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Record Home Prices in Key Texas Cities Could Attract Scammers

Legal Insurance Provides Important Protections for Homeowners

Austin, Texas—As the Texas housing market continues to see increased demand, homeowners should be aware of scammers who might want to take advantage of them. Texas Legal, the statewide nonprofit legal insurance plan founded by the State Bar of Texas and the Texas Legislature, provides the following tips for Texas homeowners:

Avoid living trust “kits.” A living trust immediately transfers property to heirs after death. The key advantage to a living trust is that it does not have to go through probate, the legal process that takes place after someone dies. If you decide to set up a living trust, steer clear of living trust kits that are marketed by phone or mail. There is no “one-size-fits-all” trust as each individual situation is different. An attorney can help you decide what is best for your situation and help ensure your property is protected.

“The benefit of a living trust is that the cost of transferring assets is paid for upfront, rather than after the person has passed away,” Steve Gonzales, a Round Rock attorney and member of the Texas Legal panel of lawyers, said. “Some people will attempt to set this up on their own and do it incorrectly, spending more money than necessary. This can be avoided by consulting a lawyer from the beginning.”

Research home energy auditors. Energy audits can help homeowners save hundreds on energy bills. If you choose to hire someone to conduct an energy audit for your home, do the proper homework and check references. Scammers claiming to be energy auditors are targeting homeowners, charging thousands of dollars to make minor repairs such as switching out lightbulbs for more energy efficient ones.

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“These scammers are taking advantage of the elderly in particular, going door-to-door selling contracts for so-called energy audits on the spot,” Gonzales said. “If you have any questions about an auditor’s legitimacy or contract work offered, consult an attorney.”

Read the fine print on a reverse mortgage. While reverse mortgages are not a scam, it’s important for homeowners to understand the fine print before they sign. Many individuals will sign up for a reverse mortgage without considering their estate plan. If someone with a reverse mortgage decides to give the house to an heir after death, the heir will become responsible for the mortgage. It’s important to seek legal consultation before signing a mortgage to make sure you have considered all options and possible unforeseen consequences.

Legal insurance can help protect homeowners. Typically the cost for legal representation paid privately—without legal insurance helping to defray the cost—can run into hundreds and sometimes thousands of dollars depending on what is involved. Legal insurance provides access to legal assistance at no cost beyond reasonable monthly premiums (subject to plan limitations) and helps protect plan members.

Texas Legal membership covers legal expenses much like health insurance covers medical expenses. A low monthly fee gives members access to a network of attorneys throughout the state. To learn more about Texas Legal or to become a member, please visit www.texaslegal.org.

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About Texas Legal

Formerly known as Texas Legal Protection Plan, Texas Legal is a statewide, nonprofit legal insurance plan that was founded by the State Bar of Texas and the Texas Legislature in 1972 as an effort to better serve the legal needs of Texans. Texas Legal is the preferred provider of the State Bar of Texas. The nonprofit offers plans for companies, group and individuals. For more information, please visit www.texaslegal.org.