

Bona Fide Purchaser Worksheet Mastering the MBE

First, some definitions:

Bona Fide Purchaser (BFP) – a person who pays value and has no notice of the prior unrecorded interest.

- Notice – same as below (so there's some overlap here)
- Purchaser – must give valuable consideration. Adequacy is irrelevant if there is real value, similar to contracts
 - Mortgage holders qualify
 - Heirs, donees and devisees do *not* qualify
 - Majority – judgment creditors do *not* qualify

Notice – 3 types:

- Actual – the purchaser is actually told about the prior unrecorded interest
- Record – the prior interest has been recorded
- Inquiry – something about the property would but a reasonably attentive buyer on notice that there may be a prior unrecorded interest in the property
 - Example – someone other than the seller occupying the premises.

Shelter Rule – one who purchases from a BFP will prevail if the prior BFP would prevail

Notice Statute – A subsequent BFP prevails if they had **no notice** of the prior interest

Race Statute – Whoever **records first** wins (No BFP requirement)

Race-Notice Statute – A subsequent BFP prevails if they **record first** and had **no notice** of the prior interest

Tip – Recording acts only become an issue if someone doesn't record – that's your triggering fact. If the prior grantee recorded, there is no issue with a recording act.

Examples:

1. O conveys Blackacre to A, who does not record. O then conveys Blackacre to B for valuable consideration, who is unaware of the previous conveyance to A. B records, then A records.

Who owns Blackacre?

Answer:

2. O conveys Blackacre to A, who does not record. O then conveys Blackacre to B for valuable consideration. B was aware of the previous conveyance to A. B records, then A records.

Who owns Blackacre?

Answer:

3. O conveys Blackacre to A, who does not record. O then gifts Blackacre to B for his birthday. B records, then A records.

Who owns Blackacre?

Answer:

4. O conveys Blackacre to A for valuable consideration, who does not record. O then conveys Blackacre to B for valuable consideration, who records. A then records. B then conveys Blackacre to C for valuable consideration, and C records.

Who owns Blackacre?

Answer:

5. O conveys Blackacre to A for valuable consideration. A does not record but immediately takes possession of Blackacre and builds a fence. O then conveys Blackacre to B for valuable consideration. B never inspects the property and records immediately. A records later.

Who owns Blackacre?

Answer: