

“Can a Home Seller Force Me to Use Their Title Company?”

By: Mike Dupre (11/4/15)

Is this practice of steering legal in Florida real estate? What are the penalties for doing it? What are your rights as a FL home buyer?

Real Estate Vendor Steering Practices Hampering the Market

Sadly the practice of attempting to force home buyers to use specific title companies, mortgage lenders, attorneys, escrow services, homeowners' insurance agents, and even home inspectors is alive and kicking in the current real estate market.

Those flagrantly breaking the law have even become so bold as to brag about this illegal activity online. It isn't just a few sellers that don't know better either. It is a routine practice amongst realtors, big banks, and home builders too.

It is NOT Legal

You cannot be forced to use the seller's or more commonly the seller's agent's 'preferred' title company or real estate attorney's office and to pay for those services.

It is here in black and white from the Florida Department of Financial Services, and here from the National Association of Realtors.

It may be to your financial benefit if they try this, as a common penalty for this RESPA violation is compensation of 3x the cost of the title insurance. Tie in a few more charges of mail fraud, mortgage fraud, and money laundering and there could be the equivalent of a life sentence or two.

YOU as the buyer, get to choose your own vendors and service providers. This applies to property insurance and mortgage lenders too. You should always shop and get title insurance quotes. When people try to force or bully you there is almost invariably an illegal kickback situation or worse. They could be hiding title fraud or a faulty title deed. No one needs the FBI at their door because they accidentally fell victim of this illegal activity. No one should risk losing their life savings so someone else can make a quick buck.

Exceptions and the Grey Area

What can sellers and agents do?

- Real estate professionals can make recommendations and offer referrals
- They can suggest their own title companies if they pay for the services
- They may offer incentives or discounts for you using their preferred vendors

Summary

Illegal steering activity is not just bad for you, it is bad for the industry, erodes affordability and trust, and fosters a breeding ground for real estate fraud. If you feel you are being illegally forced in this direction; first clarify the situation, then file complaints with brokers, and relevant associations and watch dogs to remove these bad apples from the industry.