UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

LUKE RICCI AND TRACI RICCI, TERRI SECK, and TERRI BAUMGARTNER, on behalf of themselves and all others similarly situated, Plaintiffs, v. AMERIQUEST MORTGAGE COMPANY, a Delaware corporation, and DOE CORPORATION, Defendants.	Court File No. 05-1214 JRT/FLN **DECLARATION OF MARK BOMCHILL**

1. My name is Mark Bomchill. I am over eighteen years of age and of sound mind. I was employed by Ameriquest Mortgage Company at the Plymouth, Minnesota branch of Ameriquest, from September 2002 through September 2003. My job title at Ameriquest was Account Executive. There were approximately 20 Account Executives in the Plymouth branch office. During my tenure at Ameriquest, I closed approximately 90-100 mortgage loans.

2. As an Account Executive my duties included but were not limited to, soliciting potential customers to refinance mortgage loans, processing and closing said loans.

3. When I started my employment with Ameriquest, I received training demonstrating and encouraging high pressure sales tactics. Such training included watching a series of videos relating to mortgage sales tactics featuring Dale Vermillion. Account Executives were also shown scenes from "Boiler Room," a movie about unethical and illegal high pressure sales practices by a securities brokerage firm. Account Executives were also provided with

scripts, including those integrated within Ameriquest's computer systems such as the SNAP system. The scripts were on such issues as encouraging consolidation of debt, and for responding to objections by potential borrowers. I believe that all of the Account Executives in Minnesota (and nationwide) received this same training and the same scripts.

4. During my tenure as an Account Executive, I also participated in approximately 3-4 Ameriquest telemarketing training sessions for Account Executives that involved phone call role playing, in which the person playing the borrower would make objections to the loan, and I would need to respond. The role-playing would be followed by critiques of my performance in dealing with the potential borrower and responding to objections. I believe that all of the Account Executives in Minnesota (and nationwide) received this same training.

5. The branch manager and area manager constantly pushed Account Executives to make as many phone calls as possible to solicit loan sales. Every day, there were numerous "Power Hours" during which the Account Executives were required to only make phone calls. The area manager was responsible for at least several branch offices within Minnesota.

6. Account Executives were required to make at least 100 sales calls per day if we had a significant number of applications in process. Otherwise, we were required to make 150-200 sales phone calls per day. I recall on at least one occasion, that the regional manager (to whom the area managers reported) came to the Plymouth branch and told the Account Executives that we needed to be closing at least 8-10 loans per month in order to get any promotion.

7. Additionally, in the context of describing performance expectations, I

recall on at least one occasion that an area manager made light of, and even bragged about, the high turnover rate among Account Executives when they failed to close the requisite number of loans per month. The area manager was responsible for at least several branch offices within Minnesota.

8. Ameriquest's compensation plan was structured so that Account Executives would not make any significant amount of money until we reached a certain sales volume. For example, there was one bonus for the number of closed loans. Originally, Account Executives would receive this bonus for closing 5 loans in a month. During my tenure at Ameriquest, the quota for this bonus was increased to 8 loans a month and then to 10 loans a month. Additionally, commissions were based upon revenue generated through closed loans. Account Executives had to generate substantial revenue before they could earn any significant commission. The sales goals and quotas at Ameriquest were aggressive, and far exceeded the typical sales volumes at Household Finance, where I worked as an account executive prior to my employment with Ameriquest.

9. Ameriquest's corporate office in Orange, California, sent all Ameriquest Account Executives daily telemarketing leads through Ameriquest's computer system. I believe Ameriquest started using the SNAP system at some time after I began working with Ameriquest in September 2002. When the SNAP system was used, the leads were loaded into the SNAP system. Prior to that, telemarketing leads were available through the computer system that Ameriquest used at the time.

10. Ameriquest also provided Account Executives such as myself with scripts to use in convincing customers to go through with a loan transaction. When the SNAP system was in use, Ameriquest's scripts were included within the SNAP system. Prior to that, scripts

were available through the computer system that Ameriquest used at the time.

