



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

5.10.7

MAY 18, 2021

EFFECTIVE DATE

(05-18-2021)

PURPOSE

- (1) This transmits a revision to IRM 5.10.7, Seizure and Sale, Acquired Property and Property Redeemed by the United States.

MATERIAL CHANGES

- (1) IRM 5.10.7.6.8(1), editorial update to fix broken link to Delegation Order 1-23-2.
- (2) Editorial updates were made throughout to correct citations, broken links, etc.

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 5.10.7 dated September 15, 2020.

AUDIENCE

Small Business/Self-Employed Compliance Employees

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5.10.7

Acquired Property and Property Redeemed by the United States

Table of Contents

5.10.7.1 Program Scope and Objectives

5.10.7.1.1 Background

5.10.7.1.2 Authority

5.10.7.1.3 Responsibilities

5.10.7.1.4 Program Management and Review

5.10.7.1.5 Program Controls

5.10.7.1.6 Acronyms and Definitions

5.10.7.2 General

5.10.7.2.1 ICS Case Control Identification Numbers

5.10.7.2.2 Acquired Property Control

5.10.7.2.3 Proceeds From the Sale of Acquired Property

5.10.7.3 Income From Acquired Property

5.10.7.3.1 Lease of Real Property

5.10.7.4 Preparations for Sale

5.10.7.4.1 Agreements to Bid

5.10.7.4.2 Time and Place of Sale

5.10.7.4.3 Adjournment of Sale

5.10.7.4.4 Offering of Property

5.10.7.4.5 Notice of Sale

5.10.7.5 Release or Redemption of Real Property to Debtor

5.10.7.6 Sale Procedures — Public Auction Sale

5.10.7.6.1 Condition of Title and of Property

5.10.7.6.2 Auction Procedure

5.10.7.6.3 Sealed Bid Procedures

5.10.7.6.4 Payment of Bid Price

5.10.7.6.5 Failure to Bid Agreed Amount and Default in Payment

5.10.7.6.6 Return of Unsuccessful Sealed Bids and Amounts Deposited With Agreements to Bid

5.10.7.6.7 Certificate of Sale — Personal Property

5.10.7.6.8 Deed to Real Property

5.10.7.6.9 Expenses of Sale

5.10.7.7 Post Sale Actions — Acquired Property

5.10.7.8 Report of Disposition — Sale of Redeemed Property

5.10.7.9 Report of Disposition — Other Than Sale of Redeemed Property

5.10.7.10 Disposition of Acquired Securities

5.10.7.10.1 Publicly-Traded Securities

5.10.7.10.2 Not Publicly-Traded Securities

5.10.7.10.3 Acquired Notes

Exhibits

5.10.7-1 Pattern Letter P-338 (Agreement to Bid) Reference: 5.10.7.4.1

5.10.7-2 Pattern Letter P-637 (Notice of Public Auction Sale - Redeemed Property) Reference: 5.10.7.4.5

5.10.7-3 Pattern Letter P-1627 (Notice of Sealed Bid Sale - Redeemed Property) Reference: 5.10.7.4.5

5.10.7-4 Pattern Letter P-339 (Notice of Public Auction Sale - Other than Redeemed Property) Reference:
5.10.7.4.5

5.10.7-5 Pattern Letter P-340 (Notice of Sealed Bid Sale - Other than Redeemed Property) Reference:
5.10.7.4.5

5.10.7-6 Opening Statement for Auction - Sale of Acquired Property Reference: 5.10.7.6.2

5.10.7-7 Pattern Letter P-341 (Certificate of Sale of Personal Property) Reference: 5.10.7.6.7

5.10.7-8 Pattern Letter P-342 (Certificate of Sale of Seized Property - Securities) Reference: 5.10.7.10.1

5.10.7-9 Pattern Letter P-343 (Transmittal of Securities to Bureau of Public Debt) Reference: 5.10.7.10.1

5.10.7.1
(09-15-2020)
Program Scope and Objectives

- (1) **Purpose:** This section provides procedural guidance for collection staff on acquired property and property redeemed by the United States.
- (2) **Audience:** This section is for collection employees dealing with acquired property and property redeemed by the United States.
- (3) **Policy Owner:** Director, Collection Policy, SBSE.
- (4) **Program Owner:** Collection Policy, SBSE, Enforcement.
- (5) **Primary Stakeholders:** Advisors, Revenue Officers and Property Appraisal and Liquidation Specialists (PALS).
- (6) **Program Goals:** There are circumstances in which the federal government obtains property as a result of a delinquent tax liability, by means other than seizure by a revenue officer. This is referred to as “acquired property.” By following the procedures in this IRM, employees will be able to maintain appropriate records of acquired property, properly address income from that property, and dispose of it through release, redemption, or sale.

5.10.7.1.1
(09-15-2020)
Background

- (1) Internal Revenue Manual 5.10.7, Acquired Property and Property Redeemed by the United States, contains procedural guidance for acquired property and property redeemed by the United States. The procedures contained in this section relate to
 - maintaining controls on acquired property
 - dealing with sales proceeds and income from acquired property
 - selling acquired property
 - selling property redeemed by the United States
 - taking post-sale actions for acquired property and property redeemed by the United States

5.10.7.1.2
(09-15-2020)
Authority

- (1) The authorities for this IRM include:
 - 28 USC 2410
 - IRC 6335, Sale of Seized Property
 - IRC 6337, Redemption of Property
 - IRC 7425, Discharge of Liens
 - IRC 7505, Sale of Personal Property Acquired by the United States
 - IRC 7506, Administration of Real Estate Acquired by the United States
 - IRC 7809, Deposit of Collections

5.10.7.1.3
(09-15-2020)
Responsibilities

- (1) The Director, Collection Policy is the executive responsible for the policies and procedures in this IRM.
- (2) The advisors are responsible for maintaining controls and completing the post sale or post disposition actions of acquired property and property redeemed by the United States.
- (3) The revenue officers and PALS are responsible for sale actions and coordinating post sale or post disposition actions with the advisors.

- (4) Managers are responsible for ensuring sale, post sale and/or post disposition actions are taken by employees in accordance with current law, policy and IRM procedures.

5.10.7.1.4
(09-15-2020)
**Program Management
and Review**

- (1) **Program Reports:** Per IRM 1.4.53, Advisory and Property Appraisal and Liquidation Specialist Group Manager Operational Aid, the Advisory Group Managers are required to review Seizure Controls, RACS 135 Reports, and ICS to ensure advisor cases are being effectively worked.
- (2) **Program Effectiveness:** Civil Enforcement Advice and Support Operations (CEASO) conducts operational and performance reviews to ensure case actions are taken in accordance with applicable laws, policy and IRM procedures. National quality and consistency reviews are conducted to ensure consistency and effectiveness in case actions.

5.10.7.1.5
(09-15-2020)
Program Controls

- (1) CEASO Advisory Group Managers will consistently review:
- Acquired Property Controls
 - RACS 135 Reports
 - ICS Current Inventory Report
- (2) Certain processes in this IRM require managerial approval.
- (3) The ENTITY Case Management System can also generate certain unique reports to assist in managing assigned inventory.

5.10.7.1.6
(09-15-2020)
**Acronyms and
Definitions**

- (1) The table below lists common acronyms used in this section.

Acronym	Definition
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
ICS	Integrated Collection System
RRACS	Redesign Revenue Accounting Control System
PALS	Property Appraisal and Liquidation Specialist
RO	Revenue Officer

5.10.7.2
(09-15-2020)
General

- (1) For personal property, acquired property means any property obtained by the United States in payment of, or as security for, debts arising under the internal revenue laws.
- (2) For real property, acquired property means any property which is, or shall become property of the United States under the following conditions:
- By judgment of forfeiture under the internal revenue laws
 - By redemption by the Government under IRC 7425

