

June 20, 2002

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D.C. 20552
ATTN: Docket # 2002-17

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To Whom It May Concern:

As a Rhode Island State Senator and leader of the minority community in Rhode Island, I wanted to comment on the proposed changes to the Parity Act as it relates to federal regulation of state-based mortgage lenders.

I understand that the Federal Parity Act has been instrumental in boosting home ownership among minorities by freeing state-based mortgage lenders from the hodgepodge of differing state rules and regulations governing mortgages. This freedom opened the door to a variety of creative, non-traditional loans and fees, such as adjustable rate mortgages that were barred by state regulations. These changes allowed lenders to price loans more effectively and pass along the savings to consumers in the form of lower interest rates, reduced down payment requirements and lower monthly payments – all keys to enabling minorities and low income families to qualify for mortgages.

I'm concerned that the proposed changes would re-expose lenders to a disparate set of rules that vary among the 50 states and the District of Columbia. From a practical standpoint, there are a number of lenders who would likely choose not to write mortgages in certain states to avoid the individual licensing fees each state would charge compared to a single federal licensing fee. That alone could cause a significant drop in the availability of mortgage financing.

I have relevant experience on this issue. As a State Senator, I authored Rhode Island's Community Reinvestment Act relating to banking institutions. My reason for promoting this legislation was out of fear that the federal government would eventually drop its own similar requirements. In essence, I pushed my legislation as a backstop against a federal relaxation of similar rules.

In many ways, I see similarities between the current debate over shifting control of state-based lenders back to the individual states.

I would encourage the Office of Thrift Supervision to maintain the current regulatory structure relating to the Parity Act. Thank you for your consideration.

Sincerely,

Senator Charles D. Walton
Deputy Majority Leader
Rhode Island State Senate

cc: Senator Reed