

Registration Process for Third Party Purchasers at the County Clerk's Office

All third party purchasers wishing to participate in a particular county's tax sale must complete a registration form and submit it along with all required fees and deposits to the county clerk's office by the advertised date. A sample registration form is included in the Appendix of this manual. Keep in mind that the purchase thresholds in effect for registration with the Department of Revenue do not apply when registering with the county clerk. The following items need to be submitted to the county clerk's office within 10 days prior to the tax sale date:

The registration form that contains the name and contact information for the third party purchaser;

A copy of the registration certificate issued by the Department of Revenue (if necessary);

The list of priority certificates of delinquency the purchaser intends to acquire (if any);

The list of current year certificates of delinquency the purchaser intends to acquire (if any);

The applicable registration fees; and

All applicable deposit amounts.

Priority Certificates of Delinquency

This list of priority certificates of delinquency is to be clearly marked as such and it needs to include the following information:

The current year's tax bill number;

The name on the tax bill;

The amount due on the certificate of delinquency;

The prior year certificate of delinquency's bill number;

The prior year certificate of delinquency's tax year;

The book and page number where the prior year certificate of delinquency is filed, if applicable;

The account or parcel identification number if used by the county to identify specific properties; and

Upon request of the county clerk, a copy of the prior year certificate of delinquency.

A deposit of 100% of the value of each priority certificate of delinquency is required from the third party purchaser. In accordance with KRS 134.126 (1)(b), the county clerk can specify the form of payment that will be accepted; however, the county clerk cannot require only cash as a method of payment.

Current Year Certificates of Delinquency

The list of current year certificates of delinquency shall be prepared by the third party purchasers in an order and format as required by the county clerk and shall include the following information:

The tax bill number;

The taxpayer name;

The amount due on each certificate of delinquency;

The account or parcel identification number if the county uses that number to identify specific properties; and

The following sworn statement: "I hereby certify that I am not participating in this

sale in conjunction with any related person or related entity to obtain any advantage over other potential purchasers at the sale.”

A deposit of 25% of the total value of the certificates of delinquency on these lists is required. Again, the county clerk can specify the form of payment that will be accepted; however, the county clerk cannot require only cash as a method of payment.

Registration Fees

A registration fee up to a yearly maximum of \$250.00 must be paid by a third party purchaser no matter when a certificate of delinquency is acquired during the year. If a prior year certificate of delinquency is purchased before the current year’s tax sale, a registration fee of \$10.00 needs to be added to the total due. For certificates of delinquency purchased at the tax sale, a fee of \$5.00 for each certificate included on the purchaser’s priority list and \$10.00 for each certificate included on the purchaser’s current year list must be paid at the time the lists are submitted. Whenever the \$250.00 maximum has been reached, no further registration fees can be charged until the next calendar year. Therefore, it is important for the county clerk to implement a method to track the amount of registration fees paid by a third party purchaser to both ensure the appropriate amount of fees – up to the \$250 maximum – is received and to avoid overcharging a third party purchaser. See page 14 of the manual for a discussion on third party purchases made after the current year’s tax sale has been held.

Refund of Registration Fees Paid to Participate at the Tax Sale

In some cases a third party purchaser will wind up acquiring only a small number of certificates of delinquency at a tax sale and they will request a refund of a portion of the registration fee that was paid to the county clerk’s office. County clerks are under no obligation to issue a refund of the registration fees. In accordance with the governing regulation, the registration fee charged is a function of the number of certificates included on the third party purchaser’s list of priority and current delinquencies – not the number of certificates actually purchased at the tax sale. A copy of the regulation – 103 KAR 5:180 – is included in the Appendix of this manual.

Review of Registration Information and Priority Lists of Certificates

The time period between the registration deadline and the tax sale date should be used to review the lists of priority certificates of delinquency submitted by third party purchasers. The county clerk needs to verify that the registrant actually has a priority right to purchase the listed certificate of delinquency. There will likely be instances where multiple third party purchasers include the same priority certificate of delinquency on their lists. Keep in mind that the purchaser holding the prior year claim for the most recent year is entitled to purchase the current year’s certificate of delinquency for the same property. However, if the third party purchaser with the most recent year fails to include the current year certificate of delinquency on his or her list, the priority will transfer to the purchaser with the next most recent year who has included the certificate on his or her priority list. The county clerk will also use this time period to ensure that each third party purchaser has properly registered with the Department of Revenue. Additionally, if the county clerk has any information that a third party purchaser may be attempting to subvert the fairness of the tax sale all relevant materials need to be forwarded to the county attorney and Department of Revenue for further review. This does not prevent the sale from going forward and does not necessarily prohibit the third party purchaser in question from participating in the sale.