

# Electronic Tax Sale

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# Electronic Tax Sale Update

## History of the Electronic Tax Sale



- N.J.S.A. 54:19.1 states that “a municipality may satisfy requirement of the “tax sale law” R.S.54:5-1 et seq., electronically through the use of any national recognized electronic municipal tax lien service.....rules, regulations and procedures promulgated by the Director of the Division of Local Government Services in the Department of Community Affairs”
- The director may authorize “electronic tax lien sale” pilot programs on a case-by-case basis upon application of individual municipalities prior to the director’s promulgation of rules, regulations and procedures pursuant to subsection a. of this section.
- Added to statutes in 2001

## History of the Electronic Tax Sale



- A pilot program study began in 2009.
- New Jersey's first electronic tax sale was held in Red Bank in October 2012 in the middle of Storm Sandy! Everything went well for the auction that day.
- To date more than 130 municipalities have taken part in the pilot program – many for 3 to 5 years.
- June 2017 the rules were published for public comment. After much consideration and gratitude for the constructive comments, the rules were updated for adoption.
- January 2018 the adopted rules were published. Application for the electronic tax sale under the pilot program are no longer being approved.

## Municipality Eligibility

Under the pilot program only towns approved by the Director of DLGS were allowed to conduct electronic tax sale.

Items that needed to be forwarded:

- Resolution
- Application
- Date of Sale
- Copy of Contract

- You will still need a resolution from the governing body but nothing is forwarded to the Division of Local Government services prior to the sale – or after the sale unless requested by the Director of DLGS.



# Vendor Eligibility

Only 1 Vendor was used in the pilot program



- Today the municipality is permitted to choose a nationally recognized electronic municipal tax lien service who meets the following requirements:
  - Vendor must currently conduct online tax sales in at least two states
  - Or have conducted online tax sales in the past two years that have included bidders from more than one state.
  - Or have a system for performing online tax sales in multiple states
- The State has not and will not pre-qualify any new vendors
  - The Director feels that collectors and purchasing agents have the necessary training and expertise to evaluate and procure a vendor

# Contracts

Once the contracts were signed, they were forwarded to the Director of the Division of Local Government Services.



- Municipalities may have to go out for bid if the contract exceeds the bid threshold – it cannot be construed to fall under one of the exceptions to public advertising for bids
- All Contracts between the municipality and vendor shall:
  - Be reviewed and approved by the tax collector
  - Be awarded by the governing body
  - The vendor is responsible for it's errors and omissions
- The duration of the contract shall not exceed one year and are not considered data processing service contracts.

# Notices

In the pilot program, three additional mailings were required – the town was able to charge up to \$25.00 for each mailing.



- Continue to prepare the tax sale notice as required pursuant to N.J.S.A. 54:5-25
  - Time, place, description of property, owner's name, amount due etc.
  - In addition
    - the notice must state that the sale is being held through an online auction
    - that bidders should submit their bids no later than the date and time of the sale
    - Provide a full link to the website
- The collector must mail a copy of the full notice to the property owner and any entity required to get the notice.
- No additional mailings are required.



# Advertising

Pilot

Newspaper advertisement requirements

4 weeks prior to sale

2 x 3 Display Ad with bold border

**The City of Township Borough announces  
the sale of 2017 and prior year  
delinquent taxes and other municipal charges  
through an on-line auction on**

**March 23, 2018**

**8:30 am**

**For a listing of all parcels,  
delinquencies and costs, please visit:**

**<https://townshipboro.vendortaxsale.com/>**

**\*\*Information can be viewed free of charge\*\***

- Newspaper display advertisement
  - Must be no less than two inches by three inches with a bold black border
  - Published once a week for four weeks prior to the week of the sale OR 2 in lieu mailings may be substituted for a newspaper advertisement
- The display ad must include:
  - That the municipality is conducting a sale of delinquent taxes and delinquent municipal charges
  - That the sale shall be conducted through an online auction;
  - A statement that the listing of all parcels and delinquencies and costs, along with bidding instructions, are available online for viewing at no cost;
  - The date and time of sale
  - The full website link where the tax lien sale line items may be viewed.