- By assignment, set off, conveyance by purchase, or otherwise to the United States in payment of debts or penalties arising under the laws relating to internal revenue
 - By being vested in the United States by mortgage or other security for the payment of such debts
 - By declaration of purchase for the United States under IRC 6335(e)
 - By bidding in at a judicial foreclosure sale where authorization under IRM 34.6.1.2.3, Appointment of Agent to Bid at Execution Sale, was obtained.
- (3) Authority to sell acquired property is contained in IRC 7505 (personal property) and IRC 7506 (real property). Either a property appraisal and liquidation specialist (PALS) or a revenue officer may conduct a sale of acquired property; however, since the PALS is a specialist in the sale process, it is recommended that the PALS conduct these sales whenever possible. The administration and disposition of personal property is the responsibility of the CEASO Director or the area director of the area in which the property became the property of the United States. The administration and disposition of real property is the responsibility of the CEASO Director or the area director of the area in which the real property is situated. For real property, the Commissioner Small Business/Self-Employed (or his/her delegate) may, if deemed advisable, take charge of and assume responsibility for the administration and disposition of the property by giving written notice to the CEASO Director or the area director.
- (4) If real property, consisting of a single parcel, is situated in more than one internal revenue area, the responsibility for the administration and disposition of the property will be that of the area director under whose direction the property was declared purchased or under whose direction the property otherwise became the property of the United States. If there is doubt as to which area director is to have charge of the property, the pertinent facts should be reported to the Director, Collection Policy, Attn: SE:S:DCCOS:C:HQC:P, so that a designation may be made.
- (5) In order that a current record of all acquired property will be available for reference and follow-up purposes, Advisory will maintain an Integrated Collection System (ICS) control of such property. This ICS control will include real and personal property acquired through levy and sales under IRC 6335(e) and also property acquired through other circumstances stated in IRM 5.10.7.2(1) and (2) above.
- (6) Property acquired under IRC 6335(e) will be reported to the Redesign Revenue Accounting Control System (RRACS) staff, (RRACS was formerly Interim Revenue Accounting Control System (IRACS)), on Form 2433 , Notice of Seizure, and Form 2436 , Seized Property Sale Report. However, if property is acquired through other circumstances, Advisory will inform RRACS by memorandum, in duplicate. To enable the compliance center to enter acquired property on the accounting records, the value of the property must be provided. When the exact value of the property cannot be determined, the memorandum should be noted with the estimated value and the basis for computing it.

Note: Property acquired by the Service through the exercise of redemption rights under the Federal tax lien does not require a memorandum to RRACS. Addi-

tional information about the administration of redeemed property can be found in IRM 5.12.5.7 , Administration of Redeemed Property.

- (7) The Advisory Territory Manager will periodically request from the office involved the current status of acquired properties. In the case of real property, a status report should not be requested until six months after the right of redemption period has expired. A brief notation of the follow-up actions will be entered in the ICS control history . After the property is disposed of, the ICS control will be closed.
- (8) The PALS or the revenue officer will see that acquired property located within the jurisdiction of the office is maintained as determined necessary. Ordinary and necessary expenses may be incurred in the preservation of the property. These expenses may include rent for storage of personal property if rent-free facilities are not available, or the cost of minor repairs to real property, if deemed necessary for its preservation. The procedures in IRM 5.10.3.11 , Protecting the Property After Seizure, are also applicable to acquired property.
- (9) Estimated expenses expected to be incurred in connection with the preservation or sale of the property should be reported to the field budget officer per their instructions, or if applicable to the Chief, HQ Financial Management (Execution), so that necessary funds may be obligated. Identify the property and provide the estimated amount of expenses.
- (10) The sale procedures in the sections that follow are applicable to both real and personal property unless otherwise indicated. For disposition of acquired securities, see IRM 5.10.7.10, Disposition of Acquired Securities.
- (11) Since property acquired other than as a result of redemption is sold exclusively for the benefit of the government with no benefit to the original taxpayer, third party contact reporting requirements are not relevant for this type of sale.
- (12) Where property has been acquired other than as a result of redemption, if it is determined that it is in the best interest of the Service to transfer ownership of the property for any reason to another federal government agency, such as the Department of the Interior, National Park Service, or U.S. Forestry Service, etc., this can be done with agreement by the other federal agency without offering the property for sale under sections 7505 or 7506. This cannot be done with a non-federal agency, such as a state or local government agency. Approval for this transfer is obtained from the Advisory Territory Manager. The PALS will prepare a memo for routing through the PALS manager to the Advisory Territory Manager requesting approval to transfer the asset to another agency. The memo should provide sufficient information regarding the acquisition and recommended transfer of the property.

5.10.7.2.1
(06-20-2014)
**ICS Case Control
Identification Numbers**

- (1) Advisory will establish an Integrated Collection System (ICS) control by opening a non-field Other Investigation with an Action Code 165, Acquired Property, within 7 calendar days of notification of such property.
- (2) Property acquired by means other than through seizure action (e.g. see IRM 5.10.7.2 (1) and IRM 5.10.7.2 (2)) and for which the taxpayer's account has been or is being credited will be controlled on ICS using an assigned identification number which begins with "00-9". The artificial assigned TIN will follow the format 00-9AOXXXX, where "00-9" represents Advisory's function code for

ICS; AO is the Collection Field Area Office Number (01 through 07, 15, or 99*); and XXXX is a four digit sequential numeric control (e.g. 00-9 02 0001).

- (3) For property acquired through seizure, or for which the taxpayer's account will not be credited until later, the taxpayer's TIN will continue to be used to control the case on ICS.
- (4) Advisory will assign an acquired property serial number in accordance with IRM 5.6.1.7, Collateral Agreement and Other Acquired Property Serial Numbers, and IRM 5.6.1.8, Preparing Form 2276, Collateral Deposit Record.

5.10.7.2.2 (06-20-2014) **Acquired Property Control**

- (1) Within 10 calendar days of establishing the ICS control, Advisory will prepare a memorandum for the RRACS staff requesting that they open an acquired property control. The memorandum titled, "Acquired Property Control," will include the following information:
 - acquired property serial number
 - taxpayer's name and control TIN
 - type of property
 - value of property
 - a statement indicating whether the taxpayer's account has been, or should be, credited with the assigned value of the acquired property or if the account will be credited after the property is disposed of. If account should be credited immediately, provide instructions as to how the credit should be applied.
- (2) Upon receipt of the memorandum, the RRACS staff will open an acquired property control on the RRACS Report 135. Based on the information provided, the RRACS staff will either use the assigned value of the property or assign a value of \$1.00, if the account is to be credited after disposing of the property.
- (3) The advisor will then coordinate with the PALS to dispose of the acquired property.

5.10.7.2.3 (06-20-2014) **Proceeds From the Sale of Acquired Property**

- (1) Proceeds obtained from the sale of the acquired property will be forwarded by the RO or PALS to the Ogden Teller Unit via a memorandum at the following address:

IRS Ogden Submission Processing Center
1973 N. Rulon White Blvd
Mail Stop 6261, Acquired Property
Ogden, UT 84404
- (2) The memorandum titled, "Proceeds from the Sale of Acquired Property" will include the following information: acquired property serial number; date of the sale, and amount of proceeds.
- (3) The RO or PALS responsible for conducting the sale will send Advisory a summary memorandum of the acquired property sale. The RO or PALS will forward all applicable documents to Advisory, including a copy of the memorandum mentioned above.

- (4) Within 10 calendar days of the RO or PALS documentation, Advisory will then prepare a memorandum to the RRACS staff at the Ogden Campus. The memorandum titled "Disposition of Acquired Property" will include the following information: acquired property serial number; date of disposition; and a statement regarding the disposition of proceeds.
 - If the taxpayer's account was NOT previously credited for the value of the acquired property, the advisor will provide the necessary information to ensure adequate posting of the sale proceeds. At a minimum, this will include the taxpayer's name, TIN and tax period information.
 - If the taxpayer's account was previously credited (i.e. redemption), the advisor will notify the IRACS staff to close out the 7100 Acquired Property Account.

Note: Because the property being sold is owned by the government, expenses of sale are not to be charged to the taxpayer's account.
- (5) Once the disposition of the proceeds has been verified and all required actions have been completed, the advisor will update the acquired property log and close the ICS control.

5.10.7.3
(10-27-2014)
**Income From Acquired
Property**

- (1) For real property acquired under the provisions of IRC 6335 , there is a 180 day right of redemption period during which the government cannot dispose of the property.
- (2) The right to any income from real property during this period of redemption depends upon the state law where the property is located. Area counsel should be consulted to determine the disposition to be made of income during this period. If it is determined that the taxpayer is entitled to the income, levy procedures may be used and the proceeds applied to the outstanding accounts of the taxpayer.
- (3) The taxpayer has no right to redeem, nor any right to any income derived from, personal property after it has been declared purchased for the United States.
- (4) Income received from the acquired property will be forwarded through Submission Processing with a Form 2433 , Part 7B, Notice of Seizure, or a memorandum posting document in duplicate indicating the following:
 - Name of person from whom the income was received
 - Nature of income, such as rent, dividends, etc.
 - Brief description of property, such as "Real property — Building located at (address)," "Personal property — General Motors Stock," etc.
 - Period covered by the payment if applicable
 - Name of taxpayer from whom the property was seized and sold
 - Amount of remittance
 - A statement that the remittance should be deposited as a courtesy deposit for credit to Miscellaneous Receipts of the Treasury
- (5) Cash remittances must be converted before transmittal to Submission Processing.

