

Title

FREQUENTLY ASKED ^ QUESTIONS

June 2014

Q Are we permitted to insure titles which derive through in personam tax foreclosures?

A Yes, with caution.

Insuring these titles involves increased risk and thus requires increased scrutiny. A Chancery Abstract must be obtained and reviewed for regularity. All title and lienholders must be properly joined in the foreclosure action. If the United States of America is sought to be divested, the property must be subjected to public (Sheriff's) sale. (If the United State's interest is other than a Federal Tax Lien, underwriting assistance from a member of our staff should be sought.)

If the Final Judgment was entered **less than one (1) year prior to the transaction for which insurance is requested**, the following exceptions must appear and may not be removed without approval of a member of our underwriting staff:

- Consequences of the exercise of the right of redemption for a period of three months from entry of Final Judgment pursuant to N.J.S.A. 54:5-87.
- Consequences of the re-opening or vacating of the Final Judgment for a period of one year from the entry of said Final Judgment pursuant to Rule 4:50-1 et seq.
- Consequences of an attack on the estate or interest created by the final judgment dated (date of final judgment) recorded (date of recording of final judgment) in (recording information for final judgment) under the Federal Bankruptcy Law or any creditors' rights law or state insolvency law.

In addition, the following requirement and exception should be included:

- Proof is required that the owner whose interest was divested by the foreclosure of the Tax Sale Certificate is no longer in possession of the land being insured hereunder.
- Rights of parties in possession and tenants in possession of subject premises protected by N.J.S.A. 2A:18.16, et seq., the New Jersey Tenant Anti-Eviction Statute.

Please be reminded that Tax Sale Certificates enjoy priority over other Tax Sale Certificates in inverse order; thus the holder of a more recent Tax Sale Certificate may successfully cut off an older Tax Sale Certificate in a foreclosure.

As always, feel free to address any questions to a member of our underwriting staff.