

# FEDERAL STANDARD ABSTRACT

## TITLE NEWS

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### COMMON TITLE PROBLEMS

Some common title problems that can be encountered are fraud and forgery, conflicting wills, and missing heirs. Here are a few examples of how a one-time charge at closing can safeguard against problems including those which an exhaustive title search would not reveal.

Fraud and Forgery - A buyer purchased a home through a realty company, accepting a notarized deed from the seller. Then another couple – who lived in another locale – appeared and initiated legal action to prove their interest in the real estate was valid. Under the owner's title insurance of the buyer, the title company provided a money settlement to protect against financial loss. As it turned out, the forger had spent time in advance at the local court house searching public records to locate property with out-of-town owners who had been in possession for an extended period of time. The individual involved then forged and recorded a deed to a fictitious person and assumed the identity of that person before listing the property for sale. Also, the identity of the notary appearing on the deeds was fictitious as well.

Conflicting Wills - After buying a residence, the new owner was startled when a brother of the seller claimed an ownership interest in the property and sought a substantial amount of money as his share. It seemed that their late mother had given the residence to the son making the challenge, who placed the deed in his drawer without recording it. Some 20 years later, after the death of the mother, the deed was discovered and then filed. Permission was granted in probate court to remove the property from the late mother's estate, and the brother to whom the residence initially was given sold the house. But the other brother appealed the probate court decision, claiming their mother really did not intend to give the house to his brother. Ultimately, the appeal was upheld and the new owner faced a significant loss. Since the new owner had acquired owner's title insurance upon buying the property, the title company paid the claim, along with an additional amount in legal fees incurred during the defense.

Missing Heirs - A couple bought a residence from a widow and her daughter, the only known heirs of the husband and father who died without leaving a will. Soon after the sale, a man appeared claiming that he was the son of the late owner by a former marriage. As it turned out, he was in fact the son of the deceased man. This legal heir disapproved of his father's remarriage and had vanished when the wedding took place. Nonetheless, the son was

entitled to a share of the value of the home, which meant an expensive problem for the unwary couple purchasing the property. Although the absence of a will hindered the discovery of the missing heir in a title search of the public records, the couple's title insurance company financially protected the couple from the claim by the missing heir.

### PROPOSED INCREASE IN MORTGAGE TAX

The budget bill currently under consideration by the state legislature includes an increase in the mortgage tax. The increase from \$0.25/\$100 to \$0.30/\$100 would apply to counties within the metropolitan commuter transportation district which include: Bronx, New York, Kings, Queens, Richmond, Suffolk, Nassau, Westchester, Rockland, Orange, Putnam and Dutchess. The increase would take effect immediately once approved by the state legislature and signed into law by Governor Pataki. We will keep you updated on any developments.

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