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**To:** Kozlowski, Kim

**Subject:** E-Castle Link For Attorney Agents, Volume 2, Issue 1

# CHICAGO TITLE INSURANCE COMPANY



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## *E-Castle Link*

*First Quarter 2009*

*Volume 2, Issue 1*

[www.nwmetro.ctic.com](http://www.nwmetro.ctic.com)

Welcome to the First issue of *E-Castle Link* in 2009. This bulletin will provide helpful information, links to industry tools, market news and programs exclusively offered to *you* as a part of our Chicago Title family. Enjoy!

### **Chicago Title: Here For You During the Tough Times**

At Chicago Title, the security of our policy holders is always our main priority. Chicago Title, owned by Fidelity National Financial (NYSE:FNF), is an industry leader when measuring strength. FNF is in the lead when it comes to claims reserves and stockholder's equity.

Chicago Title and FNF offer an unrivaled level of

## New To The Chicago Title Family

The following attorneys are  
new Chicago Title agents for  
the First Quarter of 2009:

Croft Waddington

Mark Gorham

Mike Simkunas

Villa Law Firm

Classic Title

Garr & Schlueter

Joel Goldman

Per K. Hanson and Assoc.

Aleen Tiffany

Lori Berdenis

Zukowski, Rogers, et al

Stuart Kessler

Jeffrey Barger

John Pembroke & Assoc.

Clark & Mcardle

William Laytin

J. Kevin McBride

strength and security for our customers.

## Continuing Legal Education

### 2009 Schedule

April 29th Naperville

May 12th Grayslake

June 8th Vernon Hills

July 9th Crystal Lake

August 10th Wheaton

September 14th Oak Park

October 7th Gurnee

November Geneva

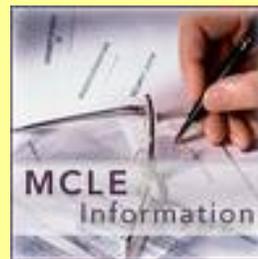
Please log on to [www.nwmetro.ctic.com](http://www.nwmetro.ctic.com) approximately 30 days  
prior to the seminar date for registration and topic information.

We look forward to seeing all of you at our upcoming seminars.

If you have any suggestions or comments about our CLE  
programs, please email Kim Kozlowski at [kozlowskik@ctt.com](mailto:kozlowskik@ctt.com)

We would love to hear from you!

For CLE information please log on to [Minimum  
Continuing Legal Education Website](#)



# EZ Dec...File Real Property Transfer Tax Declarations Online!

EZ Dec is a web-based system for filing transfer tax declarations online. It will replace: City of Chicago Form 7551; Cook County Real Property Transfer Declaration; State of Illinois PTAX 203, 203A and 203B; and current transfer tax stamps with a single "smartstamp".

EZ Dec will be used by attorneys and Title Companies along with City of Chicago, Cook County and Illinois employees-from initiation through recording of deeds.

The EZ Dec Smartstamp is a 21st Century replacement for today's meter-based transfer tax stamps. This single stamp will be affixed to a deed after a transaction closes and before it is recorded.

EZ Dec is tentatively planned for rollout beginning in October 2009 for real estate closings across Cook County (including the City of Chicago).

EZ Dec will be rolled out across all Illinois counties at a future date.

Visit the EZ Dec website:  
[www.ezdecillinois.com](http://www.ezdecillinois.com)

## CT TO OFFER INFLATION COVERAGE...AVAILABLE SOON!

By Dick Bales



### I. THE NATURE OF THE COVERAGE

**The inflation coverage is designed to automatically increase the amount of title insurance on an annual basis. The idea is that by doing so, the title insurance coverage keeps up with inflation.**

**This rate of increase is tied to an index--in this case, the United States Department of Commerce Composite Construction Cost Index. That is, the amount of insurance increases by the same percentage, if any, by which this cost index increases over the year before.**

**Thus, if there is no increase in this index, there is no increase in coverage.**

**But having said that, note that the maximum amount of insurance shall never exceed 150% of the amount of insurance originally shown in Schedule A of the Title Commitment.**

**The coverage is to be used for residential 1-4 family homes and residential condominium units.**

### II. TITLE INSURANCE ASPECTS OF THE COVERAGE

*Consider this situation:*

**Example: We insure property for \$100,000. We give the insured full extended coverage over the five general exceptions. We have a claim; it is an encroachment onto the land. We hire an appraiser, and the appraiser says that the land is now worth (in 2009) \$110,000 if there were no encroachment but worth only \$105,000 with the encroachment.**

**Question: How does the inflation coverage impact this claim?**

## New Changes for Illinois Notaries

Through an initiative of the Cook County State's Attorney Office, an amendment to the Illinois Notary Public Act was enacted (PA 95-0988/SB 054 in an effort to make investigating and prosecuting mortgage fraud more efficient. This amendment creates a four year pilot program effecting "documents of conveyance" transferring title to residential properties located in Cook County.

