

REAL ESTATE NEWS

Loan processing moves into real estate offices

By MARY RODRIGUE
STAFF WRITER

Thanks to computers and a recent change in federal law, home buyers may be able to shop for a mortgage at the same place they shop for a new house — the real estate office.

Tower Financial Inc. of West Bloomfield is set to take advantage of a recent revision to the Real Estate Settlement and Procedures Act (RESPA). Before RESPA was revised, any fee paid to Realtors by the mortgage firms could have been considered a kickback. The new law allows mortgage firms to work with Realtors to generate computerized loan originations.

Tower Financial has created what it calls the Patriot System, which will allow computer systems to be installed in each participating Realtor's office for the purpose of taking computerized loan originations. Realtors who will offer the service include Help You Sell, Champion & Baer, and Century 21 East in Clinton Township. Realtors from those offices were contacted but not available for comment.

Participating Realtors will receive a fee of about 1 percent of the loan, according to a spokesman for Tower Financial. Because Tower Financial has implemented the use of computer technology in the mortgage industry,

it is the first on line for the new program.

"We've been using CLO (computerized loan origination) systems internally since our inception," said Tower spokesman Mark Sando. "They made the entire mortgage process easier and less time consuming for our customers."

When the RESPA law changed last Dec. 2, Sando began developing the Patriot System, which is basically software that allows a participating realty office to handle the loan application for financing a home directly from their office. The customer doesn't have to look for financing.

To participate, a Realtor signs

on with Tower Financial and within 48 hours they are on line to Tower's office. Tower provides the software, hardware and training for anyone in the office who will be involved with the system.

"It takes six months to get such a system up and running," said Sando. "Any other mortgage lender will need at least that much time to develop what we already offer."

For the homebuyer, Sando says the advantage is that they can continue working with their Realtor and can close their loans within 14 days of application.

"We will be phasing out our loan officers and will no longer originate mortgages in-house as

more Realtors come on-line with our Patriot System," said Sherry Krug, Tower Financial human resources director.

Krug says that because Tower will not be paying loan officers, it will be able to offer homebuyers a rate between one-eighth and one-fourth of a point below the lowest rates on the market.

Not everyone is in favor of the change.

"I guess at this point, Standard Federal sees this service being offered as adding a layer of cost to the consumer," said Michael Lubig, vice president of mortgages for Standard Federal, the state's largest mortgage lender.

"It's not consumer friendly,

Someone somewhere is going to pay for this service. Undoubtedly, it will be the consumer. It's too soon to tell how severely."

Lubig believes "it's just as expedient to go to the primary lender. These (Tower) people won't do the work for free."

"It's hard to say how popular this system will become. Frankly, a lot will depend on the government. And there's talk of revising RESPA again."

The change in the law does not allow banks to participate in this program.

Bill Deacon, president of the Western Wayne Oakland Board of Realtors, said his organization is not ready to take a stand yet.

Management of site condo carries same responsibilities



ROBERT M. MEISNER

We are a site condominium with limited common element areas. We are trying to find a management company to assist us but are having difficulty doing so. Do you have any suggestions?

management companies who specialize in site condominiums with limited common areas recognizing that the association still has the administrative responsibilities of every other condominium association. These include the letting of contracts to maintain those areas of the condominium that are within the association's responsibility.

I would attempt to contact a number of management compa-

nies, asking whether they are interested in a site condominium and, if so, what kind of services they can provide. Obviously, to the extent that you can get a referral from either your lawyer or other personnel at the association regarding good management that would be advisable.

As a followup to a question that recently appeared in the column, we would like to know whether our restrictions in our

subdivision that prohibit business use of homes involving employment of persons who do not reside in the home are enforceable.

In a recent case in California, the court upheld the constitutionality of a zoning ordinance prohibiting business use of homes that involves persons who do not reside in the home. The court held that because the ordinance did not seek to regulate any aspect of the co-owner's private life

and did not dictate with whom she worked, resided or associated, it did not violate her constitutionally protected rights of privacy but rather basically set forth criteria for prohibiting such conduct as typing, answering phones or filing, if it involved someone coming to the unit who did not reside there for compensation.

Robert M. Meisner is a Birmingham attorney concentrating

his practice in the areas of condominiums, real estate and corporate law. You are invited to submit topics you would like to see discussed in this column by writing Robert M. Meisner at 30200 Telegraph Road, Suite 467, Bingham Farms 48025. This column provides general information and should not be construed as legal opinion. To leave a voice mail message for Robert Meisner, dial 953-2047, mail box 1871.

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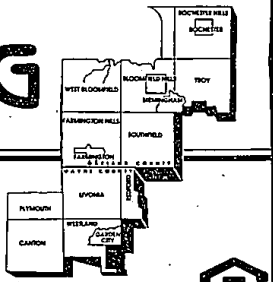
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