

From: Funders Residential Mortgage, Bob Kauffman  
Subject: Reg Z - Truth in Lending

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Comments:

Dear Sirs a,d Madams,  
Regarding the proposed regulation of Mortgage Broker fees

I have been in the Real Estate and Mortgage business since 1995 and have seen a lot of changes in the industry. I have been member of CAR, California Association of Realtors, NAR, National Association of Realtors, CAMB, California Assoc. of Mortgage Brokers and Namb, National Assoc. of Mortgage Brokers. I own and operate a small business in Norco California and to be totally transparent with you am very fortunate to still have my doors open. The declining Real Estate market and lack of buyer confidence in our county has been devastating to many of my constituents.

I have spent ALL of my savings to maintain our business since the recession began and to keep our company open and have no regrets because I believe in our country and our ability to re-bound from our current recessionary period.

I also believe that we need to have a "level playing field" for Broker, Banker and Corporate mortgage professionals alike. I applaud the new DRE licensing rules for mortgage professionals that are set to take effect in 2010, but i am worried about the proposed compensation regulation.

There are many times in our day to day operation that a client requires the ability of using yield spread pricing to help them acquire the purchase of a home or the ability to refinance their current home.

Currently in our County a 6% sales commission is usual and customary for a Real Estate Broker to charge a seller to List, Market on MLS, multiple listing service and Sell a home.

Under the fair and balanced nature of "Fair Market Capitalism" supply and demand, a Seller is afforded the luxury of shopping around for the best qualified professional to market their home. They can choose to pay the TOP SELLING Agent and pay them 6%, 8% or more or the can use HELP-YOU-SELL for as little as 3 1/2 percent. of course you get what you pay for. HELP-YOU-SELL Will very seldom list your home on MLS so your exposure is limited.

So you see that competition is a good thing.

Regarding the regulating of Mortgage Broker compensation,

There are many times that i personally have had to originate, process and fund a loan for as little as 1% net compensation and this was a result of competition.

There are a lot of pass through fees charged to the borrower that we have no control of such as Escrow, Title insurance and Title charges, Credit, appraisal etc. these are not compensation that the Broker/Banker realizes. I believe it would be fair for Mortgage Brokers/Bankers to be allowed to competitively charge for their services. In our State and County the maximum allowable fee charged to Borrowers is 5% including Escrow, Title and other misc. Charges. this usually allows a Broker room for 3% net compensation to be split between the originating Loan officer and the Broker which subsequently is able to keep his doors open. And keeping our doors open has been a challenge in our State. Thank you for allowing our comments and please do keep these comments in mind during your deliberations. you may contact me anytime,

Thanks again

Bob Kauffman  
Fundors Residential Mortgage