

MATT:

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CORWYN:

Good morning, good morning, great morning, guys. Welcome to another absolutely fabulous episode of Exit Strategies Radio Show.

Hey, I am your host, Corwyn J. Millette, broker and owner of [Exit Realty Low Country Group](#) in beautiful North Charleston, South Carolina. Hey, if this is your first time listening, yes, you are tuned in and listening to this show. Hey, you are in for a treat. That is because our mission here is very simple.

That is to empower our community through financial literacy and real estate education, guys. Hey, we're legacy building. That is what we do. Always got to give a shout out to those who listen to us faithfully. Pastor Vanderbilt Evans, Sr., that guy will snatch me up if I don't put that Sr. on his name, his wonderful bride, Miss Sandra Evans. Also have to give a shout out to the LeCues family tunes in as well, to McKeller's. My people in Marion and Mullins, thank y'all so much for listening. My mom out there in Monck's Corner, y'all.

And then folks back to Hollywood, what you know, no good. Thank y'all so much for tuning in. So, hey, today, a recent clip from our show sparked a lot of questions from our audience. And in that conversation, we explained that in South Carolina, when property taxes go unpaid, an investor can purchase the tax lien. And if the homeowner doesn't redeem it within a defined period of time, a year and a day, the investor may eventually receive a tax L.D. to the property. So, that raised an immediate question. Can you really lose your home over unpaid property taxes? And if so, how does that process work? What rights do homeowners have? What should investors know before they get involved in these types of purchases? And what mistakes can cost both homeowners and investors thousands of dollars? So, today we're doing a deeper dive into one of the most misunderstood areas of real estate and property rights. So, our guest today is none other than Mr.

Matt Abee. He's an attorney whose practice includes commercial litigation, consumer financial services, and tax lien litigation. He has argued before the United States Court of Appeals for the Fourth Circuit, the South Carolina Supreme Court, and the South Carolina Court of Appeals. He is recognized as a speaker in the tax lien industry and will be presenting at the National Tax Lien Association's Fall Symposium on the implications of recent Supreme Court decisions affecting property rights and tax foreclosures. So, today he joins us to explain how South Carolina's tax lien system works, what you as homeowners and investors need to know to protect yourselves, and what you should understand before pursuing these types of opportunities.

Matt, thank you so much for taking time out and being here on the show with us.

MATT:

Yeah, thanks for having me. It's an interesting area and one that there's a lot of misconceptions about. And so, I'd love to chat through it from a homeowner's perspective and an investor's perspective as to what you can look forward to in the space.

CORWYN:

Well, one of the things we always like to do here is we like to make sure that people always think about the bigger picture, about legacy.

That's one of the things that defines our show, which is we're setting people up for generations to come. That's one thing that we really, really delve into and have as our mantra. So, for those folks, what is the one thing that every homeowner should understand about protecting their property rights and preserving the wealth they've worked so hard to build?

MATT:

Matt Abree Yeah. One thing that you need to focus on is those property taxes are a pesky thing and can cause you to lose your property. But you got to think about there's a ton of benefit that you get from the property taxes.

The roads that you drive on, the fire department that shows up to your house if it's on fire, and the local schools that your kids go to, a lot of those are funded by property tax. I don't know a single person who just thinks to themselves, I'd love to pay more in taxes. It really isn't something on top of mind, but it does a lot of good. Now, the trade-off for all that good is if you don't pay your property taxes, though, your legacy could be impacted because you could lose the family homestead. You could lose the house that's been in your family for generations or your new house that you just bought.

It's something that you can't ignore as your property tax obligations that you got to pay each year in South Carolina.

CORWYN:

So, you touched on something there. So, in my mind's eye, when you said the services you get, and in my head, I'm like, oh, well, you say they don't just happen like the fire department, police department, EMS, and all those other things, schools and all those things don't just miraculously happen. So, they're based and laid upon the building blocks, if you will, on taxes. So, that's interesting.

So, if you could kind of get us into, Matt, how does the process work? And this one-year redemption period as well. Let's talk about that.

MATT:

Yeah, absolutely. So, your real property taxes are in South Carolina, they are ad valorem property taxes, meaning that you pay based on the value of your property. So, the county will come around every so often and assess the value of your property.

