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SETTLEMENT RESULT: \$124,357

INSURANCE

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SETTLEMENT—State's claim to title of land is disputed after title insurance company denies coverage

INSURANCE

Property/Bad Faith: Duty to Indemnify

CONTRACTS

Breach

No COURT/UNFILED SETTLEMENT

National Consumers v. California Department of Housing and Community Development, No. BC142779.

Settlement date: 9/15/1995.

SETTLEMENT RESULT: \$124,357

\$124,357 full policy limits from Fidelity.

COUNSEL

Plaintiff: Scott J. Corwin, Law Offices of Scott J. Corwin, Los Angeles.

Defendant: Nadine Felix, Law Offices of Nadine Felix, Culver City. Judith Rothrock, Law Offices of Judith Rothrock, Inglewood.

FACTS/CONTENTIONS

According to plaintiff: Plaintiff National Consumers, a consumer lender, made loans totaling \$43,500 to owners of the subject property, secured by deeds of trust. The owners of the property failed to make payments, and National Consumers foreclosed. Subsequent to National Consumer's foreclosure, defendant State of California Department of Housing and Community Development

claimed it had a Right of Repurchase that had not been discovered and/or excluded from coverage by defendant Fidelity National Insurance Company, a title insurer, under National Consumer's policy of title insurance. National Consumers tendered the claim to Fidelity, which denied coverage of the claim.

National Consumers alleged that Fidelity owed coverage. National Consumers also disputed the State's claim to the property.

Fidelity contended no coverage, indemnity, or defense was owed as the claimed defect was allegedly excluded from coverage. The State of California contended that National Consumers acquired no interest in the property in its foreclosure because of the State's prior recordation of its Right of Repurchase.

CLAIMED INJURIES

NA

CLAIMED DAMAGES

According to plaintiff: Loss of property worth over \$125,000; attorney fees and costs in connection with defense of State's claim.

SETTLEMENT DISCUSSIONS

According to plaintiff: None initially from Fidelity, but then it paid full policy limits after National Consumers presented breach of contract and bad faith claims. The State of California settled for an additional \$60,000 and a waiver of a first trust deed purchased by the State.

EXPERTS

None.

COMMENTS

According to plaintiff: Judith Rothrock represented defendant State of California. Nadine Felix represented defendant Fidelity.