

TITLE TALK

OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY

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Visit Us On The Web...www.OldRepublicTitle.com/PA

EXTREME MAKEOVER—WEBSITE EDITION

OLD REPUBLIC TITLE PA HAS A NEW LOOK



FOR THE CONSUMER

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FOR THE AGENT

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Welcome To Old Republic Title...

Serving Your Title Insurance Needs in Pennsylvania

Your title insurance policy provides both peace of mind and wonderful financial protection for your own home or for commercial property investments. But, that protection is only as strong as the issuing company. For nearly a century, Old Republic Title has been insuring American households and commercial properties. Old Republic Title has weathered every storm with our customers and we continue to provide complete protection through good times and bad. In fact, we consistently earn the highest ratings in the title insurance industry for financial strength and prudent management. We also know your neighborhood and your investment properties . . . the same way we know title insurance: like no other. Contact us today. .

HEADLINE NEWS

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Old Republic Title Website Designed for Agents

Need a website to meet your title insurance needs? Then it's time for you to check out Old Republic Title's new website. Visit www.OldRepublicTitle.com/PA. Click on "For the Agent" and let the surfing begin!

On the left side, you'll find quick links to some of your top needs: News Center; Agent Supply Request; Underwriting Library; Pennsylvania Specific Forms; ORT Endorsements for PA; Title Insurance Rate Calculator; US Patriot Act and StarsLink.

Scroll down on the page and find four helpful sections: [Resources](#), [Services](#), [Forms](#) and [Websites](#). Under [Resources](#) you'll find: information on some of the townships that require deed registrations; a list of all 67 courthouses along with their addresses and phone numbers; the notary fee schedule and common level ratios.

Let Old Republic Title meet your needs in our new [Services](#) section. Quickly find information on our production services in all 67 Pennsylvania counties. Need assistance with your reconciliations? Our site has information regarding a company who can help you with those needs. Thinking of starting an Affiliated Business Arrangements? Visit our site for more information on

what's involved and how we can help. Do you know realtors who are asking you about 1031 exchanges? Our site can link you up with our sister company, OREXCO. You can also access our Underwriting Library from this site. Contact Sue Morgan for the password.

Need a form? See our [Forms](#) section. We've posted some of the most commonly requested forms along with PA specific endorsements, our rate manual and other helpful documents. Need a form that's not posted, contact us and we'll get it to you!

Are you cluttering up your Explorer Favorites with all the PA County websites? You don't have to anymore. Just visit our [Website](#) section and click on every county that has a site. In addition, find some great websites that help you process files - from the land records sites and bankruptcy court to domestic relations and the FDIC. Is there a site you use all the time that you wish we had a link to on our page? Let us know and we'll link you up!

We are always looking for ways to make our website more efficient and resourceful for you. Please share any suggestions you have with Sue Morgan.

Answers to Common 1031 Exchange Questions

What does the term 1031 refer to?

1031 is the number assigned to the Internal Revenue Code Section that provides for the tax deferred exchange of real and personal property.

What does the term Starker refer to?

It refers to the landmark 1979 federal case entitled, *Starker v. U.S.*, 602 F2d 1341 (9th Cir 1979) wherein the court substantiated the validity of the delayed exchange process. Prior to the *Starker* case, the courts had never sanctioned an exchange whereby the relinquished property was sold and, at a later date, the replacement property was purchased.

What are "Safe Harbors"?

This term refers to the rules established by the 1994 Treasury Regulations for tax deferred exchanges which provide that - if followed - the IRS will allow the exchange to qualify.

Why is the tax deferred exchange a popular financial planning tool?

If done correctly, investors defer tax due in connection with the sale of real or personal property, enabling them to access their equity to consolidate, diversify, leverage or relocate their investments.

Why use a Qualified Intermediary?

Use of a Qualified Intermediary is sanctioned as a safe harbor by the IRS.

What is like kind?

Real or personal property of the same nature or quality is like kind. Generally,

real property is like kind to all other real property, except foreign real property, as long as it is held for investment or the productive use in a trade or business. Personal Property must be either the same General Asset Class or Product Class.

How do I properly identify my replacement property?

Property is properly identified only if you unambiguously described it in a written document signed by you and hand delivered, mailed, telecopied, or otherwise sent to the person obligated to transfer the replacement property to you (i.e. the Qualified Intermediary or the seller of the replacement property) or to any other person "involved in the exchange" other than you or a person disqualified under Treas. Reg. 1.1031(k)-1(k). Real property generally is unambiguously described if it is described by a legal description, street address, or distinguishable name (e.g. the Garden View Apartment Building). If at the end of the identification period - 45 days - you have identified more properties than permitted by IRC 1031 you are treated as if no replacement property was identified and the exchange will be disallowed.

What are the 45 and 180 day deadlines?

Beginning with the close of the relinquished property, you have 45 days to identify the properties you intend to purchase and 180 days (or the due date for your tax re-

turn - whichever is earlier) to complete the acquisition of those properties. In addition, the 45 day identification period and the 180 day exchange period are calendar days. If the 45th day or 180th day falls on a weekend or holiday, the deadlines still apply. There are no extensions for Saturdays, Sundays, or legal holidays.

Is there any way to get an extension on the 45 day or 180 day deadlines?

No extensions are allowed on the 45 day deadline. Your identification must be received, signed, in writing, on or before midnight of the 45th day. With respect to the exchange period, it ends on the earlier of the 180th day or the due date (including extensions) of your tax return for the taxable year in which the transfer of the relinquished property occurs. Thus, if the exchange period is cut short by the earlier occurrence of your tax filing date, you may file for an extension in order to get the full 180 day exchange period. new car, you would have a partially tax deferred exchange. The \$50,000 cash you took to purchase the car is considered taxable cash boot.

