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ALTERNATIVE MORTGAGE PRODUCTS

Impact on Defaults Remains Unclear, but Disclosure of Risks to Borrowers Could Be Improved

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GAO Highlights

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Highlights of GAO-06-1112T, a testimony to the Subcommittees on Housing and Transportation and Economic Policy, Committee on Banking, Housing, and Urban Affairs, U. S. Senate

Why GAO Did This Study

Alternative mortgage products (AMPs) can make homes more affordable by allowing borrowers to defer repayment of principal or part of the interest for the first few years of the mortgage. Recent growth in AMP lending has heightened the importance of borrowers' understanding and lenders' management of AMP risks. GAO's report discusses the (1) recent trends in the AMP market, (2) potential AMP risks for borrowers and lenders, (3) extent to which mortgage disclosures discuss AMP risks, and (4) federal and selected state regulatory response to AMP risks. GAO used regulatory and industry data to analyze changes in AMP monthly payments under various scenarios; reviewed available studies; and interviewed relevant federal and state regulators and mortgage industry groups, and consumer groups.

What GAO Recommends

GAO's report includes a recommendation that as part of the Federal Reserve Board's review of existing mortgage disclosure requirements, it should consider revising those requirements to improve the clarity and comprehensiveness of AMP disclosures. The Federal Reserve responded that it will conduct consumer testing to determine appropriate content and formats and use design consultants to develop model disclosure forms intended to better communicate information.

www.gao.gov/cgi-bin/getrpt?GAO-06-1112T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Orice M. Williams at (202) 512-8678 or williamso@gao.gov.

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What GAO Found

From 2003 through 2005, AMP originations, comprising mostly interest-only and payment-option adjustable-rate mortgages, grew from less than 10 percent of residential mortgage originations to about 30 percent. They were highly concentrated on the East and West Coasts, especially in California. Federally and state-regulated banks and independent mortgage lenders and brokers market AMPs, which have been used for years as a financial management tool by wealthy and financially sophisticated borrowers. In recent years, however, AMPs have been marketed as an "affordability" product to allow borrowers to purchase homes they otherwise might not be able to afford with a conventional fixed-rate mortgage.

Because AMP borrowers can defer repayment of principal, and sometimes part of the interest, for several years, some may eventually face payment increases large enough to be described as "payment shock." Mortgage statistics show that lenders offered AMPs to less creditworthy and less wealthy borrowers than in the past. Some of these recent borrowers may have more difficulty refinancing or selling their homes to avoid higher monthly payments, particularly in an interest-rate environment where interest rates have risen or if the equity in their homes fell because they were making only minimum monthly payments or home values did not increase. As a result, delinquencies and defaults could rise. Federal banking regulators stated that most banks appeared to be managing their credit risk well by diversifying their portfolios or through loan sales or securitizations. However, because the monthly payments for most AMPs originated between 2003 and 2005 have not reset to cover both interest and principal, it is too soon to tell to what extent payment shocks would result in increased delinquencies or foreclosures for borrowers and in losses for banks.

Regulators and others are concerned that borrowers may not be well-informed about the risks of AMPs, due to their complexity and because promotional materials by some lenders and brokers do not provide balanced information on AMPs benefits and risks. Although lenders and certain brokers are required to provide borrowers with written disclosures at loan application and closing, federal standards on these disclosures do not currently require specific information on AMPs that could better help borrowers understand key terms and risks.

In December 2005, federal banking regulators issued draft interagency guidance on AMP lending that discussed prudent underwriting, portfolio and risk management, and consumer disclosure practices. Some lenders commented that the recommendations were too prescriptive and could limit consumer choices of mortgages. Consumer advocates expressed concerns about the enforceability of these recommendations because they are presented in guidance and not in regulation. State regulators GAO contacted generally relied on existing regulatory structure of licensing and examining independent mortgage lenders and brokers to oversee AMP lending.

