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May 21, 2002

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, D.C. 20552
Attention: Docket No. 2002-17

To Whom It May Concern:

The Cleveland Neighborhood Development Corporation (CNDC) is the trade association for nonprofit community development corporations (CDCs) in Cleveland. Our membership includes close to 50 CDCs and upwards of 60 other organizations involved in neighborhood revitalization and community and economic development. CNDC strongly supports the proposed changes to the Office of Thrift Supervision (OTS)'s regulations implementing the Alternative Mortgage Transaction Parity Act (AMTPA). Cleveland CDCs have repeatedly seen instances and damaging results of predatory lending. We believe that current AMTPA regulations have facilitated the proliferation of predatory lending by allowing preemption of state limits regarding prepayment penalties and late fees on alternative mortgages.

After AMTPA was passed in 1982, the Federal Home Loan Bank Board and the OTS granted state-chartered thrifts and non-depository institutions preemption under AMTPA from state law on alternative mortgages so that they could offer ARMs and other alternative mortgages. At first, the Bank Board and the OTS did not allow institutions to preempt state law on alternative mortgages that limited prepayment penalties and late fees. In 1996, the OTS changed course and began to allow for this, fueling the increase in predatory lending in recent years. The OTS reports that all states but one now allow ARMs. This suggests that AMTPA is no longer needed. Instead, predatory lenders can use AMTPA and the existing OTS regulations to evade state law on alternative mortgages. It is urgent that AMTPA's preemption of state limits regarding prepayment penalties and late fees on alternative mortgages be removed.

Congratulations on your proposed change to AMTPA regulations. We ask that OTS implement this change as quickly as possible after the close of public comment period.

Sincerely,

A handwritten signature in black ink that reads "Mary Helen Petrus". The signature is written in a cursive style and is positioned above the typed name.

Mary Helen Petrus
Director of Policy Development
Cc: National Community Reinvestment Coalition