



ACRE OF BEAVER COUNTY

A Real Estate Education Community

INSURANCE FOR REAL ESTATE INVESTORS AT THE MARCH ACRE MEETING

How much insurance does a landlord need? What about when you are flipping properties? What is tenant occupied property insurance? What is builders' risk?

If one agent is offering actual cash value coverage, and another is offering replacement cost coverage, which is the better deal? Is named peril coverage O.K., or do I need all risk?

Talking about insurance for real estate investors raises more questions than answers. We will try to answer the questions above and many more at our monthly meeting on Tuesday, March 25. Michael Pope of A.L. Kayafas Insurance Agency in Wampum will join us and lead the discussion. Michael has worked for many years with the investors of the Apartment Association of Lawrence County, and he has provided his insight at their meetings. We look forward to having him do the same for us.



INSIDE THIS ISSUE:

ACT 29 Expands Effects of Unpaid
Real Estate Taxes in PA 2-3
Our Sponsors 4-6
Deal for Vendors 7
Deal for Members 7
Meeting Schedule 7

WHY CHOOSE ACRE of Beaver County:

- **Network** with local investors
- **Attend presentations** by local leaders and experts on industry related topics
- **Meet local contractors and professionals** who are eager to work with investors
- **Get updates** on state and national issues from PROA and National REIA

Want to read more articles on all things real estate? Looking for an article from a past issue? You can find this issue's article and much more at www.dornish.net/blog.

ACT 93 EXPANDS EFFECTS OF UNPAID REAL ESTATE TAXES IN PENNSYLVANIA

By Bradley S. Dornish, Esq.

In late November of 2013, a simple, four paragraph amendment to Pennsylvania's Municipal Claim and Tax Lien Law was passed by the legislature, and signed by Governor Corbett. This law, known as Act 93 of 2013, quietly became effective in late January 2014. The purpose of Act 93 was to help municipalities, school districts and counties in Pennsylvania collect overdue and unpaid real estate taxes more easily, without having to go through the tax sale processes available in PA.

Under Act 93, the lien of a municipality, school district or county for unpaid real estate taxes on any tax claim "reduced to judgment" now attaches to ALL real estate owned by the delinquent taxpayer in the county where the property is located, and attaches just like a general judgment against that individual or entity. Act 93 also provides that for its purposes, "reduced to judgment" does not require a new and separate filing with the court, but that all claims which have been rendered absolute under the Real Estate Tax Sale Law are given the effect of a judgment.



While this sounds like a good idea to collect taxes, it has created new problems for buyers and sellers of distressed properties, particularly in Allegheny and Philadelphia counties. To understand why there has been a disparate effect from this law on those types of properties in those counties, you have to understand how the different tax sale laws work in different counties, and even in different parts of Allegheny County.

Previously, unpaid real estate taxes on each property became a lien on that particular property from the date the taxes were assessed until paid, and municipalities, counties and school districts had three years to file the lien for unpaid taxes in the county court. All counties other than Philadelphia and Allegheny counties have tax

claim bureaus which regularly receive unpaid real estate tax bills from their constituent municipalities, counties and school districts, and in a two year process, sell the properties for taxes unless they are paid. Those counties, and municipalities and school districts in those counties, have to return unpaid taxes to the tax claim bureaus each year for the prior year, or they lose the right to lien. The mechanism works fairly well to get real estate taxes paid.

This means that in all 65 of those counties, there are not a lot of old, outstanding property tax liens. Some liens for a few years sit on properties going through the tax claim bureau sale process, and some older tax liens remain on properties which do not sell through the upset sale process and the subsequent judicial sale process, which properties end up on the tax claim bureau's repository list of unsold properties.

