

THE ENRICHMENT

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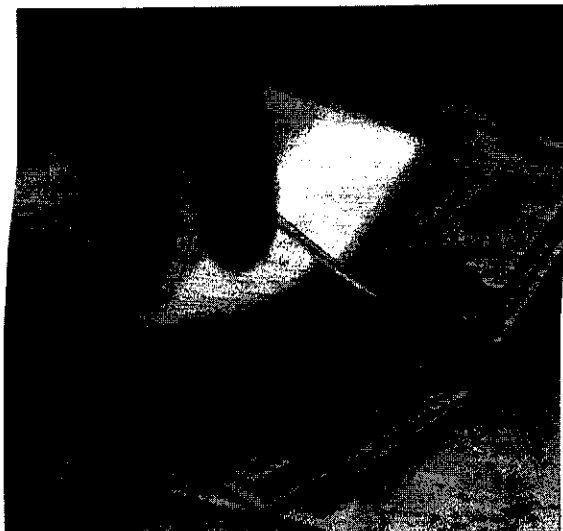
2000+ MEMBERS

CONSUMER WARNING: No Free Lunch & No Free Credit Reports By Steven Kaufman, CPA

We've all seen the commercials. It starts with the inquisitive "I'm thinking of a number." It's the clean cut young man sitting on a stool promoting how important your credit score is and then advertising that his company, FreeCreditReport.com, will show you your credit scores for free. He's absolutely right and he's absolutely wrong.

Your credit report and the information contained in it are arguably the most significant factor used in financing. Pretty much everything else can be overcome with some other factor, but a bad credit profile or low credit scores can typically only be overcome with more cash or more collateral. If you can't verify your income then your credit profile will still enable you to get 100 percent financing on a flip or a rental property, and if you can't verify your income or assets then your credit profile will still enable you to get a \$100,000 line of credit with the right bank. Do you know anyone who has crappy credit and still gets loans or financing with no money in the deal? No! But I bet you know people who haven't filed their tax returns in years, maybe even you, who still get all the money they want? It's all about the credit profile. And when I say credit profile I mean credit scores and other factors like the seasoning of their mortgages, ratio of outstanding debt to available debt, and any derogatory reporting that has occurred in the recent past.

So he's right. Your credit score is important. But, "the number he's thinking about" is the \$9.95 monthly charge that his company charges to "monitor your credit." Once you agree to



their credit report monitoring system, CreditCheck®, then they will in turn, graciously, give you your credit report for free. Thanks, but no thanks. There are several reports from consumers having a lot of difficulty canceling their "free" credit report charge of \$9.95 per month and there are several alleged class action lawsuits in the works.

What this charlatan also forgets to tell you in his commercial is that the only thing you get "free" is a single (Experian) credit report, not all three of the major bureaus (e.g. Experian, Equifax, and Transunion). Oh yeah!

If you want all three from this website then all you have to do is pay for it. AND, ordering their credit report is considered an inquiry which in turn may lower your credit score. Last but not least, when you order your "free" credit report from this company they sell your personal information to "affiliates" who pay for your information so that they can market their products and services to you.

This is Big Brother at its finest. They know from your credit report that if your auto loan is more than three years old and you live in the southern United States that there's an 84 percent chance that you'll be buying a car in the next 12 months. You might suspect that auto dealerships in your zip code would pay a pretty penny to know this. This is what is often referred to as Trigger Leads by industry insiders. You do something that "triggers" a company to start marketing to you. All this for a "free" credit report.

TITLE INSURANCE 101

By Brett Slobin

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Title insurance in Texas is regulated by the Texas Title Insurance Act. Title insurance provides buyers of real property and their lenders with a contract of indemnification for loss or damage incurred as a result of defects in the title to the real property being purchased. Hence, title insurance does not guarantee the state of title, but is a contract by the insurer to indemnify the insured to the limits of the amount of the policy if a claim is made against the title to the real property.

Title insurance provides coverage against matters existing as of the effective date of the title policy and does not cover defects in title arising for the first time after the effective date.

Title insurance companies ("title companies") issue title policies and title insurance agents ("title agents") are authorized to issue title policies for certain title companies. Title companies issue, underwrite and guarantee title policies, whereas title agents write title policies on behalf of a title company and receive a portion of the title insurance premium in return. The title company, as opposed to the title agent, is the party that pays on any successful claims made against the title policy.


Once a title company or title agent is selected, a request for title insurance (along with a legal description of the real property) will be submitted. A title examination is made to determine the condition of the title to be insured and to evaluate the risk to be undertaken in the issuance of a title policy. Subsequently, a title commitment will be issued which commits the insurer to issue a title policy in favor of a named insured in the amount of the purchase price of the real property.

Title commitments set forth exceptions to the coverage of the title policy. Examples of exceptions to coverage may include easements of record, outstanding mineral interests, or


liens against the real property. It is in the insured's best interest to have as many exceptions removed from the title commitment as possible. Unless removed from the title commitment, exceptions will be set forth in the title policy, and the title company will not be responsible for any claims arising out of such exceptions. The title commitment also sets forth the conditions that must be satisfied before the title policy will be issued.

At the closing of the transaction, the title agent, on behalf of the title company, will issue a title policy (or a marked up title commitment) after all required documents have been executed and delivered and the funds to purchase the real property have been transferred from the buyer to the seller. The title policy will be effective as of the date of the closing.

The two most common types of title policies issued are the owner's policy and the mortgagee's policy. The owner's policy insures the buyer/owner of real property against loss or damage as set forth in the title policy. The mortgagee's policy insures against the same types of risks as the owner's policy, is issued in favor of the buyer's lender, and is generally issued at the request of the buyer to satisfy the buyer's lender. Texas uses standardized forms and rates for title insurance.

Although the party that pays for the title policy is typically the seller, both the seller and buyer are free to negotiate in their earnest money contract which party will be responsible for payment. The premium for title insurance is paid at closing and a settlement statement reflecting such payment will be issued by the title company. 

Brett L. Slobin is an attorney in the Houston law firm of Slobin & Slobin P.C. and he can be reached at bslobin@slobinlaw.com. His practice focuses on commercial and residential real estate.



Invite a Friend—Earn RICH Bucks!

Members are encouraged to invite their friends and associates to join us at the next General Meeting. The guest fee of \$20 may be applied against the membership fee when application is made within the same calendar month. If your invited friend becomes a member and lists YOU as the referral, you earn \$25 in RICH Bucks!

Match Your Ribbons

RICH provides color-coded ribbons to attach to your name badge to help you identify and network with other investors in your areas of interest. Pick them up at the General Meeting.

FORECLOSURES	RED
GETTING STARTED	WHITE
LAND	LIGHT GREEN
LANDLORD	YELLOW
MORTGAGE NOTES	DARK GREEN
MANUFACTURED HOUSING	LIGHT BLUE
REHAB/RETAIL	BRIGHT ORANGE
WHOLESALE	BLACK