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BALANCED BUDGET  
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CHAIRMAN

December 23, 2011

Mr. Edward DeMarco  
Acting Director, Federal Housing Finance Agency  
1700 G Street, NW, 4th Floor  
Washington, DC 20552

Submission to: [Servicing\\_Comp\\_Public\\_Comments@FHFA.gov](mailto:Servicing_Comp_Public_Comments@FHFA.gov)

In recent meetings with some of my constituents it has been brought to my attention that the Fee for Service Proposal set forth in your "Alternative Mortgage Servicing Discussion Paper," released on September 27, 2011 proposes to establish monthly servicing fees of \$10.00 per month for performing loan servicing. Representatives of Colorado mortgage service providers tell me that this is below the actual cost of servicing for most small to medium sized servicers and thus of great concern to me as it would seem to discourage small to medium sized businesses from either becoming involved, or continuing to be involved in the mortgage loan servicing business.

Further, I am concerned not only because such a low servicing fee will encourage further consolidation in the servicing industry, but that it may also force the movement of those remaining servicing operations offshore in an effort to improve margins in response to significantly lower revenue. The resulting loss of American jobs in this time of economic stress would further complicate the employment situation here in the United States, to say nothing of the impact on the service level available to borrowers who are already having problems with the service level provided by the large mega servicers.

The Fee for Service proposal will not solve the problems borrowers and the servicing industry face today. It seems that it will encourage further consolidation in the servicing industry and encourage the relocation of servicing jobs offshore. This effort to cut costs will result in not only a loss of American jobs but reduced service to borrowers. The first goal of your discussion paper is to "Improve service for borrowers". . . the Fee for Service proposal may worsen service to borrowers rather than to improve it.

I urge you not to adopt the proposed change in servicing compensation. If you feel that changes must be made, then your Cash Reserve proposal set forth in your discussion paper would seem to be much more prudent approach. Being a former small business owner, I understand that any action that reduces service by the small business community is a mistake.

Sincerely,



Mike Coffman  
Member of Congress