**Quiz  
Question  
#1**

# Public Notice

Pursuant to N.J.S.A. 54:5-26, the municipality shall physically post copies of the tax sale notice in 5 of the most public places in the municipality.



- The notice must still be posted in 5 public places within the municipality
- If the municipality has a website, a copy of the tax lien sale notice shall be posted until the tax lien sale concludes.
- The municipality's website does not need to be updated.

A computer monitor displaying a tax sale list. The screen shows the title "City of Township Borough Tax Sale List" and the date "3/23/18". Below the title is a table with columns for Block, Lot, Qual, Name, and Amount. The table lists several entries with their respective details. The monitor has a black bezel and a silver base.

Block	Lot	Qual	Name	Amount
1	3		Truman, Robert	\$1,295.34
12	7		Anderson, Mary	\$2,070.21
49	6.02	C1001	Adams, Matthew	\$5,233.15
49	6.02	C1005	White, Andrea	\$2,115.96
60.05	5		Hogan, Shawn	\$9,569.89
66	30	QFarm	Morris, Stanley	\$2,100.45

**Quiz  
Question  
#2.**

# Cost of Sale

Under the Pilot Program:

2% Cost of Sale

Up to \$25.00 for each of the 3 mandatory mailings of the notice



- 2% cost of sale as defined by N.J.S.A. 54:5-38
- Up to \$25.00 per mailing of up to 2 in lieu mailings may be charged as allowed by N.J.S.A. 54:5-26
- Vendor's fee cannot exceed the fee collected by the tax collector under N.J.S.A. 54:5-38 (2% cost of sale)
  - The vendor shall only charge fees to the municipality and not to bidders or lien purchasers.
- The tax collector shall not collect any additional fees for the cost of sale, except permitted pursuant to law.

# Deposits & Registration

Before any bidder can place a bid, a forfeitable deposit must be made in the amount of 10% of the expected purchase.

- Before any bidder can place a bid, the bidder will be required to post a forfeitable deposit
- The tax collector shall have the ability to accept and process payments by ACH transfer, bank wire transfer, certified check, or cash.
- The amount of the deposit is at the discretion of the tax collector as long as it is consistent.
- Deposits are made online or may be given in person at the municipality's office.
- Deposits shall be held by the municipality and not the vendor.
- Bidder Registration shall be online and, at the collector's discretion, in the collector's office and completed prior to submitting a bid



**Quiz  
Question  
#3**

# The Sale Bidding

Bidding commenced upon publication of the notice

No bids were accepted unless registered

Proxy and Direct bidding are allowed

The computer randomly picks a winner in the event of a tie bid



- The vendor shall supply a method for bidders to practice bidding.
- Bidding shall open no earlier than upon publication of the tax sale notice.
- Bidder's registration shall be completed prior to submitting a bid
- Proxy and Direct bidding are allowed
- The tax collector shall have access to the review a detailed history of all funds transferred as well a transaction log of all bid submissions and results
- Bid amounts will not be visible to the public or to the municipality while the auction is in progress



