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Memo To: Jennifer J. Johnson, Secretary
Board of Governors of the Fed Reserve
From: Gary Heinlein, President A H M C
Date: December 24, 2009

Subject: Yield spread premium docket no. R-1366

I opened American Mortgage Homeowners Corporation in 1992. In my 17 years in business brokering mortgages, I can tell you, with certainty, that consumers, like and want choices. And, in the mortgage business, an option consumers want is a no cost or low cost mortgage. The YSP allows us to offer the consumer mortgage loans wherein we use a portion of our premium to pay some or all of the closing costs. A good example is a loan we just closed earlier this month. The applicant, a physician, wanted both a low rate and low costs. We made the \$417,000 refinance for 15 years at a rate of 4.25% and paid \$396 toward the costs. The doctor was very pleased with the rate and terms, the low costs, and we made a profit.

Another benefit of the Y S P is it enables us to cover costs for consumers who are short of funds. First time home buyers often need additional funds and our contributions can make a difference for those who are cash strapped. Over the years the vast majority of the loans we've made have been with no fees paid directly to us by the borrowers. That is the consumers' choice. They are fine with our being paid by the lenders through the rate. If the yield spread premium is eliminated, our business will be destroyed, and consumers will have a program removed that has been very beneficial to them.

Removing the yield spread premium from the mortgage industry helps no one, solves no problems, and harms an effective and viable way of serving consumers mortgage financing needs. Please don't eliminate the Y S P.