Do you have a question about 1031 exchanges? E-mail Lisabeth Patch with OREXCO at lpatch@orexco1031.com or call 866-803-1031 and get the answers!



OREXCO
Old Republic Exchange Company

Old Republic Title News!

¶ We would like to welcome Tara Ordini to the Wayne, PA team. Tara joins us from our Florida office where she will continue her role as agency auditor. Not only does Tara have two years with Old Republic Title, she also came to us with 13 years of experience as a title agent. Tara has quickly become a great asset to our team.

¶ Sue Swick, Associate Counsel in our Pittsburg office, was sworn in to practice before the United States Supreme Court in Washington, DC on May 22, 2006. Congratulations Sue—we are proud of your accomplishments!

¶ Dwight Edwards and Sue Morgan will present an encore presentation of “Preventing Fraud during the Closing Process” at the PLTI accredited seminar on July 13th at the Bucks County Bar Association in Doylestown, PA. Contact the PLTI for more details or visit their website: www.PLTA.org

KEEPING CURRENT

House Bill 1637 which represents an effort to reconcile differences in bills passed by the Senate and House is pending before the Pennsylvania legislature which will broaden the ability of contractors and subcontractors to file mechanic's liens and limit the ability to use mechanics liens waivers. The PLTA has been very involved in changing the most onerous changes to the current statute.

On May 4, 2006 Governor Rendell signed into law Act 34 of 2006 which amends the eminent domain code by preventing state agencies from taking private property for use for private enterprise. There are a few exceptions relating to property which is blighted or abandoned, taken for a utility or common carrier, or acquired for low-income housing projects.

Should you need any additional information with regard to any of the above items, please contact the Wayne office.

Avoid Federal Tax Lien Trap

Dear Title Talker:

I have a situation regarding a purchase with a federal tax lien and I need your assistance. (Note, the names were changed to protect the privacy of those involved.)

Susie Seller is the titled owner of this property in question since September 5, 2002. Susie entered into an Installment Sale/Land Contract Agreement with Joey and Barbara Middlemen on January 16, 2003; however, the agreement wasn't recorded until May 6, 2005. Joey Middleman then signed a Sales Agreement to sell the property to Betty Buyer on April 1, 2006.

I've already informed all parties involved that Susie Seller, Joey and Barbara Middlemen (husband and wife) must sign the deed. I am also requiring Susie to sign the HUD and a Land Contract Satisfaction.

My question is in regard to Barbara Middlemen. There is a Federal Tax Lien filed against Barbara recorded May 2, 2001. Does this attach to the land contract property since it is a federal tax lien? I know that an "ordinary" lien filed before she entered into the installment sales/land contract agreement would not attach; however, I'm not sure if the circumstances are different since this is a federal tax lien.

Sincerely, *Seeking Assistance in Erie*

Dear Agent:

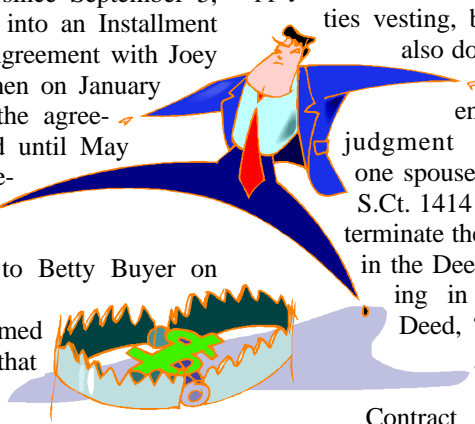
The Federal Tax Lien does attach to Joey and Barbara Middlemen's after acquired equitable interest and needs to be paid at the closing (26 USC§6502). Some may even dare to think that it may not apply because of the tenants by the entireties vesting, but federal tax liens also do affect property held as tenants by the entireties even though judgment is against only one spouse. US v. Craft, 122 S.Ct. 1414 (2002). You should terminate the Sale/Land Contract in the Deed. Add the following in the recital of the Deed, "This Deed is being given in fulfillment of the Sale/Land

Contract Agreement between Joey and Barbara Middlemen dated January 16, 2003 an recorded May 6, 2005."

Please inform the Middlemen that this judgment must be satisfied and also advise them that even when entering into an installment sales/land contract agreement you should still purchase title insurance.

Sincerely,
Title Talker

Have a question for our Title Talker?
E-mail it to ORTPA@oldrepublictitle.com
or mail it to our Wayne, PA office.



The Updated Ladner Pennsylvania Real Estate Law Order with Old Republic Title and Receive a Discount

We are offering the updated Ladner to agents for almost a 50% discount. For \$150, you can purchase the new addition and receive the first supplement free!

Revised by Ronald M. Friedman, Esq. as Principal Editor, *Ladner Pennsylvania Real Estate Law (Fifth Edition)* is the definitive guide to Pennsylvania real estate law and practice. Ron has been a long time agent for Old Republic Title and we are looking forward to this new release containing some of our very own Old Republic Title forms.

This new edition set for publication on July 1, 2006 continues the tradition established with the publication of the first *Ladner on Conveyancing* in 1912. *Ladner* will continue to be your best resource for authoritative answers on ownership, easements, transfers, mortgages, liens and land title, and many other important real estate issues.

To order your copy, contact Sue Morgan at SMorgan@OldRepublicTitle.com or call 610-687-8020. We will contact you in the near future regarding delivery and payment.