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# TITLE INSURANCE SAVES A FAMILY FROM LOSING THEIR HOME

BY FRANK PELLEGRINI

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“It was a sickening feeling in my stomach.”

Those were the words of Michael Nichols, a Missouri husband and father of two young girls, when he learned that his home was to be taken away from him within days. The family was facing foreclosure; even though they had made all of their mortgage payments on time. How can this be?

The backstory is that Michael and his wife, Erica Hotson, had purchased their first family home in 2012 from their landlord, Kent Fritz. While he owned the house, Fritz had a mortgage on it with Excel Bank. Through an error, the mortgage was not paid off when Michael and Erica took title and executed their own mortgage. Of course, Fritz did not question the large net proceeds check he received at closing and never troubled his buyers with the fact that his loan had not been paid off. I imagine that Excel’s notices of delinquency on the Fritz mortgage never reached Michael and Erica.

In Missouri most foreclosures are conducted through non-judicial processes. Notice is sent to the borrower a few days before the sale date. Third parties (Michael and Erica, in this case) are deemed notified through periodic publication in newspapers. As you know, legal notices are buried deep and hardly anyone studies them. In non-judicial proceedings, the typical protections of court supervision are absent and there would be no service of summons upon parties in interest.



ROCKY MOUNTAIN TITLE

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Michael and Erica saw the notice of sale sign go up on their property indicating that the auction would be held the coming Friday. Erica told of going to pawn shops, selling their gold and other material possessions "... to keep a roof over our children's heads." They had run out of options when they remembered spending a one time charge for a title insurance policy at their closing. In the nick of time, the title insurer stepped in and averted the foreclosure sale.

After this and other similar stories, how can the CFPB still characterize title insurance as "optional?"

Michael summed it up fittingly, "It's the greatest feeling in my life. ... We get to keep our home. That's all that really matters."



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