

From the Real Estate Files

Real stories. Real life.



Keep an Eye on your Corporation

During a recent lawsuit, the plaintiff learned that the Broker they were suing, had a suspended corporation for failing to complete some administrative paperwork. Learning this, the plaintiff rushed and filed a new corporation for himself using the other Broker's corporate name. With this action, the plaintiff made it next to impossible for the other Broker to revive his corporation.

Bottom Line: Check your business entity often and address any issues immediately.

Love Thy Neighbor

Recently, a very wealthy family was buying up all of the houses around them in order to increase the size of their own estate. A neighbor found out and wanted his Agent to contact the wealthy family to see if they wanted to buy his house too, at a premium, of course. The wealthy family decided that his house was over-priced so they told him no thanks. The seller later sold his home to a developer and the purchase was to the "Developer or Assigns". Once learning of the possible construction near their estate, the wealthy family went to the developer and paid him the cost of the home in the contract plus 1.7 million extra. They paid this amount because they didn't want construction that close to their estate. The seller found out about the sale and the extra 1.7 million and sued his Agent, who represented both sides, for originally not getting him more money for his home.

Bottom Line: When acting as a dual agent, understand your fiduciary duties and proceed, if you must, with caution.

Check your Facts. Check your Maps

A recent sale of the top unit in a triplex had a lovely garden area in the back yard that was surrounded by a gated fence. The Sellers of the unit had treated this back area as a private garden for years. When it was time to sell, the listing agent worded "private, deeded yard" into the MLS. However, as part of the sale, the zoning map identified a small deck as the unit's only "private area" in the back yard and the rest, including the garden, was common area. This wordage on the MLS caused a lawsuit as the Buyers purchased the unit on the premise that the entire back yard was theirs per the Agent's representation on the MLS.

Bottom Line: Double check your facts and maps before listing properties with common areas.

Tenants Uncommon

Often, Agents sell properties to Buyers that have existing tenants and the new Buyers want them out. In some jurisdictions, if the Agent assists with an unlawful eviction, they can be held responsible for the same damages as the landlord and if it is a rent controlled town, the damages can be severe. Besides the Agent potentially being responsible for the tenant's attorney fees, they can also be hit for the cost of the relocation for the tenant which is often based on the difference between what the tenant was paying and what they will have to pay now for a unit of equivalent size and nature.

Bottom Line: If you have a tenant in a rent controlled area, send the property owner to an attorney right away.



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