(Cnt'd. on page 3)

ACT 93 EXPANDS EFFECTS OF UNPAID REAL ESTATE TAXES IN PENNSYLVANIA (CNT'D)

The treasurers' sales in Philadelphia County and the City of Pittsburgh, and tax sales in the Court of Common Pleas of Allegheny County for properties outside the City of Pittsburgh are not as automatic and regulated as tax claim bureau sales. The treasurers of Philadelphia and Pittsburgh select the properties to take to treasurers' sale, and in Allegheny County outside the City of Pittsburgh, the county, each municipality and each school district has the right, but not the obligation to bring a separate legal proceeding in court by writ of scire facias to sell each property on which property taxes have not been timely paid. Because city treasurers in Pittsburgh and Philadelphia, and municipalities and school districts in the rest of Allegheny County choose when to go to sale on each tax delinquent property, they consider the value of each property, the costs of going to sale, and the amount of tax outstanding when deciding to sell. Typically, cash strapped municipalities and school districts sell fewer properties, and the treasurers list properties to sell which are being actively used by their owners, have substantial outstanding tax bills,

and could likely be sold for enough to cover the costs of sale and unpaid taxes. Smaller, cheaper properties and vacant properties are less likely to be sold for unpaid taxes in these places. However, the tax liens continue to accrue against these properties.

Now that Act 93 is effective, all of those old, uncollected tax liens attach not only to the particular property on which the taxes are due, but as a general lien against all other property owned by the same owner in the county. We had one recent search come back on a small property being sold for a low price with seventy nine different property tax judgments against it. Each such judgment, plus interest on the unpaid tax, and a satisfaction fee to clear the judgment must be paid to pass clear title to the property.

We have also had this problem on REO sales now pending. Keep in mind that the banks typically have not transferred title from the prior owner to the bank, so tax liens from other properties owned by the owner on the effective date of Act 93 attach to the property being sold as an REO and must be paid by the bank to be able to pass

clear title. The foreclosure process is able to wipe out liens junior to the bank's mortgage lien, but not tax liens, which are a first position lien senior to the bank's mortgage lien.

Buyers need to be prepared for these new clouds on the title of properties being purchased, and sellers who owe taxes on other properties owned in the same name or entity need to get those taxes paid to avoid these problems derailing a closing. ■

Two Companies, One Name.

Superior legal and closing services.



A Full Service Law Firm Handling Business and Personal Legal Matters. Free initial consultation to our new clients and to existing clients on new matters.

Call today to speak with a one of our experienced lawyers.

WHAT CAN DORNISH DO FOR YOU?

- We represent buyers, sellers, landlords, tenants, lenders, borrowers, contractors and subcontractors in real estate and construction matters during purchase and sale, financing, leasing, construction and development of residential and commercial real estate.
- We form entities for businesses including corporations, non-profits, limited liability companies, limited partnerships and business trusts.
- We go to court for business and real estate related suits including collections, seller disclosures, evictions and foreclosures, partitions, mechanics' liens and contractor disputes.
- We provide estate planning including wills, powers of attorney, health care declarations and trusts, and probate estates when a loved one passes.
- We represent property owners in real estate tax appeals on either an hourly or a contingent fee basis.

Attorneys:

Bradley S. Dornish
Charles C. Bell
David M. Tkacik
Jack P. Bock
Richard A. Garzony
Amber Resetar

Of Counsel:

Kenneth E. Gray

DON'T GO TO COURT ALONE

Our lawyers have combined experience of over seventy years in litigation. We are not just civil litigators, though. We concentrate in real estate, business and construction litigation — handling the toughest evictions, collections, business and construction cases.

DON'T CLOSE ALONE

You are not required to have a lawyer handle your closing, but for real estate investors and others buying property in short sales, after foreclosure or from estates, it is a good a good idea. And with Dornish Settlement, you get the lawyers of Dornish Law Offices with no buyer settlement fee. So why wouldn't you use our experienced lawyers for your next closing?

SUPERIOR LEGAL AND CLOSING SERVICES

Our lawyers don't just practice business, real estate and construction law — they live it.

- Brad Dornish is a landlord and teaches real estate law to brokers and agents at the Realtors' Educational Institute, investors at ACRE and paralegals at Duquesne University.
- Chuck Bell has owned commercial real estate, has owned and operated a business and has served as a director and officer of non-profit and fraternal organizations.
- Jack Bock owns property in Pittsburgh's Shadyside neighborhood and has represented all sides in real estate transactions and litigation in State, Federal and Bankruptcy courts.
- Dave Tkacik is a Pennsylvania licensed real estate agent, landlord and property renovator.
- Rich Garzony is a Pennsylvania licensed real estate agent, landlord and property renovator.
- Ken Gray is a Professor of Real Estate Law at Duquesne University and an expert and author on real estate in Pennsylvania. His book "Mortgages in Pennsylvania" is now in its Third Edition.

