



Federal Tax Liens

Does the IRS have a stake in the property?

Taxpayers who have failed to pay their income taxes can have a lien filed against them, and can expect that lien to follow them wherever they go until their tax bill is paid.

Recorded Federal Tax Liens (IRS) attach to ALL assets the taxpayer owns or will acquire. Recorded Federal Tax Liens, judgments and other types of liens are shown in Schedule B of our Preliminary Title Report, even though they do not specifically describe the property in question. These types of liens are found through name searches, aka General Index searches, that we conduct and attach to all property that the taxpayer owns.

It is unlikely to sell or refinance a property with an existing recorded Federal Tax Lien against the owner(s). The Federal Tax Lien must be paid pursuant to a written demand statement from the IRS in order to clear the lien, unless we are furnished with a recordable release from the IRS prior to the close of our transaction.

Federal Tax Liens have such a long reach that even if a beneficiary of an encumbrance with priority status forecloses on the property that is encumbered by a Federal Tax Lien, the IRS has the right to redeem the property within 120 days from the date of the sale as provided for by Title 26, Section 7425(D) United States Code. Needless to say, this may impede a successful sale or the closing on your property.

When buying, selling or refinancing your home, request Progressive Title to ensure that you receive the comprehensive protection you need and the attention to detail you deserve.

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