



CHICAGO TITLE LAND TRUST COMPANY

2017-2018

Volume 5, Issue 1

Refinancing in Your Land Trust

Are you thinking about refinancing your home loan? Are you already in the process of refinancing? If you answered yes to either of these questions, it is important to know if your lender is land trust friendly. Land trust friendly lenders allow you to refinance your mortgage while ownership to the property remains inside the land trust. This is important for two reasons: 1) Mortgage lenders that do not allow you to refinance inside the land trust compromise your privacy; and 2) Mortgage lenders that do not allow you to refinance inside the land trust increase your closing costs.

Mortgage lenders that do not allow you to refinance inside the land trust compromise your privacy. These lenders require you to take the property out of the land trust thus requiring you to direct Chicago Title Land Trust Company to issue a deed to your individual name. Once that deed is recorded with the county, your name is forever on the public record. Anyone who wants to know your property information has immediate access to it online. The privacy you enjoy from your land trust is now compromised, even if you return the property to your land trust after your refinance.



Mortgage lenders that do not allow you to refinance inside the land trust increase your closing costs. When you compare the cost to you for Chicago Title Land Trust Company to execute your mortgage documents and the cost to you for Chicago Title Land Trust Company to execute a deed to your individual name; the latter is usually more expensive. In addition to the deed execution charge, you will also incur county recording charges and possibly additional municipal fees. The mortgage execution fee is a flat, one-time fee that encompasses executing all loan documents necessary for the refinance.

To benefit you, our customers, we maintain a list of land trust friendly lenders that care about these issues as much as we do. If you want to maintain your privacy and avoid extra costs when refinancing your land trust property, please contact us for a referral from our Land Trust Friendly Lender List.



Internet Privacy Estate Planning Liability Protection



The Collateral Assignment

Many of our land trust beneficiaries have what is called a Collateral Assignment of Beneficial Interest in their trust. You may not even realize it. Why is that and what is it? Well, the most common reason for not knowing is that the Collateral Assignment is typically executed at the same time you are creating a mortgage on the property. It may be perceived as just another document that needs to be signed to get the loan. So it is easy to forget or not understand its role within the land trust.

The Collateral Assignment gives the lender the right to consent on future transactions regarding the property in the trust. It is an additional way for a lender to protect the collateral the beneficiary has pledged with the mortgage or loan. The property in the trust cannot be transferred or further encumbered with additional debt without the lender's consent.

The Collateral Assignment can easily be released. When your loan is paid off, the lender should issue a release of their right to consent regarding the trust's activities. The Collateral Assignment is released by a separate document from the typical mortgage release. Sometimes it is overlooked when a mortgage is paid off and we, as trustee, may still have this restriction in place.

With all the bank mergers and acquisitions, we understand it is sometimes challenging to talk with a bank officer to obtain a consent or release. For your benefit, we have developed strategies to ease this process and simplify your transaction.

If you are anticipating a transaction and have had mortgages on your property, please consider the following easy steps:

1. Call us to check if there is a Collateral Assignment on your trust.
2. If you do have a collateral assignment, contact your lender to consent to your direction even if the mortgage is being paid off through the closing. A convenient space for your lender to consent is already on our direction forms.
3. If the loan has already been paid, contact your lender to provide a Release of Collateral Assignment. A release form is available on our website.
4. Can't reach your lender? We may have a contact at your bank who understands what you need.
5. Need help? One of our experienced trust officers may be able to guide you through the process.

For additional information on the advantages of owning your property in a land trust, visit our website at:



ctlandtrust.com

and visit "Chicago Title Land Trust Company"

on Facebook 

Call Us Toll Free: 888-878-7856