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IN THE REGION | LONG ISLAND

More Services at the Real Estate Office

By Valerie Cotsalas

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BETH NOBLE was three months pregnant in July when she and her husband found a house in Smithtown that they wanted to buy. The seller was ready to move to Florida, so when the Nobles' offer was accepted, the couple hoped they could close on the house quickly.

"I wanted to have everything in place before the baby comes," Ms. Noble said recently while sitting in the financing office at Benjamin Fine Homes and Estates in Woodbury, the real estate company that helped the Nobles find their home.

They also decided to apply for a mortgage through First Empire Funding and to have a title search done by Landmark Abstracts. Benjamin owns both companies.

Within seven days, the Nobles had a commitment from J.P. Morgan Chase for a 30-year mortgage at an interest rate of 5.65 percent. The title search took five days.

"You have much more control over a sale if you offer all of these services, and it's better for the customer because they have one point of contact," said **Ed Gitlin**, chief executive of Benjamin Fine Homes and Estates, First Empire Funding and Landmark Abstracts.

The Nobles expect to close this month, Ms. Noble said, with the help of a lawyer recommended by Mr. Gitlin's company.

Real estate firms have increasingly developed relationships with mortgage brokers, title companies, lawyers, banks and other home-related firms, offering everything under one roof that buyers need to buy their homes.

Some real estate firms have been partners with mortgage brokerage firms for more than 20 years, but in recent years, more realtors have joined those ranks and many have opened their own mortgage companies. The buyer, of course, is free to go elsewhere for such services.

But some real estate lawyers and independent mortgage brokers believe that while the practice may be legal, there is a conflict of interest when a broker, rather than the buyer's attorney, coordinates a home purchase. "This is all emanating from the real estate broker, who has to get his commission paid," said Richard Reers, a real estate lawyer in Williston Park, who has been practicing for 25 years. "What has to happen to get his commission paid? The buyer has to close."

The State Banking Department, which regulates mortgage banks and lenders, advises people to shop around for mortgages and find their own lawyers, said Catie Marshall, a spokeswoman. "People should know what their fees are," she said.

Mortgage brokers affiliated with real estate firms claim that in many cases, they can offer interest rates that are lower than what people might get directly from a bank.

"You're one person and I could have a group of loans that will go to that bank," said Ira Zuckerman, the First Empire Funding broker who handled the Nobles' mortgage.

"If you buy in bulk -- the banks are hoping you'll give them loans in bulk -- then they'll give us incentives, which are lower rates to the clients," Mr. Zuckerman said, adding that the bank paid his brokerage fee for the Nobles' mortgage.

A mortgage broker collects a fee either from the borrower or from the bank and sometimes, more unscrupulously, from both.

Mr. Reers said that not paying a fee upfront does not always mean that the borrower got a good deal. Sometimes when the purchaser pays a fee or points -- money upfront -- to a mortgage broker, the broker can get a lower interest rate from the bank, saving the borrower thousands of dollars over the term of the loan, he said.

John Kanas, the president and chief executive of North Fork Bank, said that from the bank's point of view there were no obvious pitfalls for buyers using mortgage brokers owned by a real estate firm, in large part because strict mortgage banking laws enacted over the last 15 years have increased consumer protection against fraudulent lending.

"The mortgage business is fairly well dominated by the brokerage community, and they are, by and large, doing a good job in matching consumers with lending institutions," Mr. Kanas said.

For many, the chance to close faster on a house without a lot of running around makes the real estate firm's affiliates attractive. "I think it went faster because there was no gap in communication between one and the other," Ms. Noble said, referring to her lawyer, the mortgage broker and the title search company. "Everyone knew what the other one was doing."

Richard and Joanne Kellner called a Benjamin Fine Homes and Estates broker when they were in the market for a bigger home near their town house in Woodbury. They found a house a few blocks away, and their broker referred them to a lawyer and offered them the firm's financing and title search services.

"I met with the mortgage broker, filled out the application and gave him the information he needed, and that was it," Mr. Kellner said. "We signed power of attorney over to the attorney, and he took care of everything. I didn't have to go to the closing."

Saving time was important to Mr. Kellner, who said he works long hours running a commercial insurance company. When the Kellners bought their first home about 10 years ago, he had to provide information separately to his lawyer, mortgage broker and title search company and schedule appointments.

"Those sound like little things, but they start nibbling away a couple of hours in the day," Mr. Kellner said.

Besides speeding up the process of closing a sale, real estate agents can also evaluate a home buyer's price range as soon as they walk in the door. "We can have preapproval done for them immediately," said Dottie Herman, president and chief executive of Prudential Douglas Elliman. "We prefer to do that ahead of time for people so that before they go out to buy anything, they know what they can spend."

Prudential opened a mortgage brokerage about seven years ago and also owns a title company and a building management company.

Other large firms have relationships directly with a bank or lending institution rather than a mortgage broker.

Marie Montchal, a vice president at Daniel Gale Real Estate, said the firm has been affiliated with Wells Fargo for about two years. The real estate firm refers home buyers to Wells Fargo mortgage sales representatives, who are assigned to different Gale

offices. In return, Wells Fargo sponsors publicity events and picks up some marketing costs for Daniel Gale, Ms. Montchal said.

Daniel Gale and Century 21 have relocation services, including hooking up new homes to utilities and cable television services, and offering discounts from home repair, decorating and improvement companies.

Beth Noble is pleased with her experience using a real estate company's mortgage brokerage firm, title company and the lawyer referred by the same firm. Now five months pregnant, she will have time to get settled when she and her husband move into their home next month. "I've been very lucky," she said.