

## Jackson Association of REALTORS®

### RESPA DO'S AND DON'TS

Real estate brokers and agents must comply with the Real Estate Settlement Procedures Act, or RESPA. Violators of RESPA may receive harsh penalties, including triple damages, fines and even imprisonment. Following are a few examples of what RESPA **Allows**:

#### **RESPA**

**Allows** a title agent to provide, during an open house, a modest food tray in connection with the title company's marketing information indicating that the refreshments are sponsored by the title company.

**Allows** a home inspection company to sponsor association events when representatives from that company also attend and to post a sign identifying its services and sponsorship of the event.

**Allows** you to jointly advertise with a mortgage broker if you pay a share of the costs in proportion with your prominence in the advertisement.

**Allows** a lender to pay you fair market value to rent a desk, copy machine and phone linen in your office to pre-qualify applicants.

**Allows** a hazard insurance company to give you marketing materials such as notepads, pens and desk blotters which promote the hazard insurance company's name.

**Allows** a title agent to pay for your dinner when business is discussed, provided that such dinners are not a regular occurrence.

RESPA prohibits giving or receiving anything for the referral of settlement services, subject to certain exceptions. Violators of RESPA may receive harsh penalties, including triple damages, fines and even imprisonment. Following are a few examples of what RESPA **prohibits**:

#### **RESPA**

**Prohibits** a title company from regularly providing dinner and receptions for real estate agents.

**Prohibits** acceptance of discounted or free business equipment, such as a free lock-box.

**Prohibits** acceptance of a dinner paid for or by a home inspector who doesn't attend the dinner to market his/her services to you.

**Prohibits** acceptance of contributions from a title company to offset the cost of a real estate agent's promotional event except to the extent of the value of any marketing done by the title company during that event.

**Prohibits** accepting gifts from mortgage brokers, such as paying your greens fees.

**Prohibits** a mortgage broker or title company from paying for your tickets to a sporting event.

**Prohibits** participation in a tropical "get away" weekend, the cost of which is underwritten by a title company, during which only two hours is dedicated to marketing by the title company and the remainder is recreation.

**DON'T EVER** accept payment from a mortgage lender just for taking a loan application.

Posted on Jacksonrealtor.com. Frequently Requested Documents.

For additional information on RESPA visit [www.REALTOR.org/RESPA](http://www.REALTOR.org/RESPA)