

Real Property Law Section NEWSLETTER

State Bar of Georgia

A Publication for Real Property Lawyers

Fall 2006

COMMENTS FROM THE CHAIR

David J. Burge
Smith, Gambrell & Russell, LLP

When I was a new real estate attorney in Atlanta during the 1980's, my firm made a point of sending all real estate associates to the Real Property Law Institute each spring. I remember very well thinking how august and distinguished the then Chairmen of this Section appeared as they gaveled those Institutes to order. As I assume the Chair of our Section myself, I do not feel particularly august and distinguished, but I am very enthusiastic about the year to come. My enthusiasm follows a very productive planning retreat our Section's Executive Committee held in September to plan our goals for the coming year.

We will continue to improve our series of CLE seminars for our Section. Jeff Schneider has already chaired our fall Title Standards Seminar and Susan Elliott has organized an outstanding Commercial Real Estate Seminar for November. We also are hard at work planning the Residential Practice Seminar in February and the 2007 Real Property Law Institute in May.

Our Section will continue its strong involvement in the legislative process. Our Legislative Committee is considering several legislative proposals for our Section to submit to the State Bar for approval and will be ready to respond to any proposed legislation affecting the practice of real estate law when the General Assembly reconvenes in January.

We also made a strong commitment to continue the pro-bono and public education initiatives begun by our Section in the past few years. These programs are designed to match the skills of our Section members to public and community needs.

This Section is certainly not about all work and no play. On Wednesday, September 27, our Section held a joint members' reception in Atlanta with the Real Estate Section of the Georgia Society of Certified Public Accountants. Over 50 real estate attorneys and accountants attended and made professional connections while discussing our common goal of achieving our clients' objectives. This was the first time our two groups have held a joint event, and I hope it will become an annual tradition. During the State Bar Mid-Year Meeting in Savannah, our Section will co-sponsor a luncheon on January 19 with the Tax and Fiduciary Law Sections. The luncheon program will discuss Savannah's historic preservation successes and challenges.

I am most enthusiastic about the coming year in the Real Property Law Section, and I look forward to reporting our programs and accomplishments throughout this year.

LEGISLATURE PASSES REVISIONS TO TAX EXECUTION PROCESS IN THE WAKE OF E-LANE DECISION

Jeff Schneider
Weissman, Nowack, Curry & Wilco, P.C.

The tax execution process was thrown into substantial confusion as a result of the Court of Appeals decision in E-Lane Pine Hills, LLC v. Ferdinand, decided December 16, 2005. The holding in the E-Lane case was that the Fulton County Tax Commissioner lacked authority to sell or transfer tax executions on taxpayer's property to third parties as of the date the General Assembly repealed O.C.G.A. § 48-3-19, May 21, 2002. This decision brought a halt to what had become a common practice of the County selling off tax fi fas to investors, who subsequently turn the fi fas over to the Sheriff to levy on and sell the property at a tax sale. The decision created a dilemma for lawyers and investors active in this area as to the effect of this decision on past transfers (i.e., from May 21, 2002 through December 16, 2005, those leading up to the E-Lane decision), as well as how to proceed with the handling of such sales in the future.

The state legislature acted to answer the question as to how the tax execution process will continue by the enactment of Senate Bill 585, signed into law on May 3, 2006. This legislation created express statutory authority for county Tax Commissioners to transfer tax executions to third parties, subject to a number of new requirements. This legislation effectively re-enacted O.C.G.A. § 48-3-19, and substantially revised O.C.G.A. §§ 9-13-36, 48-4-1, 48-4-5, 48-4-44, and 48-6-2. Key changes to the tax execution process as a result of this legislation include the following:

