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# The Quill – September 2022



## THE QUILL ARTICLE

Are charitable or religious corporations required to give written notice to the NC Attorney General’s office prior to the sale, lease, exchange or disposal of its real property?

We have recently received several orders involving charitable or religious corporations. As such, I thought it was an appropriate time to share what may be a little-known statute related to charitable or religious corporations. The transaction described below occurred several years ago. At that time, I had been in the title insurance industry for 10+ years and had never encountered the below statute. This

claim and set of facts was a good reminder that there is always something new to learn in the real estate industry!

#### FACTS:



On May 11, 1965, Intrad denominational Faithfulness Healing Center, Inc. (“Healing Center”)\* acquired 3 adjoining tracts of land (“Land”) in Wake County, NC. On April 1, 2005, the Healing Center conveyed its interest in the Land to Sanctuary of Faith Holiness Church, a North Carolina Non-Profit Corporation (“Sanctuary”) via a quitclaim deed. This Land was the only real property owned by the church. Sanctuary conveyed its interest in the Land via quitclaim deed recorded on March 27, 2017 to

Hattie May Coward. Ms. Coward executed the quitclaim deed on behalf of Sanctuary as its “Pastor and sole remaining Director.” On the same day, Ms. Coward conveyed her interest in the Land to Bank for Houses, LLC, the insured owner, via general warranty deed.

Shortly after the purchase of the insured Land, the insured filed a summons and complaint against several neighbors (“defendants”). The complaint alleged, among other things, that the driveway benefiting the defendants’ property encroached upon Bank for Houses, LLC’s Land. The claims made in this lawsuit were outside the scope of the title insurance policy and not covered under the policy. However, during litigation, defendants’ attorney challenged the validity of the deeds transferring the insured Land from Sanctuary to Ms. Coward and from Ms. Coward to Bank for Houses, LLC. Defendants’ attorney alleged Sanctuary did not provide notice to the Attorney General’s (“AG”) office pursuant to NCGS 55A-12-02(g) and filed a motion to dismiss stating Bank for Houses, LLC did not own the insured Land. Prior to the hearing for the motion to dismiss, Bank for Houses, LLC initiated a tender of defense claim on its title policy.

During his investigation, claims counsel confirmed that Sanctuary did not provide notice to the AG’s office as required by NCGS 55A-12-02(g), which says:

“A charitable or religious corporation shall give written notice to the Attorney General 30 days before it sells, leases, exchanges, or otherwise disposes of all, or a majority of, its property if the transaction is not in the usual and regular course of its activities unless the Attorney General has given the corporation a written waiver of this subsection. This notice shall include all the information the Attorney General determines is required for a complete review of the proposed transaction. The Attorney General may require an additional 30-day period to review the proposed transaction by providing written notice to the charitable or religious corporation prior to the expiration of the initial notice period. During this 30-day period, the transaction may not be finalized.”

As such, the Company retained outside counsel to represent the insured on this issue only. In the meantime, the AG’s office reviewed the facts along with a copy of the appraisal obtained by Bank for Houses, LLC on or about March 27, 2017. Based on the facts, the AG’s office decided not to take any steps to unwind the transaction or

impair the interest of Bank for Houses, LLC in the Land. The motion to dismiss was denied.

Are charitable or religious corporations required to give written notice to the AG's office prior to the sale, lease, exchange or disposal of its real property? Yes, if the transaction is not in the usual and regular course of its activities, a charitable or religious corporation must give written notice thirty days prior to the sale, lease, exchange or disposal of all or a majority of its property to the AG's office pursuant to NCGS 55A-12-02(g). In the case discussed here, the AG's office declined to take further action. However, the AG's response letter clearly indicated they understand NCGS 55A-12-02(g) gives the AG power to unwind a conveyance, potentially resulting in a failure of title in the grantee.

\*Names of the parties have been fictionalized, and certain facts have been adjusted, for privacy reasons. The AG's office, however, is real.

-Natasha N Branch, Operations Manager and Title Counsel

## NEW EXTENDED SERVICE HOURS

You asked, Barristers delivered! We are now open until 7pm Monday through Thursday and until 6pm on Fridays. If you need a prior policy lookup or a commitment issued or revised, give us a call or send us an email – we are here to help when you need it!



## THANK YOU!

From the Barristers Title Team

As many of you know, every year around this time we pause to say thank you... merci...gracias...you get my drift! We are grateful for each and every one of you. Without you, there would be no Barristers Title! From all of us at Barristers Title, please accept our sincerest appreciation for allowing us to help you with your transactions.

In spite of the increase in interest rates earlier this year, there are still many closings happening every day in your offices! We know that many of you are working tirelessly, as you were in 2020 and 2021, though your workday may look a little

different now. Some of you continue to wear masks and face shields to the office and/or while handling closing transactions, because the 1000<sup>th</sup> COVID-19 variant is spreading among us. Sigh! Some of you are getting caught up on finalizing your closing files or working through those pesky problem files that were pushed to the back burner because you did not have the brain capacity or the time to handle remedial work when you were in and out of closings all day, every day!

No matter where you fall on the spectrum, we want you to know we see you and we are grateful for you! Thank you for everything you do. Most importantly, thank you for your continued support and loyalty to Barristers Title.

## NEW ON DEMAND CLE'S AVAILABLE

Everything you need to know about our On Demand CLE Library is in the flyer below. You can click on the flyer or click [HERE](#) to access the full library and to view at your convenience. There are now 6 new (7 total) CLE's available for viewing. All webinars are FREE and approved for CLE & CPE credit by the North Carolina State Bar.

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### **Current CLE Titles:**

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- **Mental Health: Suicide Prevention, 1-hour general credit**
- **Hemp Law and Real Property, 1-hour general credit**
- **Title Insurance Claims Prevention, 1-hour general credit**
- **Ethics During a Pandemic, 1-hour ethics credit**

*\*All courses are approved for 1 hour of credit by the NC State Bar.\**

## **BTS TOP 5 WAYS TO KICK OFF THE FALL SEASON**

We love fall as much as you do I'm sure, and before the first dip into the 70's we're ready for everything pumpkin spice and apple pies. Here are our top five ideas for kicking off the fall season!

1. Pick apples at a local orchard. There are many to choose from in our area, but Skytop Orchard is our favorite! Make sure to call or check the website to see what is currently picking.

2. Attend a live college football game. Pick your favorite team (if you don't have a team check out UNCC or Davidson) and enjoy some fresh air and tailgating with friends!

3. Take a hike, day trip to the mountains or schedule a camping trip. And you can never go wrong with a drive along the Blue Ridge Parkway!

4. Light the first fire of the season in your fire pit and roast some marshmallows.

5. Plan a trip to the pumpkin patch. And if you can't wait for pumpkin picking, grab an obligatory pumpkin spice "something" from a coffee shop to get you in the spirit!

Happy Fall Y'all!



## #BTSSHOWYOURSWAG

Landis Represents BTS in Iceland



Check out Barrister's swag in possibly it's longest journey thus far! Landis was lucky enough to visit Iceland this summer and took BTS along with her.

From Landis, on her travels. "My entire trip to Iceland was one huge "pinch me" moment! From the breathtaking mountain top views and continuous waterfalls, to the uncharted wilderness we were able to witness. Nature was truly bringing her A game! I'm so grateful for the experience and can't wait to visit again to chase the Northern Lights."

I think I speak for everyone when I say we are all envious of this trip, Landis! If your Barristers swag has taken a journey with you make sure to snap a picture and email it to Summer to be featured in an upcoming edition of The Quill.

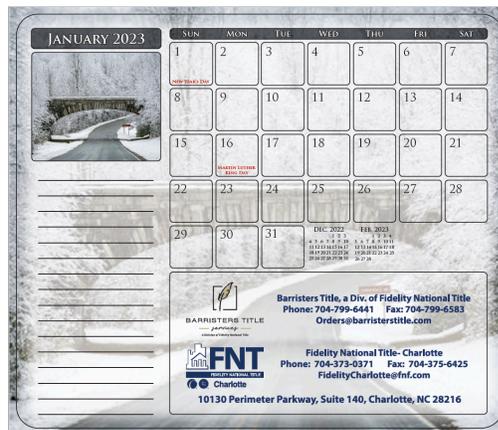
## THE QUILL MEME

Fall is coming, it's time to pumpkin spice everything!



## MOUSE PAD CALENDARS ARE HERE!

We're excited to share that this year we have mouse pad calendars available. If you would like one please reach out to your sales rep and we will get them over to your office!



## THE QUILL RIDDLE

Last Month's Riddle Answer

Q: Take one out and scratch my head, I am now black but once was red. What am I?

A. A match.

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