5.10.7.3.1
(06-20-2014)
Lease of Real Property

- (1) Real property may be leased if it is determined that it will be in the possession of the area director over an extended period of time and that the government's interest will best be served by such action. Factors to be considered are:
 - Depreciation of the property
 - Whether the property can be immediately sold for a reasonable amount
 - Cost of maintenance, etc.
- (2) The initial determination will be made by the Advisory Group Manager, based upon the circumstances, including any recommendation of the area office involved. The final decision rests with the Advisory Territory Manager whose approval must be secured before the property is offered since he/she must sign the lease.
- (3) If acquired property will be leased and a prospective lessee has been secured, the Advisory Group Manager should request area counsel to prepare a lease agreement in duplicate. The terms of the lease should generally not be more than a year and should not contain any provision which would prevent selling the property, subject to the lease, at any time a suitable purchaser is found. The lease agreement should specify that payments be made by check or money order made payable to the United States Treasury and sent directly to the Advisory Group Manager.
- (4) The following information should be furnished to area counsel:
 - Name and address of the lessee
 - Area involved
 - Description and location of property
 - How property was acquired by the United States
 - Period of the lease
 - Terms of payment (amount, manner, due date and place of payment)
 - Any special provisions to be contained in the lease, such as maintenance of property, authorized alterations, improvements, etc.
- (5) Upon receipt of the proposed lease agreement from area counsel, the Advisory Group Manager will review the lease to see that it conforms to the intent of the parties involved and will forward the original and duplicate to the Advisory Territory Manager for his or her signature.
- (6) After the Advisory Territory Manager has signed the lease agreement, both copies will be returned to the Advisory Group Manager who will:
 - a. Prepare a control card showing the name and address of the lessee, payment due and amount of payment.
 - b. Secure the signature of the lessee on the original lease agreement.
 - c. Furnish duplicate lease agreement to the lessee which may be considered authority for the lessee to have possession of the property in accordance with terms of the agreement.
 - d. File original lease agreement in the related Disposition of Seized Property case file.
 - e. File control card chronologically by payment due date in a "lease control card file."
- (7) Upon receipt of payments under the lease agreement, Advisory will note the control card as to date payment is received and prepare and process a memo-

random posting document in duplicate in accordance with IRM 5.10.7.3 (4), Income From Acquired Property.

- (8) If a payment is not received within a reasonable time after the due date, the Advisory Group Manager should contact the lessee to secure payment. If payment is not received, area counsel should be consulted as to the legal action required.

5.10.7.4
(06-20-2014)
Preparations for Sale

- (1) As soon as practical after acquisition of the property and when it appears that offering the acquired property for sale will yield a reasonable price, the RO or PALS should provide the following information via ICS history entry to the Advisory advisor maintaining the control for the acquired property:
 - Brief description and location of property
 - Condition of property
 - Expected sale price
 - Government's cost, if any (bid-in price if the property was declared purchased under IRC 6335 , or bid-in price where the property was acquired by foreclosure sale.)
 - Reason it is believed that the property can be sold for a reasonable price (if an agreement to bid has been secured, furnish details)
 - Any other pertinent information
- (2) The revenue officer or the PALS should then begin taking the appropriate actions to begin the sale process.

5.10.7.4.1
(06-20-2014)
Agreements to Bid

- (1) Regulations provide that offers to bid at least a specified amount may be solicited from prospective bidders before giving a notice of sale of acquired property. Although this procedure is not a statutory requirement, it is desirable since it encourages more sincere bidding and practically ensures that the property will be sold when offered for sale. Ordinarily offers to bid will be the result of solicitation by the PALS or the revenue officer since they will be in the best position to contact prospective bidders. However, in some instances the agreement to bid may be secured by other Service personnel. The agreement to bid should be similar to the example in Exhibit 5.10.7-1.
- (2) A deposit to secure performance of the agreement to bid may also be required and ordinarily is desirable. When a deposit is required, it should be the full amount of the offer to bid if the bid is \$200 or less. If the amount of the offer to bid is more than \$200, the deposit should be 20 percent of the bid or \$200, whichever is greater.
- (3) If a deposit is required with the agreement to bid, it should be made by a certified, cashier's, or treasurer's check drawn on any bank or trust company incorporated under the laws of the United States or under the laws of any state, territory, or possession of the United States, or by a postal, bank, express, or telegraph money order.
- (4) Certificates of Deposit and irrevocable letters of credit are also acceptable if approved in advance by area counsel. However, care should be exercised in accepting and monitoring such instruments because the period of time in which they are negotiable is generally limited.
- (5) Upon receipt of a bid deposit, prepare Form 2276 , Collateral Deposit Record. The remittance and Form 2276 will be submitted to Advisory for review and

safekeeping. Additional information on collaterals can be found in IRM 5.6.1, Collateral Agreements and Security Type Collateral, and IRM 5.6.2, Maintenance. When completing the form:

- Complete items 1 - 11 as captioned.
- Item 2 - Secure the serial number from Advisory.
- Only complete item 8 if the collateral was submitted by someone other than the taxpayer.
- In item (b) "Description", enter "Agreement to Bid Deposit".
- In item (d) "Estimated Fair Market Value", enter "For Safekeeping".

5.10.7.4.2
(06-20-2014)
Time and Place of Sale

- (1) Personal property may be sold any time after it is acquired and a notice of sale given (IRM 5.10.7.4.5 (2), Notice of Sale). However, sufficient time should be allowed to permit adequate publicity of the sale so that the maximum amount may be obtained for the property at the sale. Ordinarily, the sale of personal property should be held in the area where the property was declared purchased for the United States. If the sale is to be held in another area, the area director should advise the director of the other area.
- (2) Real property acquired under the provisions of IRC 6335(e) may be sold after the 180-day period of redemption expires and a public notice of sale has been given (IRM 5.10.7.4.5 (2)). The notice must have been given not less than 20 days before holding the sale. Ordinarily, when real property is involved, the taxpayer or other persons with an interest in the property, or a person on their behalf, have a right to redeem the property within the prescribed period. In some instances, such as in the case of real property acquired by forfeiture, the right to redeem may not exist. When real property is acquired by an action other than a sale under provisions of IRC 6335(e), consult area counsel to determine whether redemption rights exist.
- (3) When real property is redeemed under 28 USC 2410 or IRC 7425, the PALS should arrange to sell it as soon as possible after proper notice of sale is given and the terms of agreements to bid permit. The property may not be sold less than 20 days after notice is given.
- (4) Ordinarily, the place of sale of real property should be within the county where the property is situated. However, if it is believed that a substantially higher price may be obtained, the area director or Advisory Territory Manager may authorize the sale to be held outside such county. If this move causes the sale to be held in another area office, the area director should be notified by the approving official in the area where the property is situated.

5.10.7.4.3
(10-01-2004)
Adjournment of Sale

- (1) Regulations provide that the employee conducting the sale may adjourn the sale if an adjournment will best serve the interest of the United States. However, if the sale is adjourned for more than 30 days in the aggregate, a new notice of sale is required.
- (2) When a sale is to be adjourned for any purpose, the employee conducting the sale should appear at the time and place originally established for the sale and make a public announcement of the adjournment and, if possible, inform those present of the new date and time of sale.

5.10.7.4.4
(10-01-2004)
Offering of Property

- (1) Acquired property may be sold either by public auction or by sealed bids. The method used will depend upon the facts and circumstances surrounding the property, such as type of property, location, condition of property, etc. The method selected should be the one which is expected to produce the maximum amount for the property.
- (2) Acquired property may be sold, if divisible, in parcels or piecemeal, or it may be combined with other acquired property and offered for sale. There are no restrictions relative to the grouping of the property for sale. It may be offered as separate items, as groups of items, in the aggregate, or both as separate items (or in groups) and in the aggregate. If the property is to be offered in groups, the groups should be segregated on the notice of sale.

