

H.199

An act relating to validating legal instruments used in connection with the conveyance of real estate

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 27 V.S.A. § 348 is amended to read:

§ 348. INSTRUMENTS CONCERNING REAL PROPERTY VALIDATED

(a) When an instrument of writing shall have been on record in the office of the clerk in the proper town for a period of 15 years, and there is a defect in the instrument because it omitted to state any consideration therefor or was not sealed, witnessed, acknowledged, validly acknowledged, or because a license to sell was not issued or is defective, the instrument shall, from and after the expiration of 15 years from the filing thereof for record, be valid. Nothing herein shall be construed to affect any rights acquired by grantees, assignees or encumbrancers under the instruments described in the preceding sentence, nor shall this section apply to conveyances or other instruments of writing, the validity of which is brought in question in any suit now pending in any courts of the state.

(b) Notwithstanding subsection (a) of this section, any deed, mortgage, lease, power of attorney, release, discharge, assignment, or other instrument made for the purpose of conveying, leasing, mortgaging, or affecting any interest in real property ~~which~~ that contains any one or more of the following

errors is valid unless, within three years after the instrument is recorded, an action challenging its validity is commenced, and a copy of the complaint is recorded in the land records of the town where the instrument is recorded:

(1) The instrument contains a defective acknowledgment.

(2) In the case of a conveyance by a corporation, limited liability company, partnership, limited partnership, or limited liability partnership, or by any other entity authorized to hold and convey title to real property within this state, the instrument designated such entity as the grantor but was signed or acknowledged by an individual in the individual capacity of such person, or fails to disclose the authority of the individual who executes and acknowledges the instrument.

(3) The instrument contains an incorrect statement of the date of execution, or contains an execution date, or other date that is later than the date of the recording. In case of such conflict, the date of recording prevails.

(4) The instrument does not contain a statement of consideration.

(5) The acknowledgement clause of an instrument executed by an attorney-in-fact inaccurately recites the personal appearance of the principal and not the attorney-in-fact who personally appeared on behalf of the principal.

(c) Notwithstanding the provisions of subsection (a) of this section, any deed, mortgage, lease, power of attorney, release, discharge, assignment, or other instrument made for the purpose of conveying, leasing, mortgaging, or

affecting any interest in real property ~~which~~ that is executed pursuant to a recorded power of attorney and contains one or more of the following errors or omissions is valid as if it had been executed without the error or omission:

(1) The instrument was executed by an attorney-in-fact but was signed or acknowledged by the attorney-in-fact without reference to his or her capacity.

(2) The instrument was executed by an attorney-in-fact but does not reference the power of attorney.

(3) The power of attorney was effective at the time the instrument was executed but is recorded after the instrument is recorded.

(d) A release, discharge, or assignment of mortgage interest executed by a commercial lender with respect to a ~~one~~ one- to four-family residential real property, including a residential unit in a condominium or in a common interest community as defined in Title 27A, which recites authority to act on behalf of the record holder of the mortgage under a power of attorney but where the power of attorney is not of record, shall have the same effect as if executed by the record holder of the mortgage unless, within three years after the instrument is recorded, an action challenging the release, discharge, or assignment is commenced and a copy of the complaint is recorded in the land records of the town where the release, discharge, or assignment is recorded.

This subsection shall not apply to releases, discharges, or assignments obtained by fraud or forgery.

(e) A power of attorney made for the purpose of conveying, leasing, mortgaging, or affecting any interest in real property that has been acknowledged and signed in the presence of at least one witness shall be valid, notwithstanding its failure to comply with 14 V.S.A. § 3503 or the requirements of the Emergency Administrative Rules for Remote Notarial Acts adopted by the Vermont Secretary of State, unless within three years after recording, an action challenging its validity is commenced and a copy of the complaint is recorded in the land records of the town where the power of attorney is recorded. This subsection shall not apply to a power of attorney obtained by fraud or forgery.

Sec. 2. EFFECTIVE DATE

This act shall take effect on passage.