Chairmen and Members of the Subcommittees:

I am pleased to be here today to discuss our work on alternative mortgage products (AMPs). As you know, an increasing number of borrowers have turned to AMPs, such as interest-only and payment-option adjustable rate mortgages (ARMs), to purchase homes they might not be able to afford with conventional fixed-rate mortgage payments. These products initially keep borrowers' payments low by allowing consumers in the short term to defer principal payments or make payments that do not cover principal or all accrued interest. However, unless the borrower refinances the mortgage or sells the property, the monthly payments eventually will increase when the interest-only and deferred payment periods end and higher, fully amortizing payments begin.

My remarks will summarize the findings from the report being released today, which was prepared at the request of the Chairman of the Subcommittee on Housing and Transportation.[1] Specifically, I will discuss: (1) recent trends in the AMP market, (2) the impact of AMPs on borrowers and on the safety and soundness of financial institutions, (3) the extent to which mortgage disclosures discuss the risks of AMPs, (4) the federal regulatory response to the risks of AMPs for lenders and borrowers, and (5) selected state regulatory responses to the risks of AMPs for lenders and borrowers. We gathered information from federal and state banking regulators, consumer groups, and the mortgage industry on AMP-lending trends and risks to borrowers and lenders, including laws and regulations on mortgage disclosures. We also reviewed a sample of disclosures to determine the extent to which they addressed AMP risks.

In summary, we found the following:

- AMP lending tripled over a 3-year period, and many borrowers were using interest-only or payment-option adjustable-rate products to purchase homes in high-priced markets. AMP lending has been concentrated in the higher-priced regional markets on the East and West Coasts in states such as California, Washington, Virginia, and Maryland.

- Lenders may have increased risks to themselves and their customers by relaxing underwriting standards and through "risk-layering", which

[1]GAO, *Alternative Mortgage Products: Impact on Defaults Remains Unclear, but Disclosure of Risks to Borrowers Could Be Improved*, GAO-06-1021 (Washington, D.C.: Sept. 19, 2006).

includes combining AMPs with less stringent income and asset verification requirements or lending to borrowers with lower credit scores and higher debt-to-income ratios. However, it is too early to determine the extent to which high foreclosure rates will result or whether lenders will be affected.

- A wider spectrum of borrowers that are now using AMPs may not fully understand their risks because (1) AMP loans often have complicated terms and features, (2) AMP advertising sometimes emphasizes the benefits of AMPs over their risks, and (3) mortgage disclosures can be unclearly written and may be hard to understand. Moreover, current federal disclosure requirements do not require lenders to address AMP-specific terms and risks.

- Federal banking regulators collectively responded to AMP-lending concerns by issuing draft guidance that called for tightened underwriting, enhanced risk-management policies, and better information for consumers. Regulators also have individually responded by monitoring AMP lending, beginning to update the regulation governing mortgage disclosures, Regulation Z, and reinforcing the message about managing AMP risks to the mortgage industry.

- State regulators included in our review generally addressed concerns about AMP lending through their licensing and examination processes, although a few states have started to collect more AMP-specific information as a prelude to other possible actions.

Given the complexity of AMPs and their more widespread use, mortgage disclosures that can help borrowers make informed decisions are important. Although federal banking regulators have taken a range of proactive steps to address AMP lending, current federal standards for disclosures do not require information on AMP-specific risks. Therefore, we recommended in our report that as the Federal Reserve Board reviews Regulation Z, it consider improving the clarity and comprehensiveness of mortgage disclosures by requiring language that explains key features and potential risks specific to AMPs.

Background

Borrowers obtain residential mortgages through either mortgage lenders or brokers. Mortgage lenders can be federally or state-chartered banks or mortgage lending subsidiaries of these banks or of bank holding companies. Independent lenders, which are neither banks nor affiliates of banks, also may fund home loans to borrowers. Mortgage brokers act as intermediaries between lenders and borrowers, and for a fee, help connect borrowers with various lenders that may provide a wider selection of mortgage products.

Federal banking regulators—Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Federal Reserve), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and Office of Thrift Supervision (OTS)—have, among other things, responsibility for ensuring the safety and soundness of the institutions they oversee. To pursue this goal, regulators establish capital requirements for banks; conduct on-site examinations and off-site monitoring to assess their financial conditions; and monitor their compliance with applicable banking laws, regulations, and agency guidance. As part of their examinations, for example, regulators review mortgage lending practices, including underwriting, risk-management, and portfolio management practices, and try to determine the amount of risk lenders have assumed. From a safety and soundness perspective, risk involves the potential that either anticipated or unanticipated events may have an adverse impact on a bank's capital or earnings. In mortgage lending, regulators pay close attention to credit risk—that is the concerns that borrowers may become delinquent or default on their mortgages and that lenders may not be paid in full for the loans they have issued.