5.10.7.4.5
(06-20-2014)
Notice of Sale

- (1) Regulations require that a notice of sale be publicly given. The notice of sale should be prepared as appropriate:
 - Notice of Public Auction (for redeemed property), Exhibit 5.10.7-2, P-637
 - Notice of Sealed Bid Sale (for redeemed property), Exhibit 5.10.7-3, P-1627
 - Notice of Public Auction Sale, (other than redeemed property), Exhibit 5.10.7-4, P-339
 - Notice of Sealed Bid Sale, (other than redeemed property), Exhibit 5.10.7-5, P-340
- (2) If residential real property is being sold, the notice of sale should also contain a statement that the property is being sold on an open occupancy basis or nondiscriminatory basis. The notice of sale should be reproduced in a manner that will provide sufficient copies to satisfy the needs of the particular sale. For real property, the notice of sale must be published in a newspaper published or generally circulated within the county where the property is situated. If there is no newspaper published or circulated within the county, the notice will be posted at the post office nearest the place of sale and in at least two other public places. For personal property the notice of sale must be posted at the post office nearest the place of sale and in at least two other public places. For personal property, newspaper advertising may also be authorized but is not required. A copy of the notice of sale should also be retained by the PALS for submitting with the report of sale. A copy will be forwarded to Advisory.
- (3) Other methods of giving public notice of sale and of advertising, such as radio or television spot announcements, posting on the Treasury Web Site (Internet), and trade journal advertising, may be used, in addition to those required by regulations, when it is believed that wider or more specialized advertising coverage will enhance the possibility of obtaining a higher price for the property. If commercial advertising is used, the procedures prescribed in IRM 5.10.4.10.1, Commercial Advertising of Sale, should be followed.

5.10.7.5
(06-20-2014)
**Release or Redemption
of Real Property to
Debtor**

- (1) IRC 6337 provides that the owner of any real estate sold as provided in IRC 6335, or any person having interest therein, or a lien thereon, or any person in their behalf, shall be permitted to redeem the property sold, or any particular tract of the property at any time within 180 days after the sale. Under the provisions of IRC 6337 real property, or a tract thereof, may be redeemed from

the government upon payment of the bid-in price plus interest at the rate of 20 percent per annum. IRC 6337 is only applicable to property acquired by the United States under IRC 6335.

- (2) Under IRC 7506(d) , if real property becomes the property of the United States as result of sale under IRC 6335, conveyance, or otherwise in payment of or as security for a debt arising under the laws relating to internal revenue, and the debt, together with interest at the rate of one percent per month, is paid within two years from the date of the acquisition, the property may be released by deed or otherwise conveyed to the debtor from whom it was taken, or to his/her heirs or other legal representatives. The term “debt” includes the entire tax liability including penalties and interest; this amount would also include any credit given to the taxpayer for the minimum bid since the credit would be reversed if the property was returned to the taxpayer.

Note: This provision does not require the United States to hold the property for the two-year period, but merely provides that if the property is still held by the United States it may be released upon payment of the debt and interest, within two years from the date the property was acquired by the United States.

- (3) Payments made within the 180 day redemption period will follow the provisions of IRM 5.10.7.5(1).
- (4) IRM 5.10.6.8, Redemption of Real Property After Sale, contains the procedures to follow when the property is redeemed or released.

5.10.7.6 (10-01-2004) **Sale Procedures — Public Auction Sale**

- (1) The procedures for sale of acquired property are substantially the same as those used in the sale of seized property. The most notable difference is that regulations under IRC 7505 and IRC 7506 provide that the employee conducting the sale has the right to reject any and all bids received and to withdraw the property from the sale. Thus, when it appears that the rejection of a bid, or all bids, will best serve the interest of the United States, the employee conducting the sale may do so. However, the necessity of rejecting bids can usually be avoided by securing an agreement to bid (IRM 5.10.7.4.1, Agreements to Bid) before offering the property for sale.

5.10.7.6.1 (06-20-2014) **Condition of Title and of Property**

- (1) The procedures prescribed in IRM 5.10.5.8, Condition of Title and of Property, are also applicable when acquired property is being sold.
- (2) Because Form 2434-B, Notice of Encumbrances Against and Interests in Property Offered for Sale, is normally used for sales of seized assets, the following changes should be made when conducting a sale of acquired property:
 - a. On the front of the form in the space below “Internal Revenue taxes due from: (Taxpayer)”, enter a statement to indicate how the Service acquired the property; for example — “The United States acquired the property from a distraint sale under the provisions of IRC section 6335 on 07/01/ 2000. Deed was executed to the United States on 02/05/2001. ”
 - b. On the reverse of the form, change the first paragraph from “will be sold” to either “was sold and acquired by the United States” or “was acquired by the United States. ”

- c. On the reverse of the form, in the last paragraph, delete everything after the first sentence and add the following sentence: "Upon full payment of the accepted bid price, the United States will issue a Certificate of Sale for personal property or a deed for real property."

5.10.7.6.2
(06-20-2014)
Auction Procedure

- (1) At the time and place set for the sale, the employee conducting the sale should call the prospective bidders to order and read the authority for the sale and the conditions under which the property will be offered. The statement provided in Exhibit 5.10.7-6 should be used, but it may be altered as necessary to fit the conditions of a particular sale.
- (2) After reading the statement as to the terms and conditions of the sale, the employee conducting the sale will open the bidding. If an agreement to bid has been secured and a deposit has been required, and a higher opening bid is not received, the property should be offered for sale at the amount of the offer. If a bid is not received equal to at least the amount of the offer, the sale should be adjourned and the property again offered for sale at a later date. At the conclusion of the bidding, the property will be declared sold to the highest acceptable bidder, unless it is determined that the best interest of the Government will be served by an adjournment of the sale (IRM 5.10.7.4.3, Adjournment of Sale).
- (3) If the property is offered for sale by more than one method, the employee assisting in the sale will prepare a tabulation of the high bids received. Form 4425, Public Sale Bid Tabulation, or similar form, may be used for this purpose. It is not necessary that a record be maintained of bids as they are tendered during the progression of the tentative high bids. The sale should be recessed at the conclusion of the bidding for a period long enough to tabulate the tentative high bids received. After completing a verification of this tabulation, the name of the successful bidder or bidders should be announced. The records pertaining to the tentative high bids received will be retained and submitted by the employee conducting the sale with the report of the proceedings as stated in IRM 5.10.7.9, Report of Disposition — Other Than Sale of Redeemed Property.
- (4) When property is offered for sale by more than one method, it may be desirable to secure payment from the tentative high bidder(s) pending the outcome of the bidding by the other method of sale. In these cases, the procedures in IRM 5.10.5.13, Property Offered for Sale by More Than One Method, should be followed.

5.10.7.6.3
(06-20-2014)
Sealed Bid Procedures

- (1) Regulations under IRC 7505 and IRC 7506 provide that acquired property may also be sold by sealed bids. If the property was not redeemed by the United States, the procedures prescribed in IRM 5.10.5.14, Sealed Bid Sale - General, will be followed except that:
 - a. Form 2593, Sealed Bid for Purchase of Property Acquired by the United States, will be used in place of Form 2222.
 - b. Any references to seized property should be considered to be "property acquired by the United States."
 - c. Any references to "minimum price" should be disregarded since such requirement is not applicable when selling property which has been acquired by the United States.
 - d. Any or all bids may be rejected at any time before declaring the property

- sold (See IRM 5.10.7.6, Sale Procedures - Public Auction Sale).
 - e. Form 2434-B will be prepared as described in IRM 5.10.7.6.1, Condition of Title and of Property.
 - f. The employee conducting the sale will prepare a report on the proceedings in accordance with IRM 5.10.7.9, Report of Disposition — Other Than Sale of Redeemed Property.
 - g. The return of a remittance to an unsuccessful bidder who had executed an agreement to bid will be governed by IRM 5.10.7.6.6, Return of Unsuccessful Sealed Bids and Amounts Deposited with Agreements to Bid.
- (2) For property that was redeemed by the United States, the procedures prescribed in IRM 5.10.5.14, Sealed Bid Sale - General, will be followed except that:
 - a. Form 2593-A, Sealed Bid for Purchase of Property Redeemed by the United States, will be used in place of Form 2222.
 - b. Any references to seized property should be considered to be “property redeemed by the United States.”
 - c. Any references to “minimum price” should be disregarded since such requirement is not applicable when selling property which has been redeemed by the United States.
 - d. Any or all bids may be rejected at any time before declaring the property sold. See IRM 5.10.7.6, Sale Procedures - Public Auction Sale.
 - e. Form 2434-B will be prepared as described in IRM 5.10.7.6.1, Condition of Title and of Property.
 - f. The employee conducting the sale will prepare a report on the proceedings in accordance with IRM 5.10.7.8, Report of Disposition — Sale of Redeemed Property.
 - g. The return of a remittance to an unsuccessful bidder who had executed an agreement to bid, will be governed by IRM 5.10.7.6.6, Return of Unsuccessful Sealed Bids and Amounts Deposited with Agreements to Bid.