1. Pre-transfer notices to taxpayers are no longer required;
2. The transfer documents must be recorded within 30 days;

Continued on page 2

<i>Comments From The Chair</i>	<i>Cover</i>
<i>E-Lane Decision</i>	<i>Cover - 2</i>
<i>Fight Against Mortgage Fraud</i>	<i>Page 2</i>
<i>Fall Retreat</i>	<i>Page 2</i>
<i>ALTA 2006 Policy Form Changes</i>	<i>Page 3</i>
<i>Pro Bono Matchmaker Project (PBMP) Update</i>	<i>Page 3</i>
<i>New Online Services</i>	<i>Page 4</i>
<i>Current decisions</i>	<i>Pages 4-5</i>
<i>Calendar</i>	<i>Page 5</i>
<i>Directory</i>	<i>Page 6</i>
<i>Update on Legislation</i>	<i>Page 7</i>
<i>State Bar Hosts Annual Title Standards Seminar</i>	<i>Back Cover</i>
<i>Real property Law listserv</i>	<i>Back Cover</i>

E-Lane Decision, continued from page 1

3. Notice to taxpayer must be made within 60 days, including new due diligence requirements for ascertaining the proper mailing address for the taxpayer;
4. The executing party is entitled to the recoupment of transfer recording fees;
5. The creation of an annual duty for subsequent notices;
6. No lot-block transfers are permitted;
7. The executing party must hold transfers longer prior to sheriff levy (i.e., 12 months from the time of transfer or 24 months from the time the tax originally came due);
8. The executing party is prohibited from advertising or serving notice on behalf of the sheriff;
9. Companies engaged in more than \$2,000,000.00 in tax fi fa transfers must maintain an office within 50 miles of the courthouse of the county in which is purchasing the fi fas; and
10. Clarification of the redemption quitclaim deed process (i.e., tax deed purchaser must prepare deed at his own cost, pay for recording at his own cost, timelines for doing so; exempt from transfer tax).

The effective date of the legislation is July 1, 2006. The statute is not on its face retroactive and does not serve to clarify the legal status of those transfers and assignments, and sales thereunder which occurred during the period of May 2002 through June 2006, the period described in the *E-Lane* decision. Therefore, while the future may be clear, the past remains in question, and it is anticipated that it will be resolved on a case-by-case basis. However, as of the time of this article, the fi fas in question are being levied upon by the Sheriff pursuant to a June, 2006 decision by the Court of Appeals which did not directly address this issue, but arguably gives some authority for moving forward with these levies.

THE FIGHT AGAINST MORTGAGE FRAUD

*Peter Lublin
Adorno and Yoss, LLC*

By now, virtually all members of the real estate section recognize that mortgage fraud has plagued our state over the last several years. When it comes to ranking the states on the mortgage fraud problem, most of the industry looks to the Mortgage Asset Research Institute Inc. (MARI) report. The MARI report bases its rankings by projecting the degree of mortgage fraud that would be expected in a state based upon national averages and per capita data, and then determining how much better or worse the state has actually been. For several years, Georgia was listed as the worst state in the country for mortgage fraud. Last year our state legislature acted in creating a crime of mortgage fraud in the State of Georgia. This was the first statute of its kind in the country. Several states are following Georgia's lead and are now working on their own statutes. Given the new statute, convictions and arrests at the state and federal level, and ongoing education in the mortgage industry, Georgia has dropped from worst to third worst in mortgage fraud. Florida has become number one (the worst)

in mortgage fraud, followed by Utah at second and then Georgia at third.

Other Highlights of the MARI Report

- Interpretation that Georgia is improving due to authorities strong anti-fraud activities (i.e., new law and education).
- An increase in the reporting of fraud, which isn't necessarily attributable to increased levels of fraud.
- Recognition that other states' frauds problems are being masked by property appreciation rising to or exceeding the level of inflated appraisals.
- South Carolina dropped from the worst in mortgage fraud in 2001 (the last time Georgia was not number one prior to last year) all the way to number nineteen in 2005.
- Conversely Colorado has gone from number twenty-one in 2001 to fourth worst in 2005.
- Georgia's greatest improvement is in sub-prime loans where it was the worst state in 2002 and 2003, improved to number two in 2004 and has since improved to number five in 2005.

