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Agencies Issue Final Illustrations of Consumer Information for Nontraditional Mortgage Products

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Joint Press Release

May 31, 2007

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Office of Thrift Supervision

For immediate release

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The federal bank, thrift, and credit union regulatory agencies on Thursday issued final illustrations of consumer information intended to help institutions implement the consumer protection portion of the Interagency Guidance on Nontraditional Mortgage Product Risks that the agencies adopted October 4, 2006. The consumer protection section of the guidance sets forth recommended practices to ensure that consumers have clear and balanced information about nontraditional mortgages before choosing a mortgage product or before selecting a payment option for an existing mortgage.

The illustrations consist of (1) a narrative explanation of nontraditional mortgage products, (2) a chart comparing interest-only and payment option adjustable rate mortgages (ARMs) to a traditional fixed-rate loan, and (3) a table that could be included with monthly statements for a payment option ARM showing the impact of various payment options on the loan balance.

Institutions are not required to use the illustrations. They may choose to use the illustrations, provide information based on the illustrations, or provide the consumer information described in the guidance in an alternate format.

To assist institutions that wish to use the illustrations, the agencies will be posting each of the illustrations on their respective web sites in a form that can be downloaded and printed for easy reproduction. The final document, Illustrations of Consumer Information for Nontraditional Mortgage Products, is attached.

[Illustration 1 \(101 KB PDF\)](#)

Explanation of nontraditional mortgage products

[Illustration 2 \(17 KB PDF\)](#)

Comparison of interest-only loans and payment-option ARMs to fixed-rate and traditional adjustable-rate loans

[Illustration 2 \(17 KB PDF\)](#)

Comparison of interest-only loans and payment-option ARMs to fixed-rate and traditional adjustable-rate loans (template)

[Illustration 3 \(22 KB PDF\)](#)

Table for inclusion with monthly statement for a payment option ARM

Federal Register Notice [395 KB PDF](#) | [TEXT](#)

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