5.10.7.6.4
(10-01-2004)
Payment of Bid Price

- (1) Instructions in IRM 5.10.4.8.3, Notice of Sale - Terms of Payment, are applicable.
- (2) A Form 809 receipt will not be issued to the purchaser upon full payment of the purchase price if personal property is sold. Instead, a Certificate of Sale will be issued. See IRM 5.10.7.6.7, Certificate of Sale — Personal Property.
- (3) If deferment of the full purchase price is permitted or if real property is sold and the payments are made by cash, the employee will issue a Form 809 receipt for the cash payments. Parts 1, 2, and 3 of the Form 809 receipt should be marked in the upper right corner above the receipt number “Full (or partial, if applicable) Payment—Sale of Acquired Property.” The only entries that should be made are the taxpayer’s name and the amount of the payment. Part 2 should be given to the purchaser and Parts 1 and 3, stapled together in reverse order, should be submitted via Form 3210, Document Transmittal, as provided in IRM 5.10.7.9, Report of Disposition — Other Than Sale of Redeemed Property.

5.10.7.6.5
(06-20-2014)

**Failure to Bid Agreed
Amount and Default in
Payment**

- (1) If a deposit is required with the agreement to bid and the depositor fails to bid the amount specified in the agreement and either the property is not sold for as much as the agreed amount or the Service incurs any costs resulting from the need for a subsequent sale, the amount of the deposit may be retained by the Service as damages.
- (2) If payment in full is required upon acceptance of the bid and is not paid, or if deferred payment is permitted and is not paid within the prescribed period, the sale may be declared to be null and void and the property may again be advertised and sold as provided in these instructions. In this event, the new purchaser will receive the property or rights to property free and clear of any claim or right of the former defaulting purchaser. The amount paid upon the bid price may be retained by the United States pending determination of actual damages. Area counsel may be consulted, if necessary, to determine whether legal action is appropriate.
- (3) In case of a deposit retained as damages under either IRM 5.10.7.6.5(1) or (2) above not related to property redeemed under IRC 7425, the employee who conducted the sale will prepare a memorandum in triplicate entitled "Retained Deposit Funds" and state thereon the:
 - Name of the depositor
 - Amount retained
 - Reasons for retaining the funds
- (4) The employee conducting the sale will forward all copies of the memorandum through their manager to the Advisory Group Manager to submit to RRACS.
- (5) In case of a deposit retained as damages under IRM 5.10.7.6.5(1) or (2) above related to property redeemed under IRC 7425, the employee will report any default situation described above by memorandum, in quadruplicate, entitled "Default in Agreement to Bid" or "Default in Payment of Bid Price," as applicable. The memorandum will identify the redemption sale and will include the following information:
 - Name of the bidder or depositor
 - Amount of the agreement to bid or sealed bid
 - Amount of the deposit, or of remittance accompanying the bid
 - Amount which must be returned to the revolving fund
 - Amount received from the sale of the property, or date for rescheduled sale
 - Actual cost of re-selling the property (if unknown, estimate)
 - Nature of and reason for default
- (6) All copies of the memorandum will then be forwarded through the group manager and the Advisory Territory Manager for distribution to the Advisory Area Manager, Management & Finance Field Office, and area counsel. The fourth copy will be retained in Advisory.
- (7) In order to minimize the chance of loss being incurred by the Service, the Advisory Territory Manager will, by memorandum, inform the Management and Support Field Office when any of the following situations occur:
 - A bidder defaults in payment or fails to bid the agreed amount — the memorandum will indicate what actions are planned for recovering the full amount advanced from the revolving fund

- The full amount advanced from the revolving fund is recovered after a default situation arises, through subsequent sale of the property, legal action against the defaulting bidder, etc.
- All efforts to recover the fund advance have been exhausted and it is determined that the fund has suffered a loss which must be recovered administratively

5.10.7.6.6
(06-20-2014)

**Return of Unsuccessful
Sealed Bids and
Amounts Deposited With
Agreements to Bid**

- (1) At the conclusion of the sale, remittances submitted in connection with unsuccessful sealed bids will be returned to the bidder unless the bidder defaulted in payment of the bid price.
- (2) In no event will any remittance received with an unsuccessful bid be deposited as internal revenue collections or in the deposit fund account, nor will unsuccessful bidders be required to submit an application for a refund. Remittances will be returned to unsuccessful bidders if they are present at the sale. Otherwise, the remittances will be returned by certified mail. In either case, complete the applicable items of the "Return of Remittance to Unsuccessful Bidder" section of the related Form 2593 or Form 2593-A.
- (3) Advisory is responsible for returning deposits submitted with agreements to bid if, after the sale, the individual who submitted the deposit was not the successful bidder.

5.10.7.6.7
(10-01-2004)

**Certificate of Sale —
Personal Property**

- (1) As soon as possible after receipt of the full purchase price, the employee conducting the sale will:
 - a. Issue in duplicate a Certificate of Sale of Personal Property in accordance with the example in Exhibit 5.10.7-7.
 - b. Furnish the original certificate of sale to the purchaser.
 - c. Release the personal property to the purchaser.
 - d. Retain duplicate certificate of sale for submission with report of sale as prescribed in IRM 5.10.7.9, Report of Disposition — Other Than Sale of Redeemed Property.

5.10.7.6.8
(09-15-2020)

Deed to Real Property

- (1) Regulations under IRC 7506 provide that, upon payment in full of the purchase price, the delegated official will issue a deed to the purchaser. The authority to sign the deed is contained in Delegation Order 1-23-2 [formerly SB/SE Delegation Order 5.1 (Rev 2)]. See IRM 1.2.65.3.1 and IRM 1.2.65-2, SBSE 1-23-2 (Rev. 2), Authority to Sign and Issue Levy and Related Documents.
- (2) The deed will be prepared in duplicate by Advisory and forwarded to area counsel for approval. A standard format for such deeds can be pre-arranged with area counsel. Once the deed is ready, Advisory will:
 - a. Remove the original Report of Sale from the suspense file.
 - b. Secure the appropriate signature on the deed.
 - c. Furnish the original deed to the purchaser.
 - d. Note on duplicate deed the date the original deed is executed and the date it is delivered to purchaser.
 - e. File the duplicate deed and original report of disposition in the related Record of Disposition of Seized Property case file.

Note: Because of the limited retention period for these types of records, it is highly recommended that the proper recording of the deed by the purchaser be verified before the case is closed. Take appropriate follow-up action if the deed has not been recorded.

5.10.7.6.9
(06-20-2014)
Expenses of Sale

- (1) For redeemed property, expenses of sale, including the cost of advertising, are to be deducted from the excess over the amount required to reimburse the revolving fund before application to the taxpayer's liability. However, if there is no sale, the taxpayer's account will not be debited (See IRM 5.12.5.7.5, Disposition of Redemption Sale Proceeds).
- (2) For other than redeemed property, expenses of sale, including the cost of advertising, are to be identified on the "Report of Sale of Acquired Property" per IRM 5.10.7.9, Report of Disposition — Other than Sale of Redeemed Property.

5.10.7.7
(06-20-2014)
**Post Sale Actions —
Acquired Property**

- (1) Upon completion of the sale of acquired property, the employee who conducted the sale will forward a report to Advisory. The report will be prepared under the appropriate guidelines in the following sections:
 - Report of Disposition — Sale of Redeemed Property, IRM 5.10.7.8
 - Report of Disposition — Other than Sale of Redeemed Property, IRM 5.10.7.9
- (2) If the successful bidder submitted a deposit with the agreement to bid, the employee who conducted the sale will contact Advisory and fax a copy of the "Sale of Acquired Property" memorandum (IRM 5.10.7.9 (1), Report of Disposition — Other than Sale of Redeemed Property) or the "Proceeds from Sale of Redeemed Property" memorandum (IRM 5.10.7.8 (1), Report of Disposition — Sale of Redeemed Property) to Advisory for disposition of the deposit. If the individual who made the deposit was not the successful bidder, contact Advisory so the procedures in IRM 5.10.7.6.6 (3), Return of Unsuccessful Sealed Bids and Amounts Deposited With Agreements to Bid, can be followed.
- (3) Upon receipt of the appropriate report, Advisory will:
 - a. File a copy of the control in the case file.
 - b. Forward vouchers not previously submitted to the Management & Finance Field Office for payment.
 - c. File the report of disposition in a suspense file pending receipt of the quitclaim deed if real property is involved.
 - d. File the report of disposition and attachments in the related Record of Disposition of Seized Property case file if property was acquired by declaration of purchased for the United States under IRC 6335(e) .
 - e. Forward to RRACS a copy of the "Report of Sale of Acquired Property" along with a copy of the memorandum posting document, "Sale of Acquired Property."

