

# PENN ATTORNEYS

## TITLE ALERT

**DATE: 9/26/07**

**RE: Title Alert 2007-36**

**Erroneous Federal Tax Lien Releases**

Please see the below Bulletin written by Stephen Dean, V.P. & Associate Senior Underwriter for First American Title Insurance Company:

The following situation serves as yet another reminder as to why we must never accept and/ or rely on reconveyances, releases or satisfactions directly provided to escrow or title by a borrower or debtor.

We have recently learned that, due to an Internal Revenue Service (IRS) system error on August 5, 2007, invalid lien releases were sent to an unspecified number of taxpayers.

This issue impacts all states and is not limited to one geographic area. The IRS was able to stop the shipment of releases that would otherwise be sent to the local recorder's office, but could not stop the shipment of the taxpayer's copy. A copy of the IRS notice regarding this situation is attached for your reference.

All IRS lien releases dated August 5, 2007, marked "Taxpayer Copy", and recorded on or after August 5, 2007, should be confirmed with the IRS, even in those instances where the taxpayer is not providing the release directly. If a taxpayer provides an unrecorded release dated August 5, 2007 directly to you, do not rely on that release, but instead contact the IRS for more information as indicated in the attached notice.

As always, if you have any questions, please contact your servicing Penn Attorneys office.

### **Penn Attorneys Title Insurance Co.**

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DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

AUG 20 2007

Dear Recorder:

I am asking your assistance in a critical matter involving erroneous Releases of Federal Tax Liens. A systems error on August 5, 2007, caused a yet unknown number of Releases of Federal Tax Liens to be sent to taxpayers. The tax obligations on those liens have not been satisfied and the liens are not to be released.

We were able to stop the releases that would have been sent directly to the recording offices from our office in Cincinnati. However, the "Taxpayer Copy" of the release was mailed to taxpayers from our Detroit Print Site. We are following up with a letter to those taxpayers indicating that the Release they received in the mail was erroneous, that the release does not affect the balance due that they owe, and that they should not try to record the document.

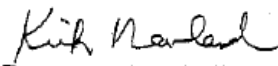
Should anyone try to present a "Taxpayer Copy" of a Release of Federal Tax Lien dated August 5, 2007, please do not record the document.

Please call our special line for recording offices (800 913-4170) and inform us of the attempt. If the taxpayer wishes to speak to one of our representatives, we will handle their questions.

We are in the process of identifying those erroneous releases that were sent to taxpayers for liens filed in your county. When we identify those, we will send you a follow-up letter with the names of the taxpayers who received the erroneous releases.

We apologize for this error and any inconvenience it may cause you. If you have any questions, or if you need any additional information concerning this matter, please call our recorder line at 800 913-4170. Thank you for your assistance.

Sincerely,

  
for Renee A. Mitchell  
Director, Campus Compliance Operations  
Cincinnati