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April 2017

Re: Delinquent Ad Valorem Tax Foreclosures and Resales in Galveston County, TX

[This letter shall serve as notice of revision of policies and procedures regarding tax foreclosed properties in Galveston County, Texas, which may be modified at the discretion of the taxing entities. All previous notices should be disregarded.]

To Interested Parties:

The law firm of Linebarger Goggan Blair & Sampson, LLP ('LGBS') represents Galveston County and numerous other taxing entities within Galveston County in the collection of delinquent ad valorem taxes and the foreclosure of delinquent tax liens. The purpose of this letter is to provide general information and answer some of the most frequently asked questions about tax foreclosures and the resale of tax foreclosed properties in Galveston County, Texas.

Please note: LGBS represents the taxing entities. The attorneys and staff of LGBS are ethically prohibited from giving legal advice to any persons or entities other than our clients. For guidance or advice regarding the rights, duties, obligations and risks associated with purchasing property at sheriff's tax sale, interested parties are encouraged to seek the advice of an attorney BEFORE purchasing property.

Governing Law

The collection of delinquent ad valorem taxes and the foreclosure of statutory tax liens are governed by statute and procedural rules under Texas law. Texas Property Tax Code Sections 31 through 34, the Texas Property Code and the Texas Rules of Civil Procedure serve as the framework for delinquent tax collections and foreclosures followed by this firm as delinquent tax attorneys for Galveston County. The statutes and rules are available at a number of sites on the Internet, through the Office of the Comptroller of the State of Texas, and at certain public libraries.

Tax Sales in Galveston County, Texas

Tax sales in Galveston County are conducted on the first Tuesday of each month at 10:00 a.m. in the Commissioner's Court of the Galveston County Courthouse at 722 – 21st Street (Moody), Galveston, Texas 77550. Sheriff sale notices of properties to be sold are posted at the Courthouse and at the various Galveston County annex buildings throughout the county prior to the sale. Properties are also advertised three times in *The Galveston County Daily News* in the three weeks preceding the tax sale. Detailed information about the sheriff sale procedures, as well as a listing of properties posted for sheriff sale are available on the Galveston County Sheriff's website at <http://www.co.galveston.tx.us/sheriff/sheriff.htm>.

The sheriff sale listing contains information relevant to the tax foreclosure lawsuit and information about the property in that sale, including the legal description and address/situs/location of the property. Please note that the address/situs/location of the property is taken from the Central Appraisal District Records

and is provided solely as a courtesy. The address/location of the property should not be relied upon as conclusive. Interested parties should undertake the proper research and verification of property location/address BEFORE bidding on property. Important note: the legal description of the property controls, not the address/location listed.

Interested parties desiring to receive an email when a particular parcel of property is set for sheriff sale should visit our firm's interactive website: taxsales.lgbs.com. Upon locating a parcel of property on the website, the website allows interested parties to enter their email address which will prompt an email advising interested parties when the property is set for sheriff sale.

The sheriff's auction is open to the public. Successful bidders at sheriff sale must obtain a Certificate of Eligibility from the Galveston County Tax Office before the Sheriff's Deed will be recorded. Information on obtaining a Certificate of Eligibility may be obtained from the Galveston County Tax Office at (409) 766-2285, via the Galveston County Tax Office website www.galcotax.net or on the Sheriff's Department website referenced above. Sheriff sale bids by mail, telephone, facsimile or e-mail are not accepted.

The minimum bid the first time a property is offered at sheriff sale is set by statute and is the lesser of either:

- 1) the adjudged value of the property as set forth in the judgment in the underlying delinquent tax suit (typically the current appraisal district value of the property); or
- 2) the aggregate amount of all taxes, penalties, interest, costs and fees due and owing to all taxing entities that were a party to the judgment in the tax foreclosure lawsuit.

The minimum bid amounts for each sheriff sale property are distributed the morning of the sale by the Sheriff's Department and are also posted on our firm's interactive website: taxsales.lgbs.com.

Successful bidders at the sheriff sale must pay the full amount of their bid by 4:00 p.m. on the day of the sale. Full payment must be made by cash or cashier's check only, made payable to "Galveston County Sheriff's Department". In addition to the amount of bid, the successful bidder must provide the Galveston County Sheriff a separate cashier's check for the amount of the recording fee to record the deed. The amount of the recording fee will be provided on the morning of the sheriff sale.

There is no financing or installment plan available for sheriff sale properties. Successful bidders must present a valid Certificate of Eligibility to the Galveston County Sheriff Department before the Sheriff's Deed will be recorded in the deed records.

As set forth in the Texas Property Tax Code, property sold at sheriff sale is sold in satisfaction of the taxes included in the judgment in the underlying tax suit. Taxes not included in the delinquent tax suit judgment are not included in the sheriff sale or resale and the sale of such property is 'subject to' those taxes not included in the judgment. The tax years included in the judgment can be viewed on our firm's website: taxsales.lgbs.com or by visiting the District Clerk's website and entering the suit number: <http://publicaccess.co.galveston.tx.us/default.aspx>. **Any taxes not included in the judgment are the responsibility of the purchaser and must be paid in addition to the bid amount.**

Upon the successful bidder's payment of the bid amount and recording fee, along with the successful bidder presenting a valid Certificate of Eligibility to the Sheriff's Department, a Sheriff's Tax Sale Deed Under Order of Sale is executed and recorded in the county deed records by the Galveston County Sheriff. Once the deed is recorded, the original recorded deed will be forwarded to the purchaser of the property. *Please note, the Sheriff's Tax Sale Deed Under Order of Sale provides no warranties or guarantees regarding title, use,*

condition or claims to the property made the subject of the sale. Any questions you may have about your rights, duties or obligations pursuant to such an instrument should be directed to your attorney.