You've got the ability to challenge that assessment if you think they valued it too high or are causing you to pay too much in taxes. But the taxes that you pay is based on the value. And the reason that it's done that way is so that you are spreading the tax across the community equally according to the values of the property rather than just picking one particular person to bear more of the tax burden than another person. You do it based on the same percentage, based on the value of everybody's home. And so, the taxes are assessed by the county.

They do that through the, like I said, the value process, and they issue the tax bill. So, the tax bill usually comes out in the fall. It's due by January 15th of the following year. So, for instance, we're in 2026. The 2025 tax bill came out in the fall of last year.

Those taxes are due, the 25 taxes are due January 15th of this year. And if it's after that date, they become delinquent. And if you don't pay your taxes at that point, the assessor is going to send you a notice, and then he's going to turn it over to the county tax collector. Sometimes it's the county treasurer. It just depends on the county.

And that individual, the tax collecting individual, they're going to send some more notices to you. So, you're probably going to get a notice by certified mail. You're probably going to get a notice posted on the front door of the house. And you're probably going to see some notices that are published in the newspaper. And all of those notices are telling you that, hey, you're delinquent.

So, we've added some penalties and interest onto your tax bill. And if you don't pay your tax bill by the fall of this year, 2026, we're going to auction your property off to the highest bidder. That's the county tax sale. It's usually in the fall. It ranges from September to December of each year.

And that is a true public auction. Bidders come in. They register to bid. They've got a list of all the properties in the county that are delinquent. They'll do their own little research on the background of those properties, what their values are worth.

They'll put in some formula and decide how much they want to bid on these properties. And then the county tax collector will truly auction off interest in your property if you don't pay your taxes. So, at the tax sale, though, what the bidders, what the investors are getting, they're not getting the deed to your house. So, if they show up at the tax sale with a big check to buy your house, they don't win the house right then. What they do is they win a lien.

And that lien entitles them to recover interest. And that's kind of the enticement to get people to bid and pay your taxes for you. So, the interest that they earn under state law is 3% per quarter. So, whatever their bid is, they earn 3% on that money per quarter for a total of up to 12% on their bid if it goes the full one-year redemption period. So, meaning one year from the tax sale, if you redeem on the absolute last day, then the investor would get 12% on their bid.

Now, there are some caps and some things like that limit the amount of interest that an investor can get. But the general rule of thumb is whatever they bid plus 12% interest. And like I said, that redemption period runs from a year. So, that means that you as the homeowner, you have one year from the date of the tax sale in order to redeem your property. And you redeem it by paying the bid that was paid at the tax sale plus the amount of interest that has accrued.

And then depending on the time of year, you may have to pay the next year's taxes. So, in our scenario, we talked about the 2025 tax bill. That means in the fall of 26 is going to be the tax sale. You then have until the fall of 2027 to pay that bid plus the accrued interest to avoid losing the title to your home.

CORWYN:

So, that brings me to, and here in a few, I want to switch this over to the other side, Matt.

But that brings me to two questions. One of them is if you have the redemption period, but what are the options if they can't pay? Let's kind of unpack that before we get over onto the other side of the coin.

AD:

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MATT:

Sure. So, if they don't pay, then what's going to happen at the end of that redemption period is that the tax collector is going to issue a tax deed to the investor. And that tax deed, for all intents and purposes, means that investor owns your property.

It is theirs. Now, it is a non-warranty deed, meaning that the tax collector is not confirming that you as the investor have valid title. They're not saying that they're going to defend it. There's no title insurance that comes with that deed. It just is a piece of paper that says that investor owns that property.

And now the investor's got to do some other things in order to clear the title to that property. But if they want to, they can come then go through the magistrate's court. They could evict you from that property because they own it. They have the title, the tax deed to that property. So, it's very important that you heed those notices that you get about the tax sale and then additional notices that the county will send out after the tax sale alerting you to the one-year redemption period.

Because once that one year passes, you've got a realistic shot of losing your property. So, during that one-year period, it's important you do what you can to try and pay the taxes and the interest that is accrued for the redemption. And you can do that a variety of ways. There are some counties that have programs that allow for installments for your taxes. You can if you own the property with multiple family members.