5.10.7.8
(06-20-2014)
**Report of Disposition —
Sale of Redeemed
Property**

- (1) Upon completing the sale of redeemed property, the employee who conducted the sale will prepare three copies of a transmittal memorandum entitled "Proceeds from the Sale of Redeemed Property." The memorandum will contain the following:

- Name and address of the taxpayer as shown on the Form 4376, Report of Investigation, submitted at the time redemption of the property was recommended
 - Name and address of the purchaser
 - Sale price
 - Amount previously deposited with agreement to bid, if applicable
 - Identification of remittances accompanying the transmittal, including the amount submitted with the winning bid, if applicable, and the amount remitted to pay the balance of the purchase price
- (2) Two copies of the memorandum and any accompanying remittances will be forwarded directly to Advisory . The employee who conducted the sale will retain the third copy of the memorandum for submission with the “Report of Sale of Redeemed Property”.
- (3) After the sale has been completed and all related vouchers for expenses have been received, the employee who conducted the sale will prepare a memorandum report in duplicate. Any vouchers for sale expenses should be attached to the duplicate report. The report will be entitled “Report of Sale of Redeemed Property” and will include:
- Name and address of purchaser
 - Sale price of property
 - Expenses of sale shown by amount, names and addresses of payees and the services rendered
 - Date of sale
 - Place of sale
 - Places and dates that notices of sale were published and/or posted
 - A statement signed by the employee conducting the sale that certifies that the sale was conducted in accordance with IRC 7506 and regulations, and that the information reported is a true and correct record of the sale proceedings
- (4) Attachments to the original of the report will include:
- Copy of the notice of sale
 - Third copy of the memorandum “Proceeds from the Sale of Redeemed Property”
 - Form 2593-A, Sealed Bid For Purchase of Property Redeemed by the United States, if applicable
 - Form 4425, Public Sale Bid Tabulation
- (5) The original and duplicate reports, together with all attachments, will be forwarded to Advisory.

5.10.7.9
(06-20-2014)
**Report of Disposition —
Other Than Sale of
Redeemed Property**

- (1) Upon completion of the sale of acquired property, other than redeemed property, the employee who conducted the sale will prepare a memorandum posting document in triplicate, identified as “Sale of Acquired Property. ”
- (2) If full payment of the bid amount is received, the memorandum will include the following:
- Taxpayer’s Name, Address, and Taxpayer Identification Number
 - Seizure serial number

- Name of purchaser
- Sale price
- Amount already on deposit in the deposit fund account which is to be withdrawn from the deposit fund account and deposited in the Treasury of the United States as internal revenue collection
- Amount of remittance and a statement as to how it should be applied — the following statement can be used for real property: “As the sale was conducted under IRC section 7506, deposit the remittance in the Treasury of the United States as internal revenue collection per IRC section 7809(b).”

Note: See IRC 7809 — the taxpayer does not receive credit for any of the proceeds regardless of the amount involved, if the taxpayer’s account was credited at the time property was acquired by the government.

- If not previously submitted, the name and address of any person who made a deposit in connection with the property and a statement as to the disposition to be made of the deposit
- (3) If the posting document is for an initial payment or part payment of a deferred sale, it should include only the name of the purchaser and the last two items shown in (2) above.
 - (4) The employee who conducted the sale will enter on Form 3210, Document Transmittal, the name of the purchaser and “Proceeds from Sale of Acquired Property.” The amount of the remittance will be entered and the number of any Form 809 receipt issued. The employee will submit the remittance, together with the original and duplicate memorandum posting document, on Form 3210 and retain the triplicate memorandum posting document for submission with “Report of Sale of Acquired Property”.
 - (5) After the sale has been completed and all vouchers for expenses in connection with the sale have been received, the employee who conducted the sale will prepare a memorandum report. The report will be identified as “Report of Sale of Acquired Property” with the taxpayer name, TIN, and seizure number, and will include:
 - Name and address of purchaser
 - Sale price of property
 - Expenses of sale shown by amount, names and addresses of payees and the services rendered
 - Net proceeds of sale after expenses
 - Date of sale
 - Manner of sale
 - Place of sale
 - Places and dates that the notice of sale was published and/or posted, and
 - A statement signed by the employee conducting the sale that certifies the sale was conducted in accordance with IRC 7505 or IRC 7506 (as applicable) and regulations, and that the information reported is a true and correct record of the sales proceedings.
 - (6) In addition, a copy of the notice of sale, the triplicate of any memorandum posting document, Form 2593 (if applicable), and the duplicate of any certificates of sale issued should be attached to the memorandum report. Any

vouchers not previously submitted should be attached to the report. The report, together with attachments, will be forwarded to Advisory for appropriate review.

- (7) Update the ICS seizure and sale application with any applicable information after disposition of property that was acquired by bidding in the property for the government.

5.10.7.10
(09-15-2020)
Disposition of Acquired Securities

- (1) The method of disposing of acquired securities will depend upon the type of securities involved. Securities include stocks, bonds, notes or other similar interests. Securities are marketable (or negotiable) upon being properly assigned, or may even be marketable merely by delivery as in the case of the various coupon securities issued by the United States.
- (2) Acquired securities should be kept in a locked filing cabinet or other similar place which is suitable for safekeeping in accordance with IRM 10.2.15 , Minimum Protection Standards (MPS). See IRM 5.10.3.11.2 , Controlling Seized Property Stored in IRS Offices, and IRM 5.10.3.18.3 , Stocks Subject to Seizure and Sale Procedures. When transfer between offices is required, securities of the coupon (or bearer) type should be personally delivered or forwarded by registered mail since they are freely transferable by the person in possession. Certified mail should be used on other types of marketable (negotiable) securities.
- (3) For the purposes of these instructions, securities are classified in the following categories:
 - “Publicly-Traded Securities” — stocks and debenture bonds which are listed on a stock exchange or are generally traded in the over-the-counter market, also unmaturing United States securities (coupon type);
 - “Not Publicly-traded Securities” — those stocks which are not listed or generally traded, such as stock of closely held corporations; and
 - “Notes” — ordinary commercial or private notes executed as evidences of debt.

5.10.7.10.1
(09-15-2020)
Publicly-Traded Securities

- (1) If Form 2435 was not previously prepared, a certificate of sale to the United States should be prepared in duplicate in accordance with Exhibit 5.10.7-9 (P-342). The Certificate of Sale and the securities will be forwarded to the Advisory Group Manager, who will prepare four copies of a transmittal letter following the form in Exhibit 5.10.7-9.
- (2) The Advisory Group Manager will send the following information in one package, by registered mail or by special messenger, to the Bureau of Fiscal Service :
 - A transmittal letter (Exhibit 5.10.7-9) indicating the Service's contact, phone number, fax number, and appropriate Agency Location Code (IRM 3.17.63.3, Agency Location Codes)
 - The original and two copies of the transmittal letter
 - Two certified copies of the Notice of Seizure (Form 2433)
 - Two certified copies of the notice of sale (Form 2434 or Form 2434-A)
 - The original certificate of sale (Form 2435 or Exhibit 5.10.7-8, P-342)
 - The stock certificates and/or bonds
- (3) The forms listed above must list the securities and have a visible seal.

- a. If registered mail send the package to:

The Bureau of the Fiscal Service, Office of Public Debt Accounting
Debt Accounting Branch Manager
P.O. Box 1328
Hintgen Building Room 114
Parkersburg, WV 26106–1328

- b. If special messenger, send to:

The Bureau of the Fiscal Service , Office of Public Debt Accounting
Debt Accounting Branch Manager
Hintgen Building Room 114
200 3rd Street
Parkersburg, WV 26101–5312

- (4) Advisory will retain a copy of the transmittal letter and duplicate Certificate of Sale with the related case file, and will forward a copy of the transmittal letter to RRACS.
- (5) The Bureau of the Fiscal Service, Debt Accounting Branch will liquidate the securities in accordance with established Department of the Treasury procedures. Inquiries can be made at (304)480–5161.
- (6) Upon the sale, the Debt Accounting Branch will fax a copy of the liquidation letter to the IRS listing:
- The issuing company
 - Number of shares sold
 - Settlement date
 - Net proceeds
 - Account credited
 - IRS seizure number
- (7) The proceeds of sale will be deposited for credit of the Campus director for the IRS Location Code using the Fedwire Deposit System.
- a. The message field 'Orig. to Beneficiary' (6000) will show: BPD (seizure number),PROC AS NMF CALL, and the IRS contact and phone number.
- b. A deposit ticket, SF215C, will be generated from the Fedwire System via CASHLINK and forwarded to the service center on file for the Agency Location Code.
- c. The RRACS will make necessary accounting entries to close the related Form 2436, Seized Property Sale Report.
- d. The SF215C will be retained in the seizure case file.

