

## THE TAX SALE PROCESS – Frequently Asked Questions

### **Why is the Municipality selling these properties?**

As per provincial legislation, a municipality may recover unpaid taxes through the sale of the property. By the time a property is eligible for tax sale the property taxes are at least in their third year of arrears.

### **How does the Municipality sell these properties – is there a realtor involved?**

No. The Municipality uses an external company to provide support in preparing documents, advice and ensuring compliance with legislation throughout the tax sale process. In addition to the legislated advertising requirements, this remains a more economical option to assist the Municipality in meeting all regulatory requirements while ensuring good market exposure to potential bidders. Packages are available from the Municipal office during a Tax Sale Process.

### **Can I really buy a property so cheaply?**

Tax sales are not typical real estate transactions and there are risks associated with this type of transaction. The Municipality is only interested in recovering the unpaid taxes and is not obligated to, nor incented to obtain fair market value. Prior to considering participating in a tax sale, it is highly recommended that potential bidders seek advice from a lawyer licensed to practice in Ontario and in good standing with the Law Society of Upper Canada, and conduct thorough research before submitting a bid.

### **Can the Municipality recommend a lawyer?**

The Municipality does not provide recommendation for legal counsel.

### **What does 'Cancellation price' mean?**

An amount equal to all tax arrears owing at any time in respect of land together with all current real property taxes owing, interest, penalties thereon, other land-related costs and all reasonable costs incurred by the Municipality after the Treasurer becomes entitled to register a Tax Arrears Certificate under Section 371 of the *Municipal Act, 2001*.

### **Up to what point can the owner pay the taxes and avoid the sale?**

The owner can pay the 'cancellation price' at any time up to the point in which the property is either transferred to the successful tenderer or vested to the Municipality due to the failed tax sale.

### **How would I determine if there is a mortgage or any liens owed against the property?**

It is the responsibility of the tenderer to search title at their expense.

### **Am I able to view and/or tour the property?**

The Municipality cannot provide access to view or tour the property. Access without authorization from the owner of the property is considered trespassing.

### **Who is the legal owner of the property during the tax sale process?**

Legal title does not change until a successful purchase occurs or the property becomes vested (usually if there are no eligible bids and only if the Municipality decides to take the property into its possession).

### **What is the condition of the property? What if the property is in poor condition or there is debris or "junk" on the premises?**

Properties are sold **AS IS**. The Municipality does not make any representation as to the condition or size of the property. The purchaser is responsible for the removal of any debris, "junk", etc. left at the property and any associated expenses.

### **What if the property is occupied?**

The Municipality does not guarantee vacant possession. Please contact a lawyer licensed to practice in Ontario and in good standing with the Law Society of Upper Canada.

### **What are the annual utility costs?**

The Municipality does not have this information.

**What other costs are payable to the Municipality if I am the Purchaser?**

The Purchaser is responsible for payment of any additional taxes, charges, penalties and interest that may be owing subsequent to the property being advertised for sale. In addition, the successful tenderer is responsible for the land transfer taxes, registration fees and HST, if applicable. All instalments and interest up to the tax sale date have been included in the final cancellation price.

**If I am not the highest tenderer, do I receive my deposit cheque back at the tender opening?**

No. Deposit cheques will not be released at the tender opening under any circumstances. Deposit cheques of unsuccessful tenderers will be returned by registered mail ONLY.

**My tender submitted is much lower than others – why may I not receive my deposit cheque back at the tender opening?**

The Municipality must review all tenders for compliance with the requirements of the legislation and Municipal processes following the public opening. The highest tender may not be the successful tender. Tenders can be rejected for a variety of reasons including noncompliance with legislation. Lower tenders may be considered.

**Can I pick up my deposit cheque?**

No. You cannot pick up your cheque. Deposit cheques of unsuccessful bidders shall be returned to them by registered mail ONLY.

**When will I know if I am the successful tenderer?**

The successful tenderer will be notified by registered mail within 1 week following the public sale. The Municipality will notify the highest tenderer of the balance to be paid in order for the tenderer to be declared the successful purchaser. The balance due must be paid in full within 14 calendar days of the mailing date of the notice. Upon receiving notification, the highest tenderer should immediately retain a lawyer licensed to practice in Ontario and in good standing with the Law Society of Upper Canada.

**What happens if the successful tenderer does not follow through?**

The successful tenderer's deposit is forfeited and the land is offered to the second highest qualified tenderer who has 14 calendar days from being notified by registered mail to pay the balance owing.

**How do I get keys for the property?**

The Municipality does not have a key to the property and is not responsible to provide one to the purchaser.

**What happens if the property fetches more than the cancellation price – what happens to the extra money? What about the other parties that might have an interest in the property (i.e. lienholders, creditors)?**

Any monies received as part of the tender that are not required to clear the cancellation price are returned to the Courts. Parties who may have a claim may be able to apply to the court to access these residual monies to cover their loan or other interest.

**What happens to the property if the Municipality does not receive any tenders?**

The Municipality has two years from the date of the failed tax sale to vest the property to the Municipality or re-advertise for tax sale.

**How long does the tax sale process take?**

The tax sale process is initiated by the registration of a tax arrears certificate in the land registry office. In the event the cancellation price is not paid before the expiry of the one-year redemption period, these properties can be disposed of either by public auction or by public tender. Advertisements are published in the local newspaper (Mattawa), for four consecutive weeks and the Ontario Gazette for one week.

**What is the property assessed for and/or what are the annual property taxes?**

Assessment values are available by viewing the tax roll ledgers at the Municipal office. Normally, staff are not available to assist with review of the roll books, but the books are available for public viewing and are organized by roll number. Assessed values are provided in the roll book, along with specific property details such as size, zoning, etc. To determine annual taxes you can multiply the assessed values by the appropriate tax rates – tax rates are available on the Municipality’s website [www.calvintownship.ca](http://www.calvintownship.ca) under By-laws.

**What are the zoning and planning opportunities and limitations that exist for this parcel?**

The Municipality cannot comment on specific opportunities. We recommend that a planner be engaged to discuss this type of question. Our Comprehensive Zoning By-law and Official Plan, as well as a zoning map that may assist in identifying specific zoning information at the time of the publication, may also be found on our website at [www.calvintownship.ca](http://www.calvintownship.ca)