So, let's say for example, it's heir's property, which we know about down in the low country, that you can pay those taxes in advance and try and seek reimbursement from your family members through legal process. Or you can also try to go out and get like a line of credit or some sort of loan in order to be able to pay it. Because you would much rather own the property and have some sort of mortgage or other lien on it that you're having to pay off over time and installments than running the risk of losing the property. And that's particularly true in the tax lien space because the vast majority of the properties that are purchased at tax sale in South Carolina are purchased by companies that do this for a living. Very few mom and pops just show up at the tax sale and raise their paddle and say, I want to buy the property down the street, right? And so, you're going up against somebody who's done this before and who knows how to go through the legal process to clear the title.

So, it's always better on the front end to approach your tax collector or your treasurer to try and get on some sort of installment plan before the tax sale. And then after the tax sales occur is to go to whatever links you need to be able to afford to pay for the redemption so you don't lose your property at the tax sale. Because then what's going to happen after that is you're going to be stuck with trying to fight that investor in court to set aside the tax sale. And don't get me wrong, those happen all the time. People successfully set aside tax sales every year in South Carolina, just because we've got kind of a quirky process.

And tax collectors, they have to follow the law to a T before they sell your property. But still, it's much easier to avoid that litigation if you can get in and redeem the property.

CORWYN:

So, Matt, this is a good place for us to probably kind of flip over to the other side. Obviously, as you may mention up there are a tremendous amount of entities, companies, people that act as acting or that are investors that seek out these types of opportunities. So, they attend the tax sales, they're bidding, etc.

So, a couple of questions packaged in together for us to pick apart, which is why are these types of investments attractive? And then also, why should the investor be sure that they understand the legal process?

MATT:

Yeah, absolutely. So, focusing just on South Carolina, these are attractive investments for two main reasons. The first one is, you can get up to 12% interest. And you can do that without

much involvement, right? All you do is you show up at the tax sale, you bid the amount that you want to pay. Now, you got to do some due diligence, right? You got to research these properties.

But largely, you just show up and bid and pay the money. And then the county does the rest, right? The county is the one sending out the notices. The county is the one doing title searches to track people down to give them that notice, and then collecting the money when people pay to redeem. There's not a lot of additional work, like you're not servicing a loan, so to speak, where you've got to make sure you're tracking people down to collect payments and things like that. You're getting that interest largely without having to do much other than your due diligence and showing up at the tax sale.

So, it's not a heavy lift, I guess you could say. That's the first thing. Now, the second reason is that your bid is essentially secured by the title to the property. So, a lot of investors are coming in and they're chasing that 12% interest, which usually ends up being much lower. Once you factor it out and you do the math, it ends up being somewhere in the 3% to 6% interest rate range.

Once you factor everything in, you factor in the caps and things like that. But the majority of the investors are tracking and looking for the interest. But at the end of the day, if somebody doesn't come in and redeem the property and somebody doesn't come in and pay that money and you don't get that interest, you get the property. And so, there are a lot of ways that you can then liquidate your investment and you can go out and sell that property, flip it. There are a lot of different things that you can do.

And so, you've got a secured investment that could pay up to 12% interest, all without doing a lot of debt servicing. So, that's what makes it an attractive investment. Now, don't get me wrong. This isn't as easy as just showing up, right? I mean, there's a lot that goes into that on the front end to make sure that you're finding an attractive property. So, you want to look for something that's got some value.

So, you want to look for something that's got a house on it, that's got an apartment on it, that's maybe a commercial property. You want to make sure that you're not investing in some sort of brownfield or something like that, something that's got some nuclear contamination on it, right? Because that could be a big landmine to step on. And then you want to make sure that you're looking at the title to the property in some way, shape, or form. Because you want to make sure that you're not investing in a property that has a ton of different liens on it. Lien holders might not get notice of the tax sale.

So, that lien may stay. You want to try to avoid investing in something that's got an IRS lien on the property. And one of the reasons for that is because we know that federal law has supremacy over state law. So, in many situations because of a quirk in South Carolina law, federal liens will remain on the property even after the tax sale. So, you could find yourself investing in a property that has a federal lien on it and then losing that property to a federal tax sale, for example, all having just paid somebody else's taxes.

