

**From:** Toni Downes [tonid@wroinc.org]  
**Sent:** Thursday, April 26, 2007 4:56 PM  
**To:** Comments, Regs  
**Cc:** Veronica Raphael 1; jsilver@ncrc.org; vacquah@wroinc.org  
**Subject:** Comments on proposed subprime guidance



Westchester Residential Opportunities, Inc.  
470 Mamaroneck Avenue Room 410  
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April 26, 2007

Regulation Comments  
Chief Counsel's Office  
Office of Thrift Supervision  
1700 G Street NW  
Washington, DC 20552  
Regs.comments@ots.treas.gov

Attention: Docket No. 2007-09, proposed subprime guidance.

Dear Sirs:

We agree with the National Community Reinvestment Coalition that the proposed extension of guidance to subprime lenders will lessen mortgage defaults and foreclosures, lessening risks to consumers. While we feel that it would be advisable to also extend guidance to prime market lenders, we support your intention to further regulate these risky loans. We urge your agency to implement these proposed changes as soon as possible.

In order to truly expand market participation and financial access to low-moderate income families, secure and responsible means of extending credit must be encouraged. Your proposed guidance will ensure that borrowers will be able to afford subprime adjustable rate (ARM) loans because it requires lenders to assess the borrower's ability to repay the loan at the maximum interest rate. Currently, many subprime lenders are assessing repayment ability at the low, initial rate, which will cause several borrowers to default when the interest rate increases. Westchester Residential Opportunities, a HUD certified housing counseling agency, is seeing these families in our offices now. In the first quarter of 2007 WRO has already responded to over 80 households in default. Many borrowers who took out 2/28 and 3/27 subprime loans now face unaffordable monthly housing payments.

Based on a report released by the Westchester County Clerks office, 527 foreclosures were commenced during the first quarter of 2007. This figure marks a 39% increase over the first quarter of 2006, and a 116% increase over the first quarter of 2005. These increases follow national trends that have been attributed to a slower housing market and an increase in sub-prime mortgage issued to individuals with poor credit, minimal savings or low incomes in exchange for higher interest rates. WRO assisted over 80 families in the past six months with mortgage default issues.

Additionally, we urge that your office do everything it can to encourage lenders to let consumers in trouble know about local housing counseling groups as early as possible in the default cycle. WRO has sources of funds available to help with month's mortgage payment, but early intervention is a key ingredient of stabilizing these tragic situations.

Thank you for your consideration of this important matter. If you have any questions, please contact us at either of the contact numbers listed below.

Sincerely,

Veronica Raphael  
Mortgage Default Counselor

Toni Downes  
Executive Director

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cc. National Community Reinvestment Coalition

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