

Instructions for Preparing a Notice of Nonjudicial Sale of Property and Application for Consent to Sale



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1. Centralization for receipt of Notices of Non-Judicial Sale and Applications for Consent
2. Courtesy Forms with instructions for completing and submitting Notices of Sale and Applications for Consent.

What is a Federal Tax Lien and a Notice of Federal Tax Lien

A **federal tax lien** is the government's legal claim against property when there has been a neglect or refusal to pay a tax debt. The **Notice of Federal Tax Lien** is a public document filed to alert creditors of the lien's existence and to secure the government's claim to property subject to the lien. For more information see <http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Understanding-a-Federal-Tax-Lien>

What is a Notice of Sale and why is it required? A notice of sale informs the IRS of a foreclosure sale when the IRS is a secured creditor. In order for property described in section 7425(b) to be sold at a nonjudicial sale free and clear of liens or title of the United States, a **notice of the sale** must be provided in accordance with section 7425(c) or consent for the property to be sold free of the liens or title of the United States must be obtained in accordance with section 7425(c). An effective Notice of Sale discharges or removes any junior lien or claim the United States has in the property through the sale. It will not remove a lien or claim which is senior to the foreclosing party's interest.

How do I know if there is an IRS lien interest? In general, for nonjudicial foreclosure sale purposes, the United States has a lien or claim against the property being foreclosed when a Notice of Federal Tax Lien attaching the property has been filed more than 30 days prior to the sale.

Are there consequences for not providing a Notice of Sale? If the United States has a junior lien or claim against the property being sold and a Notice of Sale is not provided to the IRS as required, then the sale does not disturb the lien and it remains attaching to the property. After the sale, the foreclosure sale purchaser would need to apply for a Certificate of Discharge of Property From Federal Tax Lien. See [Publication 783, Application Form 14135](#), and the video [Selling or Refinancing when there is an IRS Lien](#).

What is included in a Notice of Sale? A Notice of Sale must contain the information identified as **required** in the *Notice of Sale Instructions* section. The Notice is considered inadequate if it does not include all the required information. The IRS notifies the party identified as submitting the Notice of Sale not less than five days before the foreclosure sale of the inadequacy. **Letter 1840, Notice of Inadequacy**, is used for this purpose. Unless an adequate Notice of Sale is provided at least 25 days before the sale, the Notice of Sale will not be effective to discharge or remove the lien or title of the United States.

What happens if the Notice of Sale is not effective? The liens or claims of the United States are not discharged. *Consent to Sale of Property Free of the Lien* may be applied for prior to the sale. This consent is the IRS' agreement allowing the foreclosure sale to discharge the property of the liens or claims of the United States where the Notice of Sale will not be effective.

For Certified or Registered Mail Service:
 IRS, Attn: Manager, Centralized Lien Operation
 P.O. Box 145595, Stop 8420G NJS Team
 Cincinnati, OH 45250-5595

For Personal Service:
 Collection Advisory Group Manager (for the geographical area where the Notice of Federal Tax Lien was filed. Use [Publication 4235](#), Collection Advisory Group Addresses, to find the Collection Advisory office where you would personally deliver your notice or application.)

► **For Your Convenience**

- **Form 14497**, *Nonjudicial Notice of Sale* is include as assistance in providing the Notice of Sale.
- **Form 14498**, *Application for Consent to Sale of Property Free of the Federal Tax Lien* is included as assistance in providing an application for Consent.

1. Submit in writing;
2. Send by registered or certified mail or by personal service;
3. Send to the Internal Revenue Service (IRS) official, office and address specified in *Where to Submit a Notice of Sale or Application for Consent*;
4. Provide the **required** information in the Notice of Sale Instructions (*items marked optional are not required) and

**Additional Requirements
 Non-Perishable Property**

5. Send at least 25 days before the sale or date of termination of the contract for deed. The 25 day period commences upon receipt of an adequate notice of nonjudicial sale. The date of receipt for notices sent by certified or registered mail is determined by the U.S. Postal Service postmark date.

► **WARNING:** A Notice of Sale not received in the manner described in this section, will not be effective to remove the federal tax lien from the property or extinguish any title held by the United States, without the express consent of the United States. (See *Consent to Sale of Property Free of the Lien*).