# The Sale Winning

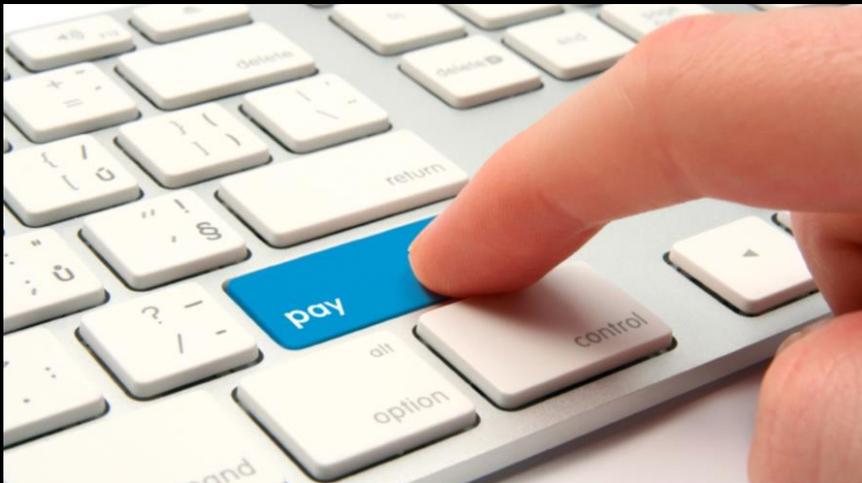


- There shall be an online display of winning bids immediately upon completion of the auction.
- Notification to winning bidders by email at the bidder's registered email address
- Sale can be printed immediately

# The Sale Payment

Under the Pilot Program, the property had be offered for resale within a week.

- Payment must be made within 24 hours after the close of the sale
- If payment is not made, the deposit is forfeited to the municipality and the property is resold
- There is no longer a mandatory time period for the resale.



# Reporting

- Once the sale has concluded, the collector can immediately print the sale
- A report should be given to the governing body regarding the sale
  - Line items sold
  - Premiums bid
  - Items struck off to the municipality
  - Etc.
- The Director of DLGS may request a copy



# 2017 Tax Sale Analysis

Electronic Tax Sale

Tax Sale Date 10/11/2016

Liens sold to Outside Lien Holders 491  
 Liens struck off to Toms River Township 3  
 494

## Outside Lien break down

Charges	Number	Prinicipal	Interest	Total
Tax	115	\$359,503.80	\$59,819.52	\$419,323.32
Sewer	410	\$121,464.56	\$26,600.91	\$148,065.47
Labor-Liens	24	\$22,534.59	\$3,019.00	\$25,553.59
Cost of Sale	491	\$49,223.81	\$0.00	\$49,223.81
Total	1040	552,726.76	89,439.43	\$642,166.19
Premium			481	3,014,700.00

Total Collections Date of Tax Sale \$642,166.19

## Municipal Lien break down

Charges	Number	Prinicipal	Interest	Total
Tax	3	\$4,361.04	\$647.25	\$5,008.29
Sewer	1	\$365.58	\$84.00	\$449.58
Labor-Liens	0	\$0.00	\$0.00	\$0.00
Cost of Sale	3	\$355.00	\$0.00	\$355.00
Total	7	\$5,081.62	\$731.25	\$5,812.87

