

## Press Releases

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### OTS 02-21 - OTS Proposes Revisions to Parity Act Regulations

#### Office of Thrift Supervision

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For further information

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### OTS Proposes Revisions to Parity Act Regulations

WASHINGTON - The Office of Thrift Supervision (OTS) announced today that it is proposing to remove prepayment and late fee rules from the list of OTS regulations that preempt state law under the Alternative Mortgage Transaction Parity Act.

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, which vary from conventional fixed-rate, fixed term mortgage loans.

Today's proposal is being made after a review of OTS regulations and public comments received on an April 2000 proposed rulemaking. Under the current proposed rule, state-chartered creditors would need to comply with state laws covering late fees and prepayments.

OTS is also recommending that Congress reconsider the continued need for the Parity Act, as laws in all states but one have changed since the early 1980s to allow alternative mortgage transactions by state-chartered housing creditors.

If the Parity Act is retained, Congress may want to permit states another opportunity to opt out of the preemption provided by the Parity Act. In addition, Congress could require state housing creditors lending under the Parity Act to identify themselves to the states, which then could monitor the housing creditors compliance with the Parity Act.

The proposal was sent today for publication in the Federal Register next week. Comments on the proposal are due within 60 days after publication.

Proposed Rule - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2002-21a.pdf>

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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](http://www.ots.treas.gov).