

# JUDGMENTS & LIENS THAT AFFECT TITLE

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There are a number of types of Judgments and Liens that can attach to your client and/or their property that affect title when they sell or refinance. Many of these will remain on title for anywhere from 7-20 years or more and must be satisfied accordingly. They may be required by their lender to pay off the lien or judgment in order to close their refinance, or if they're selling their property. Below are some of the most common types you may encounter on a Preliminary Title Report.

## **JUDGMENTS:** *Money Judgments, Spousal Support and/or Child Support*

- Attaches to all property owned by debtor.
- Depending on your State's Statute, a judgment lien can remain attached to the debtor's property (even if the property changes hands) from five to twenty years.
- A judgment in favor of the United States of America, a Federal Corporation, has a duration of 20 years.

## **PERSONAL LIENS:** *Federal Tax Liens, State Tax Liens, EDD Liens, County Tax Liens*

- Like judgments, these attach to all property owned by the debtor.
- How long these liens will stay depend on your state's statutes, which vary greatly. These liens can be continued indefinitely by refile the notice before the original lien or continuation expires.
- Title will not close without a demand on federal and state tax liens.

## **PROPERTY LIENS:** *Mechanic's Liens, Notice of Action (Lis Pendens, HOA Liens, Substandard/ Abatement Liens)*

- Only attaches to a specific property.
- A Mechanic's Lien is created when a contractor or subcontractor that has performed work on a specific property was not paid upon completion of work. There are mechanic's lien laws in every state, but the time frame in which this type of lien will expire varies from state to state. For instance, in California, most mechanic's liens will expire after 90 days from the date it was recorded, but in Florida, the lien will be in effect for a year.
- A Lis Pendens is a notice that a court action affecting the property has been filed. This document may also be used to foreclose on a property under a Mechanic's Lien. A Lis Pendens has a perpetual duration and must be released or withdrawn.
- Homeowner's Association liens are recorded when a property owner is delinquent on their HOA dues. There is no fixed duration for this type of lien, so escrow must get a demand.
- Substandard Liens are recorded by the city or county. They can be for a number of things including hazardous substances, weed abatement, or substandard dwellings. These liens do not have a fixed duration. Escrow must order a demand to find out if money is owed.

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*If you see one of these items on your preliminary title report, contact your escrow officer immediately to discuss the best course of action to address and remedy it!*