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October 15, 2007

**By Electronic Mail**

Office of the Comptroller of the Currency  
250 E Street, SW  
Mail Stop 1-5  
Washington, DC 20219  
Attention: Docket Number OCC-2007-0013

Regulation Comments  
Chief Counsel's Office  
Office of Thrift Supervision  
1700 G Street, NW  
Washington, DC 20552  
Attention: No. 2007-0016

Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551  
Attention: Docket No. OP-1292

Mary Rupp  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

Robert E. Feldman  
Executive Secretary  
Attention: Comments  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429

**Re: Proposed Illustrations of Consumer Information for Subprime  
Mortgage Lending**

Ladies and Gentlemen:

The American Financial Services Association ("AFSA") hereby submits this comment letter regarding the proposed Illustrations of Consumer Information for Subprime Mortgage Lending ("Proposed Illustrations") issued for public comment on August 14, 2007, by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, National Credit Union Administration, and the Office of the Comptroller of the Currency (collectively, the "Agencies").

AFSA, founded in 1916, is the trade association for a wide variety of consumer finance companies. AFSA's mission is to protect and improve the consumer credit

business, maintain a positive public image, and create a legislative climate in which reasonable credit regulation can and will be enacted. AFSA operates in the public interest, encourages and maintains ethical business practices, and supports financial education for consumers of all ages.

AFSA commends the Agencies in their endeavor to provide greater clarity for consumers attempting to better understand the mortgage process so that they can choose the best product that meets their individual financial circumstances and believes that the proposed illustrations generally disclose the consumer information contemplated in the Statement on Subprime Mortgage Lending (“Statement”). However, AFSA believes that Proposed Illustrations should be modified to reflect problems that lenders will have in providing certain aspects of the Illustrations as early in the loan origination process as the Statement has suggested they should be given (even prior to application stage). At that early stage, a lender will not know the terms of the product that the consumer will choose, such as whether there will be a prepayment penalty, whether there will be escrow of taxes and insurance, whether the product will be a “stated income loan” and whether the loan will have a balloon payment. Lenders may also choose to place the illustrations on their websites, so proposed Illustration 1 should be slightly modified to reflect for example, that “your loan may have a balloon payment”, “your loan may have a higher price because of reduced documentation” and “your monthly payment may not include an amount to cover taxes and insurance”.

AFSA would also recommend that Illustration 2 of the Proposed Illustrations of Consumer Information for Subprime Mortgage Lending be revised so that it can be given as part of Illustration 2 from the Final Illustrations of Consumer Information for Nontraditional Mortgages. Again, both illustrations are to be disclosed early in the lending process, and lenders will in many instances have to provide both in marketing materials, which have the likelihood of confusing the consumer and not providing the consumer with comparable information at the same stage to assist the consumer in selecting his loan product.

AFSA appreciates this opportunity to provide its views to the Agencies in connection with the important topics addressed in the Statement. If it would be helpful to the Agencies, we would be happy to make AFSA staff and member firm personnel available to meet and discuss any of the points raised in this letter. Please address any questions or requests for additional information to the undersigned at (202) 466-8616.



Bill Himpler  
Executive Vice President  
Federal Affairs