Total Tax Sale Certificates 3

Total Charges \$508,229.57

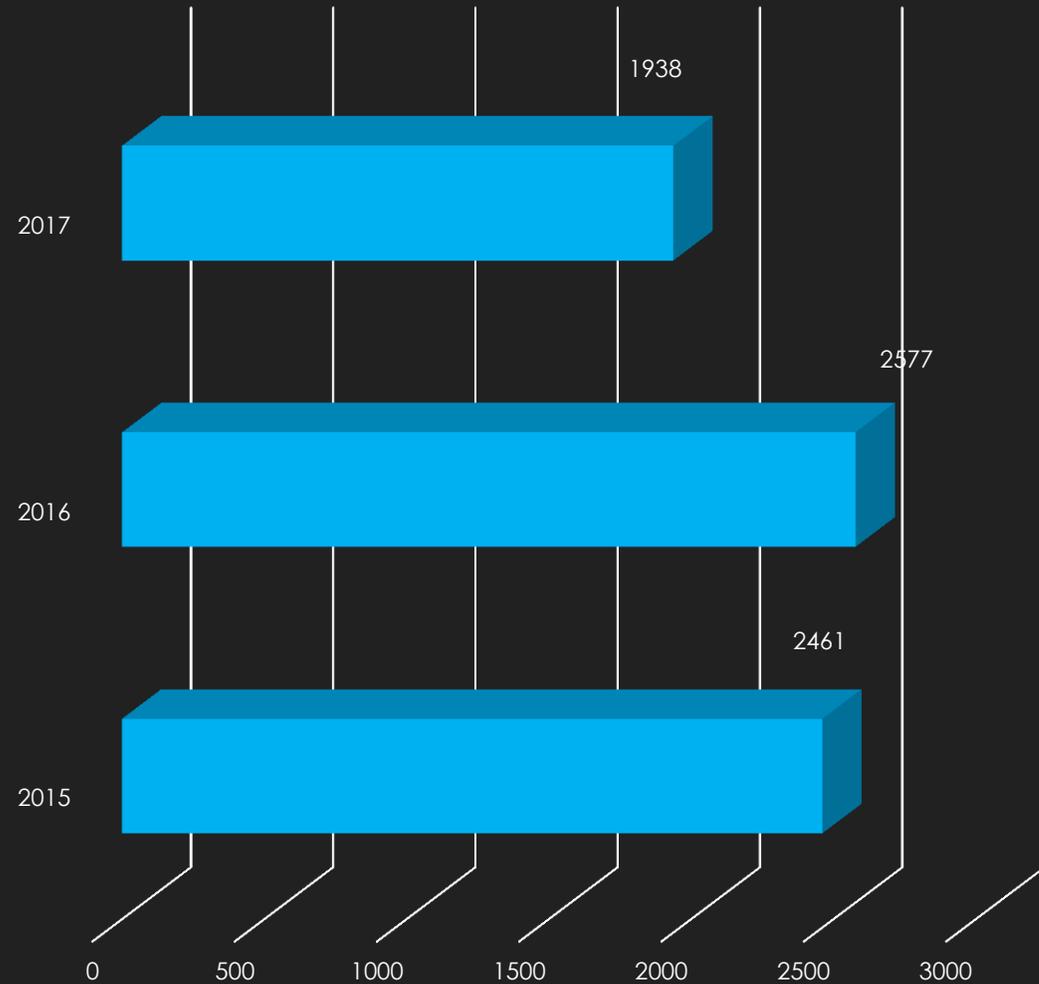
Total Interest \$90,170.68

Total Cost \$49,578.81

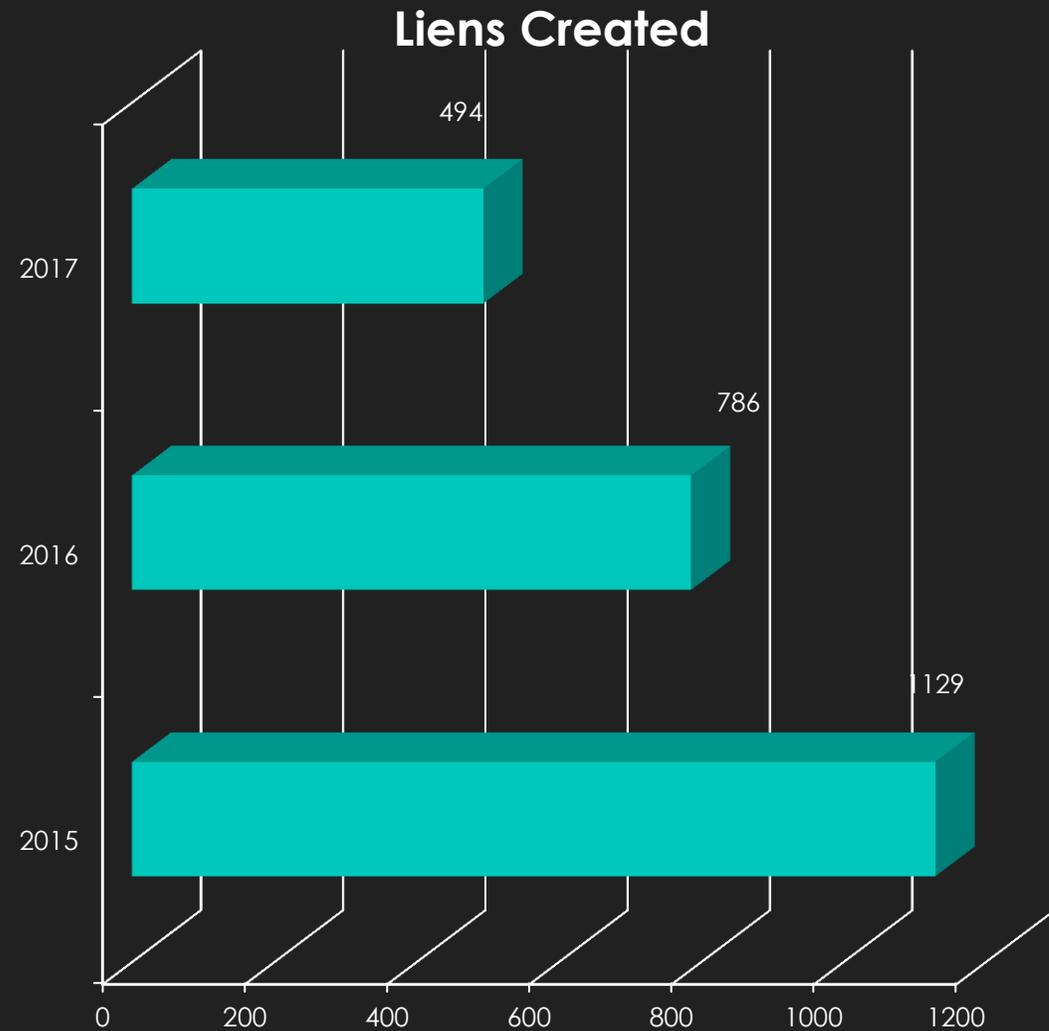
