

# PENN ATTORNEYS

## TITLE ALERT

**DATE: 11/10/06**

**RE: Title Alert 2006-20**

**Insuring Tax Sales (or not...)**

*"My new lawyer couldn't quite understand..., why I threw away all that mail from the county tax office without opening it." --from House of Sand and Fog by Andre Dubus II*

Do you ever expect the unexpected? Picture this: As an Approved Attorney, you certify to insure a third party bidder at judicial tax sale. Notices to lien creditors seem valid. The taxpayer was personally served. You did everything properly to collect your title fee and the premium. But lo and behold, that taxpayer challenges the validity of the sale...and *WINS*.

Imagine further that your insured third party bidder purchased the property for a few thousand dollars. But you diligently collected a premium for, and therefore took on a liability of, a few hundred thousand dollars—the fair market value of the property. Claims history in this very scenario has led us to our new underwriting position on insuring tax sales:

**Effective Immediately, Penn Attorneys Title Insurance Co. will no longer insure transactions involving any form of tax sale (upset sale, judicial sale, repository sale) in Pennsylvania unless:**

**A. The following has taken place:**

- I. **One (1) year has passed since the date of RECORDING of the tax sale deed;**  
**and**
- II. **Valid personal service has been made on the property owner.**  
**(If twenty-one (21) years has passed since the date of recording of the tax sale deed, we will not require the second condition.)**

**--OR--**

**B. You acquire and record a Quit Claim Deed from the owner(s) who lost the property at the Tax sale.**

**PENN ATTORNEYS® TAKE NOTE:**

- **For tax sales less than 21 years: If the traditional practice or standard in your county has been to require the successful completion of an Action to Quiet Title, you should continue this practice.**

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