

# SPEAKIN' OUT NEWS

Serving Huntsville and The Tennessee Valley Since 1980  
"A Viable Perspective of Multi-Cultural Affairs"

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June 24, 2002

Counsel of the Office of Thrift Supervision  
Washington, D.C.

Sirs:

I am writing you concerning the proposed changes to the Alternative Mortgage Transaction Parity Act. The Parity Act has been a tremendous success as it is currently written. The changes being proposed will negatively impact the citizens that need the most help. As the publisher and editor of a newspaper that serves the entire North Alabama African American Community, I have seen firsthand the positive role this act has played in my community by expanding the availability of credit to young people and minorities that have realized the dream of home ownership.

The Parity Act has been among the most successful federal initiative of recent years. The current language of the Act has served to expand the availability of credit to those who need it most, such as underserved minorities and young couples. The Act has also fostered an environment of creativity and competitions enabling lower interest rates, reduced down payment requirements, and lower monthly payments. This Act has pushed home ownership in American to record levels. In fact, by the year 2000 more than 67 percent of American families owned their own home as a result of this Act.

Critics have proposed changes that will stifle the innovative environment encouraged by the current language of the Act. These changes will reduce the availability and increase the cost of credit. Among the most devastating of the changes is the restriction of fees currently in use. Late fees are designed to encourage timely payments that hold down lender costs. This in turn enables the lender to pass savings on to the borrower. Without such fees those who pay in timely fashion will subsidize those who do not. Prepayment fees provide the lower interest rates and enable some borrowers greater opportunity to purchase homes through payment schedules that fit their income levels. Restricting these fees would likely keep many with less than perfect credit from obtaining credit or owning a home. These fees serve in important purpose and need to remain in their current form.

The Act, with its current language, benefits many Americans who would not otherwise be in the position to purchase homes. The proposed changes will cause a rapid deterioration in the advancements enabling millions of Americans to purchase their own home.

Sincerely,



William Smothers  
Publisher/Editor

WS/sfb

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