

ALABAMA REVENUE DEPARTMENT
ADMINISTRATIVE CODE

CHAPTER 810-4-6

CLARIFICATION OF PROCEDURES FOR TAX LIEN AUCTION AND TAX LIEN SALE

810-4-6-.02 Reduction Of Interest Rate On Redemptions Of Tax
Delinquent Property And Verification Of Allowable
Costs/Expenses.

(1) This change only applies to redemptions from tax sales that occur on or after January 1, 2020.

(a) Once the tax becomes delinquent it accrues interest at a rate of 12 percent per annum in accordance with §40-5-9, Code of Ala. 1975. The 12 percent per annum interest rate remains in effect until the tax sale.

(b) If property is sold in a tax sale occurring after January 1, 2020, an eight percent interest rate must be used to calculate the redemption.

(2) When processing a redemption of a tax sale that occurred after January 1, 2020, the Redemption Official is not required to verify that costs or expenses provided in §§40-10-122(b) through 40-10-122(e), Code of Ala. 1975 have been paid for the proposed redemptioner to take possession of the property.

(3) At the time funds are collected in accordance with §40-10-122(a)(1), Code of Ala. 1975, the official may determine whether the property is located within an urban renewal or urban redevelopment project area designated pursuant to Chapter 2 or 3 of Title 24, Code of Ala. 1975, or if it contained a residential structure at the time of the tax sale, regardless of location.

(a) If the property does not fall into one of the categories described in paragraph (3), the redemption must be completed, and a Redemption Certificate issued.

(b) If the property does fall into one of the categories described in paragraph (3), and the proposed redemptioner can provide the appropriate documentation to verify payment of the allowable costs or expenses, the redemption must be completed, and a Redemption Certificate issued.

(c) If the property does fall into one of the categories described in paragraph (3), but appropriate documentation cannot be provided to verify payment of the allowable costs or expenses, the official must hold the funds until the proposed redemptioner provides verification of payment. The proposed redemptioner must reimburse the purchaser for these costs

prior to January 1 of the following tax year (or by the expiration of the three-year statutory redemption period if it comes first). If the proposed redemptioner fails to do this, the right of possession in the property is forfeited, and the redemption fails. The official must refund the proposed redemptioner funds which were paid in accordance with §40-10-122(a)(1), Code of Ala. 1975.

(4) If the proposed redemptioner forfeits the right to possession under §40-10-122(a)(2), Code of Ala. 1975, the redemptioner may continue to attempt redemption until the three-year statutory redemption period expires.

Author: Kristie Pratt

Statutory Authority: Code of Ala. 1975, §§40-2A-7(a)(5), 40-10-75, 40-10-76, 40-10-77, 40-10-83, 40-10-121 and 40-10-122.

History: New Rule: Published November 29, 2019, Effective January 13, 2020.