Total Premium \$3,014,700.00

Grand Total of Tax Sale \$3,662,679.06

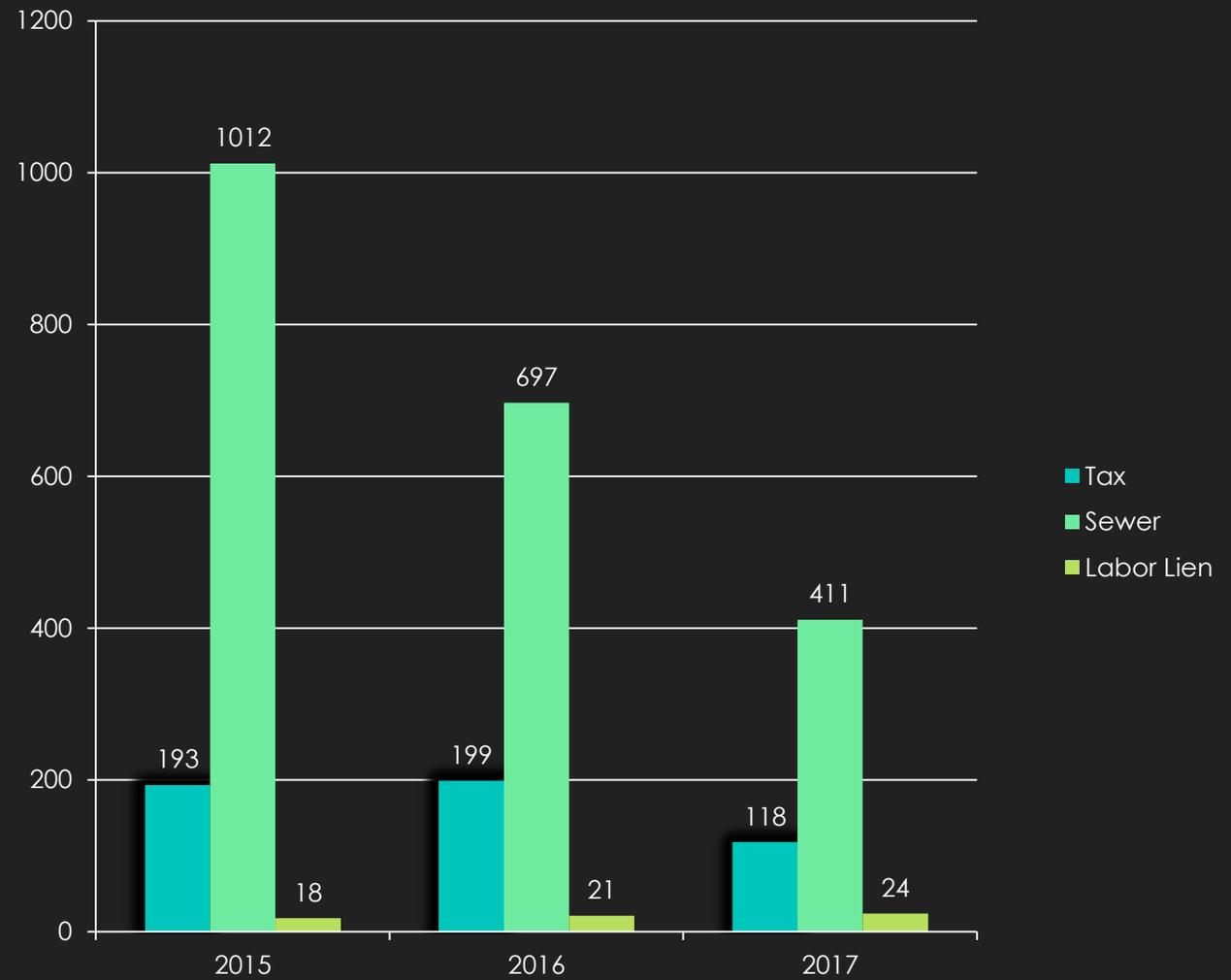
# Toms River Township Original Tax Sale List Advertised by Year



