



13385A West 130th Street North Royalton, Ohio 44133 Phone: 440-230-2211

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Laurie Bellomo  
Vice President  
FSBO Title Company  
440.230.2211  
laurie@fsbotitleco.com

*"People who are buying or refinancing a home have the right to choose their own title company that is not affiliated with their lender or Realtor."  
- Laurie Bellomo*

**Selecting your title company:**

**Don't be fooled by "one-stop shopping"**

NORTH ROYALTON, Ohio - To an anxious homebuyer or seller, the idea of "one-stop shopping" - having your real estate agent, mortgage company and title company all under one roof - may sound appealing and convenient. But, according to Laurie Bellomo, vice president of FSBO Title Co., the consumer rarely wins by using a real estate agent's in-house mortgage and title companies.

"One-stop shopping is not for the benefit of the consumer," Bellomo said. "Consumers usually end up paying excessive fees to an affiliated title company and they don't even realize that they have a choice. People who are buying, selling or refinancing a home have the right to choose their own title company that is not affiliated with any other party in the transaction."

The U.S. Government Accountability Office (GAO) agrees.

GAO, in a recent report, recommended that the U.S. Department of Housing and Urban Development (HUD) take action to improve consumers' ability to comparison shop for title insurance. According to the report, consumers find it difficult to do so because title insurance is an unfamiliar part of the home buying and selling process and they are often not aware that they have a choice about which title company is used.

"Consumers normally have no idea what the title company even does," Bellomo said.

As a result, buyers and sellers usually let the real estate agent or the mortgage lender decide which title company is used to settle the transaction. That's why most title companies don't market their services to the public, but rather to real estate agents and mortgage professionals, who in turn make the "referrals" to their clients. Under the law, compensation for the referrals is not allowed.

Traditionally, title companies are disinterested third parties that provide title insurance, settlement and escrow services for buyers and sellers during real estate transactions. Title companies review the history of property, clear title problems, transfer the property from the seller to the buyer and issue title insurance among other necessary services.

Today, most large real estate agencies own their own title, insurance, appraisal and mortgage services - a practice GAO calls an Affiliated Business Arrangement (ABA). When such an agency sells a home, their client often is steered toward using the company's in-house title and lending affiliates, sometimes in violation of the law.

"This can create conflicts of interest if those making the referrals have a financial interest in the agent," GAO reported. "These and other factors put consumers in a potentially vulnerable situation where, to a great extent, they have little or no influence over the price of title insurance but have little choice but to purchase it."

Under the Real Estate Settlement Procedures Act (RESPA), ABA representatives can not require that their clients use a particular title company. But the clients often don't realize that they have a choice. Prices charged by ABA-based title companies often are inflated - sometimes by hundreds of dollars - because the consumer is a captive to the process.

"Nobody is doing anything about steering," Bellomo said. "And when companies get caught doing it, the penalties are too light to be a deterrent."

Because purchasing title insurance is a transaction that consumers are unfamiliar with, it can be difficult for them to gather information on all title insurance-related costs. HUD provides educational information on title insurance. But the benefit of this information is limited because consumers usually receive it after a title agent and an insurer have been selected.

FSBO Title is unique because it doesn't market its services to real estate agents and mortgage companies.

"We market directly to the consumer," said Lana Stover, president of FSBO Title. "That's why we have a storefront where we are clearly accessible to the public. We're not tucked away in a remote office."

Although FSBO Title specializes in For-Sale-By-Owner transactions, the company is a full service title insurance company that also handles refinances, estates sales, family transfers and any other real estate transaction whether listed with a Realtor or not.

The company welcomes the numerous people who are now refinancing to avoid foreclosure after taking on risky adjustable rate mortgages. The company is offering next-to-nothing closing costs to help Ohio consumers hang on to their homes and save money in the process.

"It's important to shop around for a title company with no allegiance to the mortgage company or the real estate agency," Bellomo said. "Whether it's us or another title company, consumers should make their own choices. Don't let your Realtor or lender take control of your transaction. That's like letting your car salesman choose your automobile insurance."

FSBO Title Co. is located at 13385A W. 130th Street, at Route 82, in North Royalton; phone 440-230-2211. See more information at [www.fsbotitleco.com](http://www.fsbotitleco.com).

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**NOTE: For more information see the GAO report, "Title Insurance: Actions Needed to Improve Oversight of the Title Industry and Better Protect Consumers" (GAO-07-401) <http://www.gao.gov/new.items/d07401.pdf>**