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MMA®

Stewardship Solutions

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May 23, 2002

Regulation Comments

Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

VIA FAX: (202) 906-6518

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. OTS implementation of this rule as proposed would be a major step forward in stopping the predatory mortgage lending abuses that are undermining the economic security of far too many American families.

Sincerely,

Rodney D. Diller, President & CEO
MMA Trust Company