

FOR IMMEDIATE RELEASE
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North Dakota Department of Financial Institutions Adopts Regulatory Guidance on Nontraditional Mortgage Products

Bismarck, ND - Timothy J. Karsky, Commissioner, today announced the adoption of a set of regulatory guidelines covering the marketing of nontraditional mortgages by state-licensed entities.

The guidance was developed by the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) and applies to state-licensed mortgage brokers and companies. The guidance is intended to promote consistent regulation in the mortgage market and to clarify how residential mortgage providers can offer nontraditional mortgage products in a way that clearly discloses the risks borrowers may assume.

Karsky said, "These guidelines are designed to level the playing field in the mortgage market in order to protect consumers from taking on high-risk mortgages without having a full understanding of the terms of such loans."

The CSBS/AARMR guidance parallels final guidance released on September 29, 2006 by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the National Credit Union Administration.

The interagency guidance, however, applies only to insured financial institutions and their affiliates. To promote consistency, the CSBS/AARMR guidance substantially mirrors the interagency guidance, except for the deletion of sections non-applicable to non-depository institutions.

Karsky commented that CSBS and AARMR's goal is for all states to adopt the guidelines so that all consumers will be equally protected and all originators of residential mortgages will be subject to similar supervisory guidance.

Karsky indicated that as of October 31, 2006, 409 money broker/mortgage lenders and 32 consumer finance companies will come under the guidance. In addition to money brokers and consumer finance companies, the Department regulates 378 collection agencies, 77 deferred presentment service providers/payday lenders, and 19 money transmitters. The Department is also responsible for supervision of 82 state-chartered banks and 33 state-chartered credit unions.

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