From:	David Houghtlin
To:	#Servicing Compensation
Subject:	Alternative Mortgage Servicing Compensation
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To be brief, we have only 2 comments relating to your 9/27 Discussion Paper:

- **Compensation Model** - We would prefer that there be no change to the current compensation model, except for the treatment of excess I/O (see below) as we believe that the other alternatives would mostly benefit only the largest mega-servicers.
- **Excess I/Os** - The greatest impediment to increased liquidity of the MSR markets has been the required transfer of reps and warrants relating to the underlying collateral loans. Likewise, the ability of institutions to sell excess I/Os (aka excess servicing) has been severely hampered for the same reason. FHFA has suggested that they would be willing to allow the free sale/purchase of excess I/Os without any liability of any kind being assumed by the purchaser and that any subsequent transfer of servicing rights would not adversely impact the rights of the purchaser to the continued cash flow. ***This is a critical item***. Without it, none of these proposals make sense. It is the key to unlocking the flow of capital (and creating higher values) to this part of the market and we fully support that concept.

We appreciate your consideration of these views.

Thank you,

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