

**To:** Harris County Commissioners Court

**Through:** Director Name, Title, Department

**Prepared By:** Bridget Johnson, Executive Assistant, County Attorney Office

**Subject:** Online Tax Sale Rules

**Project ID (If applicable):**

**Purpose and Request:**

Request for approval of the Harris County Online Tax Sale Rules.

Request for approval of the Harris County Online Tax Sale Rules.

**Background and Discussion:**

*[INSTRUCTIONS: In this section should concisely provide any background and analysis that the Commissioners Court needs to fully understand the action being requested. Please limit background to 3-4 sentences and include any reference to when this item was previously considered by Court. Background should include reference to study or order that led to this item or if the item is a result of compliance with any specific law or statutory requirements.]*

**Fiscal Impact:**

*[INSTRUCTIONS: A short description of the cost of the request and where you are requesting funding from. No more than 2 sentences. In addition please fill out the table below. This includes financial impact to the current fiscal year and subsequent fiscal years along with the source of funding (general fund, grant, etc.). If the amount is within the current budget, please indicate the amount from 'Existing Department Budget'. If all of or part of the request is a new expense, please indicate funding source in the space provided.]*

Fiscal Summary			
Expenditures	FY 20-21	FY 21-22 Projected	Future Years Projected [3 additional years]
<b>Service Impacted:</b> <i>[Please provide service or division where expenditure will be used]*</i>			
Existing Budget			
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
Existing Department Budget			
Please Identify Funding Source (General Fund, PIC, Special Revenue, Grant, Etc.)			
[INSERT FUNDING SOURCE HERE]*			
<b>Total Sources</b>			

**Alternatives:**

*[INSTRUCTIONS: In this section you should briefly discuss any viable alternatives, including the benefits and consequences of each. Include subtitles on the first line of each alternative to identify it. If appropriate, the financial impact of each alternative can be discussed. If taking no action is a viable alternative it should also be discussed, including any financial or other impacts that would result.]*

**Alignment with Strategic Objective:**

*[INSTRUCTIONS: Please write out the Department Strategic Objective impacted by this item.]*

**Attachments:**

*[INSTRUCTIONS: Please include a list of backup for this item with a short description of each if more than one.]*



**Christian D. Menefee**  
**Harris County Attorney**

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March 18, 2021

Members of the Commissioners Court  
1001 Preston, 9<sup>th</sup> Floor  
Houston, Texas 77002

Re: Request for approval of the Harris County Online Tax Sale Rules

Dear Members of the Court,

This is to request that the following topic be placed on the Commissioners Court Agenda for March 30, 2021, under the County Attorney's portion of the agenda:

Request for approval of the Harris County Online Tax Sale Rules.

The County Attorney's Office worked with the Harris County Tax Office along with other County departments to draft the Harris County Online Tax Sale Rules.

A copy of the rules are attached for the Court's approval.

Thank you for your consideration of this request.

Sincerely,

CHRISTIAN D. MENEFE  
County Attorney

*DeAnne A. Lin*

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DeAnne A. Lin  
Assistant County Attorney

Approved by:

A handwritten signature in black ink, appearing to read "Jay Aiyer".

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Jay Aiyer  
First Assistant County Attorney

# HARRIS COUNTY TAX SALE

## Introduction

The Harris County Tax Sale (HCTS) is a monthly public auction of real estate foreclosed upon by the taxing units for past due property taxes. The HCTS takes place on the first Tuesday of each month, commencing at 10:00 a.m. and ending at 4:00 p.m. Central Time. If the first Tuesday falls on a holiday, the auction automatically moves to the following business day.

The HCTS is offered through an online auction format only. Each of the eight (8) Harris County Constable Precincts conducts its own independent auction of delinquent tax properties sited within the auctioning precinct. The constable auctions occur simultaneously and on a single auction website. All properties are open and available to bid on at the start of the auction at 10:00 a.m. CT until the close of bidding at 4:00 p.m. CT.

The Tax Assessor-Collector's office works in collaboration with the County Constables' Offices and collection attorneys to conduct the sale according to the Texas Property Tax Code Section 34.01(a-1) and 34.05(d).

## Online Tax Sale Format

### Requirements

- Bidder must register and pay a Registration Processing Fee **\$TBD** by the Monday of the week prior to the First Tuesday Auction to be qualified to bid.
- Bidder must have a valid, government issued ID.
- Bidder CANNOT have delinquent taxes due on any property owned in Harris County and must acknowledge a statement attesting to that fact on the Bidder Registration application. Please note that furnishing false information on the application is a CRIMINAL OFFENSE.
- Bidder must renew their registration and pay Registration Processing Fee annually. An auto-email reminder prior to its expiration will be sent.

