

From: Residential Wholesale Mortgage, Inc., Paul A Ambrogio  
Subject: Reg Z - Truth in Lending

---

Comments:

Date: Dec 08, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages  
Document ID: R-1366  
Document Version: 1  
Release Date: 07/23/2009  
Name: Paul A Ambrogio  
Affiliation: Residential Wholesale Mortgage, Inc.  
Category of Affiliation: Other  
Address:  
City:  
State:  
Country: UNITED STATES  
Zip:  
PostalCode:

Comments:

The recent proposal to outlaw yield spread premiums to mortgage brokers is a bad idea for the consumer. The majority of my clients do not pay points (loan origination) and refinance their properties at no cost. Each of these scenarios are only possible with yield spread premiums paying direct compensation to the broker. On a no cost loan, I am able to pick up all of the borrowers costs and still make a commission. Many of these borrowers don't have the equity to add the costs to their principal balance, nor do they have the liquid funds to pay the loan costs out of pocket. But I can save them \$100-\$400 a month at no cost to them. This helps the economy in increasing their cash flow so they have more disposable income and creates a source of income for the appraiser, credit company, escrow company, title company, broker, lender etc. On a 0 point loan, I am able to help people purchase or refinance a property with less money out of pocket, or less money added to the loan in the case of a refinance. Many of my clients are barely scraping together enough funds to put together the downpayment, closing costs and prepaids. If they have to come up with a loan origination fee as well, this regulation has damaged the people it is designed to benefit. As a honest mortgage broker with 20 years of experience I pride myself on getting the best loan and rates for my clients. That is why I receive referrals from my past clients. I've watched the dishonest, cold calling and direct mail brokers go out of business. But much of this legislation will hurt the honest brokers like myself. Individual (flat fee?) compensation agreements with each lender will only stifle competition and steer the dishonest broker to the lender who will pay them the most, not the lender with the best loan for their client. Lenders with fast, organized systems in place, which makes the process so much easier for borrowers, will lose out to the banks who are offering the higher compensation. And the stipulation about proving that the lender selected was the best option for the borrower will be a papertrail nightmare. Some lenders offer faster turn times and less paperwork, which is

worth a rate 1/8% more to some clients compared to an extra two to three weeks of hassles and frustration with some of the poorly run banks that are out there. Basically, the only way I can be sure that my clients are treated with honesty, integrity and professionalism is if I do their loan. If the liability, paperwork headaches and reduced competition from this proposal goes into place, my clients may be working with retail bank strangers who don't care about them and their families, don't care about their repeat business and just look at each borrower as a loan number. Squeezing the wholesale brokers out of business will lead to increased consolidation in the industry and reduced competition and choices, which is never a good idea for the consumer. I've seen what happened when the government became involved in the appraisal side of the business with HVCC and it is not good! I recently had a client who wanted to switch her appraisal from FHA to conventional. Rather than being able to make a phone call to the appraiser and having the adjustment made in 30 minutes at no cost, the new appraisal had to be ordered through an appraisal management company at a cost of \$375 to my client and the 10 days of waiting incurred another \$500 in fees as the escrow is now past the close date and my client is being charged a per diem for each day she closes late. And this HVCC was supposed to help her! I'm afraid that the same thing is going to happen to my clients if this proposal is put in place. Please reconsider and examine more carefully the damage this proposal would do. Most of the dishonest brokers are out of the business now and the ones left standing are the good guys who are loved by their clients and are attempting to help right this economy and get themselves and their clients back on stable footing. God bless, Paul Ambrogio