► **POSTPONEMENTS:** Where a sale is postponed, if a Notice of Sale was required and provided, notify the IRS the same way local law requires it for other secured creditors. Where a Notice of Sale was not required for the original sale, but the new sale date is more than 30 days after the postponement and a notice of lien was filed at least 30 days before the rescheduled sale, a notice of sale must be provided following the directions in this publication.

► **ACKNOWLEDGEMENT**
 Only the original of a Notice of Sale is required. If acknowledgement of receipt is desired, include a duplicate copy of the original Notice of Sale along with a written request for acknowledgement. An acknowledgement will be provided indicating the date and time of receipt.

**Additional Requirements
 Perishable Property**

5. Send at any time before the sale;
6. Provide the reasons the property is liable to perish or become greatly reduced in value if kept a minimum of 25 days, or reasons it cannot be kept for that period of time without incurring great expense;
7. Hold the proceeds (exclusive of costs) of the sale as a fund, for not less than 30 days after the date of the sale, subject to the liens and claims of the United States, in the same manner and with the same priority as the liens and claims of the United States had with respect to the property prior to sale.

► **WARNING:** The seller becomes personally liable for the amount of the liens and claims of the United States if they do not hold these funds for the IRS.

► **DEFINITION OF PERISHABLE**

Any tangible personal property which, in the reasonable view of the person selling the property, is liable to perish or become greatly reduced in price or value by keeping, or cannot be kept without great expense.

Application for Consent

1. Submit in writing;
2. Made with a declaration under penalties of perjury that the information is true, correct, and complete; and
3. Send to the Internal Revenue Service (IRS) official, office and address specified in *Where to Submit a Notice of Sale or application for Consent*

► **WARNING:** The IRS cannot consent after the date of the sale.

4. Provide the **required** Information in the Application for Consent Instructions Provide the **required** Information in the Notice of Sale Instructions (*items marked optional are not required, and
5. Provide Adequate Protection.

► **ADEQUATE PROTECTION** of the government’s claims must be provided. Protection is considered adequate if:

- The taxpayer has no equity in the property, or
- The taxpayer’s interest in the property being sold has been assigned to the IRS, C/O the Centralized Lien Operation Manager, Collection Group Manager for the Centralized Lien Operation Field Office Resource Team (FORT), or Collection Advisory Group Manager, or
- Any proceeds in excess of prior encumbrances have been assigned to the IRS, C/O the Centralized Lien Operation Program Manager, Collection Group Manager for the Centralized Lien Operation FORT, or Collection Advisory Group Manager, or
- The sale divests the taxpayer of all rights, title and interest in the property, and the proceeds are to be held as a fund subject to the liens and claims of the United States in the same manner and priority as the liens and claims were held on the discharged property, or
- There are other known circumstances acceptable to the Centralized Lien Operation Program Manager, Collection Group Manager for the Centralized Lien Operation FORT, or Collection Advisory Group Manager.

Notice of Sale: What Is It and Why Is it Required

A Notice of Sale is a document or documents used by the foreclosing party to inform the Internal Revenue Service (IRS) of a nonjudicial foreclosure sale. It allows the IRS to identify what, if any, interest the United States has in the property being sold. In the case of real property, it allows the IRS to begin considering whether to exercise its redemption rights after the sale. More information can be found on www.irs.gov about [federal tax liens](#).

A Notice of Sale is required when the IRS has a lien or claim on the property to be sold which is junior to the foreclosing party's claim. When properly noticed, an IRS junior interest is discharged from the property through the foreclosure sale.

Redemption

When real property is sold, the United States retains the right to redeem the property from the foreclosure sale purchaser. If the IRS redeems the property for the United States, it will resell the property for the purpose of obtaining money which can be applied to the taxpayer's tax lien debt.

Consent to Sale of Property Free of the Lien

Consent to Sale of Property Free of the Lien is the IRS' agreement allowing the foreclosure sale to discharge the property of the liens or claims of the United States. When the foreclosure sale will not be effective to discharge the property being sold from the liens or claims of the United States, the IRS may consent to the sale of the property free of the liens. Consent can only be provided by the Centralized Lien Operation Program Manager, the Collection Group Manager for the Centralized Lien Operation Field Office Resource Team (FORT), or the Collection Advisory Group Manager for the IRS office where the sale is to take place.

