

Evans, Sandra E

From: Jenn Zorn [JZorn@NJLEAGUE.com]
Sent: Monday, June 24, 2002 3:08 PM
To: 'regs.comments@ots.treas.gov'
Subject: New Jersey League Comment letter re: Alternative Mortgage Transaction Parity Act; Preemption Docket No. 2002-17; RIN 1550-AB51

Importance: High

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June 24, 2002

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Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington,
DC 20552
Attention: Docket No. 2002-17

Re: Alternative Mortgage Transaction Parity Act;
Preemption
Docket No. 2002-17; RIN 1550-AB51

Dear Sir or Madam:

The Residential Lending/Affordable Housing Committee of the New Jersey League of Community Bankers* ("the committee") is pleased to provide comments on the proposed amendments to regulations that would no longer identify the OTS regulations on prepayment and late charges for state housing creditors.

The committee believes that state chartered depository institutions have not been the cause of abuses of the existing OTS parity regulations. State chartered depository institutions are closely regulated in a similar manner to federally chartered savings associations. This includes regular examination by a primary federal regulator (for League members, either the OTS or the FDIC).

New Jersey law currently prohibits prepayment fees and for state savings and loan associations, limits late fees to 4% of the late payment. The committee believes that for alternative mortgage transactions, state chartered depository institutions should continue to be permitted to moderate prepayment risk through the assessment of prepayment fees. The committee also believes that to encourage the timely payment of alternative mortgage loans, state chartered depository institutions should continue to be able to follow the Freddie Mac/Fannie Mae mortgage document standards of

5% of the principal and interest on the late payment. Continuing to provide this parity will also help to preserve the dual banking system.

The committee appreciates the opportunity to provide these comments on the proposed regulations.

Sincerely,
James R. Silkensen
Executive Vice President

JRS/jz

* The New Jersey League of Community Bankers is a trade association representing 70 of New Jersey's savings banks and savings & loan associations with total assets of over \$50 billion and 6 commercial banks.

The League's wholly-owned subsidiary, the Thrift Institutions Community Investment Corporation ("T.I.C.I.C.") assists League members in forming consortia to make loans on low-to-moderate income housing projects. T.I.C.I.C. has facilitated loans on over 3,100 affordable housing units throughout New Jersey and has loans in process on over 1,100 more housing units.