

# Michigan Department of Treasury, Foreclosure Services

## Public Land Auctions

### *Frequently Asked Questions (FAQ's)*

Q. *What kind of property is the department offering for sale?*

A. Property offered at our public land auctions has been foreclosed this year due to delinquent real property taxes. Parcels may be vacant residential or commercial lots, or may have structures on them. It is the customer's responsibility to thoroughly investigate potential purchase parcels with the local municipality.

Q. *Are parcels sold at foreclosure auctions still subject to former owner rights or other liens?*

A. The foreclosure process extinguishes the rights of former owners of interest, including tax payers, mortgage companies and banks. The only liens that survive foreclosures are those filed by governmental agencies in relation to the environmental protection act. Individuals interested in parcels associated to Department of Environmental Quality (DEQ) liens should contact the DEQ to discuss lien amounts that may become the responsibility of purchasers. Recorded or visible easements, right of ways and deeds, and environmental restrictions also survive the foreclosure.

The State of Michigan is obligated to serve notice of the show cause hearings and foreclosure hearings to all lien holders. In the rare event that the State of Michigan fails to properly notify the Internal Revenue Service (IRS) regarding property on which the IRS has placed a lien, such IRS liens would survive the foreclosure process.

Q. *What is the status of the property taxes or other bills associated to the auction parcels?*

A. Individuals who purchase parcels at our auctions are responsible for the taxes that are due and payable in the year of purchase, as well as any subsequent years' taxes. In addition, buyers assume responsibility for remaining years of special assessments, beginning in the year of purchase.

Buyers are not responsible for costs incurred by the local municipality during the year of the auction. All liens for costs of demolition, safety repairs, debris removal, or sewer or water charges are cancelled effective December 31 (211.78m(13)).

Q. *Are buyers responsible for special assessments associated to the auction parcels?*

A. Special assessments levied through the year of the auction are included in the minimum bids. All bidders should contact city or township offices to determine if there are any outstanding bonded assessments for future tax years on the properties being offered.

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Q. *How does the auction work? Must bidders attend the auction? Will the State accept Internet or phone bids? Can a bidder register at any time?*

A. Registration to bid may take place at anytime throughout a day's auction, and is open to anyone over the age of 18 with valid identification. Our parcels are sold to the highest verbal bid offered at the auctions. Individuals must attend the auctions, in person, or send a representative or agent to act on their behalf. Agents, who represent other individuals or business organizations, must register with their own personal information, and assume personal financial responsibility for all bids that they make. After winning a bid, agents complete paperwork that indicates to whom the deed should be issued.

Q. *What sort of payment may be made for parcels purchased at the auctions? How much time does a bidder have to pay for parcels?*

A. The full purchase price must be paid the day of the auction. Payment must be received within **1 hour** of the final bid for the day. The State will only accept cash or cashier's checks as payment for parcels which, including fees, total \$1,000.00 or less. Purchases totaling more than \$1,000.00 **MUST** be paid in full by cashier's check. We will **NOT** accept personal checks, business checks, money orders or charge cards. Cashier's checks should be made payable to the State of Michigan or to the bidder. We cannot accept cashier's checks made payable to corporations or organizations.

Bidders should arrange for multiple pre-issued cashier's checks, each limited to \$20,000 or less, rather than producing a single large-amount check for payment. The authorized amounts for on-site State refund checks are limited. Larger refunds will require issuance of a State Treasurer's warrant, mailed by the Department of Treasury in Lansing.

Q. *What sort of deed is issued by the State? Does the State offer title insurance for these parcels?*

A. The State issues quit claim deeds for parcels sold at our public land auctions. The State does not offer title insurance, nor does it claim that title insurance companies will insure such parcels.

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Q. *Once a parcel is sold, how soon may the buyer take possession of structures or evict tenants?*

A. Immediately after purchase, buyers should take steps to secure their equity in the property by securing vacant structures and obtaining homeowners insurance for occupied structures. Buyers should not take possession, nor attempt eviction of occupants until they receive copies of their deeds, which are issued thirty days after purchase. The State sends deeds directly to the county registers of deeds for recording within thirty days of the sale, and later forwards the recorded deeds to the purchasers.

Personal property located on tax foreclosed land or within structures situated on foreclosed land does not belong to the State of Michigan and is not subject to the ownership of prospective real property purchasers. Successful purchasers should investigate personal property ownership, and attempt to notify personal property owners of their rights to reclaim such property.

Q. *What happens to parcels that don't sell at the auctions?*

A. Statute mandates that the State conduct two public auctions, at least 28 days apart, between the third Tuesday in July and the first Tuesday in November. Parcels not sold at the first auction are offered at the second auction. Following the second auction, the local unit of government takes title to unsold parcels, unless they submit written objection to the transfer of title by December 30. In the case of municipality objection, title to parcels shall vest in the State's Land Bank Fast Track Authority, which operates under the Department of Labor and Economic Growth.

Q. *How often does the Michigan Department of Treasury conduct land auctions? Where can I get a list of parcels for sale and how can I get results from previous foreclosure auctions?*

A. The Department of Treasury conducts two public land auctions, at least 28 days apart, between the third Tuesday of July and the first Tuesday of November, each year. Information regarding these auctions and listings of parcels typically appear on our [Foreclosure Services](#) web page, at least thirty days prior to the auctions.

While some county treasurers are printing copies of the State's parcel listings to distribute to the public, the State does not mail parcel listing catalogs, nor do we provide copies of the listings at the auctions, and cannot be held responsible for any reproductions of our web listings.

The State makes every attempt to group parcels and schedule auction sites as central to the various parcels being offered, as possible. However, multiple factors such as number of parcels, travel, facilities and cost effectiveness, are also considered in determining the locations of the auctions.

Auction results are published on our web within two weeks following the completion of each auction.

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Q. *How can I actually find the parcels offered at the auctions?*

A. The State offers parcels based solely on their legal descriptions. It is the responsibility of prospective purchasers to do their own research as to the use of the land for their intended purpose and to make a personal inspection of the property on the ground to determine if it will be suitable for the purposes for which it is being purchased. The State of Michigan makes neither representations nor claims as to fitness for purpose, ingress/egress, conditions, covenants, or restrictions. Occupied structures may not be entered without the tenants' permission. Secured vacant structures may not be entered

Most often, local municipalities such as the City Assessor or Township Supervisor have resources to assist the public with parcel dimensions and with interpreting and locating legal descriptions.

Subdivision plat maps for the entire state are available via the Department of Labor and Economic Growth at [http://www.cis.state.mi.us/platmaps/sr\\_subs.asp](http://www.cis.state.mi.us/platmaps/sr_subs.asp).

**\*\* Please note that this FAQ's sheet is not a substitution for the department's [Rules and Regulations](#) for public land auctions. Our Rules, which are subject to change, should be reviewed thoroughly prior to participation in any land auction.**