### Online Tax Sale Registration

- Registration can be completed online at [www.HCTAXSALE.net](http://www.HCTAXSALE.net).
- All Bidder registrations and fees must be received by the Tax Assessor-Collector by 4:00 pm on the Monday of the week prior the First Tuesday Auction.

### Online Tax Sale Fees

#### ***Non-Refundable Registration Processing Fee***

- A *non-refundable Registration Processing Fee* is required at Registration and is a prerequisite to bidding on any property that is part of the online auction.
  - The non-refundable Registration Processing Fee will allow a Bidder to bid on any number of properties for one (1) year.
  - This Fee must be paid at the time of each Registration renewal.
- The *non-refundable Registration Processing Fee* shall be paid via an electronic debit (ACH debit) to \_\_\_\_\_ starting on 00/00/0000 at 12 p.m. CT. In order to participate in an upcoming month's tax sale, all processing transaction fees shall be received by \_\_\_\_ no later than 4 p.m., CT, on \_\_\_\_\_, 2021.

Auction Start	Month, Day, Year	10:00 AM Central Time
Auction Ends	Month, Day, Year	4:00 PM Central Time
*Registration Processing Fee	Month, Day, Year	4:00 PM Central Time
Balance Due Deadline	Month, Day, Year	4:00 PM Central Time

- Bidders will be notified within 48 hours by email when they are approved to bid.

#### ***Transaction Fee***

- There will be a **\$TBD Transaction Fee** per property paid by the winning bidder.

# HARRIS COUNTY TAX SALE

- This Fee amount is included in the minimum bid. (*See First Sale Price below*)

## ONLINE AUCTION

### **Buyer Should Perform Due Diligence**

- Delinquent tax properties are sold on an "As Is" basis, with all faults.

### **Type of Sales**

#### ***First Sale Price***

A delinquent tax property posted for sale for the first time is called a First Sale property. In order to purchase a tax sale property at a First Sale (the first posting of a property), a bidder must bid at least:

- The minimum bid amount, which is the total of all amounts due in the judgment:
  - Tax, Penalty, Interest, Attorney Fees, Court Costs, Title Search Costs, Constable Fees, Selling Costs, Transaction Fee, and Posting / Publication Fees.
- The exact minimum bid is determined prior to the sale by the Constable conducting the sale and is posted as the starting minimum bid (similar to posting a disclosed reserve price).
- If taxes have accrued on the property for years after the time of the foreclosure judgment (i.e. "post-judgment taxes"), the tax sale purchaser is also responsible for these taxes.

#### ***Resale***

When a First Sale property does not receive at least a bid equal to the Minimum Bid, the property can be posted for Resale at a later date.

- If a property is offered for Resale, the transaction fee will be added to the winning bid amount and will be included in the total purchase price paid by the winning bidder to the County of Harris

### **Bidding Process**

- The monthly Tax Sale opens for bidding at 10:00 a.m. Central Time.
- Qualified bidders are then allowed to place their bids on their target properties.

#### ***Auction Platform - MaxBid***

Harris County's *MaxBid* is an easy way to place bids on Harris County's auction platform.

- The use of a proxy bid should be strongly considered.
- When entering the bid amount on the Bid page, the Bidder will enter the highest price they are willing to pay for the target property in the *MaxBid* field, and the system will do the rest.
- The *MaxBid* system will automatically bid on their behalf to the next highest bid increment above a competing bidder, but will not exceed the highest bid amount entered into the *MaxBid* system.

**If outbid, the system will notify the bidder by email or text, so the bidder can decide to increase their maximum bid amount.**

Example:

If you are the current high bidder with a bid of \$100,000 and set a *MaxBid* of \$105,000 and a competing Bidder enters an offer of \$102,000, the *MaxBid* system will automatically bid \$103,000 for you (assuming a bid increment of \$1,000), thus maintaining your position as the high bidder.

#### ***MaxBid to be used as a Tie Breaker***

*MaxBid* helps prevent "sniping" (the practice of placing a bid likely to exceed the current highest bid as late as possible—usually seconds before the end of the auction, giving other bidders no time to outbid) at the end of the auction.

- Utilizing *MaxBid* early in the bidding process could enhance your winning position in the bidding at the close of the auction.

# HARRIS COUNTY TAX SALE

Example:

The current high bid on a property is \$100,000, and that high Bidder has set a MaxBid at \$120,000. Another bidder places a bid of \$120,000 (exactly matching the original bidder's *MaxBid* amount).

**RESULT:** The original high Bidder, who was **first** to set a \$120,000 MaxBid, will win the tie breaker and thus become the winning Bidder, with a new high bid amount of \$120,000.

## **Overtime or Extended Time**

- Per Texas Statute, the Delinquent Tax Sale must end at 4:00 p.m. Central Time, therefore extended bidding or overtime is not implemented in Harris County.

