



Community Bank League of New England

DIVISION OF B.

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October 10, 2000

The Honorable Thomas J. Curry
Commissioner of Banks
1 South Station, 3rd Floor
Boston, Massachusetts 01220

Re: Proposed High Cost Mortgage Regulations

Dear Commissioner Curry:

On behalf of the members of the Community Bank League of New England, would like to commend the Division of Banks for taking the proactive step of issuing these proposed amendments and regulations to help prevent the practice of predatory lending. The practice of predatory lending is harmful to consumers, mainstream traditional lenders, as well as local communities.

Our member banks are committed to fair lending practices for both prime and sub-prime loans. With a few exceptions, we support the Division's proposal. The primary concern expressed by our members is that their lending activities may be unintentionally curtailed in the Division's efforts to eliminate predatory lending. This in turn will raise the cost of loans for all consumers and will certainly eliminate sources of credit for a group of borrowers.

Specifically, we believe that expanding the coverage section (209 CMR 32.32(1)) to include first mortgage loans and purchase money mortgages is overly broad and may have a negative impact on both consumers and community banks. To my knowledge, first mortgage loans have not been a problem and by regulating this area, there may be unexpected, adverse consequences.

Finally, while we recognize that seniors are more likely victims of unscrupulous and predatory lending practices, mandatory counseling of all individuals over 60 is excessive and burdensome. Unlike a reverse mortgage, a conventional loan, even a high cost loan, does not deplete the equity in the borrower's home and as such does not require the same degree of oversight as a reverse mortgage transaction. We would recommend that senior borrowers be given the counseling disclosures and be required to affirmatively acknowledge that they have chosen not to seek counseling.

As some of the witnesses mentioned at the hearing, education is perhaps the most important tool in eliminating predatory lending practices. Lenders, trade associations such as the Community Bank League, regulators and community groups can all share this important task.

In closing, I would re-iterate that the League is in general support of your proposal. Please feel free to call if you have any questions or need additional information.

Thank you for your consideration of our views.

Sincerely,

A handwritten signature in black ink that reads "Dale Zelony". The signature is written in a cursive style with a large, sweeping "Z" and "Y".

Dale Zelony
Director of Legislative Services