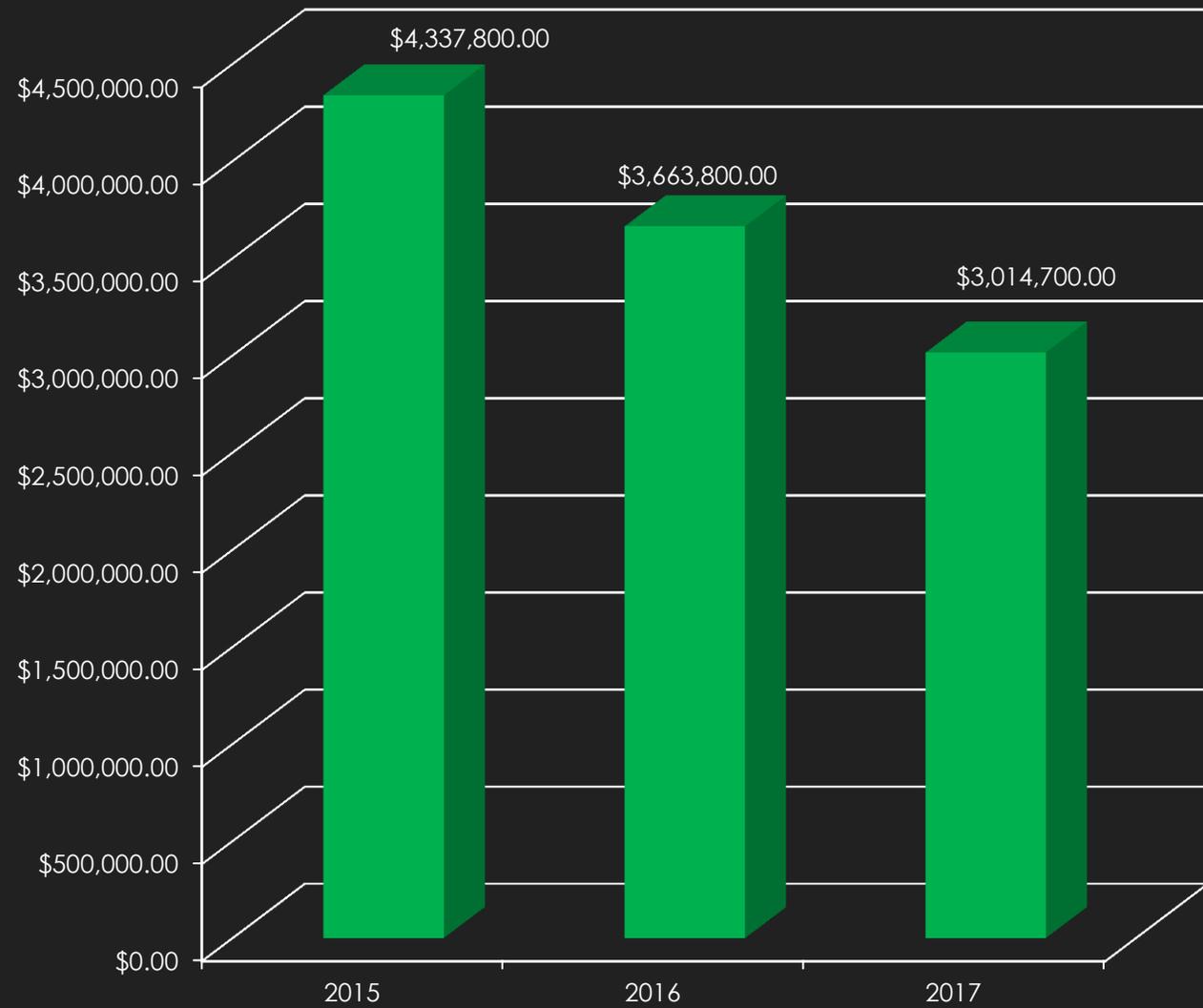
**Township of Toms River  
Liens Sold by Year  
2017 to 2015**



