

August 29, 2010

Good Morning

My name is Mark Hoadley. I have been a Realtor since 1989. Our fee structures are carefully regulated. Not only our fees negotiated up front - prior to services being rendered, we must disclose any additional add-on fees or ownership interest in ancillary services associated with the transaction. How is it that Stock Brokers, and Financial/Investment Advisors, who in many cases facilitate multiple, even hundreds of transactions repeatedly for their same client are not compelled to disclose their compensation? Many of the large investment houses, particularly Wall Street firms provide bonuses and kickbacks to the aforementioned for pushing the sale of a particular stock/bond/fund or a type of Mutual Fund Share to their unsuspecting clients without being required to FULLY disclose their compensation. Any fees (particularly Kick-Backs) generated from the sale of a financial product or security in any form should ALWAYS BE DISCLOSED PRIOR TO THE TRANSACTION TAKING PLACE both verbally and in writing.

If a financial product being sold by a broker/advisor does not generate a kick-back/bonus or any other form of incentive/financial reward- then there is no need for further disclosure. The client should have already agreed to the fee structure. There is no slowdown in the transaction processing in these cases. If however, the product being sold to a client does benefit the broker/advisor in any way beyond the fees the client has already agreed to pay - a client signed copy of the COMPLETE fee structure should be required of the broker/advisor prior to selling the product - weather it be a stock/bond/mutual fund or whatever. Of course the will slow down the transaction process and rightfully so! If this product is really so good for the client then there should be no problem - right!

Mortgage brokers/bankers have been guilty for years of generating hidden kickbacks on loans made to unsuspecting clients that resulted in pre-payment penalties and higher payments for the borrower. I suspect the practice will soon be ending with appropriate disclosures soon to be in place after the mess Wall Street made of our housing market.

Let's not forget that Banking Institutions that paid these kick-backs were just as guilty as the Mortgage Brokers were for burying their clients. How is it that the Wall Street firms and other institutions can get by with essentially the same practice (oftentimes repeatedly with the same client) without nary a care or worry of any repercussions. Some of these financial products could have a huge impact on a citizen's nest egg!

I hope your agency will require the same disclosure of these institutions as is required of our industry. It should not be a problem if the institution truly has their clients' best interest at heart vs. their own...

And since your working on this - see what you can do about curbing our National Bank's and Wall Street's grand scale purchase of our Senators and Congress Members!

Respectfully,

Mark

Mark Hoadley
Realty Executives