## **Balance-Owed Payment**

- The properties offered at the current month's tax sale shall be sold to the highest bidder.
- The winning Bidder for each property shall pay in full within 48 hours from the close of the auction.
- Electronic Debit (ACH) or other approved means will be accepted.
- Should a winning Bidder fail to comply with these Balance-Owed Requirements, the taxing units may pursue their remedies pursuant to Rule 652 of the Texas Rules of Civil Procedure against winning Bidders who do not meet the Balance-Owed payment deadline.

## **POST-AUCTION**

### **Payment Receipt & Deed**

- A receipt showing the winning bid amount is issued on the day of the sale and a **Deed Under Order of Sale in Tax Suits (Deed)** is issued within 4-6 weeks of the auction date.
- The name indicated on the Bidder Registration application will be the name appearing on the new Deed.

### **All Sales Are Final**

- There will be **NO REFUNDS** on a property sold through this tax sale due to a winning Bidder's error, Bidder's remorse, or Bidder's inability to perform due diligence.
- Failure to complete a purchase constitutes a breach of contract and may result in legal action against the Purchaser.

### **Redemption Period**

- Most properties sold at the Harris County Delinquent Tax Sale are subject to the defendant's right of redemption – two (2) years for a residence homestead and 180 days for non-homestead properties.
- To redeem the property, the Defendant must/should either:
  - Contact the purchaser or
  - Complete a redemption affidavit form, which can be found at [www.texaslawhelp.org](http://www.texaslawhelp.org)
  - Submit a written and notarized statement of their wishes
  - Seek legal assistance

## **TERMS AND CONDITIONS**

### **Bidder's acknowledgement and agreement to the terms and conditions**

Each participating Bidder, upon registration, in any monthly online Harris County Tax Sale, shall be deemed to have read, acknowledged, and agreed to be bound by the Terms and Conditions for the Harris County Tax Sale.

### **Liability and Warranty Disclaimer**

# HARRIS COUNTY TAX SALE

All of the information on this website and our vendor's website is published in good faith and for general information purposes only. Neither the Harris County Tax Office, nor the taxing jurisdictions it represents, make any warranties about the condition of the properties, title, completeness of the property listing, or the accuracy of the information.

From our HCTAX website, an individual can follow hyperlinks to visit other sites. While the HCTAX website strives to provide only links to useful and ethical websites, we have no control over the content and nature of these sites and the links to other websites do not imply a recommendation for any of the content found on these sites.

Exercise due diligence by thoroughly researching each property before bidding. Any action you take on the information provided on our website is strictly at your own risk. We are not liable for any losses and/or damages in connection with the use of our website or the information provided therein.

## **Harris County Disaster Policy**

**For the duration of the state and local disaster declaration addressing the novel coronavirus commonly known as COVID-19 issued pursuant to Section 418.014 and Section 418.108 of the Texas Government Code, it is the policy of Harris County not to list for sale occupied residential properties where Harris County is the lead plaintiff.**

**The Commissioners Court of Harris County reserves the right to direct the Harris County Attorney and Harris County Tax Assessor-Collector in the event of future local disaster declarations as to whether certain properties will not be posted by Harris County.**

## ORDER OF COMMISSIONERS COURT

The Commissioners Court of Harris County, Texas, met in regular session at its regular term at the Harris County Administration Building in the City of Houston, Texas, on \_\_\_\_\_, with all members present except \_\_\_\_\_.

A quorum was present. Among other business, the following was transacted:

### ORDER ADOPTING THE HARRIS COUNTY TAX SALES RULES

Commissioner \_\_\_\_\_ introduced an order and moved that Commissioners Court adopt the order. Commissioner \_\_\_\_\_ seconded the motion for adoption of the order. The motion, carrying with it the adoption of the order, prevailed by the following vote:

	Yes	No	Abstain
Judge Lina Hidalgo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. Rodney Ellis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. Adrian Garcia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. Tom S. Ramsey, P.E.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. R. Jack Cagle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The County Judge thereupon announced that the motion had duly and lawfully carried and that the order had been duly and lawfully adopted. The order thus adopted follows:

The County Attorney's Office worked with the Harris County Tax Office along with other County departments and agencies to draft the attached rules for Commissioners Court consideration pursuant to Chapter 34 of the Texas Property Tax Code. The attached rules are adopted pursuant to that finding.

#### IT IS ORDERED THAT:

1. The Harris County Tax Sales Rules are hereby adopted.
2. The rules shall become effective at the time Harris County begins the use of the Online Tax Sale platform.
3. All Harris County officials and employees are authorized to do any and all things necessary or convenient to accomplish the purposes of this order.