From: Fairway Consumer Discount Company, Mark Warshal

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Comments:

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Name: Mark Warshal
Affiliation: Fairway Consumer Discount Company
Category of Affiliation: Commercial
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

My comments are directed specifically at Section 226.42 (d)(1)(i). "In general. No person preparing a valuation or performing valuation management functions for a covered transaction may have a direct or indirect interest, financial or otherwise, in the property or transaction for which for which the valuation is or will be performed." ......Throughout the country there are many small (less than 20 million in assets), independently owned loan companies like mine serving our local communities. We are often single branch operations. We take our own loan applications, we do our own title searches, we see the property we are using as collateral with our own eyes, we make reasonable loans against the properties, and we service the loans we make. If it is a bad loan, we lose our own money. We have every incentive in the world to be conservative and to make a good loan......There is something wrong with a regulation that says that I cannot value a property myself, decide if and how much I want to lend on that property, risk my own money, and make a loan against the property.....There is absolutely no way to separate the person who values the property (me) from the person who decides if the loan should be made (me), and I would not have it any other way......I recently saw an appraisal which was done for a large FHA approved lender (the loan was turned down due to credit). The appraisal was ordered through a 3rd party in accordance with the HVCC rules. The appraiser lived 30 miles away. The property was appraised at $208,000. I went to see the property myself. I guarantee you that this property would not sell for more than $80,000 on its best day. The appraiser had used comps from the best street in a neighboring town. I have never seen a worse estimate of value in my life......My points is, the rush to re-regulate the mortgage market is already choking the ability of consumers to get loans. The family owned, small finance company serving the local market is one of the few remaining options for consumers with even slightly impaired credit. The firewall that you are trying to put up to separate the appraiser from the decision maker does not make sense for us. In fact, it will only increase the cost of the loan. Currently, my borrowers do not pay for an appraisal because I see the property myself. If this rule goes into effect, I will have to charge the customer for an appraisal, which I will ignore because appraisals always overstate the value of a property. I will still see the property myself, and I will still make my decision based upon my own observations.......You need to make an exception for my type of situation, the family owned and operated independent finance company serving the local market.