



TO: Alliant National Texas Agents
DATE: July 10, 2025
SUBJECT: ***INSURING AFTER TAX SALES***

The purpose of this bulletin is to set out the guidelines of Alliant National Title Insurance Company (ANTIC) regarding insuring transactions after a tax sale has occurred. A tax sale is where a government entity forces the sale of real estate due to unpaid taxes of the owner.

Following a tax sale, the prior owner(s) may still assert rights to the property for a period of time by either challenging the validity of the tax sale itself or by exercising their right of redemption. A **right of redemption** is the power of a prior owner to reclaim the property sold at a tax sale by paying the sales amount of the property, any recording fees, taxes, penalties, interest, and costs on the property, plus a redemption premium. The statute of limitations for this right can vary depending on the prior use of the property, not to exceed two years from the recording date of the sheriff's deed (tax sale deed). A right of redemption cannot be transferred to another person.

Foreclosed Owner Exercising Right of Redemption:

In most cases, in order to insure, ANTIC will require a deed from the 3rd party purchaser who purchased at the tax foreclosure sale. However, ANTIC will consider insuring the redemption on a case-by-case basis if the redeeming party can provide proof that the Central Appraisal District Office paid the redemption fee to the 3rd party who purchased the property at the tax foreclosure sale. If your transaction involves a foreclosed owner exercising their right of redemption, please contact Underwriting for further guidance.

Foreclosures After Property Tax Liens Transfer to Private Entity:

When a property tax lien has been transferred to a private entity and the lien is subsequently foreclosed upon, it has the same effect as if it was a tax foreclosure by the taxing entity. They should be treated in the same manner as set forth below.

The following questions must be answered before a tax sale can be determined to be insurable:

- (1) Is the proposed insured a buyer at a tax sale or a lender when the borrower is the buyer at a tax sale?**
 - a. If yes, do **not** insure. It is the position of Alliant National Title that we do not insure a buyer at a tax sale, nor a lender when the borrower is the buyer at the tax sale.
 - b. If no, continue with the examination.
- (2) Was the prior owner potentially in the military at the time of the tax sale?**
 - a. If yes, obtain Underwriting approval prior to continuing. Active military service can affect both the time period for the right of redemption (where the prior owner has the option to reclaim the land) as well as the statute of limitations for challenging the tax foreclosure.
 - b. If no, continue with the examination.

(3) Does the Sheriff's Deed (Tax Sale Deed) contain the following criteria:

- a. Acceptable legal description;
- b. Description of the tax suit judgment commanding the sale; and
- c. Recites, as defendants, the owners of all recorded property interests and all liens, as determined by title examination.
- d. If the deed is missing any of the above-described criteria, obtain a deed from all the owners and releases of all liens.

(4) How long has the Sheriff's Deed been recorded?

- a. If recorded for **more than 2 years**, examine the Sheriff's Deed together with the underlying tax suit.
 - i. Do the defendants in the tax suit match both the Sheriff's Deed and the record owners and lienholders in the chain of title?
 1. If yes, continue with the examination.
 2. If no, obtain a deed from all missing owners and/or release from all missing lienholders.
 - ii. Did all the defendants in the tax suit receive notice of the sale by personal service?
 1. If yes, then no additional requirements are needed for the tax sale.
 2. If no, obtain a deed from any owner and/or release from any lienholder who was/were not personally served.
 3. This information can generally be obtained by reviewing the documents in the court docket. Personal service means that notice of the suit was either delivered in person and the return of service shows receipt by the defendant, or it was delivered by mail and there is a "return receipt" signed by the defendant (Post Office "green card").
- b. If recorded **less than 2 years**, examine the Sheriff's Deed together with the underlying tax suit and the tax records.
 - i. Answer the following:
 1. Has the tax sale been recorded for less than 1 year?
 2. Was the land improved with 1-4 family housing?
 3. Was the land receiving an agricultural or open space valuation for tax purposes when the suit was filed?
 4. Did the land sold at the tax sale consist of both surface and any mineral ownership? The presumption is that mineral ownership is still held by the fee owner if the chain of title does not produce evidence of a reservation or conveyance of the mineral estate by a prior owner.
 - ii. If the answer to ANY of the above is yes, you must take exceptions to both the right of redemption (where the prior owner has the option to reclaim the land) and the possible invalidity of the tax sale and foreclosure. Examples of acceptable language are included at the bottom of this bulletin.
 - iii. If the answer to ALL of the above is no, did all of the defendants in the tax suit receive notice of the sale by personal notice?
 1. If yes, then no additional requirements are needed for the tax sale.
 2. If no, obtain a deed from any owner and/or release from any lienholder who was/were not personally served.

Reference Examples of Acceptable Language for both Exceptions and Requirements

(1) Exception for Possible Redemption:

Any rights of redemption in connection with the tax foreclosure and sale reflected by Sheriff's/Constable's Deed filed ____, and recorded in/under ____ of the Real Property Records of ____ County, Texas.

(2) Exception for Possible Invalidity:

Any claim of invalidity of the foreclosure and tax sale pursuant to judgment entered in Cause No. ____, District Court of ____ County, and as reflected by Sheriff's/Constable's Deed filed ____, and recorded in/under ____ of the Real Property Records of ____ County, Texas.

(3) Requirement for Deed from Prior Owner(s)

(Insert name) is grantee in deed to the subject property from ____, Sheriff, pursuant to the execution of a judgment for ad valorem taxes in Cause No. ____ against ____, Defendant. Company requires a Deed from ____, an apparent prior owner whose rights may not have been terminated by the sale, to said grantee.

If this requirement cannot be satisfied, the following exception will appear in the policy(ies):
Any claim of invalidity of the foreclosure and tax sale pursuant to judgment entered in Cause No. ____, District Court of ____ County, and as reflected by Sheriff's/Constable's Deed filed ____, and recorded in/under ____ of the Real Property Records of ____ County, Texas.

(4) Requirements for Release from Apparent Lienholder(s)

(Insert description of unaddressed lien)

(Insert name) is grantee in deed to the subject property from ____, Sheriff, pursuant to the execution of a judgment for ad valorem taxes in Cause No. ____ against ____, Defendant. Company requires a Release from ____, apparent lienholder who rights may not have been terminated by the sale.

If this requirement cannot be satisfied, the above-described lien will appear as an exception in the policy(ies) to be issued.