

From: Residential Mortgage Bank, Eric Horn
Subject: Reg Z - Truth in Lending

Comments:

I would respectfully like to point out a couple ideas for consideration regarding broker compensation limits being considered in this bill.

- 1) Has anyone given thought to the fact that a real estate agent is paid sometimes greater than 6% of the sales price of a home as their compensation? When builders solicit realtors to bring them buyers, they often offer additional bonuses to the realtor resulting in total compensation amounting to as much as 10% of the sales price. A mortgage broker is paid on the loan amount (often much smaller than the sales price, plus they make far less than the realtor for that reason alone). In addition, is a very arguable point that the mortgage broker does more work on a loan than a realtor spends on their file...for less pay.
- 2) I understand the industry history regarding negative amortization ARM's and subprime lending, and as a mortgage broker I can say I am relieved those items are no longer in existence anyway. Most of the reaction to this bill seems to be related to the horrible results of these two products which have now been thankfully eliminated. If the industry limited loans to just a simple 30 year fixed amortized, most of the other issues go away. In the past five years I have originated about 200 home mortgage loans. Of those, about 195 have been the standard 30 year fixed amortized loans anyway.
- 3) Why is it that when mortgage brokers are currently in very large numbers producing annual incomes of less than \$25,000 a year that the government feels we make too much money, and need to have our income limited? Our industry is so decimated that mortgage brokers are leaving the industry like herds of lemmings because pay is too low to live on & cover modest living expenses. Do you consider \$25,000 annual income reasonable? You have access to our tax returns through the IRS, I am sure you can get stats on how many of us are exiting the industry due to excessively low pay.

Please take this in to consideration regarding the bill be considered,

Thank you,

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