



170

June 21, 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

Dear Sir or Madam:

I write on behalf of the National Community Capital Association, a national network of community development financial institutions, in support of the recent Office of Thrift Supervision (OTS) proposal concerning the Alternative Mortgage Transaction Parity Act. This proposal would help protect the wealth of American homeowners by stopping unregulated finance company lenders from utilizing federal thrift preemption of state consumer protection laws concerning prepayment penalties and late fees in alternative mortgages.

As the OTS rightly recognizes in its notice of proposed rulemaking under the Alternative Mortgage Transaction Parity Act (the "Parity Act"), "prepayment penalties and late fee provisions are not intrinsic to the ability to offer alternative mortgages." Virtually every mortgage loan, either alternative or traditional, includes late fees. Further, prepayment penalties have become part and parcel of the way in which unscrupulous and largely unregulated lenders strip homeowners of home equity, the single most valuable financial asset held by the vast majority of American families. The crucial point is that inclusion of either late fees or prepayment penalties do not make a loan an alternative mortgage transaction.

When faced with regulation or new laws that propose to curb predatory lending or limit high-cost loans, many affected lenders argue that such regulation would leave the people and neighborhoods who are their customers without access to credit. This is simply not true. The nationwide network of CDFIs are responsible sub-prime lenders that invest in underserved people and communities and provide counseling and financial education as part of their lending and investment activities.

Removing prepayment penalty and late fee provisions from 12 C.F.R. 560.220 is wholly in keeping with the legislative history of the Parity Act, which was intended to narrowly preempt provisions in state laws interfering with the ability of state-chartered lenders to make alternative mortgages, such as adjustable-rate mortgages, when many states prohibited such loans. As OTS has recognized, it is not necessary to preempt state law provisions on prepayment penalties and late fees for alternative mortgages in order to facilitate such loans. The Parity Act was never intended as a wholesale replacement for state law and this proposed change rightly restores OTS regulations that had been in effect for well over a decade after the Parity Act's enactment in 1982.

The Community Reinvestment Act is constrained today by outdated regulations that do not adequately recognize ~~seismic shifts in the financial services industry~~ financial reform laws, bank

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mergers, credit card banks, and Internet banking raise concerns about how structural changes in the financial services industry will impact poor people and underserved communities. This proposal is one way of closing that gap between the reality of the financial services industry and the regulatory framework in which it operates.

We appreciate the OTS and the Department of Treasury taking the action against predatory lending. OTS implementation of this rule as proposed would be a key step to stopping the predatory mortgage lending abuses that are undermining the economic security of far too many American families.

Sincerely,

A handwritten signature in black ink that reads "Mark Pinsky". The signature is written in a cursive, flowing style.

Mark Pinsky

President and CEO