

TANGLED TITLE FUND: INFORMATION PACKET

This fund is made possible with funding from the City of Philadelphia's Division of Housing and Community Development.

Applicant Eligibility for Receipt of Tangled Title Funds

There are eligibility criteria that all applications to the Tangled Title Fund (the "Fund") must meet. These requirements apply to the individual applicant, the property in question, *and* the case itself:

Age: No limitations.

Income: Priority is given to applicants whose gross income does not exceed 200% of the federal poverty guidelines. Applicants with gross income over 200% of the federal poverty guidelines and under 80% of Area Median Income will be considered on a case-by-case basis. *Documentation to verify household income is required upon submission of an application.*

Federal poverty guidelines: <https://aspe.hhs.gov/poverty-guidelines>

Assets: The applicant may not have assets (cash, savings, etc.) in excess of \$10,000.

Residence: The property with the tangled title problem must be the applicant's primary residence, *or* the applicant must intend to make that property his/her primary residence upon the clearing of title.

Condition of Property: The house must not be in a dangerous condition.

Case: There must be a reasonable expectation that the case can be resolved.

Extra Costs: In order to resolve his or her case, the applicant must be able to pay any costs in excess of the maximum grant or must seek other grant funds.

The case may be rejected if any one of the three (3) conditions below is met:

- (1) other funds are available for the costs;
- (2) there is no reasonable expectation that the title issue can be resolved;
- (3) the applicant will lose the home if title is transferred into the applicant's name.

Application and Disbursement Request Approval Process

Once a complete application has been submitted, the Tangled Title Fund Advisory Committee (the "Committee") reviews the application using the eligibility criteria listed above.

If the application is approved, the applicant immediately becomes eligible to receive up to **\$4,000** in Tangled Title funds in the resolution of his or her case. **Additional costs, of up to \$5,000, will be considered on a case-by-case basis, primarily for applicants facing particularly high inheritance tax and transfer tax bills.** Any disbursement request that exceeds \$2,500 is not a priority but will be considered on a case-by-case basis, depending on the availability of funds and the impact that the expenditure will have on the client's case.

In order to request funds, the attorney or paralegal or housing counselor **must** complete a Disbursement Request Form and provide all necessary documentation. If the request is approved, the Fund will, subject to the availability of funds, issue a disbursement check to pay for the cost incurred.

Please note that **specific disbursement requests can be submitted and reviewed at the same time as the initial application.** (For a list of eligible and ineligible costs, see pages 3-4 below.)

Because both the approval process and actual disbursement of funds can take several weeks, we strongly recommend that all attorneys submit a Tangled Title Fund application during the early stages of their applicants' homeownership cases.

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Timeline for the Committee's Review of Applications and Disbursement Requests

Generally, all completed applications and disbursement requests received before the 1st Monday of the month will be reviewed at the Committee meeting by the second Monday of that same month. VIP staff will let you know if the Committee's next meeting date will be on a different day that month. After the Committee has issued its decision, VIP staff will look to communicate it to you within one week of the meeting. If a VIP staff member has not communicated the result of the Committee's decision within one (1) week of the Committee's meeting, you may contact VIP staff to inquire as to its status.

All disbursement checks must be cashed within two weeks of receipt. If you will not be able to cash your check within this time frame, please notify a VIP staff member. VIP will incur a significant financial penalty for every check that needs to be re-issued.

Please note that because the Committee's meeting time is subject to change, you should communicate directly with VIP staff if you have an urgent request that needs to be reviewed expeditiously. (Please see below for our contact information.)

Availability of Funds

The Fund operates on a fiscal year schedule, from July of one year through June of the next year. The availability of funds at any given time is dependent upon the number of disbursement requests approved each fiscal year, and their sum, since requests are funded on a first-come, first-serve basis. When a request for funds is urgent, **it is important to discuss the current availability of funds with VIP staff.**

Firm or Attorney Donation for Tax Deduction

(For Philadelphia VIP volunteer attorneys handling a VIP homeownership case)

Law firms or individual attorneys have the option of making a donation to VIP by giving the amount of the cost to VIP, and VIP then in turn cuts a check to the payee (e.g., to the Register of Wills for a probate filing fee) for the cost. **In order to take advantage of this option, you must contact the staff at Philadelphia VIP before incurring the cost.** VIP will provide a letter recognizing your donation for tax purposes. If you wish to make a financial contribution to VIP or have contacts at foundations or corporations, please contact VIP's Executive Director.

