

Avoiding pitfalls of real estate purchases

By Grace Anne Glavin

On December 28, 2006, our firm helped a nice lady with four children purchase a home in Longwood sold to her by a very reputable realtor. The closing was held at a reputable title company. She brought her total available cash in the world, about \$2,500, in the form of a cashier's check to closing; she signed all the papers, was given the key, and was told she could move in. Because of the holiday weekend, the title company had not yet received the wire transfer of money from the lender. The title company never did receive the money because the lender (a popular Internet lender from New York State) filed for bankruptcy. The next week, the seller, who was never paid, filed for eviction. The buyer had to move out with no money to pay a moving truck.

While this unfortunate incident did not involve malice on anyone's part, it does point out an important fact. For most people, the home is the largest investment of their life; their mortgage is their largest debt. With an investment of this size and importance, there are many pitfalls to avoid. Allow me to offer a few tips.

- **Consult a local real estate attorney or reputable real estate agent about your choices and purchases.** The Real Estate Settlement and Procedures Act of 1977 (RESPA) protects residential consumers, stating that the choice of mortgage company, title company, homeowners insurance agency, and home and termite inspection companies is the absolute right of the buyer. Realtors and other parties involved in the transaction may make suggestions, but no one may force the use of any particular "settlement service."

- **Watch out for any scheme that seems "too good to be true."** Real estate and mortgage fraud appears in many shapes and sizes but usually includes identity theft, organized crime money laundering, forgery and credit card fraud. Be particularly careful about giving your social security number or credit card information over the phone or online.

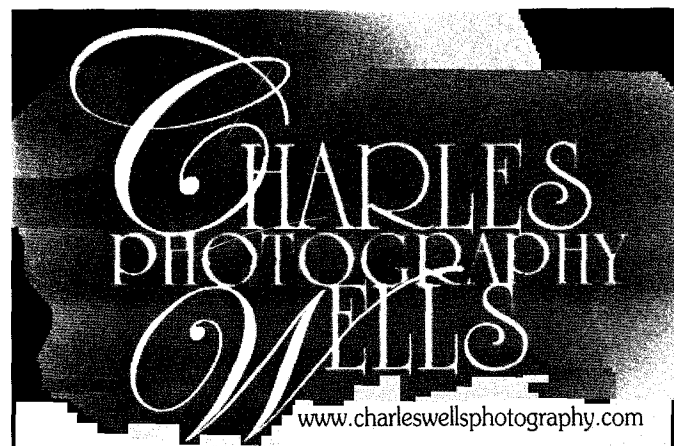
- **Be wary of "get rich quick" schemes by investing in real estate with minimal cash down.** Too often these transactions involve inflated appraisals, forged contracts and forged deeds.

- **Never sign a blank document** and do not trust anyone who suggests you provide false information on a loan application. After you have applied for a loan, make sure your mortgage broker immediately provides you with a good faith estimate and a truth-in-lending statement. Watch for unannounced prepayment penalties that can inhibit your ability to sell the house or refinance.

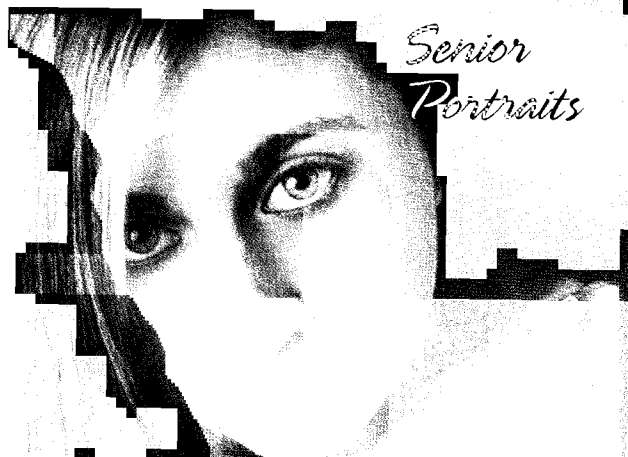


The way to protect yourself is to ask questions and get professional advice when you need it.

Grace Anne Glavin, Esq., attorney at law, specializes in real estate, estate planning and family law. Her law offices and title company are in Winter Springs.



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