So, you got to do some due diligence to make sure that doesn't happen. And then you also want to make sure that you're not buying into a property that has a ton of heirs and other individuals who have an interest in it. Because the majority of the time, when you have multiple owners within the chain of title on a property, the county is more likely to make a mistake on giving somebody notice of the tax sale. And they miss one of those heirs. And the next thing you know, that heir comes back and says, well, I didn't get notice of the tax sale.

And because this is government action and the government's taking my property, they didn't give me due process. So, therefore, in court, you need to set aside the tax sale. And so, in that scenario, you end up losing the title to the property. So, there's some due diligence that you got to do on the front end. And it's not just as easy as showing up.

But once you have understood the lay of the land and you know what type of properties that you're looking for, it does become an attractive investment vehicle for you to have some hands-on investment experience.

CORWYN:

So, you operate also, I mean, you're an attorney. So, and you've argued this is your arena. This is your realm. So, you have been before the courts with cases that fit in this arena or that are, if you will, trot in this arena.

So, let's kind of touch on a few of those. Tyler versus Hennepin County and Pong versus Isabella County. What are these cases and why are they important?

MATT:

So, these are two big United States Supreme Court cases that have come out in the last three years. The Tyler case came out in 2023 and in many ways was the precursor to the Pong case that you just mentioned, which came out last Tuesday. So, the paint hasn't even dried on the opinion on that one.

So, those are new cases that are U.S. Supreme Court cases that are going to have some bearing on the investments that you make at a tax sale. And these are cases that we've been heavily involved in. We represented the National Tax Association and some other groups in filing what's known as an amicus brief or a friend of the court brief in the Tyler case, and then have been tracking the Pong case since it was going through the system.

And this would be a good time for me to say that I am an attorney, but I'm not your attorney, right? So, the overview that I'm giving you on these cases, there are so many nuances to it. So, make sure you're going and getting good legal advice from your own attorney on these. But the Tyler case, what it looked at is it looked at whether or not you have a protected, you as the homeowner, have a protected property right within the interest that you have in your home, such that in that case, it was Hennepin County, Minnesota, couldn't go in and just seize your property for nonpayment of taxes and not pay you the difference between the taxes that were owed and

the value of the property, okay? And one of the lines out of that case was, render unto Caesar what is Caesar's, but no more, meaning that you can be required under what's called the takings clause of the United States Constitution. You can be required to pay your taxes, and if you don't, the county can go have a tax sale of your property, but they can't take more than you owe in taxes, all right? So, that was kind of a basic premise. Now, South Carolina already complied with the Tyler case because our type of tax sale is a public option, and bidding starts at the amount of the taxes, and then investors bid it up to the market value.

And anything that's left over after the taxes are paid, you as the homeowner have the right to go back and claim those. It's called an overage, and you make an overage claim with the county tax collector or treasurer. So, South Carolina was largely compliant with Tyler. There are other types of tax sales around the country that the Tyler case was really focusing on, such as Minnesota, which you forfeited the entire title to your property and didn't get any type of overage back. So, Tyler largely didn't impact us, but the Palm case that just came out, the question that was asked there is, well, if you have a taking under the Fifth Amendment and the Fourteenth Amendment to the United States Constitution, if you have a taking, you're supposed to be paid just compensation for that taking.

And we usually hear that when the county comes in, they build a new county road or something like that. DOT comes in and widens an interstate, and they take the front half of your property. They can take it. The Constitution allows them to go take it, but they got to pay you just compensation. And so, the question in Palm was, how do you measure that just compensation? How do you calculate it? And the county said, well, you calculate that based on what was bid at the tax sale.

And in that case, I want to say the bid was somewhere around \$73,000 or something like that. Well, Mr. Palm came in. He said, I understand the bid was \$73,000, but the tax assessor told me my property was worth \$194,000. And so, I'm missing some money here.

And the county said, well, a tax sale is a little bit different. It's a distressed sale. There's not an arm's length transaction. And so, you're not going to get market value for it. And the U.S. Supreme Court wrestled with this. It was a tough case for it to decide. But what the court said is that under the takings clause in the Constitution, the measure of damages, the kind of baseline measure of damages is whatever the bid was at the tax sale. So, that's the measure of damages, the difference between that bid and whatever you owed in taxes.