Certain federal consumer protection laws, including the Truth in Lending Act and its implementing regulation, Regulation Z, apply to all mortgage lenders and brokers that close loans in their own names. Each lender's primary federal supervisory agency has responsibility for enforcing Regulation Z and generally uses examinations and consumer complaint investigations to check for compliance with both the act and its regulation. In addition, the Federal Trade Commission (FTC) is responsible for enforcing certain federal consumer protection laws for brokers and lenders that are not depository institutions, including state-chartered independent mortgage lenders and mortgage lending subsidiaries of financial holding companies. However, FTC is not a supervisory agency. FTC uses a variety of information sources in the enforcement process, including FTC investigations, consumer complaints, and state and federal agencies.

State banking and financial regulators are responsible for overseeing independent lenders and mortgage brokers and generally do so through licensing that mandates certain experience, education, and operations requirements to engage in mortgage activities. States also may examine independent lenders and mortgage brokers to ensure compliance with licensing requirements, review their lending and brokerage functions, and look for unfair or unethical business practices. In the event such practices or consumer complaints occur, regulators and attorneys general may pursue actions that include license suspension or revocation, monetary fines, and lawsuits.

AMP Lending Rapidly Grew and Borrower Characteristics Changed as Consumers Sought Mortgage Products That Increased Affordability

From 2003 through 2005, AMP lending grew rapidly, with originations increasing threefold from less than 10 percent of residential mortgages to about 30 percent. Most of the originations during this period consisted of interest-only ARMs and payment-option ARMs, and most of this lending occurred in higher-priced regional markets concentrated on the East and West Coasts. For example, based on data from mortgage securitizations in 2005, about 47 percent of interest-only ARMs and 58 percent of payment-option ARMs were originated in California, which contained 7 of the 20 highest-priced metropolitan real estate markets in the country. On the East Coast, Virginia, Maryland, New Jersey, and Florida as well as Washington, D.C., exhibited a high concentration of AMP lending in 2005. Other examples of states with high concentrations of AMP lending include Washington, Nevada, and Arizona. These areas also experienced higher rates of home price appreciation during this period than the rest of the United States.

In addition to this growth, the characteristics of AMP borrowers have changed. Historically, AMP borrowers consisted of wealthy and financially sophisticated borrowers who used these specialized products as financial management tools. However, today a wider range of borrowers use AMPs as affordability products to purchase homes that might otherwise be unaffordable using conventional fixed-rate mortgages.

Borrowers Could Face Payment Shock; Lenders Face Credit Risk but Appear to Be Taking Steps to Manage the Risk

Although AMPs have increased affordability for some borrowers, they could lead to increased payments or "payment shock" for borrowers and corresponding credit risk for lenders. Unless the mortgages are refinanced or the properties sold, AMPs eventually reach points when interest-only and deferred payment periods end and higher, fully amortizing payments begin. Regulators and consumer advocates have expressed concern that some borrowers might not be able to afford these higher monthly payments. To illustrate this point, we simulated what would happen to a borrower in 2004 that made minimum monthly payments on a $400,000 payment-option ARM. As figure 1 shows, the borrower could see payments rise from $1,287 to $2,931, or 128 percent, at the end of the 5-year payment-option period.[2] In addition, with a wider range of AMP borrowers now than in the past, those with fewer financial resources or limited equity in their homes might find refinancing their mortgages or selling their homes difficult, particularly if their loans have negatively amortized or their homes have not appreciated in value.

Figure 1: Increase in Minimum Monthly Payments and Outstanding Loan Balance with an April 2004 $400,000 Payment-Option ARM, Assuming Rising Interest Rates

Year	Minimum monthly payment	Total increase in outstanding loan balance at beginning of year
1	1,287	N/A
2	1,383	3,299
3	1,487	10,714
4	1,598	19,735
5	1,718	27,278
6 and beyond	2,931	33,446

Source: GAO.

