

State of Rhode Island and Providence Plantations

REPRESENTATIVE
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Committee on Corporations

Joint Committee on
Naming State Constructions

206

House of Representatives

June 18, 2002

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
VIA FAX: (202) 906-6518
VIA EMAIL: regs.comments@ots.treas.gov

Re: Docket No. 2002-17, the Alternative Mortgage Transaction Parity Act, Preemption

To Whom It May Concern:

I write to strongly urge the OTS to move forward with its new proposed regulations regarding the federal Alternative Mortgage Transaction Parity Act (AMTPA) as drafted.

As an elected official concerned about the impact of predatory lending on my constituents and borrowers across the country, I feel strongly that OTS regulations must not allow state housing creditors to evade state law limitations on prepayment penalties and late fees. High and extended prepayment penalties frequently play an extremely damaging role in the sub prime market, hiding the real costs of credit, trapping borrowers in high rate loans, and stripping equity when loans are refinanced.

Given the past and continuing abuses around prepayment penalties on high-cost home loans, states and localities should be able to limit prepayment penalties, as well as late fees, on adjustable-rate mortgages made by state housing creditors, just as they have that authority on fixed-rate mortgages. As the OTS notes in its supplementary information, "prepayment penalties and late fee provisions are not intrinsic to the ability to offer alternative mortgages."

Thirty-five states already have consumer protections on the books against abusive prepayment penalties, and other states are considering taking similar steps. The decisions made by elected officials in those states should be respected by the OTS. The proposed rule would enhance the credibility of the regulatory process without restricting access to credit.

Thank you for your consideration.

Sincerely,

Representative John J. McCauley, Jr.
Deputy Majority Leader
District -1

JJM/mmm