Certain information is required by regulation to be included in the Notice of Sale or Consent Application. Items marked optional are not required. The instructions will indicate if it is required or optional information. The forms themselves are not required.

(Form 14497, *Notice of Nonjudicial Sale of Property*)

Required

1. Name and address and telephone number of the person submitting the notice (please include a fax number);
OPTIONAL (Additional Names and Addresses):
 - The names and addresses of the Current Beneficiary/Mortgagee, Service Provider (representing the Current Beneficiary / Mortgagee under a servicing agreement), Original Beneficiary/Mortgagee
 - The certified mail control number
 - The Foreclosing Instrument's file number
 - The Foreclosing Instrument's recording date.

Required

2. A copy of each **Form 668(Y)(c)**, *Notice of Federal Tax Lien*, effecting the property to be sold **-OR-** from the recorded Notice of Federal Tax Lien, you may provide the following information:
 - a. The name of the IRS Area (*District*) office or the place where the notice was prepared and signed;
 - b. The name and address of the taxpayer; and
 - c. The date and place where the notice of lien was filed.

OPTIONAL (Taxpayer Identification and Lien Notice Identification Numbers):

- The social security number, with first five digits redacted, of the person named in the Notice of Federal Tax Lien –or– the Employer Identification Number of the Business named in the Notice of Federal Tax Lien
- If known, the redacted secondary social security number of any spouse whose name is listed on the Notice of Federal Tax Lien
- If the applicable Notice of Federal Tax Lien is not being included in the Notice of Sale, list the System Lien Identification Number (SLID) found in the top right hand box of the lien notice document, if available.

Required

3. A detailed description, including the location of the property affected by the tax lien.
 - a. For **real property**, give the complete physical address; the legal description contained in the title or deed of the property; if available, a copy of the abstract of title,
 - b. For **personal property**, include serial or vehicle numbers, as appropriate, (e. g. 2002 Cessna twin engine airplane, serial number AT91900000000X00)

- c. For **perishable property**, provide the reasons the property is liable to perish or become greatly reduced in value if kept a minimum of 25 days, or reasons it cannot be kept for that period of time without incurring great expense.

OPTIONAL: (Real Property Description):

- Real Property, include the type of property (e.g. 3-bedroom single family house, 4-family rental).
4. The date, time, place, and terms of the sale of the property OR the date the taxpayer's interest in the property is terminated; and

Required

5. The approximate amount of principal obligation including interest due the person selling the property and a complete description of any expenses. This may include legal expenses, selling costs, maintenance fees and expenses, which will be charged against the sale proceeds. NOTE: not all expenses will be reimbursable.

OPTIONAL: (Property Value Details):

- Estimated Fair Market Value
- Estimated amount of any anticipated foreclosure sale surplus or excess.

NOTICE OF SALE ACKNOWLEDGEMENT

Check the box, if an acknowledgment of the Notice of Sale is being requested.

(Form 14498, *Application for Consent to Sale of Property Free of the Federal Tax Lien*)

Required

1. Provide applicant name, address, and telephone number (please include a fax number);
OPTIONAL (Additional Names and Addresses):
 - The names and addresses of the Current Beneficiary/Mortgagee, Service Provider (representing the Current Beneficiary / Mortgagee under a servicing agreement), Original Beneficiary/Mortgagee
 - The certified mail control number
 - The Foreclosing Instrument's file number
 - The Foreclosing Instrument's recording date.

Required

2. A copy of each **Form 668(Y)(c)**, *Notice of Federal Tax Lien*, effecting the property to be sold **-OR-** from the recorded Federal tax lien, you may provide the following information:
 - a. The name of the IRS Area (*District*) office or the place where the notice was prepared and signed;

- b. The name and address of the taxpayer; and
- c. The date and place where the notice of lien was filed.