11. During my tenure at Ameriquest, the vast majority of the mortgage loans I completed were "2/28s" – an adjustable rate mortgage loan that is fixed for 2 years and then adjusts upwards based upon the LIBOR (the London Inter-Bank Offer Rate, *i.e.*, the interest rate that banks charge each other for loans, and which is officially fixed once a day by a small group of large London banks). These loans also had a 3-year prepayment penalty provision that would subject borrowers to a penalty payment if they attempted to refinance out of their loan before three years had expired.

12. Ameriquest taught and encouraged Account Executives through scripts and otherwise to promote mortgage loans as a means of consolidating existing unsecured debt (including even such debt as automobile loans) with Ameriquest, and to mislead customers into believing that such loans would save them money when they would not.

13. Ameriquest trained and encouraged Account Executives through scripts and otherwise to encourage borrowers to take cash out from their mortgage loans for things such as home repairs or vacations, in order to increase the total loan amount.

14. Ameriquest taught and encouraged me and other Account Executives to inflate the stated value of the customer's property for the purpose of qualifying them for a refinance loan. I recall an Ameriquest area manager indicating that appraisal values should regularly be pushed by at least 10-15%. This area manager oversaw at least several Ameriquest branches in Minnesota. Ameriquest taught and encouraged me to use its relationships with certain appraisal companies to request specific (generally inflated) appraisal figures, and the appraisal reports I received usually reflected such figures. Ameriquest made it clear that they would not continue to give business to appraisers who did not come in with the "right" appraisal

values.

15. It was a common and open practice at Ameriquest for Account Executives to forge or alter borrower information or loan documents. For example, I saw Account Executives openly engage in conduct such as altering borrowers' W-2 Forms or pay stubs, photocopying borrower signatures and copying them onto other, unsigned documents, and similar conduct.

16. The culture at Ameriquest encouraged Account Executives to engage in any conduct necessary to close the loan, to close the loan as quickly as possible, and to maximize the total loan amount.

17. I was taught and encouraged to close loans without regard to the customers' financial ability to make payments on the loan.

18. Ameriquest taught and encouraged Account Executives to close loans under any circumstances. In fact, Account Executives were commonly told to "say anything" or "do anything" they needed in order to close loans. It was common practice and part of the culture at Ameriquest to mislead borrowers in at least the following ways:

a. Account Executives regularly lied to and misled borrowers about their credit scores. Account Executives were encouraged to tell customers that their credit score was so low that they could not get a better loan anywhere else, and to imply that Ameriquest was doing them a favor by giving them a loan or that the loan was a stretch;

b. Account Executives regularly concealed or obfuscated the existence of the prepayment penalty in Ameriquest loans;

c. Account Executives regularly concealed or obfuscated that a loan was an adjustable rate mortgage, rather than a fixed. In fact, it was common practice for Account Executives to refer to adjustable rate loans as "fixed adjustable" loans;

d. Account Executives regularly concealed from borrowers that the payoff for the borrower's existing loan included a prepayment penalty, and often this meant that the borrower would receive less cash out of the refinance than promised;

e. I was taught and encouraged to conceal or obfuscate specific loan terms and specific figures, including the amount of fees, the interest rate, and the monthly payment amount;

f. I was taught and encouraged not to disclose the fact that a customer's loan did not include monthly escrow payments for property taxes and insurance, and to let customers believe that the monthly payment amount included such payments;

g. If potential borrowers discovered the existence of the prepayment penalties or had other objections, I was taught and encouraged to mislead them by telling them that Ameriquest would waive the prepayment penalty if they refinanced within the next 6 months;

h. I was taught and encouraged to tell customers that they could qualify to refinance at a better rate in the near future if they increased their credit score, when in fact they could not (and the refinance would be subject to a prepayment penalty within the first three years); and

i. When borrowers sought to exercise the right to cancel within the one-week period Ameriquest represented that it offered to its borrowers, Account Executives regularly told the borrower that the time to cancel had passed, and that he or she no longer had the right to cancel.

I declare under penalty of perjury under the laws of the State of Minnesota, that the foregoing is true and correct. Signed this 23 day of January, 2007, at Minneapolis, Minnesota.

Mark Borchill

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