

CHICAGO ENHANCED POLICY FREQUENTLY ASKED QUESTIONS

Q: What is it?

A: A new type of title insurance policy which provides several additional coverages to a residential homeowner.

Q: What are the additional coverages?

A: Chicago Enhanced offers substantial additional coverages. The highlights include:

- A. Post Policy Coverage** – provides coverage for certain matters, such as forgeries, liens for unpaid materials and labor not authorized by the homeowner, and encroachments of neighbor's structures – other than boundary walls or fences - onto the homeowner's property, which occur after the effective date of the policy.
- B. Expanded Access Coverage** – right of access is expanded to include actual pedestrian and vehicular access.
- C. Restrictive Covenants Violations** – protects against loss of title because of a violation of a restrictive covenant that occurred before the insured acquired title.
- D. Building Permit Violations** – protects against certain losses incurred because no legal building permit was obtained for the existing residence. *
- E. Encroachments** – provides coverage if the homeowner is forced to remove existing structures which are located on the property at the time the policy is issued, because the structures encroach onto a neighbor's property. * In addition, provides protection in the event a neighbor builds a structure other than a boundary wall or fence which encroaches on the insured property after the policy is issued.
- F. Easements** – provides coverage if the homeowner is required to remove existing structures because they encroach into an easement or over a building setback line. In addition, protection is provided against damage to existing structures caused by the use or maintenance of any easement.
- G. Subdivision Law Violations** – provides coverage if the homeowner cannot sell the property or obtain a building permit because of a violation of a subdivision law that existed at the date of purchase. *
- H. Zoning Law Violations** – provides coverage if the land purchased is not properly zoned to permit one-to-four family residential homes or condominiums. *
- I. Water and Mineral Rights Damage** – provides coverage if the homeowner's existing house or landscaping is damaged because someone exercised a right to use the surface for the extraction of or development of minerals.
- J. Supplemental Taxes** – provides coverage against certain unforeseen tax costs, including prior years taxes not previously assessed because of construction or a change of ownership or use that occurred before the policy was issued.
- K. Value-Added Protection** – the policy amount automatically increases by 10 percent per year for five years up to 150 percent of the original policy limit. There is no extra charge for the increase.
- L. Additional Insureds** – The definition of an insured is expanded to include:
 - 1) Anyone who inherits title from the insured;
 - 2) A spouse who is awarded title in a divorce;
 - 3) The trustee of a trust to whom the insured conveys the title after the policy is issued; and
 - 4) The beneficiaries of the trust after the death of the insured.

*The amount of insurance for these covered risks is subject to a deductible amount and maximum dollar limit of liability. See question regarding deductibles and caps on liability, below.

Q: Is a survey required for the additional coverages?

A: NO, the coverages do not require a current survey.

Q: What is the cost?

A: The rate of the Chicago Enhanced policy is 120% of the existing published Chicago Title North Carolina rates. Credit for reissues are deducted from the 120% rate.

Q: What type of property qualifies?

A: The property must be:

- a. one-to-four family residential homeplace
- b. Improved property
- c. Platted or contain less than 25 acres

Q: What type of property does not qualify?

A: Unimproved land or land containing a partially completed structure of any kind, Commercial property; or
Land containing more residential improvements than a one-to-four family residence

Q: What are the search and title policy requirements?

A: A usual and customary search

The owner must be a natural person or owner trustee

Schedule A of commitment, if one is issued, must state that the policy to be issued is "ALTA Homeowners Policy 10/17/98"

No survey is required

A normal seller's affidavit (lien waiver) is required

Q: What about deductibles and caps on liability?

A: The Chicago Enhanced policy contains a unique Schedule A that references the policy type and contains preprinted liability caps and deductibles for certain coverages. These coverages include:

- a. Subdivision Law Violation: deductible - lesser of 1% of policy amount or \$2,500; liability cap - \$10,000
- b. Building Permit: deductible - lesser of 1% of policy amount or \$5,000; liability cap - \$25,000
- c. Zoning: deductible - lesser of 1% of policy amount or \$5,000; liability cap - \$25,000
- d. Encroachment of Boundary Walls or Fence - deductible - lesser of 1% of policy amount or \$2,500; liability cap - \$5,000

Q: Why should this product be offered to the buyer?

A: The Chicago Enhanced policy offers several additional coverages, which protect the homeowner's interest in the property. The increase in premium is minimal when compared to the potential cost of claims, even those claims with favorable results.

Q: What about the loan policy?

A: The loan policy also offers substantial additional coverages for the lender. In addition, the policy incorporates ALTA endorsements 4, 5, 6, 6.2, 8.1 and 9, if applicable.