

SOUTHERN TITLE **INSURANCE CORP.**

“BLURBSS”

Basic Little Underwriting and Research Bulletin, Southern Style

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A NEW BEGINNING

Now is the time of year when we all get to look ahead, if we so desire. If 2006 was the year that the housing market finally corrected itself, then what will 2007 hold? A quick perusal of some of the industry websites and newsletters are more optimistic than you might think.

Both new home sales and existing home sales have been rising since last summer. According to the U.S. Department of Commerce, sales of newly built single-family homes rose 3.4 percent in November. Inventories are dropping and builders are reporting that there are buyers out there looking. The National Association of Realtors is reporting that existing home sales are also on the rise, to the tune of 0.6 percent for November, and that inventory levels are falling. Their consensus is that the market is in a recovery phase from last year's correction, and that modest gains will continue for 2007.

There is also a good bit of “buzz” out there about all those people out there with home equity lines of credit deciding that it might be time to refinance and lock in their interest rates while the getting is still good. We hope that leads to some additional refinance business for everyone.

The final bit of good news for 2007 is that interest rates remain very low, and are expected to remain that way. So, let's all agree that the glass is half full, shall we?



NOTES ON FEDERAL TAX LIENS

In the last issue of BLURBSS we discussed Federal tax liens and foreclosures. Apparently quite a few of you found that article interesting, but wanted a bit more information about these liens.

1. The U.S. has a lien against all property of persons who do not pay their federal taxes. (26 U.S.C.A. 6321). The lien attaches to all property owned or acquired by the taxpayer after the lien is recorded. (Peoples Bank of Washington vs. U.S.D.C. Washington, 608 F.Supp. 672)

2. In order to perfect a federal tax lien, the U.S. must record the notice of lien in the county where the property lies in accordance with state recording laws just like any other lienholder. (26 U.S.C.A. 6323)

3. An IRS tax lien expires after 10 years from the date of assessment (column (d) in the notice of lien) and may be renewed for an additional 10 years. (26 U.S.C.A. 6502)

NOTE: A federal judgment lien has a life of 20 years from date of recording and is not to be confused with a federal tax lien. (28 U.S.C.A. 3001-3631)

4. Estate tax liens have a duration of 10 years (renewable for 10 more years) from date of decedent's death and no recording is required to establish or enforce the lien against property of the estate. (26 U.S.C.A. 6324)

5. U.S. right of redemption is one year from date of sale by a prior lienholder, except an IRS redemption right is for 120 days . (28 U.S.C.A. 2410)

6. Purchase money deed of trust is superior to a federal tax lien even though the tax lien may be recorded before the purchase money deed of trust.
(Ika Slodon vs. U.S., 98 S.Ct. 2778)

7. Homestead property is subject to seizure and sale for payment of federal tax liens.

8. A tax lien may, depending upon state law, attach to tenants by the entireties property to the expectancy interest of the tax debtor.

WEBSITE OF THE MONTH

This month's selection is actually just a link to ALTA's response to the recent Forbes article blasting our industry. If you haven't seen it, or worse, haven't read our own Mike Bates' article in the most recent issue of BLURBSS, do so now:

http://www.alta.org/images/PDF/061031-forbes_response.pdf

CLOSING YOUR OWN DEALS

Just a reminder.....when a Southern Title agent issues a commitment and/or policy insuring title on a transaction that the agent or any owner, officer or employee of the agency is involved, the Agency Contract requires that the agent obtain prior written approval from the underwriter. Prior disclosure and approval of any transaction involving self-dealing is a universally recognized premise of Agency/Principal law. Disclosure and approval is essential to avoid the appearance of impropriety. Many agency law experts and ethicist suggest that these same standards should apply when closing/insuring transactions involving

spouses and other family members Some malpractice and errors and omissions policies contain coverage provisions which require prior written principal approval when agents are searching, closing and or insuring transactions involving themselves, their officers or employees.

Whether it's a refinance for the receptionist or an investment property sale or acquisition by a partner, the Agency Contract requires and better practice suggests that you contact your underwriter for prior written permission to insure. Depending upon the size of the transaction and other circumstances, the underwriter may recommend or even require that the title search be conducted by a third party. If the search is not done by a third party, the underwriter may require a review of the search, commitments and policies before issuance. The lender(s) involved in such transactions may require a letter from the title underwriter stating that the agent has permission to issue title insuring the lender's interest when the agent, owner, officer or employee is the borrower.

Please contact your underwriter if you have any questions relating to the searching, closing or insuring of titles on transaction which any owner, officer or staff member is an insured or a borrower.

WHAT DO YOU THINK?

If you have an idea for a topic that you would like to see in BLURBSS, by all means let us know and we will do our best to write something up on it. Call us (800-505-7842) or email your ideas to the editor at:
tmccroskey@southerntitletn.com.

Thank you for your business!