

## Real Estate Commission Says Clients, Not Brokers, Should Choose Settlement Service Providers

The Colorado Real Estate Commission (CREC), whose mandate is to protect consumers, has made it clear in Position Statement #18 that we brokers should not dictate the settlement service providers utilized by buyers and sellers. Instead, the client should make that decision. Here's how it reads: "When assisting a Consumer in finding a settlement service provider, a Broker must ensure the Consumer plays an active role in the process and is ultimately responsible for making the selection."



buyer to use the same title company to purchase the "piggyback" title policy that protects the lender. To choose another title company for the lender's policy would be more expensive and serve no purpose. Doing so would add hundreds of dollars in closing costs.

The exception to that is when the buyer is planning to flip the property (with or without making improvements) to another buyer and has an agreement with their preferred title company to "hold open" the policy for the resale, thereby saving the cost of a new title search and title policy.

I was reminded of the CREC's requirement that the seller actively participate in the selection of the title company when I was brought to task for my January 16th column in which I referred to **First Integrity Title** as our "preferred title company" because of a new service that they offer regarding HOA documents. Indeed, a complaint was filed against me for violating the rule that the client, not the broker, must select the title company.

That complaint was dismissed by the CREC's investigator, but it inspired me to remind our readers — which includes many real estate brokers as well as prospective buyers and sellers — that this rule exists and that we should be diligent about obeying it. It's not that hard to comply with it.

Henceforth, our agents will make it a practice to provide each client with a handout which, in addition to listing two or more lenders, inspectors, title companies and other settlement service providers, states in bold type (as suggested in Position Statement #18), that "the decision to hire a specific settlement service provider is completely at the Consumer's discretion, and Consumers

are not limited to service providers listed by the Broker." If you'd like to see it, I posted a link at <http://RealEstateToday.substack.com>.

There is a website to which we refer clients who want to do their own comparison shopping for title companies. I've promoted it before: [CompareTitleCompanies.com](http://CompareTitleCompanies.com).

There's another aspect of this matter which I have written about before which deserves repeating, and that's the topic of "affiliated business arrangements" (ABAs). A service provider is considered an ABA when the brokerage has an ownership or profit-sharing interest in the provider. Virtually all the big brokerages and some smaller ones have their own mortgage lenders, title companies and other service providers which bring additional revenue to the brokerage. Those ABAs must be disclosed to their clients, so they are aware that the use of one of the services (which the broker will invariably recommend) benefits the brokerage financially.

Golden Real Estate does not have

## Our 2012 Free Moving Truck Has Bit the Dust

Back in 2004, I took delivery of our first box truck. After putting 150,000 miles on it, we bought a second truck and put another 100,000 miles on it. For a while, we actually had two trucks, and they got a lot of use, mostly by non-profits like BGoldN, Golden Chamber of Commerce, the International Rescue Committee, Family Promise of Greater Denver and others. At right is a picture of volunteers from the Golden Relief Group who used the truck to transport donated furniture and furnishings for refugees from Syria, Ukraine and elsewhere.

Our second and final truck is a 2012 Ford E350 we purchased used from Penske. The engine needs to be replaced, and it also needs a brake job — not worth the expense.

We really enjoyed having a free moving truck to offer buyers and sellers, but now we only provide free moving boxes and packing materials — still a nice benefit. We

any affiliated business arrangements, because I feel that having such relationships introduces an ethical question of whether we are, as required by law and by the Realtor Code of Ethics always to put the client's interests ahead of our own.

You'll notice below that we list Wendy Renee as our "in-house loan officer." She rents desk space in our storefront, but we earn nothing from the business she does.

This ethical issue is amplified when the managing broker favors with leads those agents who are "playing the company game" by "capturing" clients for their ABAs.

Before I launched Golden Real Estate in July 2007, I was with two large brokerages which had those captive service providers, and it was obvious to all broker associates that the managing broker was favoring associates with high "capture rates" when it came to distributing leads.

I believe that is not only unethical, it constitutes "something of value" given indirectly to the agent in return for a service provider referral.



have decided to rent trucks from now on when the need arises.

We are sorry that so many worthy non-profits are losing access to a free box truck, but I'm hopeful they'll find another company which can lend them one. Many self-storage companies have free box trucks for clients to use. Maybe one of them will do what we did.

### Do You Need a Handyman?

Our in-house handyman who serves our buyers and sellers has some free time this month and next. Call me if you have some work for him.

## Just Listed: 5-Bedroom Brick Ranch in SE Denver

Don't miss out on this well maintained brick ranch with finished basement at 2677 S. Newport Street in southeast Denver, with easy access to I-25 and the Denver Tech Center. The 66-acre Bible Park is a half block away. Inside on the main level there are hardwood floors throughout and a living room with brick fireplace, 3 bedrooms, and 2 bathrooms. A sliding patio door takes you outside to the covered patio and a large, dog-friendly backyard with artificial turf area. The basement features 2 more bedrooms, an updated 3/4 bathroom and a rec room with a 2nd wood-burning brick fireplace. The front yard and backyard are both professionally xeriscaped. The home has an updated kitchen, double-pane windows, a newer roof, and a high efficiency furnace. More information including photos and a narrated video tour are at [www.GRElistings.com](http://www.GRElistings.com). Listing agent **Chuck Brown** will be holding it open this Saturday, Feb. 8th, from 11 to 1.



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