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**Subject:** Regulation Z

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The Federal Reserve is about to make a huge mistake by a) barring lenders from making loans when they don't have proof, or verification, of a borrower's income; b) prohibiting lenders from engaging in a pattern or practice of lending without considering a borrower's ability to repay a home loan from sources other than the home's value. It is neither "unfair" nor "deceptive", a priori, for a lender to make a loan without regard to credit history or ability to repay the loan. In fact, when the borrower has full knowledge concerning the parameters of the transaction, a mortgage loan made without regard to credit history or proof of income, relying strictly on the value of the underlying asset, is eminently fair. Moreover, this type of loan transaction, when both parties have full knowledge, can be extremely beneficial to the borrower and to the economy at large. Borrowers have many reasons for borrowing and many ideas as to how they plan to repay the loan. Some borrow in order to start small businesses. Others borrower in anticipation of selling a home. Others have situations where it is difficult or overly inconvenient to prove their income. The Federal Reserve should not be implementing rules which prohibit borrowers from using the stored up value in their asset to borrow the money they need to fulfill their dreams. By implementing the rules itemized above, the Federal Reserve is doing nothing more than kowtowing to the political pressure to do something about the current sub-prime mortgage problem instead of allowing markets and the capitalistic system to sort out the problem on its own. There is a valid place in the mortgage market for loans made without regard to credit history, proof of income or ability to repay, relying on the value of the underlying asset as collateral for the loan. These types of loans are not inherently "unfair" nor "deceptive." The Federal Reserve should focus on making sure these types of loans remain available with the proviso that borrowers be provided with all the information necessary to make a fully informed decision concerning the transaction. Sincerely, Mark Warshal Fairway Consumer Discount Co. PO Box 12 Luzerne, PA 18709