

June 24, 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

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**RE: Docket No. 2002-17, the Alternative Mortgage Transaction Parity Act, Preemption**

Dear Sir or Madam:

The undersigned write to express support of the recent Office of Thrift Supervision (OTS) proposal to 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.

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.

In conclusion, we would like to thank the OTS and its staff, as well as the Treasury Department, for its diligent efforts to address predatory lending through this rulemaking. 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,

(Note: \*\* denotes organizational sign-on. In other cases organization is listed for identification only.)

American Association of Retired People\*\*  
Hilary Shelton, NAACP\*\*  
Association of Community Organizations for Reform Now (ACORN)\*\*  
Consumer Federation of America \*\*  
John Taylor, National Community Reinvestment Coalition\*\*  
Allen Fishbein, Center for Community Change\*\*  
Margot Saunders, National Consumer Law Center \*\*

National Council of La Raza, Washington D.C.\*\*  
Ira Rheingold, National Association of Consumer Advocates\*\*  
Consumers' Union\*\*  
U.S. Public Interest Research Group (U.S. PIRG)\*\*  
National League of Cities\*\*  
National Congress for Community Economic Development\*\*  
National Community Capital Association \*\*  
Shanna L. Smith, National Fair Housing Alliance\*\*  
Denis Murphy, Civil Justice, Inc. Baltimore, MD\*\*  
Alan Fisher and Kevin Stein, California Reinvestment Committee\*\*  
Bob Radcliff, Capital District Community Loan Fund, Albany\*\*  
Coastal Enterprises, Inc.\*\*  
National People's Action\*\*  
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Ivan Parra, Executive Director, El Centro Hispano, Durham NC\*\*  
Phillip Ayscue, Firestone Office Federal Credit Union\*\*  
Steven J. Schueth, First Affirmative Financial Network, LLC, Colorado Springs, CO\*\*  
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John Parker, Good Work, Durham North Carolina\*\*  
Greater Rochester Community Reinvestment Coalition\*\*  
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