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Redemption

Dear Reader:

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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Redemption

Reference Number: CTAS-1603

Upon the entry of an order confirming a sale of a parcel, a right to redeem vests in all interested persons. The right to redeem must be exercised within the time period established by law beginning on the date of the entry of the order confirming the sale, but in no event can the right to redeem be exercised more than one year from that date. The redemption period of each parcel must be determined by the court prior to the tax sale of the parcel and may also be stated in the order confirming the sale.

Unless the court finds sufficient evidence to order a reduced redemption period, the redemption period for each parcel shall be one year.

The redemption period shall be determined for each parcel based on the period of delinquency. Once the period of delinquency is established, the redemption period shall be set on the following scale:

If the period of delinquency is five years or less, the redemption period shall be one year from the entry of the order confirming the sale;

If the period of delinquency is more than five years but less than eight years, the redemption period shall be one hundred eighty days from the entry of the order confirming the sale; or

If the period of delinquency is eight years or more, the redemption period shall be ninety days from the entry of the order confirming the sale.

T.C.A. § 67-5-2701(a)(1).

For all real property for which a showing is made that there is a reasonable basis to believe that real property is vacant, or, in the case of vacant land, a reasonable basis to believe that the property is abandoned, the redemption period shall be thirty days from the entry of the order confirming the sale without regard to the number of years of delinquent taxes owed on the property, beyond that required to make the property legally eligible for the sale. T.C.A. § 67-5-2701(a)(1)(D) & (2).

In order to redeem a parcel, the person entitled to redeem must file a motion to such effect in the proceedings in which the parcel was sold. The motion must describe the parcel, the date of the sale of the parcel, the date of the entry of the order confirming the sale and must contain specific allegations establishing the right of the person to redeem the parcel. Prior to the filing of the motion to redeem, the movant must pay to the clerk of the court an amount equal to the total amount of delinquent taxes, penalty, interest, court costs, and interest on the entire purchase price paid by the purchaser of the parcel. The interest shall be at the rate of 12% per annum, which shall begin to accrue on the date the purchaser pays the purchase price to the clerk and continuing until the motion to redeem is filed. If the entire amount owing is not timely paid to the clerk or if the motion to redeem is not timely filed, the redemption shall fail. T.C.A. § 67-5-2701(b)(1).

In any motion to enforce a right of redemption brought by a transferee against a tax sale purchaser or other interested party:

The tax sale purchaser or other interested party in whom the right of redemption originally vested must be served with a copy of the motion to redeem;

The motion to redeem must be denied on the objection or response to the motion to redeem by the tax sale purchaser or any other interested party if it appears that the transferee is engaged in speculation or profiteering with respect to such right of redemption;

Such speculation and profiteering is presumed if it appears that the transfer of the right of redemption was made for consideration in an amount less than the purchase price paid by the tax sale purchaser at the tax sale minus the amount the debtor would have been required to pay to redeem the property under this chapter; and

If a motion to redeem by a transferee is denied under T.C.A. § 67-5-2701(b)(2) based on a finding by the court of such speculation and profiteering, the court may award reasonable attorney's fees

to the tax sale purchaser or any other interested party challenging the motion to redeem.

T.C.A. § 67-5-2701(b)(2). This subdivision is intended to further the public policies of the state of protecting the interests of owners of real property subject to debt, protecting the integrity of the tax sale process, providing reliable tax sale titles to purchasers, and prohibiting the profiteering and speculation in rights of redemption; and be remedial and construed to apply to any existing rights of redemption. T.C.A. § 67-5-2701(b)(3).

Upon the filing of the motion to redeem and the payment of the required amount, the clerk shall within ten days send a notice of the filing of the redemption motion to the purchaser and all persons entitled to redeem the parcel. The notice of redemption shall state the amount paid at the time of the filing of the motion and refer the persons to T.C.A. § 67-5-2701. The purchaser may within thirty days after the mailing of the notice of redemption, file a response seeking additional funds to be paid by the proposed redeemer to compensate the purchaser for amounts expended by the purchaser for the purposes set out in T.C.A. § 67-5-2701(e). The response shall specifically set out the basis for each category of additional funds claimed. The response may also allege that the motion to redeem was not properly or timely filed. If no response is timely filed, the court shall determine whether the redemption has been properly made, and if so, shall cause an order to be entered requiring the proposed redeemer to pay additional interest at the rate set forth in T.C.A. § 67-5-2701(b), accruing from the date the motion to redeem was filed until the date of such payment. T.C.A. § 67-5-2701 (c) and (d).

Any additional funds ordered to be paid by the proposed redeemer shall be paid to the clerk prior to the later of the following dates: (1) The date of the expiration of the redemption period; or (2) Thirty days after the entry of the order allowing additional funds. T.C.A. § 67-5-2701(f).

If the proposed redeemer timely pays the full amount of any additional funds ordered by the court, the court shall declare that the property has been redeemed. If the proposed redeemer fails to timely pay the full amount of any additional funds ordered by the court, the redemption shall fail and any funds paid by the proposed redeemer shall be refunded to him less the clerk's fee and any other court costs. T.C.A. § 67-5-2701 (g) and (h).

In the event a person tenders the full amount owing in the proceeding at a time after the date of sale and prior to the entry of an order confirming the sale, the person shall also pay interest computed as established by T.C.A. § 67-5-2701(b) on the total purchase price paid by the purchaser. T.C.A. § 67-5-2701(i).

The court in which the proceedings are pending may order that any proposed redeemer shall also pay to the clerk the amount necessary to record any orders of the court in the office of the register of deeds. Such payment may be required to be paid upon the filing of the motion to redeem or upon determining whether any additional funds are to be allowed. T.C.A. § 67-5-2701(j).

Upon any order pertaining to redemption becoming final, the clerk shall make such disbursements as are provided in the order. T.C.A. § 67-5-2701(k).

In the event the court directs the delinquent tax attorney or an attorney ad litem to participate in the redemption portion of the proceedings as an assistance to the court, the court may allow a reasonable attorneys fee to be paid by either the movant or the purchaser as directed by the court. T.C.A. § 67-5-2701(l).

In the event all parties to the action waive their right to appeal all issues in the cause, the clerk shall immediately disburse all amounts owing. T.C.A. § 67-5-2701(m).

Upon entry of an order of the court declaring that the redemption is complete, title to the parcel shall be divested out of the purchaser, and the clerk shall promptly refund the purchase money and pay all sums due to the purchaser under T.C.A. § 67-5-2701. The interests of the taxpayer and other interested parties, or their successors in interest, shall be restored to that state which existed as of the date of entry of the order confirming the sale. Any lienholder who redeems the parcel may thereafter proceed to foreclose upon the parcel or otherwise enforce such lien. T.C.A. § 67-5-2701(n).

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