While there has been progress, by no means has the war been won. This past summer saw numerous additional indictments and arrests. As the housing market slows, expect an increase in reported mortgage fraud as loan defaults will likely reveal frauds of which the lenders are not currently aware. Inflated appraisals and investor/straw person transactions continue to be the most prevalent source of industry losses in Georgia. Continued diligence at the closing table is a key component of the battle. Maintain such diligence and don't be a victim.

RPLS FALL RETREAT

The Executive Committee of the Real Property Law Section held its annual retreat on September 8th - 10th at The Brasstown Valley Resort in Young Harris, Georgia.

The Executive Committee spent time planning for the coming year, getting to know new members, learning what was happening around the state and discussing current problems and possible solutions.

Guests, including children, were welcome and while the Committee spent their time in meetings, the guests were able to enjoy the available facilities.

NOTICE

FROM FULTON SUPERIOR COURT

Effective immediately, there will be an increase of \$2.50 in the filing fees for all new cases.

RUSH services in the Real Estate Recording Department will be suspended for the period beginning November 13, 2006 through January 16, 2007.

ALTA 2006 POLICY FORM CHANGES

*Edward P. Hudson
Hudson Law Offices, LLC
Columbus, Georgia*

The American Land Title Association has made some changes to the ALTA forms. The basic outline of the changes below, was provided by the Birmingham office of LandAmerica. Additional information and forms may be found at www.alta.org.

The American Land Title Association has recently adopted new policy forms which will eventually replace the 1992 policy forms which everyone is familiar with. ALTA will decertify the 1992 policy forms in June of 2007 but we anticipate requests from customers for use of the new forms well in advance of that date. Changes in both the owner's and lender's policies include the following:

- Separation of Covered Risks previously included in Exclusions
- Expanded definition of "insured" to include additional successors in interest
- Expanded claims coverage resulting from litigation losses
- Specific coverage for deficiencies in electronic recording
- Deletion of the Co Insurance and Apportionment provisions in the Owner's policy
- Deletion of the Non-Cumulative liability provision in the Conditions and Stipulations of the loan Policy

Specific examples of changes in the owner's policy include the following:

- Covered risk 2(c) : the policy gives specific survey coverages unless there is a stated exception in the policy schedules
- Covered risk 9: the policy makes it clear there is coverage for defects resulting from prior bankruptcy actions or fraudulent transfers
- Covered risk 10: Covers the gap between the Date of Policy and recording of the insured deed
- CONDITIONS: Adds additional insureds to the definition of Insured including any entity by merger and grantees under deeds to wholly owned subsidiaries and grantees who are Trustees for estate planning purposes
- Proof Of Loss: more friendly to the insured. There is no burden on the insured regarding proof of loss to automatically be given. The remedy to the Company for failure to provide proof of loss has been removed.

The forms are now available on the ALTA website at: <http://www.alta.org/standards/index.cfm>. The website also includes companion charts highlighting the changes made to the 1992 forms.

PRO BONO MATCHMAKER PROJECT (PBMP) UPDATE

PBMP Update: As announced in previous newsletters, the RPLS has created PBMP to increase pro bono participation by real property attorneys by matching attorneys with pro bono

opportunities. We are pleased to inform you that over 70 attorneys have already volunteered to be a part of PBMP and that PBMP has already matched volunteer attorneys with three pro bono projects: representation of the DeKalb County Habitat for Humanity affiliate in connection with the acquisition of real property, representation of an individual currently being served by a City of Atlanta Public Defender with a title clearance matter and representation of an individual seeking to confirm rescission of a refinance contract. Thanks to all of the attorneys who have volunteered to be a part of this project, particularly those who have already agreed to provide legal assistance. To find out more about PBMP, please read on.

