

July 2016

ChicagoBlog

where we share our knowledge and experience.

Happy Independence Day!

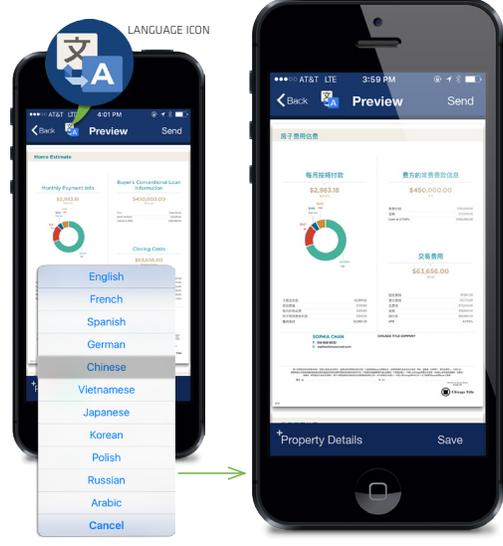
Introducing New "Languages" Feature on ChicagoAgent, It now translates for you!

July Fun Facts & Events

1. July Birthstone: Ruby, symbolizes contentment
2. Zodiac Signs: Cancer - 06/21 - 07/22, Leo - 07/23 - 08/22
3. July Flower of the month: Larkspur or the Water Lily
4. July is usually the hottest month of the year in the northern hemisphere
5. The month of July was named after Julius Caesar
6. July 1 is Canada Day
7. **Monday, July 4th - Independence Day (Our offices are closed)**
8. July 7 - Tanabata - a Japanese star festival
9. Ice Cream Sundae Day is the third Sunday in July
10. Ride to Work Day is the third Wednesday in July
11. Parent's Day is the last Sunday in July
12. July is national Watermelon Month

Are you struggling to translate your Seller's Net Sheet into Chinese, Korean, Spanish, French, or even Vietnamese? Because your Seller had just requested a translated copy in their preferred language. ChicagoAgent now makes it quick and simple to deliver custom Seller Net Sheets (or Buyer's Closing Estimates) in your clients' preferred language with the new "Languages" feature.

Simply click on the language icon after completing the Buyer's Closing Cost Estimate or Seller's Net Sheet.

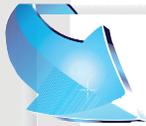


ESCROW CORNER

Understanding the difference between Lender's Title Policy and Owner's Title Policy

When you're selling a home, your buyers will be faced with a decision to make regarding title insurance and they should know which policies give them the best coverage.

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What is the difference?

Your buyers will need to decide whether to purchase an owner's policy of title insurance that protects their interests in the property. Although many people do not understand title insurance, it is one of the most important decisions a homebuyer will make with respect to the purchase of their new home.

If they are receiving a loan in connection with their purchase, the lender will require that they receive a lender's policy of title insurance that, in most cases, the buyer will purchase. Lenders are sophisticated real estate investors, and they understand the issues and problems that can affect the title to any given property. That is why every lender requires a loan policy that protects their interest in the property.

Unfortunately, though the buyer must pay to purchase the lender's title insurance policy, the lender's title insurance policy protects only the lender and offers no protection to the new homeowners. However, at closing, the buyers will be given the opportunity to purchase owner's title insurance, which does benefit buyers and their heirs, for as long as they have an interest in the property. The coverage will also extend if your buyer converts the property to an estate planning trust.

For a one-time premium, an owner's policy is your buyer's best protection against potential title defects that could deprive them of their ownership rights. For as long as they, their trust or their heirs own the property, an owner's policy will protect against numerous "hidden" defects – unfound even with the most thorough title examination.

Owner's coverage gives them peace of mind by protecting the title to their home against: forged documents, missing signatures, unknown creditors, mistakes in the public records, undisclosed or missing heirs – just to name a few.

In addition, an owner's policy can now protect them against matters that did not exist when they purchased their home but might occur afterward, such as encroachment onto their property by a neighbor or forgery of a mortgage on their property due to identity theft.

An enhanced owner's policy will also cover a variety of matters that have nothing to do with the title search, including improper subdivision, zoning setback violation, etc. These are issues that are excluded from an attorney's certification, and, without the policy protection, the buyers will be forced to deal with these issues on their own, which can be extremely costly.

Owner's title insurance will also protect them when they want to refinance or sell their home. If a defect is discovered at that time, the title insurance company will enable the sale or refinancing to go through by offering to insure the new buyer or lender against the defect.

In addition, all work to remove the defect will be paid for by the title insurance company, including representation of the owner in a lawsuit to establish title or to remove the defect. In short, owner's title insurance could save your clients thousands of dollars in legal costs.

A recent Massachusetts court case highlights just how important it is to purchase an owner's policy. In *U.S. Bank National Association v. Ibanez*, 458 Mass. 637 (2011), the Massachusetts Supreme Judicial Court upheld a lower court decision that effectively invalidated thousands of titles in Massachusetts.

Although the court's ruling was lengthy and involved, the bottom line is that titles to certain properties that were subject to foreclosure are invalid if the foreclosing lenders did not possess an assignment of the mortgage in advance of the advertising of the foreclosure in the newspaper.

It is important to note that the foreclosures invalidated by the court in the *Ibanez* case were performed in accordance with established legal custom and procedure that had been followed for many years in Massachusetts. What is even more startling is the fact that the court's ruling not only affected current foreclosures, but also it changed foreclosures that took place years ago.

As a result, a person who purchased a property in 2010 that was incorrectly foreclosed upon back in the 1980s does not own the property now. If that person did not buy an owner's policy of title insurance when they bought the property, they would not be able to sell the property, and their options, if any, are limited.

If that person did buy an owner's policy when they bought the property in 2010, despite the earlier invalid foreclosure and despite the court's ruling, their title insurance company will authorize the issuance of a new policy to a potential new buyer.

Their home is their most valuable investment. Before you go to closing, have them ask about title insurance that protects them and be sure they protect their home with an owner's policy of title insurance.

Source: Inman.com

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