Reimbursement

A firm, attorney, and/or applicant can choose to pay a cost up front and later seek reimbursement from the Fund. In this situation, the firm, attorney, or applicant (the "payer") pays the cost directly to the payee and later seeks reimbursement from the Fund. It is important that the attorney handling the case submits a disbursement request for the cost and has it approved by the Committee before the payer advances the funds for the expense. If this procedure is not followed, there is no guarantee that the Committee will approve and eventually fund the request for reimbursement.

VIP Contact Information

All applications, disbursement request forms, and attachments should be emailed, faxed or mailed to: Philadelphia VIP, Attn: Tangled Title Fund, 1500 Walnut Street, Philadelphia, PA, 19102, tangledtitlefund@gmail.com, facsimile (215) 564-0845. **Submission by email is preferred.** Please note that original versions are not needed.

If you have any questions regarding these application materials or the Tangled Title Fund, please contact the TTF Administrator at: (215) 523-9564 or tangledtitlefund@gmail.com.

Eligible and Ineligible Costs

Many costs can be covered by the Fund. The following is a list of the most common costs that may arise in an applicant's homeownership case and an explanation of whether those costs can be paid for by the Fund. If you are unsure whether a certain cost may be covered by the Tangled Title Fund, it is imperative that you discuss it with VIP *before* the cost is or must be incurred, otherwise the Fund may not be able to pay or reimburse for that cost.

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- Title Reports – All applicants must provide a copy of a current title report for review with the initial application. For non-VIP cases, the Fund will pay for the cost of ordering such a title report if the attorney cannot obtain one at no charge. **Please submit a quote or receipt from a title report company.** For VIP cases, however, please see the VIP probate training guide or the VIP quiet title training guide for instructions on obtaining a free title report. **Exception: an application submitted on behalf of a client who is an heir facing mortgage foreclosure who will be seeking *only* probate filing fees does not need a title report.**
- Probate Filing Fees – For a Petition for Probate and Grant of Letters, the filing fee is determined by a sliding scale based on the gross value of the estate. For estates valued between \$10,000.01 and \$50,000, the base fee as of August 01, 2016 is \$370.25. There are also additional charges for any renunciation forms filed (\$15 per form) and for every short certificate requested (\$10 per short).
 - **Note: The Tangled Title Fund does *not* disburse funds to pay for court filing fees that can be waived by the filing and granting of *In forma Pauperis* Attorney Certification (IFP). This includes filing fees for §3546 petitions and quiet title actions.** Any IFP filed on behalf of an applicant eligible for the Tangled Title Fund should be granted, since Tangled Title Fund applicants must be low-income in order to qualify for funding.
 - **If you are an attorney, please submit an e-filing invoice with the list of charges or fee schedule from the following source:** <http://secureprod.phila.gov/wills/fees.aspx>. The amount due must be confirmed with a call or visit to the Register of Wills.
 - **If you are requesting a reimbursement, you must supply a receipt from the Register of Wills.**
- Real Estate Transfer Tax – Transfer tax must be paid when any deed is recorded, unless the transfer falls under one of the exempt categories (e.g., intestate succession, intra-family transfer). The total transfer tax is 4.1% of the greater of the actual consideration paid or, if no consideration, the fair market value of the property (3.1% to the City of Philadelphia and 1% to the Commonwealth of Pennsylvania). **Please complete these forms:** the “Philadelphia Real Estate Transfer Tax Certification” and the “Pennsylvania Realty Transfer Tax Statement of Value.”
- Inheritance Tax – Inheritance tax is owed anytime an applicant is inheriting a property from a deceased relative. When the inheritance tax return is being completed, it is important to be sure to list as many deductions as possible so as to lower the net value of the estate, and thus the total amount of tax due, as much as possible.
 - **Note on interest and penalties: The Fund will initially only pay the principal amount due on inheritance tax.** If the applicant also owes interest and penalties, he or she should first pay the principal amount due (with or without Tangled Title Fund assistance). Once that payment is accepted, you should then submit a short written request to the Department of Revenue requesting that they waive the interest and penalties owed due to the applicant’s financial circumstances. Only if this request is denied can the applicant then apply for Tangled Title Funds for assistance in paying the interest and penalties.
 - **All** disbursement requests for inheritance tax must include a copy of the inheritance tax return and relevant schedules that show how the tax was calculated.
- Delinquent Real Estate Taxes and Delinquent Water/Sewer Charges –
 - The Fund can disburse monies to pay for principal owed on delinquent real estate taxes or water/sewer charges.
 - Note that taxes or water/sewer charges generally must be delinquent in order to be eligible for funding. Proof of the amount must be supplied. (See the exception below.)
 - The Fund can disburse monies to pay for the principal owed on *current year taxes* in cases in which (1) the applicant needs to pay off current taxes to go to closing, (2) the applicant will qualify for the Pennsylvania property tax rebate, or (3) there is some other compelling circumstance.

