

November 2015

ChicagoBlog

where we share our knowledge and experience.

Happy Thanksgiving!

OUR OFFICES WILL BE CLOSED ON THURS 11/26 & FRI 11/27

Featured CFPB Library



www.ChicagoTitleLibrary.com

Still confused with CFPB and its' new TRID rule? Many in the real estate and mortgage industry is still scrambling to organize the process, but if you're working with a good title insurance company such as Chicago Title, the closing process should be seamless as we have planned months ahead to have the latest processes and regulations in place. Let the experts at Chicago Title help you adjust to the changes for an easier transition. We also have a complete online library where you can access and download any information related to the new TRID rule. Simply visit our website at www.ChicagoTitleLibrary.com and select CFPB on the top menu. Other information you can access on the library includes:

- *Buyer's & Seller's eGuides*
- *Title & Escrow Educational & Reference Materials*
- *Title & Escrow Educational Videos*
- *Rate Schedules and more...*

November Fun Facts & Events

1. November Birthstone: Topaz
2. Zodiac Signs: Scorpio (10/23-11/21), Sagittarius (11/22-12/21)
3. November Flowers of the month: Chrysanthemum
4. November is National Good Nutrition Month
5. November is Peanut Butter Lovers Month
6. November is National Pepper Month
7. November is National Sleep Comfort Month
8. November is National Pomegranate Month
9. November 3 is Election Day
10. November 11 is Veteran's Day
11. November 26 is Thanksgiving Day
12. Chicago Title will be closed on 11/26 & 11/27

ESCROW CORNER

Title Insurance Success Stories

Story#1 - Loretta's Title Policy Covered a Mechanic Lien Claim

Loretta loved her new home. She was especially thankful for the fact that the seller replaced the roof so she would not have to spend money for the unexpected surprise of a leaking roof. She had that problem with her prior home.

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Much to her surprise as it turned out the seller never paid the roofing contractor. Surprise turned to frustration when the roofing contractor insisted he had a mechanic lien (you might call it a construction lien) which he could foreclose against Loretta's new home.

Imagine the relief when Loretta learned she could tender the problem to her title insurer to take care of the whole problem. She had a comprehensive ALTA Residential Policy that provided coverage for such liens. Her insurer contacted the roofing contractor and after a few months of negotiation the lien claim was settled and resolved. In the end Loretta was safe and secure under her new roof and she never had to fret over the contractor's mechanics lien claim.

Story#2 - Unexpected Tax Lien - Carol B.'s Tax Lien and the Benefits of her Title Policy

An ALTA Homeowner's Title Insurance Policy was issued to Carol B. She is a single mother, barely managing on her waitress' salary. She was only just able to qualify for a low-interest loan from the United States Department of Agriculture Rural Housing Community Development Service. This loan enabled her to purchase her own home.

The Development Service has very strict criteria for low-income individuals. These criteria include such items as the ratio of an individual's salary to their loan payments and the amount that they can afford to pay for real property taxes. Carol B. met these criteria, but an increase in either her loan payments or real property taxes would disqualify her from the Loan Program and would result in the loss of her home.

Shortly after her purchase of the property, Carol B. received a new tax bill for real property taxes. The bill disclosed that the taxes were over \$2,000.00 per year, which would disqualify her from being able to keep her home. When she contacted the assessor's office, Carol B. was told that the increased taxes included a \$9,000.00 special assessment for a special street tax. This special tax had not been shown as a separate matter in the preliminary report that Carol B. and the Loan Program had received.

Both Carol B. and the Loan Program then contacted the title insurer. Prompt arrangements were made to pay the special taxes, enabling Carol B. to keep her home.

Story#3 - Property Extends Onto Adjoining Land - Harvey's Garage

Harvey was a happy new homeowner who delighted in his hobby, that is, his Harley Davidson Motorcycle. Harvey would never think to leave his Harley out of the garage and exposed to the elements. That was exactly the threat he had to face not three months after moving into his new home. It seems that some years ago, through inadvertence, a prior owner of the property built the garage two feet over onto their neighbor's land.

One early morning Harvey's neighbor woke up to the possibility that the garage was over the property line as he thrilled to the thunderous sound of the Harley being taken out for a spin by Harvey. The next day the neighbor, Jack, contacted his surveyor.

Harvey was in a sorry state until he searched through his closing records and found his title policy. Fortunately, the threat of a forced removal of Harvey's garage because it extended onto adjoining land was a covered title risk in Harvey's title policy.

Both Harvey and Jack wanted to be good neighbors, but a solution was necessary. Jack contacted his lawyer who drafted a lawsuit seeking to require Harvey to remove his garage from Jack's land. The title insurer was notified and the insurer suggested a mediation of the dispute to spare everyone frustration and expense. Fortunately, the mediator structured a reasonable settlement which required a fair amount of sound proofing material in the garage and a cooperative neighborly respect between both Harvey and Jack. The garage was allowed to stand on its original foundation, sound proofing was added at the title insurer's expense and a lot line adjustment was worked out, also at the insurer's expense. Harvey and Jack now could live next to one another without controversy, thanks to Harvey's title insurer.

Is Homeowner's Title Insurance optional?

Generally, a person thinks of insurance in terms of the payment of future loss due to the occurrence of some future event. For instance, a party obtains automobile insurance in order to pay for future loss occasioned by a future "fender bender" or for the future theft of the car. Title insurance is a unique form of insurance. It provides coverage for future claims or future losses due to title defects which are created by some past event (i.e., event prior to the acquisition of the property.) These risks are far less obvious than those protected against by automobile insurance, but can be just as devastating.

The title to the property that you have purchased could be seriously threatened or lost completely by hazards which are considered "hidden risks." "Hidden Risks" are those matters, rights or claims that are not shown by the public records and, therefore, are not discoverable by a search and examination of those public records. Matters such as forgery, incompetency or incapacity of the parties, fraudulent impersonation, and unknown errors in the records are examples of "hidden risks" which could provide a basis for a claim after you have purchased the property. If a claim is made against your insured title, Chicago Title will pay the legal fee involved in defense of your rights, as well as any covered loss arising from a valid claim. That protection, which is in effect as long as you or your heirs own the property, is yours for a one-time premium paid at the time of purchase. If you have a mortgage on your home, it is the lender's requirement for you to purchase the lender's title policy to protect its' new security interest in the property, therefore, don't let anyone tell you that your homeowner's Title Insurance Policy is optional.