OPTIONAL (Taxpayer Identification and Lien Notice Identification Numbers):

- The social security number, with first five digits redacted, of the person named in the Notice of Federal Tax Lien –or– the Employer Identification Number of the Business named in the Notice of Federal Tax Lien
- If known, the redacted secondary social security number of any spouse whose name is listed on the Notice of Federal Tax Lien
- If the applicable Notice of Federal Tax Lien is not being included in the Notice of Sale, list the System Lien Identification Number (SLID) found in the top right hand box of the lien notice document, if available.

REQUIRED

3. A detailed description, including the location of the property affected by the tax lien.
 - a. For **real property**, give the complete physical address; the legal description contained in the title or deed of the property; if available, a copy of the abstract of title,
 - b. For **personal property**, include serial or vehicle numbers, as appropriate, (e.g. 2002 Cessna twin engine airplane, serial number AT919000000000X00),
 - c. For **perishable property**, provide the reasons the property is liable to perish or become greatly reduced in value if kept a minimum of 25 days, or reasons it cannot be kept for that period of time without incurring great expense.

OPTIONAL (Real Property Description):

- Real Property, include the type of property (e.g., 3-bedroom single family house, 4-family rental).

REQUIRED

4. The date, time, place, and terms of the sale of the property -OR- the date the taxpayer's interest in the property terminated.

REQUIRED

5. The approximate amount of principal obligation including interest due the person selling the property and a complete description of any expenses. This may include legal expenses, selling costs, maintenance fees and expenses, which will be charged against the sale proceeds. NOTE: not all expenses will be reimbursable.

OPTIONAL (Additional Property Value and Creditor Details):

- Estimated Fair Market Value - Attach a legible copy of a professional appraisal by a disinterested third party; a county valuation; broker opinion of property; informal valuation of property by disinterested third party; proposed selling price (for property being sold at auction); or other, if available.
- Amount due lien holders superior to the Federal Tax Lien, if known. List any encumbrances (liens or claims) against the property that came into existence before the United States' lien interest or which have priority over the lien, if known. Include name and address of holder: description of encumbrance, e.g. mortgage, state lien, etc.; date of agreement; original amount and interest rate; current amount due; and family relationship of the holder, if applicable.
- Estimated amount of any anticipated foreclosure sale surplus or excess proceeds.

CONSENT APPLICATION ACKNOWLEDGEMENT

Check the box, if an acknowledgment of the Consent Application is being requested.

REQUIRED

6. Provide the basis for requesting the consent;
7. Include a statement indicating what adequate protection is being afforded to the United States lien or title;

REQUIRED

8. Attach any documents needed to substantiate the application; and

REQUIRED

9. Include the following declaration over your signature and title. "Under the penalties of perjury, I declare that I have examined this application (including any accompanying schedules, exhibits, affidavits, and statements) and to the best of my knowledge and belief it is true, correct, and complete."

Internet Sales

A Notice of Sale should be given to the Collection Advisory Group Manager in the IRS office where the property is located, when the sale is conducted over the Internet.

NOTE: All other provisions referred to in this publication apply.

We ask for the information on these forms to carry out the Internal Revenue laws of the United States. The information is used to process your Notice of Sale or Application for Consent. You are not required to notify us of a non-judicial sale, or to apply for consent to the sale; however, if you want a federal tax lien to be discharged by the sale, section 7425 requires you to provide certain information, as indicated. Section 6109 requires you to provide the requested identification numbers. Failure to provide this information may delay or prevent processing your Notice or Application; providing false or fraudulent information may prevent discharge of the lien and may subject you to penalties.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as stated in section 6103. However, section 6103 authorizes us to disclose the information pursuant to the Code. We may disclose this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may contact you, your representative, or any person to obtain additional information about the transaction. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individuals filing this form is approved under OMB control number 1545-0854. The estimated burden for those who file this form is shown below.

- Recordkeeping 2 hr., 45 min.
- Learning about the law or the form 2 hr.
- Preparing the form 1 hr., 30 min.
- Copying, assembling, and sending the form to the IRS 85 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms simpler, we would be happy to hear from you. You can write to Internal Revenue Service, Attn: Manager, Centralized Lien Operation, P.O. Box 145595, Stop 8420G NJS Team - COMMENTS, Cincinnati, OH 45250-5595.