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Comments:

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Comments:

I offer to you my opinions on several items regarding the proposed changes to Regulation Z. My opinions are based upon my 17 years of experience making real estate secured loans. Comment #1: Should the more precise definition of business day be used to facilitate compliance with the 7 business day waiting period requirement? The 7 business day waiting period should be based upon the precise definition of Business Day. Here is why. Using the general definition, a small business which is only open Monday through Friday would be at a competitive disadvantage to a large national lender who might have the resources to be open 7 days a week. Using the general definition, a 7 day a week lender could take an application and send the required pre-disclosures on a Monday and be able to close the loan the very next Monday. Whereas, a 5 day a week lender would not be able to close that very same loan until the next Wednesday, a two day difference. This difference is because the general definition is tied to the circumstances of the business lending the money. However, if the specific definition is used, a 5 day a week lender and a 7 day a week lender that take a loan application on a Monday will both be able to close the loan (assuming no intervening holidays) Tuesday of the next week. The theory is simple. Use the general definition when requiring lenders to send out information. This way, a small lender who is closed on Saturdays and Sundays can take an application on a Thursday and get the pre-disclosure out by Monday of the next week, the third business day (general definition) after taking the application. The 7 day a week lender needs to send out the pre-disclosure by Saturday. Use the specific definition when setting waiting periods from a defined event. This way, every lender has to wait the same amount of time for such things as the 3 day right to cancel and the 7 day waiting period before consummation of the loan. Consistency and fairness require the specific definition be used when counting the number of days to wait after the pre-disclosure is sent. Comment #2: Procedure for Consumers to Waive the Waiting Period Before Consummation. The Board should be extremely cautious in doing anything which makes it easier for a consumer to waive his

waiting period before consummation or his 3 day right to cancel. Lenders are continually pressured by consumers to do things quickly. As a lender I am never willing to allow a consumer to waive any rights because the possibility of litigation in the future is way too great. Anything which the Board were to do to make it easier for a consumer to waive his rights might send a signal to some lenders that they can offer this waiver more readily. This puts small businesses who cannot afford to litigate at a competitive disadvantage to large lenders who are more willing to take on increased litigation risk for the sake of making more loans today no matter what the future cost. Comment #3: Circumstances other than foreclosure which constitute a bona fide personal financial emergency. What a can of worms you have opened up here! The list of possible bona fide personal financial emergencies is endless. Tax sales, gas and water shutoff deadlines, tuition deadlines, emergency funds to buy a car, money to get a child out of jail. Who is to say what constitutes a bona fide personal financial emergency for someone else? Now you see that the devil is in the details and this waiver option, which seemed so reasonable at first blush, is practically impossible to codify. Congratulations to all you recent law school graduates out there. You would be well advised to specialize in banking law. There is going to be a lot more litigation opportunities for you in the future, and don't forget to thank the Federal Reserve and Congress. They made it all possible.