



LIEN SALE REPORT

2025

Report on the 2025 Tax Lien Sale

Local Law 4 of 2006 requires the New York City Department of Finance (DOF) to report annually to the City Council on the sale of tax liens during the preceding year. This report summarizes tax lien sale activity for calendar year 2025. The law states that the report include:

- A list of properties for which tax liens have been sold, including identification of the liens sold.
- Proceeds received from the sale of tax liens.
- Identification of the tax lien purchasers and servicers.
- A report of servicer activities.
- The redemption rate for tax liens that have been sold.
- The real property tax delinquency rate for the immediately preceding year.

In June 2025, DOF conducted a lien sale that resulted in the formation of a new City trust, NYCTL 2025-A. Together, the NYCTL 2025-A Trust and the existing 1998-2 Trust purchased the 4,545 tax liens sold in 2025.

The NYCTL Trust managed by Real Estate and Structured Finance Advisory Services recommends which liens should be sent to the bond-issuing trust (NYCTL 2025-A) and which should be sent to the 1998-2 Trust. Generally, liens of lesser credit quality and collectability, or liens with a higher risk of being defected by the City after their sale, are assigned to the 1998-2 Trust. This increases the advance rate assigned by rating agencies to the bond-issuing trust's lien pool and reduces the City's cost for curing defective liens. Liens currently owned by the 1998-2 Trust were not originally sold to the trust. Instead, liens are transferred to that trust when the bond-issuing trust is completely paid off, at which point any outstanding tax liens owned by the bond-issuing trust are transferred to the 1998-2 Trust and the bond-issuing trust is terminated.

The liens sold to the 1998-2 Trust include those with balances greater than or equal to 70% of the properties' estimated market value; liens on properties with market values of less than \$20,000; liens on properties with previously defected liens; liens on properties that appear to be owned by religious organizations without a valid tax exemption; liens on properties with serious environmental contamination; and liens on properties that are difficult to market for sale (such as storage spaces or individual parking spaces in a condominium building).

Prior to each sale, Real Estate and Structured Finance Advisory Services advisors make recommendations to the Office of Management and Budget on lien allocation based on the collection performance of the servicers. The current servicers are Tower Capital Management and MTAG Services, LLC. Fifty percent of the liens on properties without active liens from prior sales were allocated to each servicer. The allocation is at random, but Real Estate and Structured Finance Advisory Services tests the results to ensure that the servicers have similar distributions by tax, class, borough, and lien size. Properties with outstanding balances from prior lien sales are assigned to the servicer that handled the prior liens.

The servicers will institute foreclosure action against property owners who do not satisfy their tax liens in a timely manner. Servicers can begin foreclosure proceedings seven months after the sale, 30 days after the taxpayer does not pay the six-month interest payment due on the tax lien, or when the tax lien is not fully satisfied within one year. The property owner can avoid foreclosure by entering into a payment plan.

The servicers will not institute foreclosure action against a property if its owner is making regular payments in a timely manner, with or without a payment plan. In some cases, servicers will not pursue foreclosure at all, regardless of whether the owner attempts to pay or not, if the property's value is less than the cost of foreclosure. These are usually properties with significant environmental contamination or other features which reduce their value, such as underwater lots, sliver lots that are not developable, or wetlands.

The property tax delinquency rate for Fiscal Year 2025 was 1.81%.

The spreadsheet below contains more information. The first tab details the liens sold in 2025, including both the purchaser and the servicer. The second tab details the net proceeds from the sale of the liens, along with the redemption rate by lien count and principal balance.



NYCTL 2025-A Lien
Sale Report v6.xlsx

From the second tab of the spreadsheet:

Net Initial Proceeds to City from 2025 Tax Lien Sale:			
Sale of tax liens to NYCTL 2025-A Trust		\$154,531,284	
Purchase of Risk Retention Bonds by NYCTL 1998-2 Trust		\$8,622,170	
Sale of tax liens to NYCTL 1998-2 Trust		\$45,747,505	
Initial Sale Proceeds received by NYC		\$208,900,959 *	
* NYC entitled to 100% of residual collections generated from liens after 2025-A bonds are retired.			
Purchasers of the 2025 Tax Lien Sale:			
	Lien Count	Collateral Sale Balance	
NYCTL 2025-A Trust	3,915	\$219,990,289	
NYCTL 1998-2 Trust	630	\$85,646,347	
	4,545	\$305,636,637	
Redemption Rate as of 12/31/2025			
Liens Outstanding	3,916		
Principal Balance Outstanding	\$237,284,930		
By Lien Count	14%		
By Principal Sale Balance	22%		
Redemption Rates by Tax Class as of 12/31/2025			
	Tax Class	Lien Count	Collateral Sale Balance
	1	13%	14%
	2	16%	17%
	4	13%	30%
	Total	14%	22%

The third tab details the Servicing Highlights for the 2025 lien sale.

Servicing Highlights for the 2025 Lien Sale Portfolio:

In June 2025, NYC-DOF conducted a lien sale to two City-formed trusts as follows:

Purchasers of the 2025 Tax Lien Sale:

NYCTL 2025-A Trust	3,915	\$219,990,289
NYCTL 1998-2 Trust	<u>630</u>	<u>\$ 85,646,347</u>
Total	4,545	\$305,636,637

As of December 31, 2025, approximately 629 (14%) of the liens sold have been resolved, comprising 22% of the lien principal balance sold.

Redemption Rate as of 12/31/20225

Liens Outstanding	3,916
Principal Balance Outstanding	\$237,284,930
Redemption Rate by Lien Count	14%
Redemption Rate by Principal Sale Balance	22%

Redemption Rates by Servicer	MTAG Tower	
Redemption Rate by Lien Count	13%	15%
Redemption Rate by Principal Sale Balance	15%	26%

As of December 31, 2025, there were 3,916 liens outstanding in the 2025 sale portfolio, 150 of which were enrolled in payment plans with the trusts. Of those liens not in payment plans, 0 have been referred for foreclosure. Based upon past experience, it is expected that nearly all liens currently outstanding will be resolved by property owners prior to the conclusion of the foreclosure process.