How the Program Works: The RPLS Pro Bono Committee has established points of contact with several qualifying organizations that need real property legal services. Attorneys can simply volunteer to be part of a pool of attorneys available to take on such projects. Once an organization communicates a real property pro bono project to us, we send an e-mail solely to the pool of volunteer attorneys with a project description. Once volunteer(s) respond to the e-mail agreeing to assist with the project, we put the organization and volunteer(s) in contact with each other to coordinate handling of the project. Potential projects include land closings, declarations, easements, affordable housing, single-family housing, property tax appeals, etc.

How You Can Join: Simply send an e-mail to Angela McCord at AMccord@pogolaw.com with your name, address, telephone number and e-mail address so that you may be added to the pool of volunteer attorneys. Then, once a project is identified, all members of the pool receive an e-mail with the project description and invitation to assist with the project. It's that easy. Please note that by agreeing to be included in the pool of volunteer attorneys, you are only agreeing to receive e-mails about possible pro bono projects. You are not obligated to take on any projects.

We are aware of how difficult it can be for attorneys to identify quality pro bono opportunities that involve real estate. This project has been specifically designed to make that process easier. Please consider submitting your name to be included in the pool of volunteer attorneys.

A SPECIAL THANKS

If you have ever had a chance to go on the Real Property Law Section web site, you would quickly realize that it is most informative, always current, well designed and extremely user friendly. One can find the ICLE calendar, current Title Standards or a Model Attorney Opinion Letter for Secured Real Estate Transactions.

All of this coordination is due to the tireless efforts of Drew Marljar, current RPLS Executive Committee member. We would like to take this opportunity to extend Drew a very special **THANK YOU** for all the time and expertise he has offered the section in providing its members with a web site of which we can be most proud.

Drew is also responsible for the initiation and ongoing coordination of our list serve, which boasts nearly 300 members.

Check us out: www.garealpropertylaw.com

NEW ONLINE SERVICES

*J. Noel Schweers III
Augusta, Georgia*

As Georgia real property law practitioners, we are often called upon to form various business entities for clients in real estate transactions. One of the most commonly used entities just became easier to form. In July of this year, the Georgia Secretary of State's office began accepting online formations for Georgia limited liability companies. The web site for forming a limited liability company online can be accessed at www.sos.state.ga.us/corporations.

This is the latest in steps taken by the Secretary of State's Office to expand the online services available in Georgia. According to the web site, corporation filings will also be available soon. Articles of organization for limited liability companies can now be filed electronically and the filing fees charged to a credit card or to an account set up with the Secretary of State.

One of the primary benefits of online formation is the speed with which an entity can be formed. The filing is effective immediately and a certificate of existence is often issued the same day. Another benefit of the new online services is that the articles of organization are often available for immediate review.

This ease of formation may have some negative consequences. Clients may elect to form their limited liability company without consulting with an attorney. This could impact the real estate practitioner when dealing with these entities. Under the Georgia Limited Liability Company Act, an oral operating agreement is valid. O.C.G.A. Section 14-11-101(18). However, as with all oral agreements, uncertainty and issues of proof can make oral operating agreements problematic in the real estate context. Because of this, the real estate practitioner may need to assist clients in documenting existing limited liability companies to assure that there are no authority issues involved in a particular transaction.

Practical pointers for dealing with limited liability companies can be found in the Report on Legal Opinions to Third Parties in Georgia Real Estate Secured Transactions dated October 15, 1997 (the "Report"). The Report recommends obtaining and reviewing certified copies of the articles of organization, any written operating agreement and where necessary resolutions of members or managers. While the Report was prepared to provide assistance and uniformity in opinions, its concise format makes it a valuable reference for all attorneys. A complete copy of the Report can be found at the Real Property Law Section web site (www.garealpropertylaw.com).

On a related note, it is worth pointing out that O.C.G.A. Section 14-11-302 creates a conclusive presumption regarding any restrictions in the articles of organization if the articles are recorded in the county records for the statements of partnership in the county in which the property is located. A search of these records should therefore be included in title examinations.

The Georgia Electronic Records and Signature Act is the basis

for allowing the filer to execute the articles of origination online. O.C.G.A. Section 10-12-1 et seq. As more and more records are created and stored electronically, a truly electronic deed or other real estate instrument cannot be far behind.

CURRENT DECISIONS

*By: Dan Hinkel
ING Investment Management*

Owner May Also Be A Contractor

An owner may also be a contractor within the meaning of the mechanics' lien statute. An owner of real property filed a Notice of Commencement under the Georgia mechanics' lien statute listing itself as both owner and general contractor. Then the owner as contractor contracted with two individuals to roof the homes it was building on the property. A supplier provided roofing materials to these two individuals and when the bill for the materials was unpaid, the supplier filed claims of lien against the subdivision properties. The supplier, believing it was dealing with a contractor, did not file any Notice to Contractor as required by the statute for material suppliers who are not in privity with either the owner or the general contractor. The owner of the property brought a declaratory judgment against the supplier seeking to declare its liens invalid because of its failure to file a Notice to Contractor.

The Court of Appeals agreed with the owner and invalidated the liens. The Court disagreed with the material supplier's argument that under the plain reading of the statute a contractor and owner cannot be the same entity, as an entity cannot be in privity with itself. The Court stated that an owner may also be a "contractor". The owner had complied with the requirements of the statute by filing and posting the required Notice of Commencement. The supplier could have been ensured that it received compensation for the materials by giving notice to the owner that it was supplying materials for the owner's project. It did not do so and it cannot escape the consequences of its failure. Roofing Supply of Atlanta, Inc. v. Forrest Homes, Inc., 279 Ga. App. 504. (2006)

De Facto Notary Doctrine

Georgia recognizes the de facto notary doctrine. The de facto notary doctrine gives validity to an act of attestation by a notary even when the notary at the time of attestation was not a licensed notary because the license had either expired or for some other reason was no longer in effect.

The case at hand involves an expert's affidavit given in a medical malpractice case. The affidavit had been notarized by a notary whose commission had expired at the time of the notarization. The Supreme Court of Georgia held that the affidavit was valid. The Court recognized that the seminal de facto notary case in Georgia is Smith & Bondurant v. Meador, 74 Ga. 416 (1885). Smith & Bondurant involved a deed which was notarized by a notary whose commission expired a few days before the act of attestation. The Court of Appeals in Smith &

continued from page 4

Bondurant gave validity to the act of attestation and stated that the principle on which the de facto notary doctrine rests, "is not how they happen to act de facto, - whether the cause be an illegal appointment or election, or an illegal holding over, but it is the convenience of the public - the necessity of the thing - the impossibility of one always knowing when an officer to whom one goes on business of a ministerial character is legally in office, was properly elected or has held too long; it is that, where the public servant is acting in the place apparently all right, and the applicant to him in good faith had a deed witnessed or an oath administered, that it is better for society that the act de facto stand than that the business of society, the title to property be all wrecked, because parties did not know that the term of office of the public official expired the day before."

The Court dismissed the fact that the expert malpractice affidavit clearly contained a recital showing that the notary's commission had expired almost three weeks prior to the date of the affidavit. The Court stated that it is the notary's act of attestation, not the presence of the recital, which gives rise to the validity of the affidavit. The Court refused to take the mere recital of the commission's expiration as evidence that the commission of the official had actually expired. Thomas v. Gastroenterology Associates of Gainesville, P.C., 280 Ga. 698 (2006) reversing, Thomas v. Gastroenterology Associates of Gainesville, P.C., 273 Ga. App. 618, 616 SE 2d 455 (2005).