Properties offered for sheriff sale but not purchased by third-parties at the sheriff sale are “struck off” or “bid-off” to the taxing entities by operation of law, unless withdrawn from the sale by a taxing entity. A copy of the list of tax foreclosed properties is available at:

Linebarger Goggan Blair & Sampson, LLP
518 – 9th Avenue North
Texas City, TX 77590.

The list of properties, in Excel format, can also be emailed by a request directed to: judy.fuller@lgbs.com. The list is updated monthly and to receive the list as updated, please email judy.fuller@lgbs.com. Ms. Fuller will add your email address to the monthly update distribution list.

The information contained in the list and information pursuant to updating the list provided to the public as a courtesy. ***The addresses/locations of the properties contained in the list are based upon the Central Appraisal District Records and are provided as a courtesy. The address/location of the property should not be relied upon as conclusive.*** All information contained in the list of struck off properties is available to the public in the deed records of the Galveston County Clerk’s Office from 8:00 a.m. to 5:00 p.m., Monday through Friday at 600 – 59th Street, Galveston, TX 77550 or is available online at: <https://tx4laredo.fidlar.com/txgalveston/avaweb/#/search>.

Change in Policy Regarding the Resale of Struck Off Properties

Properties having been struck off at sheriff sale will no longer be offered for sale through our office. All properties having been struck off will be re-auctioned by the Galveston County Sheriff. In an effort to attract buyers, the minimum bids for struck off properties offered at sheriff sale will be reduced from the previous minimum bid. When a struck off property is offered at sheriff sale and fails to sell, the minimum bid will be reduced and the property will be offered at sheriff sale at the reduced minimum bid. Struck off properties will only be sold through the sheriff sale.

Important Considerations for Interested Parties

- ▶ All properties, either at sheriff sale or resale, are sold “AS IS” with regard to use, title and/or condition of the property. Interested parties should exercise due diligence **before** purchasing property at sheriff sale, which includes checking with appropriate local government agencies to determine issues such as zoning, code compliance and other regulations which may affect the use of property.
- ▶ Interested parties should perform appropriate research regarding title to the property. Sheriff’s deeds contain no warranties regarding title. Properties are sold without warranty or representation, no title insurance is provided or offered.
- ▶ Properties sold at sheriff sale *are* subject to a statutory redemption period. Properties sold at resale sheriff’s auction *may* be subject to a statutory redemption period. The redemption period begins on the date which the original sheriff’s deed was recorded. The redemption period varies:
 - 1) For properties which are homestead properties or subject to an agricultural exemption, the redemption period is two (2) years from the date of the original sheriff sale deed recordation;
 - 2) For all non-homestead or non-agricultural exemption properties, the redemption period is 180 days from the date of the original sheriff sale deed recordation.

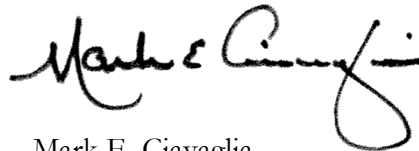
✳ **Please consult with your attorney to understand the law regarding the statutory right of redemption.**

- ▶ All tax sales are sheriff sales, but not all sheriff sales are tax sales. Sheriff sales in a given month often include execution sales, which are not tax sales. Important differences exist between tax sales and execution sales. If you do not understand the difference between a tax sale and execution sale, please seek the advice of an attorney.
- ▶ All questions regarding any right, duty, liability and/or obligation that may arise pursuant to a sheriff sale or resale should be directed to your attorney. The law firm of Linebarger Goggan Blair & Sampson, LLP represents the taxing entities, thus we cannot provide legal advice, guidance or information that is equivalent to legal advice. Bidders or buyers of sheriff sale property or tax foreclosed property are strongly urged to do their own title research before bidding or purchasing property at sheriff sale or resale.
- ▶ Our office often receive inquiries about the sale of “tax lien certificates” or “tax certificates” or “over the counter sales”. Despite what is erroneously taught in some real estate investment seminars and guides, those terms have no legal meaning in Texas. Furthermore, Texas law does not allow the *sale* of any such instrument or document by a taxing entity. While some states allow taxing entities to sell tax liens to a third party, Texas law provides that a tax lien can be *transferred* from a taxing entity to a third party only with the written consent of the property owner. This subject is covered within the Tax Code sections cited herein and the taxing entities require strict adherence to the Tax Code.

Please note that due to voluminous inquiries on this topic (most of which we are ethically prohibited from answering), all communications regarding sheriff sales and resales should be in writing or via e-mail.

Thank you for your interest in this matter.

With best regards,



Mark E. Ciavaglia

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