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Subject: Reg Z - Truth in Lending

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Comments:

Date: Dec 05, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages  
Document ID: R-1366  
Document Version: 1  
Release Date: 07/23/2009  
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Comments:

This proposal eliminates the end result it wants to accomplish. Instead of allowing the Broker to work with a number of Lenders, they will be prohibited from comparing one Lender to Lender prior to a buyer locking his/her interest rate. This is already being done because of the appraisal and early TIL disclosure requirements. At present, Brokers choose the Lender with the most competitive rate for the buyer. In the past, when the buyer wanted to lock their rate, the review of Lenders could be revisited. This option is now virtually eliminated. Lenders will not accept a loan on an application which they did not issue the early TIL disclosure prior to the collection of funds. They also will not accept an appraisal from another Lenders appraisal management co. Your proposal further prohibits Brokers from offering the best rate and/or program for the buyer. EXAMPLE: Lender A has the best rate at time of application. Lender B has a better rate at the time the buyer wants to lock in his/her rate. The Broker is NOT ABLE to provide the buyer with the best rate because Lender B will not accept the loan (they did not provide the early TIL disclosure & the appraisal was not ordered through their appraisal management co) AND this proposal requires that the rate / price be compared with the other Lenders the Broker works with. Your proposal would further prohibit Brokers from providing the buyer with the best rate by forcing Brokers to eliminate or limit the Lenders they work with. Rates and price also varies from Lender to Lender with regard to credit scores and/or the debt ratio they will accept. How can you compare a Lender who will accept a 620 credit score with one who requires 640. END RESULT: The buyer always had and has the right to apply with more than one company. In the end, the buyer cares about one thing and one thing only: HIS RATE. He does not care how much the Lender is making in yield spread if he's getting the rate he wants. He can compare rates when he chooses to lock and go where he feels it is best for him. Stop selling home buyers short by trying to dictate what's best for them.