

# Mortgage Brokers - how will you survive

## if YSP is BANNED?

### The Mortgage Broker is Dying

Under attack from state and federal government, big banks and the media, the mortgage broker has been painted out to be a major contributor to our current economic recession.

#### May 7, 2009

**H.R. 1728 Mortgage Reform and Anti-Predatory Lending Act** was ratified by the House of Representatives by a vote of 300 to 114, and includes a ban on yield spread premiums paid to mortgage brokers by lenders. The bill is now awaiting passage by the Senate.

#### July 23, 2009

The **Federal Reserve** proposed sweeping new protections for consumer mortgages, and includes a ban on yield spread premiums paid to mortgage brokers by lenders.

And as wrong as it may be, yield spread premium has been singled out as the root of the mortgage broker's greed.

Congress, the Federal Reserve and multiple state governments have all introduced legislation that effectively bans the payment of yield spread premiums to mortgage brokers.

#### How will you survive if you can only collect up-front fees?

One alternative is to become a mortgage banker. One of the benefits of becoming a direct lender is the ability to collect **SRP (Service Release Premium)**. SRP is paid to a lending institution when a loan is sold on the secondary market, and often surpasses the YSP a mortgage broker collects.

But to become a mortgage banker is a rigorous process. You will need to obtain audited financials, E&O insurance, warehouse lines of credit, investor approvals, and hire an Underwriting, Closing and Post-Closing staff.

Or, you could partner with a retail mortgage branch company and within a couple weeks, become a direct lender.

### BlueMantra can Help

BlueMantra is a mortgage branch recruiter serving the southeast US. We have knowledge of all the major mortgage branch partner programs available throughout the country, and can help you select the company that best fits your branch.

If you currently do not have the production necessary to qualify for a branch partner program, BlueMantra can help you partner with other branch managers and loan officers in your area looking for a similar opportunity. Together, you can achieve the volume required to start your own branch office.

And, our expertise costs absolutely nothing to the prospective mortgage branch. Our services are completely paid for by the companies that we recruit for.

#### Mortgage Branch Advantages

- Collect SRP instead of YSP
- FHA / VA / USDA lending
- Reverse Mortgage lending
- Multiple states licensing
- In-house underwriting and closing
- Complete Compliance Department
- Complete back office support
- Control over hiring and staff compensation
- Keep 100% of revenue generated