But interestingly, it left a little bit of an escape valve. And it said, so long as the tax sale was fairly conducted. And it said that this is a baseline. And so, there could be situations where the tax sale is not conducted fairly, and then the measure of damages is a lot more than just the bid minus the taxes. It could be the true fair market value of the property minus the taxes.

So, that case in particular is something that investors in South Carolina want to focus on. But you could have a situation. Go to a tax sale. You bid on a particular piece of property, and you

bid for less than fair market value, and then you're on the hook potentially for the difference in the taxes and the actual fair market value. So, you could be upside down on your investment.

CORWYN:

Wow. That's interesting. That's very interesting, Matt, because when we look at it, and don't know how you feel about it, don't necessarily want to get us too far into the weeds, but POS in here in South Carolina. And for those of y'all who are listening and are watching, we ain't talking about a piece of stuff. We're talking about point of sale on taxes here in the state of South Carolina.

So, matter of fact, let me just put that out there, because a lot of our listeners don't really understand what point of sale is. And you being, matter of fact, I'm going to refer to you, Matt, as the ringmaster of this circus that is taxing property taxes. How about that? Because it is a circus. If you don't mind, touch on point of sale, and why is it important for prospective buyers to understand?

MATT:

Yeah. So, knowing what you're buying is huge.

And knowing that, yes, you can make a good bit of money in tax liens and in buying properties at the tax sale, but you could also lose your shirt if you don't know what you're doing. If you just go and start throwing money around at a tax sale, you could end up buying a property, as I mentioned, if this PUNG case is applied in South Carolina, that says, they put you underwater because you took a \$100,000 property and you bought it for \$25,000, and the homeowner comes back and says, I want the difference in the fair market value and the amount that you bid. I want that \$75,000 back because the county really screwed this up, and they should have paid me fair market value for this taking. And so, you could find yourself upside down very fast. So, knowing when you're going to the sale, exactly what you're bidding on and what the risks are, that's hugely important because you don't want to get underwater like that.

And then you also don't want to buy, we see this happen down on the coast, say, Beaufort County, for example, that has a bunch of lovely members clubs and golf clubs and things like that. What they don't tell you is when you buy a piece of the property that's in one of those clubs at tax sale, they're going to hit you with about a \$15,000 initiation fee as soon as the deed is issued. And so, you could find yourself having to write a big check right after you've already written a big check at the tax sale. And if you know that going in, and you've done the due diligence, you can factor that into your risk model and know exactly what you're going to have to pay and know what you might be able to get on the back end if you factor that in. But if you're just going in blind, you really could put yourself in a bad spot.

CORWYN:

So, Matt, we have quickly gotten to the end of today's show. If you don't mind, where can people get in contact with you? Where can they reach you?

MATT:

Yeah, sure. So, I'm a partner with [Nelson Mullins](#). We're a law firm based out of Columbia, South Carolina. We have attorneys coast to coast, about 1,100 attorneys.

We largely represent investors within this space. And they can find me on the website, [nelsonmullins.com](#). And it is Matt, A-B, A-B as in boy, E-E is how you spell that. And happy if there are investors out there who are interested in how this Pong versus Isabella County decision might impact their investments.

Happy to talk to them and walk them through those issues.

CORWYN:

Awesomeness. Thank you. So, listeners, hey, let me give you your wrap-ups for today, your action items, all that kind of stuff. For listeners, guys, property taxes may seem like a small annual obligation, but misunderstanding rules can have life-changing consequences.

So, whether you're a homeowner or an investor, understanding your rights and your responsibilities is essential to protecting long-term wealth. And what I took from you today, Matt, education is the best protection. The more homeowners and investors understand the process, the better equipped they will all be to protect their assets and make informed decisions. So, for our listeners, guys, my closing thought for today, real estate isn't just about buying and selling property. It's also about understanding the laws and rights that protect ownership itself.

So, for homeowners and investors alike, knowledge can be the difference between preserving wealth and losing it. Matt, I want to thank you from the bottom of my heart for being part of the Exit Strategies radio show family, for taking time out of your busy schedule to be on with us today. I really appreciate it.

MATT:

Happy to be here.

CORWYN:

So, for our listeners, guys, look, y'all know how I feel.

You know what I say. You know I always put the two of those things together, and I give it to you this way, which is to tell you, which is to tell you that I love you. I love you. And we're going to see you guys out there in both streets.