

Title

FREQUENTLY ASKED ^ QUESTIONS

February 2014

Q Our tax and assessment search shows water as “private”. That means we can ignore it since it can’t become a municipal lien, right?

A No

There are a number of municipalities which have entered into contracts with private companies to provide water and/or sewer service using municipally-owned facilities. In this situation, **unpaid charges are municipal liens.**

The problem is that tax and assessment searches show these as “private” which may lull the unwary examiner into merely showing utility charges as “private” and not excepting the possible lien for unpaid charges.

Accordingly where the tax and assessment search shows water and sewer as “private” and the examiner is not certain as to whether the unpaid charges constitute a lien, the following exception should be included in the title insurance commitment:

Municipal liens may be imposed for unpaid utility charges. The municipality should be contacted to see if unpaid charges do, in fact, constitute a lien.

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