

The Norwalk, Connecticut Tax Collector's Office has prepared the following in response to receiving frequent questions from investors and other individuals from outside the jurisdiction concerning tax sale 'overbids'. If you are not a property owner or other party in interest we offer you this information in lieu of a personal response to your inquiries.

The City of Norwalk conducts tax sales in accordance with Connecticut General Statute 12-157. A complete copy of that statute follows this information.

While it is common to refer to certain amounts as 'overbids,' under statute, the amount bid over and above what was due to the City at a tax sale is technically not an 'overbid' until the end of the redemption period. From the time the final bid payment is made, until the date of redemption or the end of the redemption period, this amount is only an amount paid in excess of what was due. It does not become an actual 'overbid' until the redemption period is over.

NOTE: The City of Norwalk does not retain tax sale 'overbids.'

If bidding on a tax sale property becomes competitive, and the final bid is for more than the taxes and charges due to the City, the additional amount is frequently called an 'overbid.' Unlike many other jurisdictions in other states, in Connecticut, the tax collector and the City conducting the tax sale do not retain the 'overbid,' and are not responsible for the disposition of the 'overbid.'

When the successful bidder makes final payment of the purchase price, those funds are used to pay off all the back taxes and charges. Any amount paid over and above that amount is deposited into a separate account and held - temporarily - by the City.

The City holds the 'overbid' during the redemption period only, which extends six months from the date of the tax sale.

This means for a tax sale held in mid July 2014, the redemption period will extend until mid January 2015.

Two things can happen to the overbid.

1. If the property is redeemed by the owner or interested party within the six month redemption period, the tax collector will collect from them 1.) the amount of the minimum bid that was due at the time of the tax sale, and 2.) interest at the rate of 1.5% per month from the date of the tax sale on the total bid amount. These amounts will go toward the redemption of the property. The tax collector will also withdraw the amount of the 'overbid' from the city's account, and tender it to the bidder as part of the redemption amount. **Thus, the 'overbid' goes back to the bidder,** as part of the redemption of the property.

2. If the property is not redeemed, the owner loses title to the property. After the new deed is filed, per state statute, **the tax collector turns the overbid over to the Clerk of the Superior Court for subsequent distribution to the owner, the lienholders, or the state (escheat).**

In either case, the City does not retain the overbid. The City does not make a “profit” on tax sale properties, regardless of how much they sell for. The City is not responsible for determining who gets the overbid, or what the merits of any claim to the overbid are.

The City IS responsible only for notifying the owner and all parties in interest that had a choate lien against the property at the time the notice of sale was filed, about the overbid. We indicate the amount of the overbid, where it has been sent, and that they have the right to apply to the Court for the disposition of the overbid.

We send to the Court, along with each overbid, a complete listing of the names and addresses of the owner, and of all the parties in interest; a copy of all the tax sale documents; the title search commissioned by the City prior to the tax sale identifying the parties in interest; a copy of the tax collector’s deed; and any other information the Court asks for.

We send this to the Clerk of the Superior Court, Judicial District of Stamford / Norwalk, 123 Hoyt Street, Stamford CT 06905

The City of Norwalk is not required to maintain information concerning tax sale overbids beyond the normal statutory retention period. Once we send the overbid(s) to the Superior Court, and notify the owners and the parties in interest, **our obligation is concluded.**

Connecticut is different from some other jurisdictions in that the tax collector DOES NOT retain the overbid, and in that there are specific and detailed statutory directives that require the tax collector to notify the owners, and parties in interest, about the overbids. Overbids do not go ‘unclaimed’ in Connecticut. If they were not claimed by an owner or by a party in interest (which itself would be rare given the strict notice requirements) they would escheat to the State of Connecticut.

All of the tax sale notices that we are statutorily required to publish are still available on our City website under the tax sale link. Information about tax sale properties and owners can be found in those notices.

The only town in Connecticut that does not follow all of these specific steps concerning tax sale overbids is the town of Torrington, which has a private tax collector operating under a contract with the town. It has been reported that the town of Torrington follows different procedures concerning tax sale overbids due to this unique arrangement. The City of Norwalk makes no claims or representations about what is or is not done in Torrington, and discloses this for informational purposes only.