

Press Releases

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OTS 02-44 - OTS Delays Effective Date For Parity Act Revisions

Office of Thrift Supervision

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For further information

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OTS Delays Effective Date For Parity Act Revisions

WASHINGTON - The Office of Thrift Supervision (OTS) announced today that it is delaying for a period of six months the effective date of a final rule that will remove prepayment and late fee rules from the list of OTS regulations applicable to state housing creditors under the Alternative Mortgage Transaction Parity Act. The final rule, originally scheduled to become effective on January 1, 2003, will now take effect July 1, 2003.

The delay in the effective date responds to several requests, submitted after the close of the comment period, from interested parties concerned about compliance burdens imposed by the original effective date. After considering those requests, OTS agrees that a delay is desirable to permit entities affected by the rule change adequate time to prepare for the effect of the changes.

The Parity Act, adopted in 1982, grants certain state-chartered housing creditors parity with federally chartered lenders when making alternative mortgages. An alternative mortgage is a loan with payment features, such as variable rates or balloon payments, that vary from conventional fixed-rate, fixed-term mortgage loans.

Under the final rule, state-chartered creditors will be required to comply with state and local laws covering late fees and prepayments, beginning with the July 1, 2003, effective date of the rule.

The final rule was published in the Federal Register on September 26, 2002. The notice delaying the effective date of the final rule will appear in the Federal Register shortly.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents visit the OTS web page at www.ots.treas.gov.