

From: Ability Mortgage Group, LLC, Peter Dellane  
Subject: Reg Z - Truth in Lending

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Comments:

I am a Mortgage Broker licensed in the State of Maryland and Virginia. Let me note that I have been in the industry for almost 20 years and have owned my company since 2001. Ability Mortgage Group, LLC my company, has been a member of the Better Business Bureau and let me note that I have never had one complaint with the State or the BBB. Taking away the ability to be compensated via yield spread premium based on an interest rate that is charged to a borrower will only hurt the consumer and give the bigger banks more control. I have made a living being compensated off of yield spread premiums and not charging points to borrower unless there were actual pricing hits for the loan due to LTV, purpose, etc that were actual Fannie and Freddie hits and have saved borrower thousand by the lower interest rate. Some borrower choose (but very few) to pay points to buy the rate down and that would be a case for charging points but we educate the borrower so it has to make sense. I have not abused yield spread premium and work off of smaller margins and on average have saved borrowers between .25 and .375 in rate rather than having them get a retail rate from the bank.

This type of compensation is the same as car dealerships charge for their financing, and if you think about it is the American Way for almost any business. This will give the big banks more control and give the consumer less competition to shop with.

The bad guys have already left town! They are out of the industry, the subprime market is gone and that was the market that needed to be policed. The rules have tightened so much that they need to find another industry to hide in. Make no misstate this industry needs to be policed but it is not the Broker that has put us here-each loan has to be underwritten by a bank and the banks checks and balances were way out of wack due to greed.

Taking YSP away from the Brokers in a new lending environment that has much better checks and balances established now will take away competition and allow larger banks charge higher fees and rates. I have been contacted already by a couple of banks to trade under their name as a net branch so I could be compensated with YSP because they are not targeted with this new rule. These banks are assuming that this rule has passed and are offering packages already to get us to sign with them and I would have higher costs and higher rates that would be passed over to the consumer.

Brokers will go out of business next year if this rule passes because consumers do not want to pay broker fees or points to obtain a mortgage on average. 99.9% of my borrowers are looking for the best rate and lowest fees and that is found via a Broker.

Peter Dellane  
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