Our firm holds the highest professional rating — the AV Peer Review rating by Martindale Hubbell and is listed in the Bar Register of Preeminent Lawyers.



www.dornish.net

1207 Fifth Avenue
Suite 300
Pittsburgh, PA 15219

Phone: 412-765-2726
Fax: 412-765-2736
Email: info@dornish.net

Windows "R" Us Windows • Siding
Roofing • Doors

Any Size - White
**Double Hung
WINDOWS...**

only \$188
Installed!
Fully Insured & Licensed



**Up to 30%
Tax Credit Available!
Ask for Details!**

"You've Tried The Rest, Now Try The Best!"
No Gimmicks, No Games,
Absolute Lowest Prices Guaranteed!

412-892-9960
www.windowruspgh.com
1116 Castle Shannon Blvd - Castle Shannon, PA 15234
At the intersection off Route 88 & Castle Shannon Blvd.
Behind the antique mall.



TRUST YOUR ACCOUNTING AND
TAX PLANNING TO FELLOW REAL
ESTATE INVESTOR AND FORMER
BIG SIX ACCOUNTANT

JON KRATSAS, C.P.A.

AND HIS TEAM RIGHT HERE IN
CONWAY!



MERCADANTE AND COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

- TAX PLANNING AND PREPARATION
- AUDITING
- FINANCIAL PLANNING/ CONSULTING
- BOOKKEEPING
- INVESTMENT PLANNING

(724)869-3007 FAX (724)869-3003

WWW.MERCADANTE-CPAS.COM

THE DEAL FOR VENDORS

One reason we run ABC is to connect local investors with local vendors who can help in real estate investing. Of course, I'm not just an investor, but a real estate lawyer, owner of a settlement company and publisher of real estate how-to books. That makes me a vendor too.

We offer two different levels for vendors (Premier and Value). Both levels get an advertisement in our newsletter sized according to level. All vendors get to come to the meetings, be introduced at the beginning of the meeting and network with the investors who are there. All vendors also get our monthly newsletter to keep up on speaker and event schedules and articles of interest to investors.

Premier vendors, for \$300 per year, get a half-page ad in each bi-monthly newsletter and an opportunity to speak at a meeting as a Vendor Speaker, the right to put materials on tables during meetings as available, and a chance to sponsor coffee and snacks at meetings and workshops.

Value vendors get a business card ad in the newsletter, for \$125 per year. ■

To learn more about becoming a vendor or member of ACRE of Beaver County, contact Brad or Deb Dornish at 724-869-0129 or info@acrebeaver.com.

THE DEAL FOR MEMBERS

The ACRE of Beaver County yearly membership fee is \$120.00. All members receive a monthly e-newsletter, attendance at all Beaver meetings and up to two meetings per year at ACRE of Pittsburgh, plus member discounts to all programs of ACRE of Beaver and ACRE of Pittsburgh.

Members of ACRE are also members of the Pennsylvania Residential Owners' Association (PROA) and members of the National Real Estate Investors' Association, with both of which ACRE is affiliated. Both the state and national groups have even more benefits for our members. ■



ACRE of BEAVER COUNTY

27 Doniport Road
Baden, PA 15005

Phone: 724-869-0129
Fax: 724-242-0827
Email: info@acrebeaver.com

MEETING SCHEDULE:

Meetings will be held from 6:30-9:30 pm, on the 4th Tuesday of every month.

2014 Dates: Jan 28, Feb 25, March 25, April 22, May 27, June 24, July 22, Aug 26, Sept 23, Oct 28

6:30 PM.....Vendor Setup and Networking

7:00 PM.....Meeting Commences;
Introduction of Vendors

7:20 PM.....Teaching Segment

7:40 PM.....Vendor Speaker

7:55 PM.....Properties for Sale

8:05 PM.....Main Speaker

9:05 PM.....Q&A

9:30 PM.....Meeting Adjourns

Remember to bring your properties for sale and ideas for future speakers!

**Next Meeting:
Tuesday, March 25, 2014
Harmony Ridge Golf Club
1280 Breitenstein Road
Ambridge, PA 15003**