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June 19<sup>th</sup>, 2002

*Via First Class Mail & Facsimile*

The Honorable James E. Gilleran  
Director, Office of Thrift Supervision  
1700 G Street, NW  
Washington, DC 20552

Re: Docket No. 2002-17

Dear Director Gilleran,

I write to you in opposition to the April 25<sup>th</sup> proposed changes to the Alternative Mortgage Transaction Parity Act. The restriction of state housing creditors from charging prepayment and late fees under the same terms as federally chartered entities will severely limit the borrowers options when looking for the best mortgage rates possible. Specifically, striking prepayment penalties from the Office of Thrift Supervision's (OTS) regulations would take away the possibility of borrowers receiving lower interest in mortgages of 2-5 years. Certain short-term loan programs with prepayment penalties truly offer the best rates with the lowest interest rates; these loan programs would no longer be available with the institution of the April 25<sup>th</sup> changes.

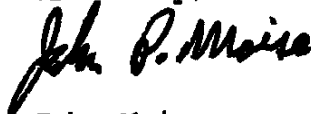
It is imperative the OTS note that prepayment penalties are not inherently "predatory." In fact, such penalties are a legitimate means for borrowers to obtain lower rates. Even in a mortgage of over five years, where a point system, rather than prepayment penalties, will return a lower interest rate to the borrower, the benefit of no penalties will only be short lived since prepayment

penalties have always been considered in every lender's risk-return calculations.

The bottom line is that without the inclusion of late and prepayment penalties in these risk-return calculations lenders will be forced to require higher interest rates that will put homeownership out of reach for many of the people OTS is trying to help by eliminating these fees. By restricting prepayment fees and late fees the choice to offer the best rates and to receive the best rates will be taken away from the responsible borrower and all lenders.

I recognize that the Parity Act has help push home ownership to record levels in America with 67% of American families owning their own homes in 2000, and in addition that the Parity Act has expanded the availability of mortgage credit to millions of previously underserved Americans. For these reasons I urge you to keep the Parity Act on the right track by not making the proposed changes.

Sincerely,



John Moise  
Community Activist  
Town of Southington, Connecticut