuck: What is that, the phonebook?

Ted: It's not the phonebook. This is actual list for Los Angeles County. And you're welcome to hold onto that list for a second. This is a list of over 2000 tax deeds that are available. Tax deeds mean they're going to sell the property for the back taxes, no mortgage. Every property that's in this book will be sold for the back taxes. The starting bid will be the back taxes with no mortgage. Anybody can go to this.

Chuck: Now, to me, a lot of this looks like a foreign language, but what am I actually looking at when I look at these?

Ted: Okay. Well that's good. What you're actually looking at here and we won't go through it in depth right now because it is a lot of detail to cover in this short lesson. But the point is as you look in a book like this it's going to look like a foreign language to you. It's really not, it's just property descriptions using a special numbering system.

Chuck: Now, Ted, what types of properties are actually in here?

Ted: Every type of property that you can imagine. There could be ranches there, there could be dairy farms in there, there could be shopping centers in there, there could be residential homes, every conceivable property that there is can be listed because these are people that have not paid their taxes or refused to pay

their taxes the government has now seized all of these properties and they're going to sell them. Half of the states do exactly what we're talking about right here.

Chuck: All right. And this is the question that a lot of our viewers are asking. How will I know which ones to buy?

Ted: First of all, let me oversimplify this. If you've got 5000 dollars to invest you're not going to go try and get a million-dollar property. That's not going to happen because it's going to sell for 5 or 10 cents on the dollar to start. So you need to think about first of all what's your budget and that's where you want to start and then we'll start showing you as we get through the lessons we'll show you step by step how to narrow it down. We'll always keep narrowing it down and we'll show you how to take what's a massive amount of properties, which is shown on the book down to just the precious few that you want.

Chuck: All right. But let's go back to what's something you brought up earlier and that is I want to know how they could sell a property with no mortgage.

Ted: Well, everybody is concerned about that. So if you're looking at me right now I've got to tell you this. The government has power and if you don't understand that the government has power I'm here to tell you this is the law in every county in the United States. They will send the property owner and the bank a notice and say, look, the due process is that if you pay your taxes you can keep the property, if you don't pay your taxes we're going to seize the property. We don't care about bank loans, we don't care about anybody. All we care about is that we get the money for local taxes.

Chuck: So what you're saying is the minimum bid is only the back taxes?

Ted: Absolutely. If you look at the slide, folks, the slide is exactly right, okay. It's black and white. At all of these tax deed auctions the starting bid is the back taxes. The government wants the back taxes. So if you're going in and bid for back taxes and there are no other bidders in the room you'll actually get the property for that.

Chuck: Now, Ted, I know there's a whole lot more you've got to tell us about investing in government issued tax lien certificates and tax deeds, but we're just about out of time for this lesson. But before we go, what can our viewers look forward to seeing in say Lesson Number 2?

Ted: Well, first of all, we'll review everything we did this time. Make sure you completely understand the foundational material of tax liens and tax deeds then we'll show you some people that are actually doing this and so that you can see that. We don't want you to just listen to the two of us two talking heads telling you this, we're going to show you actual people. We want to show you examples and I'll show you why we give examples a little later on. Why am I telling you all that?

It's because this is a very affordable business. Someone can get started with a 100 dollars or so I'm going to show you how to do that right now. You can see people doing it and then for someone that wants to be a big time investor we'll show you how to do this in a bigger way when we get into the other lessons. We can't get it all done in this one lesson but we've got a lot to pass onto you guys.

Chuck: We've got Ted Thomas, America's Tax Lien Certificate and Tax Deed Authority here. Now if you have any questions or comments about anything we discussed in the video about tax lien certificates or tax deeds, all you have to do is enter them into our comment box, all right? And then from there we will ask Ted to answer them in one of the next lessons. Don't forget to look for our next lesson in your inbox because we're going to tell you a little secret that rich people use to make tax-free profits investing in tax lien certificates and tax deeds.

Now, Ted, before we go is there anything else you'd like to tell our audience?

Ted: Well, just a quick reminder. The chat box is below so if you get a question I don't get back to you right away not to worry we'll answer your question by email. So not to worry we'll get back with all the questions.

Now, before we switch and call it a day on this lesson what I want you to know is this is a very affordable business. So I'm going to show you a short video right now of a gentleman that's buying for under 100 dollars and so you can start the same way as he does. Now this is a very exciting video. We're going to take a

camera, we're going to go right over the shoulder, and you're going to see the actual tax deed and actually what he pays.

Reporter: So tell me what we're looking at here.

Craig: Okay, great. Here's an example of what I've done recently. This is 20 acres of land, this is in Oklahoma and you can see right here where I paid tell me how much I paid there.

Reporter: 41 dollars and 20 cents.

Craig: 41 dollars and 20 cents for 20 acres of land. This is my property and I've just put it on the market for 1,000 an acre for 20,000 dollars.

Reporter: For 20,000 dollars. But you don't have to be some type of a real estate genius or mathematical genius to do this?

Craig: Not at all. In fact real estate people just really don't understand a lot of how this tax stuff works. You hear it and you think, well it's too good to be true, you know.

Reporter: And you're glad to have them think that.

Craig: I'm glad. Just keep on and keep it on.

Reporter: What else have you got to show us here, Craig?

Craig: This is 40 acres of farmland, trees, rolling hills, this is how much I paid. How much did I pay for that one?

Reporter: 60 dollars and 37 cents.

Craig: Is that incredible?

Reporter: And how much are you putting that back out for sale?

Craig: I'll probably put this one for 1,000 an acre. If you can read, you know you can do this.

Reporter: But this is the kind of guidance and instruction you're getting through Ted Thomas' program?

Craig: I'll tell you. Ted will save you years of stumbling.

Chuck: Be ready for Lesson Number 2 and check your email, that's exactly what it's all about. It'll have a link to Lesson Number 2. Until the next time for Ted Thomas, I'm Chuck Bennett. Have a wonderful day.

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