De Facto Notary Doctrine

Right of First Refusal Not Exercisable by a Tenant Holding Over. This case involved a lease that gave the tenant, during the lease term, a right of first refusal as to any re-lease of the property covered by the lease. The lease term expired but the tenant remained in possession as a tenant at will. During this holdover period the tenant attempted to exercise its right of first refusal contained in the lease. The trial court held that the tenant could not enforce its right of first refusal as a tenant at will. The tenant appealed and the Court of Appeals held that the trial court did not err in holding as a matter of law that the tenant at will could not enforce a right of first refusal contained in an expired lease.

The Court of Appeals based its decision on an argument that one who is a tenant at will by virtue of his holding over after the expiration of the term of his lease holds the premises subject to the general terms and conditions specified in the lease, except so far as modified by mutual agreement. Thus, in this case, the tenant could only enforce the right of first refusal in the original lease if it was a general term or condition of the lease.

Whether a right of first refusal is a general term or condition of a lease is an issue of first impression in Georgia. The Court concluded that the general terms and conditions of the lease are those indispensable to a continuing landlord/tenant relationship; "at a minimum, provisions for rents and repairs." The Court stated that the right of first refusal is not a general term or condition of the lease because it is not a term or condition that is necessary in order for the landlord/tenant relationship to continue. Moreover, the leases at issue specifically included a time limit on the availability of the right of first refusal, which was "during the lease term". Mariner Health Care, Inc. v. Foster, (07/11/06) 06 FCDR 2313.

UPCOMING CALENDAR DATES REAL PROPERTY LAW SECTION STATE BAR OF GEORGIA

— 2006 —

NOVEMBER 9th, 2006
FALL COMMERCIAL REAL ESTATE LAW
SEMINAR AT STATE BAR OF GEORGIA:
BOARD MEETING IMMEDIATELY
FOLLOWING. SPEAKERS' DINNER -
COMMERCE CLUB

DECEMBER 19th, 2006
RPLS EXECUTIVE BOARD MONTHLY
MEETING, 1230 PEACHTREE ST., NE
SUITE 3100 • 4:00 - 6:00 PM

— 2007 —

JANUARY 16th, 2007
RPLS EXECUTIVE BOARD MONTHLY
MEETING, 1230 PEACHTREE ST., NE
SUITE 3100 • 4:00 - 6:00 PM

FEBRUARY 2nd, 2007
SPRING RESIDENTIAL PRACTICE
SEMINAR - GPTV

FEBRUARY 8th, 2007
REPLAY
SPRING RESIDENTIAL PRACTICE SEMINAR

FEBRUARY 20th, 2007
RPLS EXECUTIVE BOARD MONTHLY
MEETING, 1230 PEACHTREE ST., NE
SUITE 3100 • 4:00 - 6:00 PM

MARCH 20th, 2007
RPLS EXECUTIVE BOARD MONTHLY
MEETING, 1230 PEACHTREE ST., NE
SUITE 3100 • 4:00 - 6:00 PM

APRIL 6th, 2007
FORECLOSURE SEMINAR

APRIL 17th, 2007
RPLS EXECUTIVE BOARD MONTHLY
MEETING, 1230 PEACHTREE ST., NE
SUITE 3100 • 4:00 - 6:00 PM

MAY 3th - 6th, 2007
REAL PROPERTY LAW INSTITUTE,
DESTIN, FLORIDA

AS OF 10//06, THE REAL PROPERTY LAW SECTION
OF THE STATE BAR OF GEORGIA HAS 2,617 MEMBERS!!

**The Executive Committee, Real Property Law Section
State Bar of Georgia
Directory 2006-2007**

The members of the Executive Board are only as far away as your nearest phone or computer.
Please contact them with any questions, concerns or suggestions.

