

UNIDOS PARA LA GENTE
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May 24, 2002

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

Attn: Docket No. 2002-17

Dear Sirs:

As a member of the National Community Reinvestment Coalition, Unidos Para La Gente strongly supports the proposed changes to the Office of Thrift Supervision's regulations implementing Alternative Mortgage Transaction Parity Act (AMTPA). In combating predatory lending we repeatedly have seen unscrupulous lending institutions using prepayment penalties to trap borrowers in abusive loans. Borrowers have also faced stiff late fees associated with abusive loans. Current AMTPA regulations have facilitated proliferation of prepayment penalties and late fees in predatory loans.

AMTPA has outlived its usefulness to provide state-chartered institutions the ability to offer adjustable rate mortgages (ARMs) and other alternative mortgages.

The OTS correctly notes in its proposal that prepayment penalties and late fees are not integral elements of alternative mortgages. All states but one now allow ARMs, indicating that AMTPA is no longer needed. Predatory lenders are using AMTPA and the existing OTS regulations to evade state law on alternative mortgages and prey upon unsuspecting and vulnerable borrowers. Unidos Para La Gente emphasizes how urgent it is to remove AMTPA's pre-emption of state limits regarding prepayment penalties and late fees on alternative mortgages.

We wish that OTS had made its proposal stronger by adopting a 2-year limitation on prepayment penalties for alternative mortgages issued by all institutions it regulates, and by stipulating the maximum amount of prepayment penalty at 1% of the loan amount.

Unidos Para La Gente believes that limiting prepayment penalties across the board would have achieved a greater degree of uniformity for the different institutions. If a better approach is not adopted by OTS, we strongly urge the OTS to diligently hold to its proposal in the face of industry calls to weaken its proposed regulatory changes.

We applaud the OTS for its AMTPA regulations change proposal and urge the implementation as quickly as possible following the public comment period.

Sincerely yours,
Mary Compton
Mary Compton

cc: National Community Reinvestment Coalition