

# Missouri Tax Sale for Delinquent Real Estate Tax



**Prepared for 7-24-2023**

**By Michelle D. McBride**

Past President of the National Association of  
County Collectors, Treasurers & Finance Officers

St. Charles County Missouri Collector of Revenue  
201 North Second Street, Suite 134  
Saint Charles, MO 63301  
(636) 949-7900 Ext 3976  
[mmcbride@sccmo.org](mailto:mmcbride@sccmo.org)



# Enabling Legislation

## Revised Statues of Missouri (RSMo)

### Chapter 140 RSMo

Passed in 1909

Many changes thru the years

Most Missouri Counties operate under this chapter

### Chapter 141 RSMo

Passed in 1939

Many changes thru the years

St. Louis City operates under this chapter

Jackson County (*Kansas City area*) operates under this chapter

[www.Revisor.mo.gov](http://www.Revisor.mo.gov)



# Three Phases of Tax Sale



# Types of Offerings at the Sale

First Offering



Second Offering (Sec 140.240 RSMo)



Third Offering (Sec 140.250.1 thru 3 RSMo)



Subsequent to Third Offering (Sec 140.250.4 RSMo)



{Optional - Over the Counter Sale (Sec 140.260.8 RSMo)}

# Potential Outcomes at Sale First, Second and Third Offerings

- **No Bid** - stays on the tax role and possibly gets paid before the next sale, otherwise becomes the “next offering” the following August
- **Bid for outstanding amount only** - Certificate of Purchase gets issued and recorded as a lien on the property
- **Bid for more than the outstanding amount** - Certificate of Purchase gets issued and recorded as a lien on the property and Surplus gets transferred to the County Treasurer to be held in trust (Sec 140.230.2 RSMo)



**A Subsequent to Third Offering Sale results in the immediate issuance of a Collector's Deed - No Certificate of Purchase** (Sec 140.250.4 RSMo)

# Post Sale Activities

Not mutually exclusive

Redemption

Deed Issuance

Surplus Release

{Lien Release}



# Redemption

Sec 140.340 thru 140.380 RSMo

- ▶ Purchaser made whole
  - ▶ Bid Amount plus statutory interest plus statutory reimbursable expenses
- ▶ Owner “saves” their property
  - ▶ Absolute right to redeem within one year of sale
  - ▶ Defeasible right to redeem until the purchaser acquires a deed
  - ▶ No need to redeem if no deed is called for

## Statutory Interest - Sec 140.340.2 RSMo

- Not to exceed ten percent per annum on taxes and costs satisfied at sale
- Rate of eight percent per annum on subsequent taxes paid

Calculation varies by County. (full percentage, pro-rated by month, pro-rated by day)



# Surplus Release

- ▶ Redemption - goes back to the purchaser
- ▶ Collector's Deed Issuance (Sec 140.230.2 RSMo)
  - ▶ Lienholders
  - ▶ Publicly recorded owner(s) at time of sale or legal representatives
    - ▶ Claims made to the County Commission (Sec 140.230.3 RSMo)
    - ▶ Lien Order set as of Date of Sale
    - ▶ Competing Claims the Commission can file an interpleader with the court
- ▶ Three years after sale - goes to the school fund of the county (Sec 140.230.2 RSMo)

Sec 140.440 RSMo provides for a purchaser to receive the surplus money paid by him/her should a subsequent certificate of purchase issue {before the expiration of three years post sale} ... Purchase must surrender the certificate and Collector must cancel the first certificate issued on the parcel



# Deed Application - Purchaser Duties



## **Section 140.405 Revised Statutes of Missouri (RSMo)**

(L. 1984 S.B. 707, A.L. 1987 H.B. 283, A.L. 1996 H.B. 1469 merged with S.B. 914, A.L. 1998 S.B. 778, A.L. 2003 S.B. 295, A.L. 2010 H.B. 1316, A.L. 2013 H.B. 175 merged with S.B. 248, A.L. 2015 H.B. 613)

**140.405. 1.** Any person purchasing property at a delinquent land tax auction shall not acquire the deed to the real estate, as provided for in section [140.250](#) or [140.420](#), until the person meets the requirements of this section, except that such requirements shall not apply to post-third-year sales, which shall be conducted under subsection 4 of section [140.250](#). The purchaser shall obtain a title search report from a licensed attorney or licensed title company detailing the ownership and encumbrances on the property.



# Purchaser Notifications Duty

140.405. 2. At least ninety days prior to the date when a purchaser is authorized to acquire the deed, the purchaser shall notify the owner of record and any person who holds a publicly recorded unreleased deed of trust, mortgage, lease, lien, judgment, or any other publicly recorded claim upon that real estate of such person's right to redeem the property. Notice shall be sent by both first class mail and certified mail return receipt requested to such person's last known available address. If the certified mail return receipt is returned signed, the first class mail notice is not returned, the first class mail notice is refused where noted by the United States Postal Service, or any combination thereof, notice shall be presumed received by the recipient. At the conclusion of the applicable redemption period, the purchaser shall make an affidavit in accordance with subsection 5 of this section.



# Additional Notice may be required



140.405. 4. In the case that both the certified notice return receipt card is returned unsigned and the first class mail is returned for any reason except refusal, where the notice is returned undeliverable, then the purchaser shall attempt additional notice and certify in the purchaser's affidavit to the collector that such additional notice was attempted and by what means.