David J. Burge**Chair: RPLS**

Smith, Gambrell & Russell, LLP
Phone: (404) 815-3512
dburge@sgrlaw.com

Edward P. Hudson**Chair-Elect**

Hudson Law Offices, LLC
Phone: (706) 317-3440
ehudson@hudsonlawoffices.com

Susan L. Elliott "Susan"**Secretary/Treasurer: RPLS**

Powell Goldstein, LLP
Chair: Fall Commercial Seminar
Phone: (404) 572-6908
selliottpogolaw.com

Leon Adams

Alston & Bird, LLP
Phone: (404) 881-7382
ladams@alston.com

Timothy W. Bailey

Bailey Davis, LLC
Phone: (770) 293-1214
timbailey@baileydavis.com

Jed S. Beardsley "Jed"

Gambrell & Stolz, LLP
Direct: (404) 223-2214
jbeardsley@gambrell.com

Robert H. Brannen, Jr. "Rob"

*Inglesby, Falligant, Home, Courington
& Chisholm, P.C.*
Phone: (912) 944-4030
rbrannen@ifhlaw.com

Linda Bryant Curry "Linda"**Immediate Past Chair**

Weissman, Nowack, Curry & Wilco, P.C.
Phone: (404) 926-4516
lindacurry@wncwlaw.com

J.V. Dell, Jr. "Jay"

*Blasingame, Burch, Garrard, Bryant &
Ashley, P.C.*
Phone: (708) 453-7139
jvd@bbgbalaw.com

Dennis P. Helmreich

Dennis P. Helmreich, Attorney
Phone: (706) 743-3410
dph@dphatty.com

Daniel F. Hinkel

ING Investment Management
Phone: (770) 690-4682
Dan.Hinkel@inginvestment.com

Patrise M. Perkins-Hooker

Hollowell, Foster & Gepp, P.C.
Phone: (404) 658-9900
pph@hfglaw.net

Joshua M. Kamin

King & Spalding
Phone: (404) 572-4849
jkamin@kslaw.com

Nancy Liu

Liu & Associates, P.C.
Phone: (770) 481-0609
Nancy_liu@attorneyliu.com

Peter L. Lublin

Adorno & Yoss, LLC
Phone: (404) 347-8321
plublin@adorno.com

Drew Marlar

Kutak Rock, LLP
Phone: (404) 222-4688
Drew.marlar@kutakrock.com

John E. Niedrach "Jack"

*Cox, Byington, Corwin, Niedrach, Atkins,
Smith & Perkins, P.C.*
Phone: (706) 291-2002
niedra@bellsouth.net

Machelle L. Redmond

Ferguson McManamy
Phone: (404) 705-7927
macheller@fmfirm.com

Jeffrey W. Rubnitz "Jeff"

Weissman, Nowack, Curry & Wilco, P.C.
Phone: (404) 926-4516
jeffschneider@wncwlaw.com

Janney E. Sanders

Sanders & Smith, P.C.
Phone: (706) 886-7533
csspc@alltel.net

Jeffrey H. Schneider "Jeff"

Weissman, Nowack, Curry & Wilco, P.C.
Phone: (404) 926-4516
jeffschneider@wncwlaw.com

J. Noel Schweers III

J. Noel Schweers III, P.C.
Phone: (706) 722-4588
jns@SchweersLaw.com

Mark A Shaffer

MetLife Real Estate Investments - Legal
Phone: (678) 319-2122
mashaffer@metlife.com

Diedra L. Sorohan

O'Kelley and Sorohan, LLC
Phone: (770) 497-1880
dsorohan@oslawllc.com

Michelle A. Willis "Shelli"

Troutman Sanders LLP
Phone: (404) 885-3440
shelli.willis@troutmansanders.com

Jeril S. Cohen, Executive Director

Phone: (404) 931-5910
Jerilsc@aol.com

UPDATE ON 2006 LEGISLATION

*Submitted by
Patrise Perkins-Hooker
Hollowell, Foster & Gepp, P.C.
Chair Legislative Committee*

