

Kevin Graff
Town Councilman Glastonbury, CT
245 Griswold Street
Glastonbury, CT 06033

June 17th, 2002

153

The Honorable James E. Gilleran
Director, Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Re: Docket No. 2002-17

Dear Director Gilleran:

I write to you in opposition to the April 25th proposed changes to the Alternative Mortgage Transaction Parity Act. By striking prepayment and late payment fees from the Office of Thrift Supervision (OTS) regulations each consumer/ borrower will not be given a fair opportunity to choose the mortgage plan that best suits their financial situation. By restricting prepayment fees OTS would be taking away the possibility of borrowers receiving lower interest in mortgages of 2-5 years.

Furthermore, even in a mortgage of over five years, where a point system will return a lower interest rate to the borrower, the benefit will only be short lived since prepayment penalties have always been considered in every lender's risk-return calculations. The absence of prepayment penalties in these risk-return calculations would require higher interest rates that would put homeownership out of reach for many of the people OTS is trying to help by eliminating these fees.

The Parity Act has been among the most successful federal initiatives of recent years. The Act fosters healthy competition and creativity between national and state lenders, it has reduced down payments and monthly payments, and perhaps most importantly, has enabled Americans with relatively low or moderate incomes to own their own homes.

In my position as a member of the Glastonbury, Connecticut Town Council I actively address housing issues for my constituents, especially the affordability of home mortgages for working class families, and for this reason I urge you to oppose any changes to the Parity Act.

Sincerely,


Kevin Graff
Two Term Member of the Glastonbury Town Council