***FAQ’S (FREQUENTLY ASKED QUESTIONS) ON TAX DEEDS***

**WHAT IS A TAX DEED?** The winning bidder on a property at a tax deed auction is granted a tax deed by the Charlotte County Clerk of Court. The winning bidder becomes the new owner of record. The former owner of record has lost the property due to unpaid taxes.

**WHAT IS A “TAX DEED CLOUD”? T**he former owner has a four-year statutory right to reclaim the property by going to court and convincing a judge that the tax deed auction was improper and should be set aside. The former owner’s legal fees, court costs and redemption costs would be high. The former owner’s chances of success are negligible.

**WHAT IS THE RISK?** We feel we have a higher chance of being struck by lightning than to lose a tax-deed property we own to a former owner. We work with investors who have many years of tax deed experience. It has never happened to them. We have queried title companies, attorneys and other investors on this subject. Their answers were some variation of, “…never heard of this happening...” Draw your own conclusions, because we provide no warranty or guarantee.

**WHAT IS THE REAL DOWNSIDE TO A TAX DEED?** People hate uncertainty and risk, so properties still under the four-year tax deed cloud are generally only suitable for sophisticated investors and/or people who own adjacent properties. All lenders, all title insurance underwriters and most property buyers understandably take the position, “Low risk is not the same as no risk.” After the four-year cloud expires, the uncertainty and risk disappear with the cloud.

**WHAT ABOUT PROPERTY TAXES, MY DEED, MY TITLE INSURANCE POLICY?** The seller pays taxes up to the closing date. The seller grants a special warranty deed. The title search, examination and insurance policy are exactly the same as for property not under a tax deed cloud, except that the underwriter will insist on a tax deed exclusion/exception on the title insurance policy.

**WHAT ARE MY OPTIONS?** First, if you want zero tax deed risk, wait until the cloud expires before closing on the property. Second, buy the property and wait out the remainder of the four years. Third, if you need clear title before then - you may want to build a home before the cloud expires, for instance - an attorney to file a suit to quiet title for you. Budget $2,000 in legal fees and court costs, and about six months for the court to hand down a judgment giving you clear title.

***DISCLAIMER. This information is intended only to provide a basic understanding of the subject matter, not for legal purposes. Consult an attorney for a legal, professional explanation of Florida Statute 95.191. Limitations when tax deed holder in possession. When the holder of a tax deed goes into actual possession of the real property described in the tax deed, no action to recover possession of the property shall be maintained by a former owner or other adverse claimant unless the action commenced is begun within 4 years after the holder of the tax deed has gone into actual possession. When the real property is adversely possessed by any person, no action shall be brought by the tax deed holder unless the action is begun within 4 years from the date of the deed.***