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EARLELAW NEWSLETTER

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IRS Announces Expedited Process for Subordination or Discharge of Tax Liens

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Issue Number: 2009-02

The Internal Revenue Service (IRS) recently announced an expedited process that will make it easier for financially distressed homeowners to avoid having a federal tax lien prevent the refinancing of mortgages or the sale of homes.

The filing of a Notice of Federal Tax Lien is a formal process by which the IRS makes a legal claim to property as security or payment for a tax debt. A lien serves as a public notice to other creditors that the IRS has a claim on the property.

In some cases, a federal tax lien can be made secondary to another lien, such as a lending institution's lien, if the IRS determines that taking a secondary position ultimately will help with collection of the tax debt. That process is called subordination. Without lien subordination, taxpayers may be unable to refinance their home loans or reduce their home loan payments. Lending institutions generally want their lien to have priority on the home being used as collateral.

According to the IRS, the lien subordination or discharge process usually takes approximately 30 days from the date on which a proper request has been submitted.

Currently, there are more than 1,000,000 federal tax liens outstanding against both real and personal property. The IRS issues more than 600,000 federal tax lien notices annually.

Please call EARLE LAW OFFICES today if you need assistance in resolving a tax lien or other tax controversy.

EARLE LAW OFFICES provides litigation and non-litigation legal services in the areas of business law, family law, real estate law, tax law, and trusts and estates.

* Mr. Earle is licensed to practice law in all California state trial and appellate courts, the United States Supreme Court, the United States Court of Appeals for the Ninth Circuit, and federal trial courts in the Northern District of California. He is also a licensed Real Estate Broker.

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