In addition, borrowers who cannot afford higher payments and may become delinquent or default on their mortgages may pose credit risks to lenders because these borrowers may not repay their loans in full. Lenders also may have increased risks to themselves and their customers by relaxing underwriting standards and through risk-layering. For example, some lenders combined AMPs with less stringent income and asset verification requirements than traditionally permitted for these products or lent to borrowers with lower credit scores and higher debt-to-income ratios.

[2]This example assumes a $400,000 payment-option ARM with a 1 percent initial interest rate, a 7.5 percent annual payment increase cap, and a 10 percent negative amortization cap. The example reflects actual interest rates for 2004 to 2006 and rates are assumed to remain unchanged thereafter. With an initial interest rate of 1 percent the borrower's minimum payment would be $1,287. However, the lender likely would have qualified the borrower based on a fully indexed rate of 4.41 percent, which corresponds to a first-year's fully amortizing monthly payment of $2,039. Federal Reserve and OCC officials told us that lenders generally qualify payment-option ARM borrowers at the fully indexed interest rate. Although the borrower is faced with a payment shock of 128 percent in year six as a result of making minimum payments, the increase is 44 percent more than the monthly payment that was originally used to qualify the borrower.

Although regulatory officials have expressed concerns about AMP risks and underwriting practices, they said that banks and lenders generally have taken steps to manage the resulting credit risk. Federal and state banking regulatory officials and lenders with whom we spoke said most banks have diversified their assets to manage the credit risk of AMPs held in their portfolios, or have reduced their risk through loan sales or securitization. In addition, federal regulatory officials told us that while underwriting trends may have loosened over time, lenders have generally attempted to mitigate their risk from AMP lending. For example, OCC and Federal Reserve officials told us that most lenders qualify payment-option ARM borrowers at fully indexed rates, not at introductory interest rates, to help ensure that borrowers have financial resources to manage future mortgage increases, or to pay more on their mortgages than the minimum monthly payment. OCC officials also said that some lenders may mitigate risk by having some stricter criteria for AMPs than for traditional mortgages for some elements of their underwriting standards. Although we are encouraged by these existing risk mitigation and management strategies, most AMPs issued between 2003 and 2005, however, have not reset to require fully amortizing payments, and it is too soon to tell how many borrowers will eventually experience payment shock or financial distress. As such, in our report we agree with federal regulatory officials and industry participants that it was too soon to tell the extent to which AMP risks may result in delinquencies and foreclosures for borrowers and losses for banks that hold AMPs in their portfolios. However, we noted that past experience with these products may not be a good indicator for future AMP performance because the characteristics of AMP borrowers have changed.

Borrowers May Not Be Well-informed of AMP Risks and Mortgage Disclosures May Not Effectively Describe These Risks to Consumers

Regulatory officials and consumer advocates expressed concern that some AMP borrowers may not be well-informed about the terms and risks of their complex AMP loans. Obstacles to understanding these products include advertising that may not clearly or effectively convey AMP risks, and federal mortgage disclosure requirements that do not require lenders to tailor disclosures to the specific risks of AMPs to borrowers.

Mortgage Advertising May Not Clearly or Effectively Explain AMP Risks

Marketing materials that we reviewed indicated that advertising by lenders and brokers may not clearly provide information to inform consumers about the potential risks of AMPs. For example, one advertisement we reviewed promoted a low initial interest rate and low monthly mortgage payments without clarifying that the low interest rate would not last the full term of the loan.

In other cases, promotional materials emphasized the benefits of AMPs without effectively explaining the associated risks. Some advertising, for example, emphasized loans with low monthly payment options without effectively disclosing the possibility of interest rate changes or mortgage payment increases. One print advertisement we reviewed for a payment-option ARM emphasized the benefit of a low initial interest rate but noted in small print on its second page that the low initial rate applied only to the first month of the loan and could increase or decrease thereafter.

