

From: GBS Financial Corporation, Gary B Seney
Subject: Reg Z - Truth in Lending

Comments:

Date: Dec 07, 2009

Proposal: Regulation Z - Truth in Lending - Closed-end Mortgages
Document ID: R-1366
Document Version: 1
Release Date: 07/23/2009
Name: Gary B Seney
Affiliation:
Category of Affiliation:
Address:

City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

I want to express my disapproval of the proposed legislation concerning Yield Spread Premium (YSP) for the mortgage broker. I have been a mortgage lender, mortgage banker, and now a mortgage broker. In every form of mortgage lending, there has always been YSP being paid to my organization. I am now a broker because I am an entrepreneur and want to benefit from my expertise and hard work. As a broker, I have "always" provided the same or, most of the time, better interest rates than my competition, including the "big banks." In providing this exceptional experience for my clients, I have also earned YSP on their mortgage loan. How is this possible without "taking advantage of the client?" Because every player in the marketplace is earning YSP. The reason I normally have lower interest rates than my competition is because these players have higher overhead than myself and I have multiple outlets from which to secure interest rates for my clients. Knowing this for not only me but for the vast majority of brokers in the United States, there must be other reasons for this action to be considered. What about the other provisions of this new change for brokers. It will increase my internal costs and the costs of the lender with which I do business. I would have to have multiple agreements with each lender. Our industry would experience increased costs of doing business. Ane for what benefit? I know a few "bad apples can spoil the barrel." This is true. In my area (Atlanta metroplex) these bad apples were found in the large lenders and large bank holding companies. They weren't in the brokerage industry. We are independent without large advertising budgets. Our reputations are on the line everytime we assist a borrower with the greatest purchase of his lifetime. This idea has been batted around for many years (I have been making mortgage loans since 1972.) It goes like this: Let's level the playing field and either require all "PLAYERS" to either disclose YSP or not disclose YSP. This would truly help the borrower to look at the playing field in a level perspective and make an intelligent decision on

which mortgage provider to use; which mortgage provider has the best "offer."
In my opinion the borrower/client wants to know two primary things: What is the interest rate being charged on my loan and what are the costs to me in this transaction. He doesn't care about the APR, especially since it doesn't include all of the "costs" of the transaction. He wants to know how much it will cost him and what will be his monthly payment. It's really that simple; it's not complicated. I hope you will consider these arguments and opinions from a long term veteran of this industry, from the president of a Savings & Loan to an owner/broker and everything in between. Thank you for allowing me to comment on this important piece of legislation. Sincerely, Gary B. Seney
GBS Financial Corporation