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Via email (public.info@ots.treas.gov)

Manager
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Office of Thrift Supervision
1700 G Street, NW
Washington D.C. 20552

ATTN: Docket No. 2000-34

Ladies and Gentlemen:

Citigroup is a financial services holding company with a variety of subsidiaries in the United States, including national banks, federal savings banks, and licensed mortgage bankers and lenders. This letter is in response to your request for comments in the Advance Notice of Proposed Rulemaking published in the Federal Register on April 5, 2000 (65 FR 17811) (the "ANPR"). The ANPR announced your intent to revisit, among other things, the scope of the federal preemption of state law restrictions on the ability of state licensed housing creditors to serve the credit needs of local communities in this country. The authority to preempt state law restrictions is found in the Alternative Mortgage Transactions Parity Act (AMTPA"). The OTS is directed to promulgate regulations consistent with the objectives of AMTPA.

Citigroup is vigorously opposed to predatory lending. Many practices that have been loosely categorized as "predatory" practices violate existing state and federal law. We urge the OTS to work with other state and federal agencies to identify and prosecute those who commit these acts.

However, modifying or eliminating AMTPA will not decrease the cost of loans to borrowers. Indeed, it will actually increase those costs. AMTPA enables a state licensed housing creditor to offer uniform loan products across state lines. This, in turn, lowers the creditor's costs and makes credit more widely available. Because the mortgage loan market is highly competitive,

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AMTPA has helped to reduce consumers' cost of borrowing. Modifying AMTPA will make loans more expensive by requiring the credit markets to adjust to state by state variations (and prohibitions) again.

Any OTS action that restricts the scope of federal preemption under AMTPA will decrease the amount of private investment capital available for mortgage lending. While such changes will have little or no impact on predatory lenders, who already violate the law, they will curtail the availability of credit to consumer borrowers who need it the most. Adequate legislative and regulatory tools already exist to eliminate predatory lending. Recent announcements by the FTC and the New York State Attorney General of settlements entered into with alleged predatory lenders confirms the fact that existing laws can be used to identify and take action against predatory lending practices.

State licensed housing creditors are subject to licensing, regulation and routine examination in virtually every state in the country, as well as by HUD (if the creditor participates in HUD and other federal lending programs). State licensed housing creditors devote significant resources of time and money to obtain and maintain state licenses and to prepare for and respond to regular examinations and supervision from the state regulators.

The state regulators, including state attorney generals, have the authority to investigate claims of fraudulent or coercive lending practices and, where necessary, to prosecute bad actors. In addition to the existing state laws, Congress has acted on high cost lending and established the additional disclosures and substantive limitations on high cost loans under HOEPA as a reasoned and balanced resolution to the need to protect consumers. HOEPA gives the Federal Reserve Board the authority to revise its rules to provide additional protections for consumers. The Federal Reserve Board has formally announced that it is reviewing additional actions it might take under HOEPA. We believe that an appropriate extension of the HOEPA protections is preferable to modifying or eliminating AMPTA because this would encourage a national approach to this issue.

Anecdotal evidence of people who feel that they have been taken advantage of is important and should not be minimized. But we need to be very careful when we argue for policy changes that will affect all borrowers because of the hardships experienced by a few. Such changes may have the unintended consequence of driving legitimate lenders out of these markets. We hope that you will continue to recognize that the best chance of increasing the flow of fairly priced credit into this market is to allow meaningful competition to occur, subject to an appropriate extension of HOEPA restrictions, as discussed above.

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We strongly urge the OTS to work with other state and federal regulators to enforce existing laws that prohibit predatory lending practices. We do not believe that the OTS should restrict the scope of federal preemption available to legitimate state licensed housing creditors.

If you have any additional questions or comments, do not hesitate to contact me.

Very truly yours,

Carl V. Howard
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CVH/kj