Federal Disclosures May Not Clearly and Completely Explain AMP Specific Risks

Regulatory officials noted that current Regulation Z requirements address traditional fixed-rate and adjustable-rate products, but not more complex products such as AMPs that feature risks such as negative amortization and payment shock. To better understand the quality of AMP disclosures, we reviewed eight interest-only and payment-option ARM disclosures provided to borrowers from federally regulated lenders. These disclosures were provided to borrowers between 2004 and 2006 by six federally regulated lenders that collectively made over 25 percent of the interest-only and payment option ARMs produced in 2005.We found that these disclosures addressed current Regulation Z requirements, but some did not provide full and clear explanations of AMP risks such as negative amortization or payment shock. For example, as shown in figure 2, the disclosure simply states that monthly payments could increase or decrease on the basis of interest rate changes, which may be sufficient for a traditional ARM product, but does not inform borrowers about the potential magnitude of payment change, which may be more relevant for certain AMPs. In addition, most of the disclosures we reviewed did not explain that negative amortization, particularly in a rising interest rate environment, could cause AMP loans to reset more quickly than borrowers anticipated and require higher monthly mortgage payments sooner than expected.

Figure 2: Example of 2005 Interest-only ARM Disclosure Explaining How Monthly Payments Can Change

How Your Monthly Payment Can Change

1. During the first 60 months, your monthly payments will include interest only and will not require any payment of principal.

2. Your monthly payment can increase or decrease annually based on changes in the interest rate.

   Potential change in monthly payments

3. For example, on a $10,000 30-year loan with an initial interest rate of 5.500 percent (interest rate reflective of index plus margin) in effect in January 2005, the maximum amount that the interest rate can rise is 5.000 percentage points to 10.500 percent, and the monthly payment can rise from a first-year payment of $45.83 to a maximum of $94.42 in the sixth year.

4. To see what your payments would be, divide your mortgage amount by $10,000; then multiply the monthly payment by that amount. For example, the monthly payment for a mortgage amount of $60,000 would be: $60,000 ÷ $10,000 = 6; 6 x $45.83 = $274.98.

5. You will be notified in writing at least 25 days before the due date of a payment at a new level. This notice will contain information about your index, interest rate, payment amount, and loan balance.

Sources: Name withheld. Used with permission; GAO (boxed comments).

In addition, the AMP disclosures generally did not conform to leading practices in the federal government, such as key "plain English" principles for readability or design. For example, the Securities and Exchange

Commission's "*A Plain English Handbook: How to Create Clear SEC Disclosure Documents (1998)*" offered guidance for developing clearly written investment product disclosures and presenting information in visually effective and readable ways. The sample disclosures we reviewed, however, were generally written with language too complex for many adults to fully understand. Most of the disclosures also used small, hard-to-read typeface, which when combined with an ineffective use of white space and headings, made them even more difficult to read and buried key information.

Federal Banking Regulators Issued Guidance, Sought Industry Comments, and Took Other Actions to Respond to Concerns about AMP Lending

Federal banking regulators have taken a range of actions—including issuing draft interagency guidance, seeking industry comments, reinforcing messages about AMP risks and guidance principles in many forums, and taking other individual regulatory actions—to respond to concerns about the growth and risks of AMP lending. Federal banking regulators issued draft interagency guidance in December 2005 that recommended prudent underwriting, portfolio and risk management, and information disclosure practices related to AMP lending. The draft guidance calls for lenders to consider the potential impact of payment shock on borrowers' capacity to repay their mortgages and to qualify borrowers on their ability to make fully amortizing payments on the basis of fully indexed interest rates. It also recommends that lenders develop written policies and procedures that describe portfolio limits, mortgage sales and securitization practices, and risk-management expectations. In addition, to improve consumer understanding of AMPs, the draft guidance suggests that lender communications with borrowers, including advertisements and promotional materials, be consistent with actual product terms, and that institutions avoid practices that might obscure the risks of AMPs to borrowers. When finalized, the guidance will apply to all federally regulated financial institutions.[3]

During the public comment period for the guidance, lenders and others suggested in their letters that the stricter underwriting recommendations were overly prescriptive and might put federally and state-regulated banks at a competitive disadvantage because the guidance would not apply to independent mortgage lenders or brokers. Lenders said that this could

[3]Federally regulated financial institutions include all banks and their subsidiaries, bank holding companies and their non bank subsidiaries, savings associations and their subsidiaries, savings and loan holding companies and their subsidiaries, and credit unions.

result in fewer mortgage choices for consumers. Consumer advocates questioned whether the guidance would actually help protect consumers. They noted that guidance might be difficult to enforce because it does not carry the same force as law or regulation. Federal banking regulatory officials are using these comments as they finalize the guidance.