Beginning June 1, 2009, Illinois notaries will be required to create a "Notarial Record" for each and every notarial act performed in connection with any written instrument that, "transfers or purports to transfer title effecting a change in ownership" to Cook residential real property.

Therefore, a Notarial Record must be created for each and every signature on the document, including the signature of an agent signing by POA. What has really caused the stir, though, about the new Notarial Record, is the requirement that the notary include on the Notarial Record, amongst other information, each grantor's/signer's thumbprint.

**Exempt from this requirement are the following documents of conveyance:**

1) court-ordered and court-authorized conveyances of residential real property, including without limitation, quit-claim deeds executed pursuant to a marital

**See Condition number 8 of the 2006 ALTA Owners policy. This condition reads as follows:**

**The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of**

**(I) the amount of insurance; or**

**(Ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.**

**This difference in value is also called the "diminution in value."**

**So now consider this claim analysis, with and without the coverage.**

*Without the inflation coverage:*

**Example: We insure property for \$100,000. We have a claim, an encroachment onto the land. We hire an appraiser, the appraiser says that the land is now worth (in 2009) \$110,000 if there were no encroachment but worth only \$105,000 with the encroachment.**

**Condition Number 8: Loss shall not exceed the lesser of, one, the amount of insurance (\$100,000), or two, the difference between the value of the title as insured (\$100,000) and the value of the title subject to the risk insured against (\$105,000).**

**Under this set of facts, the insured has no claim. Why? There is no diminution in value. Even with the encroachment, the land is worth more than the amount of insurance.**

**But now let us analyze this claim (and Condition Number 8) as if we had given the inflation coverage.**

*With the inflation coverage:*

**Example: We insure property for \$100,000. We have a claim, an encroachment onto the land. We hire an appraiser, the appraiser says that the land is now worth (in 2009) \$110,000 if**

settlement agreement incorporated into a judgment of dissolution of marriage, and transfers in the administration of a probate estate;

2) judicial sale deeds relating to residential real property, including without limitation, sale deeds issued pursuant to proceedings to foreclose a mortgage or execute on a levy to enforce a judgment;

3) deeds transferring ownership of residential real property to a trust where the beneficiary is also the grantor;

4) deeds from grantors to themselves that are intended to change the nature or type of tenancy by which they own residential real property;

5) deeds from a grantor to the grantor and another natural person that are intended to establish a tenancy by which the grantor and the other natural person own residential real property;

6) deeds executed to the mortgagee in lieu of foreclosure of a mortgage; and

7) deeds transferring ownership to a revocable or irrevocable grantor trust where the beneficiary includes the grantor.

The amendment also specifies rules regarding retention, filing and the privacy of the Notarial Records.

Illinois notaries that are a principal, employee or agent of a title insurance company, title insurance agent, financial institution or attorney at law must give the original Notarial Record to their employer or principal within 14 days of the notarial act. These Records must be kept in the

**there were no encroachment but worth only \$105,000 with the encroachment.**

**But note: with the inflation coverage, the land is now insured for up to \$150,000.**

**Condition Number 8: Loss shall not exceed the lesser of, one, the amount of insurance (up to \$150,000, but in 2009, the amount of insurance is \$110,000) or two, the difference between the value of the title as insured (\$110,000) and the value of the title subject to the risk insured against (\$105,000).**

**Thus, with the inflation coverage, the insured has a valid claim of \$5,000. Why? There is a diminution in value of \$5,000 pursuant to Condition number 8. But without the coverage, the insured has no claim.**

**The inflation coverage is especially useful if there is a complete failure of title.**

**Example: We issue an owners policy in 2009 for \$100,000. In 2011 we discover that the deed by which our insured took title was forged. In 2011 the land is worth \$110,000. Is there a claim? If so, how much is the claim? How does the inflation coverage impact this fact situation?**

**Again, go back to Condition number 8.**

*Without the inflation coverage:*

**Condition Number 8: Loss shall not exceed the lesser of, one, the amount of insurance (\$100,000) or two, the difference between the value of the title as insured (\$100,000) and the value of the title subject to the risk insured against (\$00).**

**Here, the insured would have a claim for \$100,000.**

*With the inflation coverage:*

**Condition Number 8: Loss shall not exceed the lesser of, one, the amount of insurance (up to \$150,000, but in 2011, \$110,000) or two, the difference between the value of the title as insured (\$110,000) and the value of the title subject to the risk insured against (\$00).**

business' records for 7 years.