Relates back to 140.405.2

States when additional Notification actions required by Purchaser

Calls for certification in affidavit

# Deed Application Review

140.405. 5. The purchaser shall notify the county collector by affidavit of the date that every required notice was sent to the owner of record and, if applicable, any other publicly recorded claim on the property. To the affidavit, the purchaser shall attach a copy of a valid title search report as described in subsection 1 of this section as well as completed copies of the following for each recipient:

- (1) Notices of right to redeem sent by first class mail;
- (2) Notices of right to redeem sent by certified mail;
- (3) Addressed envelopes for all notices, as they appeared immediately before mailing;
- (4) Certified mail receipt as it appeared upon its return; and
- (5) Any returned regular mailed envelopes.

As provided in this section, at such time the purchaser notifies the collector by affidavit that all the ninety days' notice requirements of this section have been met, the purchaser is authorized to acquire the deed, provided that a collector's deed shall not be acquired before the expiration date of the redemption period as provided in section [140.340](#).



# Deed Application - Third Offering



**140.405. 6.** If any real estate is purchased at a **third-offering** tax auction and has a publicly recorded unreleased deed of trust, mortgage, lease, lien, judgment, or any other publicly recorded claim upon the real estate under this section, the **purchaser** of said property shall **within forty-five days** after the purchase at the sale **notify** such person of the person's **right to redeem** the property within ninety days from the postmark date on the notice. Notice shall be sent by both first class mail and certified mail return receipt requested to such person's last known available address. The purchaser shall **notify** the county **collector by affidavit** of the date the required notice was sent to the owner of record and, if applicable, the holder of any other publicly recorded claim on the property, that such person shall have ninety days to redeem said property or be forever barred from redeeming said property.

**140.405. 7.** If the county collector chooses to have the title search done then the county collector may charge the purchaser the cost of the title search before giving the purchaser a deed pursuant to section [140.420](#).

**140.405. 8.** **Failure** of the purchaser to comply with this section shall result in such purchaser's **loss of all interest in the real estate** except as otherwise provided in sections [140.550](#) and [140.570](#).



# Deed Application Review

140.405. 9. The phrase "**authorized to acquire the deed**" as used in this chapter shall mean the date chosen by the tax sale purchaser that is more than the minimum redemption period set forth in section [140.340](#) if the tax sale purchaser has complied with the following requirements entitling the purchaser to the issuance of a collector's deed:

- (1) **Compliance with the requirements of this section to the satisfaction of the collector;**
- (2) Payment of the recording fee for the collector's deed as required under section [140.410](#);
- (3) Production of the original of the certificate of purchase as required under section [140.420](#), or production of an original affidavit of lost or destroyed certificate approved by the collector as to form and substance; and
- (4) Payment of all subsequent taxes required to be paid under section [140.440](#).

# Collector Discretion aka “to the satisfaction of the collector”

(Sec 140.405.9.(1) RSMo)

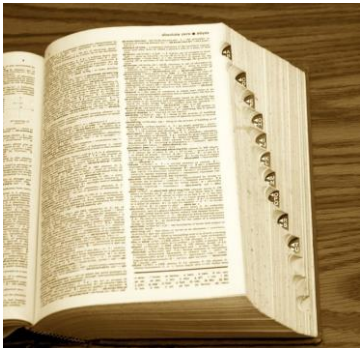
**THE LAW DICTIONARY** ([thelawdictionary.org](http://thelawdictionary.org))

Your Free Online Legal Dictionary • Featuring Black's Law Dictionary, 2nd Ed.

**ABSOLUTE DISCRETION** Definition & Legal Meaning

Definition:

**The final and total power of acting on your own judgement.**



[Dictionary.com](http://Dictionary.com)

**discretion**

[ dih-skresh-uhn ]

*noun*

the power or right to decide or act according to one's own judgment; freedom of judgment or choice: *It is entirely within my discretion whether I will go or stay.*

# Collector Discretion aka “to the satisfaction of the collector”

(Sec 140.405.9.(1) RSMo)

## Letter of the Law vs Spirit of the Law

Return Receipt Requested – Paper vs Digital

Payment of taxes assessed after Certificate of Purchase issues

## Notification

- Who?
- How?
- Sufficient?

Sections 140.405.2, 140.405.4, 140.405.6, and 140.405.10 RSMo

## Affidavit

Content and Copies provided

Sections 140.405.2, 140.405.4, 140.405.5, and 140.405.6 RSMo





# Lien Release

## ▶ Auto-Expiration Clause on Certificate of Purchase

Page 2 of 2 - Certificate of Purchase No. 1616

At any time after the expiration of one year from the date of this sale the above-named purchaser, his heirs or assigns, will upon application and compliance with the provisions of law pertaining thereto, be entitled to a Deed of Conveyance for any real estate herein described, which shall not have been redeemed, provided, that on the failure of the holder of this certificate to take our said deed, as entitled by law, and file same of record within eighteen (18) months from the date of such sale, then and in that event the amount due such purchaser **shall cease to be a lien** on such lands so purchased as herein provided.

## ▶ Recording of a Certificate of Redemption *that includes language stating the lien is released*

**CERTIFICATE OF REDEMPTION No. 987** (SCCMoCOR 09-29-2015)

**Release of Lien** created by Tax Sale Certificate of Purchase No. 1590 recorded in Book: 2022R, Page: 047928

## ▶ Recording of a “Release of Lien” *separate document*



Thank you!

