

Tim Herbst
Member
Trumbull Planning & Zoning Commission
State of Connecticut
11 Lynnbrook Road
Trumbull, CT 06611

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June 19, 2002

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:

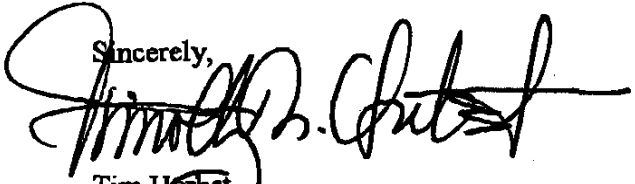
I urge you not to follow through with the proposed changes to the Alternative Mortgage Transaction Parity Act that the Office of Thrift Supervision (OTS) announced on April 25th. By getting rid of prepayment and late payment fees from OTS regulations each consumer/ borrower will not be given a fair opportunity to choose the mortgage plan that best fits their desired payment schedule.

Specifically, by restricting these prepayment fees OTS would be taking away borrowers possibility of receiving lower interest in mortgages of 2-5 years. 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. Without prepayment penalties and late fees in these risk-return calculations lenders would be forced to increase their interest rates. Such a raise in interest rates would most definitely put homeownership out of reach for many of the people OTS is trying to help by eliminating these fees.

How does OTS plan on keeping lender interest rates down without late and prepayment fees while also giving lenders the opportunity to extend the same amount of credit to its customers? I cannot see that there is any way to accomplish both of these goals without prepayment and late payment fees. Therefore, once again I implore you to not follow through with the April 25th proposed changes to the Parity Act.

During my time on Trumbull Planning and Zoning many of the projects that I have approved and initiatives that I have supported would not have been possible without mortgages that the Parity Act has made feasible. Please leave the Parity Act as it is and let it continue to give mid-income and low-income borrowers the opportunity to own their own homes.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Herbst", written in a cursive style.

Tim Herbst
Member

Trumbull Planning and Zoning Commission
Trumbull, Connecticut