

You found a tax auction. Now what?

Most first-timers make expensive mistakes because they don't know the rules. This checklist gives you the 5 things every beginner must understand before placing a single bid.

01

Know the auction type — deed sale vs. lien sale

Tax deed states (CA, TX, FL, NY) sell you ownership of the property directly. Tax lien states (NJ, IL, AZ, FL) sell you the debt, not the property — you earn interest but must foreclose separately to take title. These are completely different investments with different risks and timelines.

& Look up your state's auction type FIRST. Never bid in a state you haven't researched.

02

Find the registration deadline — it's always earlier than you think

Counties close bidder registration 1–3 weeks before the auction. Miss it and you're locked out until the next cycle, which could be 6–12 months away. Most auctions also require a refundable deposit (\$500–\$5,000) to activate your bidding account.

& Visit the county Tax Collector's website the moment you hear about an upcoming auction.

03

Research every parcel before you bid — not during

All properties are sold AS-IS with no warranties. Check: county assessor records (size, zoning), satellite imagery (Google Earth), flood zone maps (FEMA), and whether the property has legal road access. If you can't physically access the property, it may have no market value.

& If you can't answer "What is this parcel actually used for?" — don't bid.

04

Understand what liens survive the auction

A tax deed typically wipes out mortgages and judgment liens. But some survive: IRS federal tax liens (120-day redemption right), environmental/Superfund liability, and active code enforcement liens in some counties. Budget for a title search on any property over \$5,000.

& Always check for IRS liens on properties with structures. They're rare but real.

05

Know the payment timeline — winning isn't the finish line

After winning a bid, you typically have 24–72 hours to pay in full. Wire transfer or cashier's check only — no credit cards or personal checks. The deed takes 30–90 days to record after payment. Until then, you don't legally own the property yet.

& Have your funds ready BEFORE the auction starts. Scrambling for wire transfers after winning is how people lose their deposit.

Ready to go deeper?

Get the county-specific guide for your target auction — exact dates, procedures, contacts, and legal rules.

deeddrop.com/guides

From \$6.49 per county