

Do You Know How Your Loan Officer Is Compensated?

By **JIM SMITH**
Jefferson County Realtor®

Mortgage brokers (a.k.a. loan officers) are compensated not just by the origination fee on each loan, but also by a fee that they get from the lender. The more profitable the loan for the lender, the higher that fee will be — and it is paid outside of the closing.



The amount of this fee is shown on line 820 of the HUD-1 form presented to you at closing, under the cryptic heading “YSP,” which stands for Yield Spread Premium. A reputable mortgage broker will discuss how he or she is paid prior to closing, but there are no required forms that accomplish that task, and closing is not the best time for this topic to come up — if the borrower were even to question the “YSP” entry on their HUD-1!

If you get your loan from a bank or other direct lender rather than a broker, no disclosure at all is required indicating how your loan officer is compensated.

All Real Estate Is Local

In his 1994 book, *All Politics Is Local*, Tip O’Neill’s very first paragraph drew an analogy between real estate and politics.

I’m going to return the favor by affirming that, just like with politics, “all real estate is local.”

Almost every week some blanket statement appears in the press about the real estate market turning in one direction or another. Such statements are close to meaningless. Whether it’s a

“buyer’s market” or a “seller’s market” can vary not only from state to state but even from one ZIP code to another.

In a prior column (archived at www.JimSmithColumns.com) I wrote about how misleading statistics can be even within an MLS area.

As I write this column, eight of my 13 current listings are under contract at an average of only \$1,000 below listing price, including concessions. And I’ve been told to expect an offer this week on four of the other five listings. This doesn’t sound like a downturn in the market to me!

Correcting a CDOT Myth

In defense of CDOT’s desire to build a superhighway through Golden and Arvada — which I have written about previously — someone is bound to make the following accusation: that Golden allowed development right up to the right of way of Rte. 93 as a way of preventing such a highway from being built.

The truth is that when the subdivision west of Rte. 93 was built in the late 90’s, a wide buffer was optioned to CDOT specifically to widen their right-of-way. When that option expired several years later without being exercised by CDOT, the City of Golden bought the land and designated it for park use only. Meanwhile, Arvada has approved the building of houses which constrict Indiana Street. A cynic might accuse Arvada of doing what Golden is accused of.

This Week’s Featured Listing

Great Lakewood Horse Property

Talk about “country in the city”! This 2,871-sq.-ft. home is on a half-acre lot, set back from 11th Avenue, just east of Garrison Street, a couple blocks from a future light rail station. It is zoned for horses and includes a large barn plus two Tuff Sheds. (Not into horses? Scrape the barn and put a tennis court where the corral and barn are now located.) I previewed this house last week at the owner’s request, and I was so captivated by it that I asked her Realtor if I could feature it this week. The price has been reduced to where I think it’s a great bargain. Call me and I’ll happily show it to you. Other features include a 3-car garage (one space is tandem) and a mother-in-law apartment in the basement with its own walk-out entrance. New Lindal sunroom in back. **\$435,000**



www.JeffcoHorseProperties.com



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