

FREQUENTLY ASKED QUESTIONS

Disclaimer: The following information is provided as a guideline only and not as legal advice. Legal staff at the City cannot provide members of the public with legal advice. Bidders are strongly encouraged to have the relevant on title and off title searches completed for each property they are interested in by a knowledgeable lawyer before participating in the bidding process.

1. What is a tax sale?

The *Municipal Act, 2001*, allows a municipality to sell a property when taxes are in arrears for approximately 2 years. There are various steps in the tax sale process which are designed to allow the owner ample time to bring his/her tax account into good standing. However, after a Tax Arrears Certificate has been registered on the property for one year, the municipality can sell the property.

2. Can the property be viewed prior to the sale?

No. The City does not take possession or control of the property at any time. Naturally bidders can drive by the property but are cautioned against going on the property without the owner's permission.

3. Will keys be provided on closing?

No. The City does not have keys to any buildings that may be on the property.

4. What if there is someone still living on the property?

Property purchased through a tax sale is "as is where is" and does not guarantee vacant possession. It may be necessary to consult a lawyer.

5. Can I build on a vacant lot for sale?

The City's Community Development Services and Standards department can assist with any questions relating to future use of any property. They can be reached at (519) 332-0330.

6. What are the rules when submitting a tender?

Sections 6(1) and 6(2) of O. Reg 181/03 states:

- (1) A tender shall be in Form 7 and shall be,
- (a) typewritten or legibly handwritten in ink;
 - (b) accompanied by a deposit of at least 20 per cent of the tender amount, which deposit shall be made by way of money order or by way of bank draft or cheque certified by a bank or authorized foreign bank within the meaning of section 2 of the *Bank Act* (Canada), a trust corporation registered under the *Loan and Trust Corporations Act* or a credit union within the meaning of the *Credit Unions and Caisses Populaires Act, 1994*;
 - (c) submitted in a sealed envelope which indicates on it that it is a tax sale and provides a short description or municipal address of the land sufficient to permit the treasurer to identify the parcel of land to which the tender relates; and
 - (d) addressed to the treasurer. O. Reg. 181/03, s.6(1);
O. Reg. 571/17, s.5.
- (2) A tender shall relate to only one parcel of land. O. Reg. 181/03, s. 6(2).

7. Can bidders attend the opening of bids?

Yes. The bids will be opened at 3:01 p.m. in the Council Chambers located on the main floor of City Hall, 255 Christina Street North, Sarnia.

8. Do I get title to the property free of all debts?

Section 379(7) of the *Municipal Act, 2001*, states:

Effect of conveyance

[\(7\)](#) A tax deed, when registered, vests in the person named in it an estate in fee simple in the land, together with all rights, privileges and appurtenances and free from all estates and interests, except,

- (a) easements and restrictive covenants that run with the land;
- (b) any estates and interests of the Crown in right of Canada or in right of Ontario other than an estate or interest in land that,
 - (i) is vested in the Crown in right of Ontario because of an escheat or forfeiture as a result of the dissolution of a corporation, or
 - (ii) belongs to the Crown in right of Ontario as a result of the death of an individual who did not have any lawful heirs;

- (c) any interest or title acquired by adverse possession by abutting landowners before the registration of the tax deed. 2001, c. 25, s. 379 (7); 2006, c. 32, Sched. A, s. 156 (3); 2015 c. 38, Sched. 7, s. 53(6); 2017, c.10, Sched. 1, s. 62(5).

Bidders are encouraged to obtain a title search at the Land Registry office and consult a lawyer as to any encumbrances that may be registered on title prior to submitting their bid.

9. Are there additional costs in addition to my bid?

Yes. Interest is charged on outstanding taxes until they are paid in full. Accordingly, there will be interest charged between the day of advertisement and the date that the tax deed is registered. Also water arrears will be payable. In addition, there will be land transfer taxes payable to the province at the time of registration, as well as registration costs. HST may also be applicable.

10. Where do I submit my bid?

Bids are submitted to Customer Service Centre on the first floor of City Hall at 255 Christina Street North, P.O. Box 3018, Sarnia, Ontario, N7T 7N2. Be sure your bid package is complete or it will not be considered.

11. What happens to the deposits after the bids are opened?

All deposits, except those of the two highest bidders, are returned immediately. Unsuccessful bidders may attend the Finance Department in person, with photo identification, to obtain your deposit on either the day of the bid or the day after. Any bids not picked up on the day after the tax sale will be mailed to the bidder.

Deposits from the two highest bidders are kept as follows: The winning bidder has 14 days to pay the bid price, accumulated interest, water arrears and land transfer taxes in full to the City (the actual date will be confirmed in a letter). If the funds are received on time the second highest bidder will receive their deposit back. If the funds are not received in time the winning bidder will forfeit their deposit and the second highest bidder will receive a letter informing them of the due date to bring in the outstanding funds. If the funds are not received in time the second highest bidder will forfeit their deposit and the sale of the property will be deemed to be unsuccessful.

12. Is it possible for a tax sale to be cancelled at any time?

Yes. The Treasurer can cancel a tax sale anytime before the tax deed is registered, where it is not in the City's financial interest to continue or where there has been an error or omission under the Act.

13. Are there other things I should know about a tax sale?

Yes. The rules are legislated by provincial legislation and City staff do not have the ability to make exceptions. The following web site www.e-laws.gov.on.ca contains the *Municipal Act*, 2001, and Ontario Regulation 181/03 Municipal Tax Sale Rules.