The 2006 Legislative Session was a busy time for our state legislators. The Real Property Law Section sponsored SB 253 which changed how a Certificate of Permanent Location would be obtained for a manufactured home. This bill provides for the immediate conversion of a mobile home that is permanently attached to the ground from a personal property interest to a real property interest. This bill amends O.C.G.A. 8-2-181, et seq. This bill benefits closing attorneys who close transactions involving the purchase, sale or refinance of a manufactured home (mobile home), by streamlining the process to have a first mortgage lien attach to what would otherwise be personalty. We worked to introduce SB 253 during the 2005 legislative session and although it passed the House in 2005, it did not get submitted for a vote prior to last year's adjournment. This year we followed it closely and members of the legislative committee attended hearings before the House Judiciary Committee in support of the bill. It was approved by both houses after a few modifications and it was signed by the Governor on May 3, 2006. It was effective July 1, 2006.

Several other resolutions and bills involving real estate that passed during this legislative session include:

- SB 525:** This bill imposed new requirements for filing Real Estate Transfer Tax Declaration Forms. It required the filer to insert the correct tax map parcel identification number, if one exists, or the declaration form would not be accepted for recordation. This bill passed the General Assembly March 30, 2006 was signed by the Governor on May 3, 2006 and became effective upon signature.
- SB 530:** This bill allows for a mechanic's lien to be placed upon an owner's land for the value of work done and materials furnished in any easement or public right of way adjoining said real estate if the work done or materials furnished in the easement or public right of way is for the benefit of said real estate and is within the scope of the owner's contract for improvements to said real estate. This bill passed the General Assembly March 23, 2006 and was signed by the Governor on May 3, 2006. It was effective July 1, 2006.
- HR 1306:** This is the Governor's proposal for a constitutional amendment to strengthen eminent domain laws. The resolution called for the removal of condemnation power from unelected officials, and the limitation of taking for redevelopment purposes to 'blighted property.'
- HB 989:** This bill creates a new sunset date for the \$5.00 fee dedicated to the automated information system maintained by the Clerk's Authority. The section supported this bill due to the fact that the Clerk's Authority is making progress on the automated systems for which the \$5.00 fee is designed to benefit. This bill was passed by the General Assembly March 16, 2006, signed by the Governor on April 28, 2006 and became effective July 1, 2006.
- HB 1282:** This bill created a separate index for a 'Notice of Settlement' to be filed with the other documents transferring real property from one party to another. The bill allows any party, or his or her legal representative, to a settlement which will convey legal or equitable title to real estate or any interest therein or create any lien thereon by way of a deed to secure debt, mortgage, or other instrument to file an instrument to be designated a "Notice of Settlement" with the clerk of the superior court of the county in which the real estate is situated. After the filing of a Notice of Settlement, any person claiming title to, an interest in, or a lien upon the real estate described in the notice through any party in the notice shall be deemed to have acquired said title, interest, or lien with knowledge of the anticipated settlement and shall be subject to the terms, conditions, and provisions of the deed or mortgage between the parties. This bill passed the General Assembly March 24, 2006, was signed by the Governor on May 1, 2006 and it will be effective, January 1, 2007. The Real Property Law section opposed this bill because of the confusion the delay in filing the actual instruments could cause in the real estate index and the potential for liability with regard to constructive notice of a potential ownership claim even after the thirty (30) day time period lapses.
- HB 1313:** This is the Governor's eminent domain bill, which amends Title 22. The bill tightens the definition of 'public use,' allows for repurchase if the land has not been used in 5 years, removes attorney's fees provision for condemnor, and expands damages for condemnee. The bill also amends Title 8 and Title 36 by eliminating condemnation by non-elected officials, and strictly defining 'blighted' areas. This bill passed the General Assembly March 30, 2006 and was signed by the Governor on April 4, 2006. It was effective immediately upon execution.

Copies of all of the above matters can be obtained from the Georgia Legislature's website at www.legis.state.ga.us. If you have any questions concerning any of the above described legislation, please forward those concerns to the committee through me at pph@hfglaw.net.