## Liens by charge type 2015 to 2017



# Toms River Township Premium Monies 2015 to 2017





https://tomsriver.newjerseytaxsale.com/

TomsRiver - RealTaxLien



File Edit View Favorites Tools Help

Kronos Workforce Central... TD eTreasury Login - TD B... TomsRiver - RealTaxLien WIPP WIPP (TRMUA)



# township of TOMS RIVER

OCEAN COUNTY, NJ

## OFFICIAL TAX LIEN AUCTION SITE

[Home](#) | [About Us](#) | [FAQ](#) | [Contact Us](#)

Username:

Password:

[Forgot your password?](#)

### General

- [▶ Bidding Rules](#)
- [▶ Results](#)

### Training

- [▶ Training General Information](#)
- [▶ Tax Certificate Process](#)



**START HERE**

**REGISTER**

**PREVIEW ITEMS FOR SALE**

120%



1:27 PM  
3/20/2018

General Stats		
	Total	Amount
Total Advertised	1,938	\$2,069,748.63
<a href="#">Not For Sale</a>	1,444	\$1,421,724.23
Total Active for sale	494	\$647,979.06

Sold Stats		
Sold	489	98.98%
Face Amount Sold	\$640,851.39	98.90%
Total Premium	\$3,014,700.00	470.42%

Batch Stats							
Batch #	Active		Sold				
	Items	Face Amt	Items	Face Amt	Premium as % of Face	Premium	
01	175	\$224,371.21	172	\$218,558.34	412.75%	\$902,100.00	
02	152	\$181,233.29	150	\$179,918.49	508.17%	\$914,300.00	
03	167	\$242,374.56	167	\$242,374.56	494.40%	\$1,198,300.00	
<b>Total</b>	<b>494</b>	<b>\$647,979.06</b>	<b>489</b>	<b>\$640,851.39</b>		<b>\$3,014,700.00</b>	

Logged in as cdileo  
Bidder 10111 for Township of Toms River

**Select Benchmark**  
Auction - October 2017

**General**  
▶ [Bidding Rules](#)  
▶ [Results](#)

**Get Started**  
▶ [Auction Summary](#)  
▶ [Place Bids](#)

### Admin Control Panel - Admin, Fund Admin, W9 Tech

**Current Benchmark: Sep 05 - Auction - October 20**

<b>Action Items</b>	<b>Reports</b>	<b>Statistics</b>
Generate Custom Files	<b>Funds Summary</b>	<b>Live Stats</b>
Post Refunds (0)	Unavailable Certs	Miscellaneous
<b>Receive Funds (0)</b>	User Reconciliation Report	Sold Certs by Percentage
User Balance Due (0)	User Refund Summary	Top Certs without Valid Bids
View/Print W-9s	<b>User Report</b>	Users by Geographic Area
	User Results Summary	Winners

Questions?