5.10.7.10.2
(09-15-2020)
**Not Publicly-Traded
Securities**

- (1) Efforts should be made to locate a prospective purchaser. The stock may be sold through regular sale procedures for acquired property.
- Note:** For closely held corporations, the persons most likely to be interested purchasers are other stockholders. It may be worthwhile to summons for a list of registered shareholders if one cannot be obtained voluntarily.
- (2) If the stock cannot be disposed of through sale, area counsel should be consulted to determine whether any legal action, by the United States, as owner of the stock interest of the taxpayer, would be appropriate under the law.

5.10.7.10.3
(06-20-2014)

Acquired Notes

- (1) Acquired notes will be forwarded to Advisory for determination of the action that is appropriate. The Advisory Group Manager will determine whether a sale is necessary, or whether the provisions of the instrument are such that demand for payment can be made upon a person obligated thereunder within a reasonable time after acquisition. In making this determination, area counsel should be consulted if there is any question as to the legality of the instrument or of the proposed action.
- (2) If it is determined that demand for payment will be made, the Advisory Group Manager will prepare a letter to the person obligated to make payment on the note informing him/her that the note was acquired by the United States through a sale under IRC 6335 and that further payments on the note are to be made to the United States Treasury.
- (3) If it is determined that the note should be offered for sale rather than demand for payment made from the person obligated, the Advisory Group Manager will request the appropriate area office to attempt to dispose of the note by public sale.

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Exhibit 5.10.7-1 (06-20-2014)

Pattern Letter P-338 (Agreement to Bid) Reference: 5.10.7.4.1

Pattern Letter P-338

(Because of limited use, Headquarters will not provide a form for this purpose.)

AGREEMENT TO BID

I, the undersigned, in consideration of the United States Government offering for public sale the property described below, agree to bid at least the amount of \$_____ for the property if offered for sale within 60 days from the date of this agreement.

(Description of Property)

If a deposit is required, enter the following:

I authorize the enclosed deposit of \$_____ to be applied against the sale price if I am the successful bidder. I further understand and agree that if I do not bid at least the amount specified in this agreement and either the property is not sold within the time specified above for at least such amount or the Service incurs any costs resulting from the need for a subsequent sale, my deposit will be retained pending final determination of the damages the Government sustained because of the default. If damages exceed the amount of the deposit, I will be liable for the excess damages.

Signature

Date

Exhibit 5.10.7-2 (06-20-2014)**Pattern Letter P-637 (Notice of Public Auction Sale - Redeemed Property) Reference: 5.10.7.4.5****Pattern Letter P-637**

(Because of limited use, Headquarters will not provide a form for this purpose.)

(Area Director Letterhead)

Date:

NOTICE OF PUBLIC AUCTION SALE - REDEEMED PROPERTY

Under the authority of section 7506 of the Internal Revenue Code, the property described below will be sold at public sale (*If residential property, insert "on an open occupancy (nondiscriminatory) basis."*). The United States redeemed this property under the provisions of [section 7425 of the Internal Revenue Code] [section 2410 Title 28, United States Code] on ____ (Date) _____. The property was deeded to the United States on ____ (Date) _____. The sale will be by public auction to be held on:

DATE _____ TIME _____

AT _____

Property Description:

You may inspect the property at: (street address, if any)

The opening bid for the property will be \$ _____.

The terms of payment will be:

*If the payment is to be deferred, use the following statement—*A deposit equal to 20 percent of the highest bid on the property is required. When the highest bid is tentatively accepted, the highest bidder must deposit \$ _____ (20 percent of the opening bid price) with the employee conducting the sale. If this amount is less than 20 percent of the highest bid, the balance of the required 20 percent deposit must be paid no later than one banking day after the bid is accepted. The balance of the purchase price must be paid in full no later than _____ calendar days after the highest bid is accepted.

*If payment in cash is required, use the following statement—*When the highest bid is tentatively accepted, the highest bidder must deposit \$ _____ (20 percent of the opening bid price) with the employee conducting the sale. The balance of the purchase price must be paid no later than one banking day after the highest bid is accepted.

Payment of all required deposits and the balance of the purchase price must be made by certified, cashier's or treasurer's check drawn on any bank or trust company incorporated under the laws of the United States. Payment may also be made by any United States postal, bank, express or telegraph money order. All checks and money orders should be made payable to the United States Treasury.

Exhibit 5.10.7-2 (Cont. 1) (06-20-2014)

Pattern Letter P-637 (Notice of Public Auction Sale - Redeemed Property) Reference: 5.10.7.4.5

Pattern Letter P-637

If the highest bidder defaults in payment of the bid price, and either the property is not sold for at least the amount of the highest bid or the Service incurs any costs resulting from the need for a subsequent sale, the bidder's deposit will be retained pending final determination of the damages the Government sustained because of the bidder's default. If damages are more than the amount of the bidder's deposit, the bidder will be liable for the excess damages.

The Government reserves the right to reject any and all bids and to withdraw the property from the sale.

If you want additional information about the property and proposed sale, please contact the office at the address shown below: (insert office address and telephone number).

Signature: _____

Name: _____

Title: _____

Exhibit 5.10.7-3 (06-20-2014)**Pattern Letter P-1627 (Notice of Sealed Bid Sale - Redeemed Property) Reference: 5.10.7.4.5****Pattern Letter P-1627****(Because of limited use, Headquarters will not provide a form for this purpose.)****(Area Director Letterhead)****Date:****NOTICE OF SEALED BID SALE - REDEEMED PROPERTY**

Under the authority contained in section 7506 of the Internal Revenue Code, the property described below will be sold at a public sale (*If residential property, also insert "on an open occupancy (nondiscriminatory) basis."*). The United States acquired this property from _____(insert name) _____ as a result of redemption under the provisions of section 7425 of the Internal Revenue Code, or Title 28, United States Code, section 2410, on (date property was redeemed) _____. Deed was executed to the United States on _____. The sealed bids will be opened on:

DATE _____ TIME _____

AT _____

Description of Property:

You may inspect the property at: _____(Street address, if any) _____

To submit a bid, complete Form 2593-A, Sealed Bid for Purchase of Property Redeemed by the United States, and give or send it to the person named at the end of this notice.

You must include with Form 2593-A a deposit equal to at least 20 percent of the amount bid. Payment of the balance of the purchase price should be made upon acceptance of the highest bid, but in no event more than 14 calendar days after acceptance.

If the highest bidder defaults in payment of the bid price, and either the property is not sold for at least the amount of the highest bid or the Service incurs any costs resulting from the need for a subsequent sale, the bidder's deposit will be retained pending final determination of the damages the Government sustained because of the bidder's default. If damages exceed the amount of the deposit, the bidder will be liable for the excess damages.

The Government reserves the right to reject any and all bids and to withdraw the property from the sale.

You may obtain information about the property and proposed sale, and Form 2593-A, by contacting the office at the address shown below: (insert office address and phone number).

Signature: _____

Name: _____

Title: _____

Acquired Property and Property Redeemed by the United States 5.10.7

page 27

Exhibit 5.10.7-4 (06-20-2014)

Pattern Letter P-339 (Notice of Public Auction Sale - Other than Redeemed Property) Reference: 5.10.7.4.5

Pattern Letter P-339

(Because of limited use, Headquarters will not provide a form for this purpose.)

(Area Director Letterhead)

Date:

NOTICE OF PUBLIC AUCTION SALE (OTHER THAN REDEEMED PROPERTY)

Under the authority contained in section (7505 or 7506) of the Internal Revenue Code, the property described below will be sold (*If residential property, also insert "on an open occupancy (nondiscriminatory) basis."*). The United States acquired this property from (name of person) as a result of (describe how property was acquired, such as: distraint sale under provisions of section 6335 of the IRC) on (date of sale) _____. *If real property is offered for sale, also show, "Deed executed to the United States on (date) _____."*

The sale will be by public auction to be held on:

Date _____ Time _____

At _____

Description of Property:

You may inspect the property at: (street address if any)

The terms of payment will be: _____

If the highest bidder defaults in payment of the bid price and either the property is not sold for at least the amount of the highest bid or the Service incurs any costs resulting from the need for a subsequent sale, the bidder's deposit will be retained pending final determination of the damages the Government sustained because of the bidder's default. If damages exceed the amount of the deposit, the bidder will be liable for the excess damages.

The Government reserves the right to reject any and all bids and to withdraw the property from the sale.