All other Illinois notaries must file the original Notarial Record with the Cook County Recorder of Deeds within the 14 days along with a \$5 filing fee.

Notaries are not permitted to make or retain copies of the Notarial Record but a notary's employer or principal may do so subject to applicable privacy and confidentiality standards.

For more information about the new Notary Changes, please contact your local Chicago Title Office.

## Meet CT's New IPX 1031 Department

Chicago Title is proud to offer our attorney customers a newly revamped IPX 1031 Exchange Department.

IPX 1031 is your qualified intermediary when it comes to tax deferred exchange solutions nationwide.

Safety and security of exchange funds is of the highest importance to IPX 1031...now more than ever! IPX 1031 is the only 1031 company to provide a separate \$50 million corporate guarantee of

**Here, the insured would have a claim for \$110,000.**

**Note that with the inflation coverage, the insured's claim is \$10,000 more than without the coverage.**

Conclusions:

**As you can see, this coverage can be extremely valuable, and it is certainly a worthwhile purchase, and it is certainly worth the price we are charging. And so what is that price?**

### III. STATISTICS

**The price of the coverage is \$150.00.**

**The coverage is a buyer's charge**

### IV. THE ACTUAL COVERAGE

#### *INFLATION COVERAGE*

**The Company, recognizing the current effect of inflation on real property valuation and intending to provide additional monetary protection to the insured Owner named in said Policy, hereby modifies said Policy, as follows:**

- 1. Notwithstanding anything contained in said Policy to the contrary, the amount of insurance provided by said Policy, as stated in Schedule A thereof, is subject to cumulative annual upward adjustments in the manner and to the extent hereinafter specified.**
- 2. "Adjustment Date" is defined, for the purpose of this Endorsement, to be 12:01 a.m. on the first January 1 which occurs more than six months after the Date of Policy, as shown in Schedule A of the Policy to which this coverage is attached, and on each succeeding January 1.**
- 3. An upward adjustment will be made on each of the Adjustment Dates, as defined above, by increasing the maximum amount of insurance provided by said Policy (as said amount may have been increased theretofore under the**

exchange funds that is issued directly from Chicago Title.

When you choose the new IPX 1031, you can be confident that your exchange will be handled expertly and that your funds will be safe, secure, and available when needed.

Please call your local IPX 1031 expert, Anna Barsky, for more information on how you can defer capital gains taxes on like-kind exchanges.

Anna Barsky

Business Development  
Manager

Phone: 866-458-1031

[anna.barsky@ipx1031.com](mailto:anna.barsky@ipx1031.com)

[www.ipx1031.com](http://www.ipx1031.com)



terms of this Coverage) by the same percentage, if any, by which the United States Department of Commerce Composite Construction Cost Index for the month of September immediately preceding exceeds such Index for the month of September one year earlier; provided, however, that the maximum amount of insurance in force shall never exceed 150% of the amount of insurance stated in Schedule A of said Policy, less the amount of any claim paid under said Policy which, under the terms of the Conditions and Stipulations, reduces the amount of insurance in force. There shall be no annual adjustment in the amount of insurance for years in which there is no increase in said Construction Cost Index.

**PROVIDED, HOWEVER, this coverage shall be effective only if one of the following conditions exists at Date of Policy:**

1. The land described in this policy is a parcel on which there is only a one-to-four family residential structure, including all improvements on the land related to residential use, in which the Insured Owner resides or intends to reside; or,
2. The land consists of a residential condominium unit, together with the common elements appurtenant thereto and related to residential use thereof, in which the Insured Owner resides or intends to reside.

**This coverage is issued as part of the policy. Except as it expressly states, it does not (I) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, or (iii) extend the Date of Policy. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this coverage, this coverage controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.**

# What's New?

## New Website

Chicago Title is proud to continue to offer our online one stop shop just for you! Log on to [www.chicagotitleattorney.com](http://www.chicagotitleattorney.com) to register for the site to gain 24 hour access to place orders, schedule closings, prepare real estate documents and examine your files.

Check out our NW Area Website [www.nwmetro.ctic.com](http://www.nwmetro.ctic.com) This is your one stop for industry information, CT products and services, seminar dates and registration information as well as important announcements.

Log on now!

**Sincerely,**  
Chicago Title Insurance  
Company

Northwest Area  
[www.nwmetro.ctic.com](http://www.nwmetro.ctic.com)

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