

# CAN REALTOR'S RECOMMENDATIONS OF AN ATTORNEY BE HARMFUL TO YOU?

Often what is most important to a realtor is payment of a commission. You might tell your realtor that you are retaining an attorney with whom you are familiar, or perhaps your personal attorney, to represent you in a sale or purchase of real estate. You may find that the realtor goes on the offense and says your choice of attorney is not in your best interest and gives you a list of reasons why you should not engage the services of the attorney of your choosing. Often a party to a real estate transaction is even told that they must use an attorney from the realtor's office. The motivation is that if something were to go wrong, such as you requiring protection, the real estate commission could be jeopardized or delayed. Take for instance the following example:

Ivana, an immigrant to the United States, had married a gentleman who had been divorced from his first wife. The husband had some financial difficulties and was in debt. However, he made a Will leaving everything to Ivana and signed a Deed giving her ownership of their home. The husband died and Ivana went to the Surrogate's Office and probated his Will. She also brought the Deed to the County Clerk for recording. Having engaged the services of a realtor, Mary Realtor, Ivana was warned that her choice of attorney was very bad and that her attorney was notorious for interfering with contracts and "canceling deals". The realtor admonished Ivana that with the debts left by her husband, she could not afford to waste time and must move quickly and accept an offer for less than real market value, but providing a quick commission for Mary Realtor. The realtor arranged for her attorney, John Lawyer, Esq., to represent Ivana.

The buyers' title insurance company and attorney erroneously stated that since the Deed was recorded after the grantor's death, that is the Deed by the husband to Ivana, it was not valid. Thus, the property was subject to all of the husband's debts since it was still his. All his debts had to be paid from the sale proceeds.

John Lawyer, Esq. raised no questions or issues for fear of doing anything to jeopardize his true client's commission (Mary Realtor) or perhaps he did not know any better. Realizing she would only receive \$200 or \$300 out of a purchase price of some \$700,000, Ivana sought the advice of the attorney of her first choice who informed her she did not owe anything for her late husband's debts and that the house was, in fact, hers and the Deed was valid. Mary Realtor was angry and denounced Ivana for having strayed from the path, jeopardizing and delaying the commission. The buyers sued Ivana and asked the Court to compel her to transfer title to them and pay all the debts.

Since the house was Ivana's, her now attorney stated that the only debts she owed were those which were liens on the real estate before she recorded the Deed. That, of course, was the truth. The Court ruled in Ivana's favor and she received some \$100,000 rather than a mere \$200 or \$300.

If Ivana had not spoken up and sought the advice of an attorney of her own choosing, she would have left the closing penniless.