You may obtain information about the property and proposed sale by contacting the office at the address shown below: (insert office address and telephone number).

Exhibit 5.10.7-4 (Cont. 1) (06-20-2014)

Pattern Letter P-339 (Notice of Public Auction Sale - Other than Redeemed Property) Reference: 5.10.7.4.5

Pattern Letter P-339

(Because of limited use, Headquarters will not provide a form for this purpose.)

(Area Director Letterhead)

Date:

Signature: _____

Name: _____

Title: _____

Acquired Property and Property Redeemed by the United States 5.10.7

page 29

Exhibit 5.10.7-5 (06-20-2014)

Pattern Letter P-340 (Notice of Sealed Bid Sale - Other than Redeemed Property) Reference: 5.10.7.4.5

Pattern Letter P-340

(Because of limited use, Headquarters will not provide a form for this purpose.)

(Area Director Letterhead)

Date:

NOTICE OF SEALED BID SALE (OTHER THAN REDEEMED PROPERTY)

Under the authority contained in section (7505 or 7506) of the Internal Revenue Code, the property described below will be sold at a public sale. *If residential property, also insert, "on an open occupancy (nondiscriminatory) basis."* The United States acquired the property from (name of taxpayer) as a result of (describe how property was acquired, such as: distraint sale under provisions of section 6335 of the IRC) on (date of sale, _____.) *If real property is offered for sale, also show, "Deed executed to the United States on (date) _____."*

The sealed bids will be opened on:

Date _____ Time _____

At _____

Description of Property:

To submit a bid, complete Form 2593, Sealed Bid for Purchase of Property Acquired by the United States, and give or send it to the person named at the end of this notice.

If the bid is \$200 or less, include a payment equal to the amount of the bid. If the bid exceeds \$200, include payment of 20 percent of the full amount or \$200, whichever is greater. The terms of payment of the balance of the purchase price are: _____

If the highest bidder defaults in payment of the bid price and either the property is not sold for at least the amount of the highest bid or the Service incurs any costs resulting from the need for a subsequent sale, the bidder's deposit will be retained pending final determination of the damages the Government sustained because of the bidder's default. If damages are more than the amount of the bidder's deposit, the bidder will be liable for the excess damages.

The Government reserves the right to reject any and all bids and to withdraw the property from the sale.

You may obtain information about the property and proposed sale, and Form 2593, by contacting the office at the address shown below: (insert office address and telephone number).

Exhibit 5.10.7-5 (Cont. 1) (06-20-2014)

Pattern Letter P-340 (Notice of Sealed Bid Sale - Other than Redeemed Property) Reference: 5.10.7.4.5

Pattern Letter P-340

(Because of limited use, Headquarters will not provide a form for this purpose.)

(Area Director Letterhead)

Signature: _____

Name: _____

Title: _____

Exhibit 5.10.7-6 (10-01-2004)**Opening Statement for Auction - Sale of Acquired Property Reference: 5.10.7.6.2****Opening Statement for Auction - Sale of Acquired Property**

Pursuant to authority contained in Section (7505 or 7506) of the Internal Revenue Code and the regulations thereunder, I hereby offer all right, title and interest of the United States in and to the property described hereafter. The property is offered subject to any prior outstanding mortgages, encumbrances, or other liens in favor of third parties which are valid. Upon request, the Internal Revenue Service furnishes information regarding possible encumbrances which may be useful in determining the value of the interest being sold. Anyone who has not received such information is advised that other bidders present may have obtained it.

The property will be sold “as is” and “where is” and without recourse against the United States. The Government makes no guaranty or warranty, express or implied, as to the validity of the title, quality, quantity, weight, size, or condition of the property, or its fitness for any use or purpose. No claim will be considered for allowance or adjustment or for rescission of the sale based upon failure of the property to conform with any representation, express or implied. Notice of sale has been given in accordance with requirements of law. The notice of sale specifies that the property to be sold as follows: (the employee conducting the sale should then read the description of the property directly from the notice of sale).

The property is offered for sale (insert method announced in notice of sale).

The property will be sold to the highest acceptable bidder and the sale will be final upon acceptance of such bid. However, the United States reserves the right to reject any and all bids and withdraw the property from the sale. The terms of the sale are (insert terms of payment from notice of sale).

Payment must be made by cash, certified check, cashier's or treasurer's check or by a United States postal, bank, express, or telegraph money order. All checks or money orders should be made payable to the “United States Treasury.”

(If personal property state) A certificate of sale of personal property will be delivered to the successful bidders as soon as possible after payment in full of the purchase price.

(If real property state) A quitclaim deed will be issued to the successful bidders by the area director as soon as possible after payment in full of the purchase price.

Exhibit 5.10.7-7 (10-01-2004)**Pattern Letter P-341 (Certificate of Sale of Personal Property) Reference: 5.10.7.6.7****Pattern Letter P-341****(Because of limited use, Headquarters will not provide a form for this purpose.)****(Area Director Letterhead)**

Date:

CERTIFICATE OF SALE OF PERSONAL PROPERTY

(For Property Acquired by United States Under Internal Revenue Laws)

I hereby certify that I sold at public sale on _____ held at _____ in the county of _____ the personal property described below, which was acquired by the United States on _____, from _____ as a result of a sale made in accordance with section 6335 of the Internal Revenue Code and regulations thereunder.

Description of Property Sold:

The personal property was sold to _____ of _____ for \$ _____, the highest acceptable bid received, the receipt of which is hereby acknowledged.

The sale was conducted in accordance with the provisions of Section 7505 of the Internal Revenue Code and the regulations thereunder.

This certificate transfers to _____ all right, title, and interest of the United States in and to the property sold.

Signature _____ Name and Title _____

Address _____

Acquired Property and Property Redeemed by the United States 5.10.7

page 33

Exhibit 5.10.7-8 (10-01-2004)

Pattern Letter P-342 (Certificate of Sale of Seized Property - Securities) Reference: 5.10.7.10.1

Pattern Letter P-342

(Because of limited use, Headquarters will not provide a form for this purpose.)

(Area Director Letterhead)

Date:

CERTIFICATE OF SALE OF SEIZED PROPERTY - SECURITIES

I hereby certify that I sold at public sale on _____ held at _____ in
the county of _____ the securities
described below seized for nonpayment of delinquent internal revenue taxes due from
_____.

Description of Securities

These securities were declared purchased for the United States of America for \$ _____, the
highest bid received.

The sale was conducted in accordance with the provisions of Subchapter D, Chapter 64 of the Internal
Revenue Code and the regulations thereunder.

This certificate transfers to the United States of America all right, title, and interest of the said
_____ in and to the property sold.

Signature _____

Name and Title _____

Address _____

Exhibit 5.10.7-9 (06-20-2014)**Pattern Letter P-343 (Transmittal of Securities to Bureau of Public Debt) Reference: 5.10.7.10.1****Pattern Letter P-343**

(Because of limited use, Headquarters will not provide a form for this purpose.)

(Area Director Letterhead)

Date:

The Bureau of the Fiscal Service
Office of Public Debt Accounting
Debt Accounting Branch Manager
Hintgen Building Room 114
200 3rd Street
Parkersburg, WV 26101-5312

(Salutation)

The securities identified below was levied upon and offered for sale to pay Federal tax of \$(amount) due from (taxpayer's name, address, and Form 2433 serial number).

<u>Kind of Security</u>	<u>Issuing Company</u>	<u>Number of Shares</u>	<u>Serial Number</u>	<u>Issue Date</u>
-----------------------------	----------------------------	-----------------------------	--------------------------	-----------------------

The levy and sale were made under sections 6331 and 6335 of the Internal Revenue Code and related regulations, and the security was declared purchased for the United States under section 6335(e) of the Code.

As required by the Treasury Department, we are now presenting the certificate for sale. The proceeds of the sale should be deposited as internal revenue receipts for credit to the IRS Service Center Director's account. Upon the sale, please fax a copy of the liquidation letter listing:

- issuing company
- number of shares sold
- settlement date
- net proceeds
- account credited, and
- IRS seizure number

An addressed envelope is enclosed for your convenience. The copy of this letter is for your records. Thank you for your cooperation.

Sincerely yours,

Exhibit 5.10.7-9 (Cont. 1) (06-20-2014)

Pattern Letter P-343 (Transmittal of Securities to Bureau of Public Debt) Reference: 5.10.7.10.1

Pattern Letter P-343

(Signature)

Advisory Group Manager

Enclosures:

Envelope

2 copies of this letter

Certificate of Sale (Form 2435 or P-342)

2 copies of Notice of Sale (certified)

2 copies of Notice of Seizure (certified)

