



**Federal Deposit Insurance Corporation**  
550 17th Street NW, Washington, D.C. 20429-9990

**Financial Institution Letter**  
**FIL-51-2007**  
**June 20, 2007**

## **NONTRADITIONAL MORTGAGE PRODUCTS**

### **Interagency Final Illustrations of Consumer Information for Nontraditional Mortgage Products**

**Summary:** On June 8, 2007, the federal bank, thrift and credit union regulatory agencies published final illustrations of consumer information intended to assist institutions as they implement the consumer protection portion of the Interagency Guidance on Nontraditional Mortgage Product Risks. The three illustrations present examples of the types of information contemplated in the guidance. Institutions have discretion in determining whether to tailor and use the illustrations provided.

**Distribution:**

FDIC-Supervised Banks (Commercial and Savings)

**Suggested Routing:**

Chief Compliance Officer

**Related Topics:**

. Interagency Guidance on Nontraditional Mortgage Product Risks:

<http://www.fdic.gov/news/news/financial/2006/fil06089.html>

. Unfair and Deceptive Acts and Practices by State-Chartered Banks:

<http://www.fdic.gov/news/news/financial/2004/fil2604.html>

**Attachment:**

Final Illustrations

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**Note:**

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**Highlights:**

- The final three illustrations generally mirror the illustrations proposed on October 4, 2006, but some modifications have been made to address issues raised by commenters.
- The illustrations include a narrative explanation of nontraditional mortgage products, a chart comparing interest-only adjustable rate mortgages (ARMs) and payment option ARMs to traditional fixed-rate mortgages, and a table that shows the impact of various payment options on the loan balance.
- Use of the illustrations is optional. Depending on factors such as the institution's product offerings, the consumer's needs, and market conditions, an institution can choose whether to use the illustrations in whole or in part.
- The FDIC and the other agencies will make the illustrations accessible on their web sites for downloading and printing. In addition, the agencies will post a rewritable template for the comparison chart, so that institutions may adjust the information to reflect current market conditions.