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- Advertising – Advertising is usually required for §3546 petitions and quiet title actions and is often done in probate cases. Estate advertising for probate cases averages \$400 total (for publication in the *Legal Intelligencer* and a paper of general circulation). Publication for §3546 petitions and quiet title actions averages \$500 to \$1,900, depending on how much publication is required (e.g., one time versus three times in each paper).
 - *Note:* If a court has ordered publication more than once in both the *Legal Intelligencer* and a newspaper of general circulation in your applicant’s case, you should submit a letter to the judge requesting that he or she reduce the publication requirement. **Tangled Title funds can only be disbursed if the Committee finds that the attorney has made reasonable efforts to reduce the cost of publication as much as possible.**
 - *If you are requesting a disbursement check to be issued directly to the newspaper, you must include proof from the newspaper that shows what the notice will look like when published and the corresponding price.*
 - *If you are requesting a reimbursement check to be issued to the person or firm who already paid the publication cost, you must include documentation that indicates that the notice actually appeared in the newspaper and the price that was paid for it.*
- Mortgage Assumption Application Fee – If the applicant is applying to assume the prior owner’s mortgage (e.g., a deceased relative’s mortgage), the Fund can pay for the application fee if the mortgage company will not waive it.
- Homeowners/Hazard Insurance Premium – The Fund can pay this insurance premium if it is required in order for the applicant to take over or assume the prior owner’s mortgage.
- Title Insurance Premium – Title insurance is only necessary when the applicant is receiving the property from a third party (e.g., under a lease-purchase agreement). Thus, it is usually unnecessary and not a cost that can be covered by the Fund when the applicant gains title to the property through a will or intestate succession. The premium rate is dependent upon the amount to be insured, which may be the fair market value of the property or the actual consideration paid; it is typically \$500 for Tangled Title Fund applications.
- Miscellaneous Costs – These include costs for obtaining death certificates, costs of investigation if needed, incidental costs of up to \$25 incurred by volunteer attorneys (e.g., long distance calls, overnight mailings), and other similar costs. **Receipts, pricing documentation, or fee schedules should be submitted.**
 - ***For attorneys handling a VIP homeownership case: Please note that the Fund does not disburse monies to pay or reimburse for deed recording fees for VIP applicants.*** VIP is able to record documents with the Department of Records at no cost. In order to take advantage of this waiver, please see the VIP probate training guide and the VIP quiet title training guide.
 - The Fund *cannot* disburse funds to pay for consideration (e.g. where the applicant owes seller funds under a lease/purchase agreement or where the applicant is trying to buy out other heirs).
 - The Fund *cannot* disburse funds to pay off liens on a property, other than delinquent real estate taxes and delinquent water/sewer charges, as explained above.