

July 5, 2000

Manager, Dissemination Branch
Information Management & Services Div.
Office of Thrift Supervision
1700 G Street, N.W.
Washington, DC 20552

Attn: Docket No. 2000-34

Dear Office of Thrift Supervision:

As a Housing Counselor, I would like to comment on OTS' Responsible Alternative Mortgage Lending rulemaking, Docket N. 2000-34. I see first hand the devastation brought on families, children and communities as a result of subprime and predatory lending practices. It is time for the OTS to reign in, through regulation, not only the traditional federal thrifts that have begun to market subprime loans but also the finance companies that have historically blighted communities with their lending practices and are now applying for thrift charters.

Please consider regulations to prohibit thrifts and their subsidiaries from originating, purchasing or facilitating loans with characteristics such as, prepayment penalties, balloon payments, financed credit insurance or debt cancellation/suspension agreements and fees in excess of 3% of the loan amount as defined by HOEPA.

The OTS must consider revising its Alternative Mortgage Transaction Parity Act regulation (12 CFR 560.220.) to remove prepayment penalties and late fees from the list of applicable regulations in order to allow individual states a better opportunity for regulating non-depository creditors. As it is now, a loop-hole exists that enables housing creditors to avoid state law restrictions on prepayment penalties and late fees by structuring loans as alternative mortgages, with either adjustable rates or a balloon payments. This happens to allow unregulated, non-depository institutions the best of both worlds; the benefit of federal thrift preemption without any obligation to agency regulation. Certainly the Government's encouragement for making questionable home loans could not have been the original intent of the Parity Act. Therefore, the OTS should consider making a recommendation to Congress to repeal the Act thereby enabling states to restrict high cost, deceptive lending practices.

Your consideration is greatly appreciated.

Sincerely,



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