Even before drafting the guidance, federal regulatory officials had publicly reinforced their concerns about AMPs in speeches, at conferences, and through the media. According to a Federal Reserve official, these actions have raised awareness of AMP issues and reinforced the message that financial institutions and the general public need to manage risks and understand these products.

Some regulatory officials have also taken agency-specific steps to address AMP lending, including reviewing high-risk lending, which would include AMPs, and improving consumer education about AMP risks. For example, FDIC officials told us that they have developed a review program to identify high-risk lending areas and evaluate risk management and underwriting approaches. NCUA officials said that they have informally contacted their largest credit unions to assess the extent of AMP lending at these institutions. OTS officials said that they have performed a review of OTS's 68 most active AMP lenders to assess and respond to potential AMP lending risks and OCC have begun to conduct reviews of their lenders' AMP promotional and marketing materials to assess how well they inform consumers. In response to concerns about disclosures, the Federal Reserve officials told us that they initiated a review of Regulation Z that includes reviewing the disclosures required for all mortgage loans, including AMPs, and have begun taking steps to consider disclosure revisions. During the summer of 2006, the Federal Reserve held hearings across the country on home-equity lending, AMP issues, and the adequacy of consumer disclosures for mortgage products. According to Federal Reserve officials, the Federal Reserve is currently reviewing the hearing transcripts and public comment letters to help develop plans and recommendations for revising Regulation Z. In addition, they said that they are currently revising their consumer handbook on ARM loans, known as the CHARM booklet, to include information about AMPs. Finally, in May 2006, FTC officials said that they sponsored a public workshop that explored consumer protection issues as a result of AMP growth in the mortgage marketplace and worked with federal banking regulators and other federal departments to create a brochure to assist consumers with mortgage information.

Most States in Our Sample Responded to AMP-Lending Risks within Existing Regulatory Frameworks, While Others Have Taken Additional Actions

State banking and financial regulatory officials from the eight states in our sample expressed concerns about AMP lending in their states; however, most relied on their existing regulatory system of licensing and examining mortgage lenders and brokers to stay abreast of and react to AMP issues. Most of the officials in our sample expressed concern about AMP lending and the negative effects it could have on consumers, including how well consumers understood complex AMP loans and the potential impact of payment shock, financial difficulties, or default and foreclosure. Other officials expressed concern about whether consumers received complete information about AMPs, saying that federal disclosures were complicated, difficult to comprehend, and often were not very useful to consumers.

In addition to these general consumer protection concerns, some state officials spoke about state-specific issues. For example, Ohio officials expressed AMP concerns in the context of larger economic concerns, noting that AMP mortgages were part of wider economic challenges facing the state. Ohio already has high rates of mortgage foreclosures and unemployment that have hurt both Ohio's consumers and its overall economy. In Nevada, officials worried that lenders and brokers have engaged in practices that sometimes take advantage of senior citizens by offering them AMP loans that they either did not need or could not afford.

Most of the state regulatory officials said that they have relied upon state law to license mortgage lenders and brokers and ensure they meet minimum experience and operations standards. Most said they also periodically examine these entities for compliance with state licensing, mortgage lending, and consumer protection laws, including applicable fair advertising requirements. As such, most of the regulatory officials relied on systems already in place to investigate AMP issues or complaints and, when needed, used applicable licensing and consumer protection laws to respond to problems such as unfair and deceptive trade practices.

Some state regulatory officials with whom we spoke said they have taken other actions to better understand the issues associated with AMP lending and expand consumer protections. For example, some states such as New Jersey and Nevada have gathered data on AMPs to better understand AMP lending and risks. Others, such as New York, plan to use guidance developed by regulatory associations to help oversee AMP lending by independent mortgage lenders and brokers.

In summary, it is too soon to tell the extent to which payment shock will produce financial distress for some borrowers and induce defaults that would affect banks that hold AMPs in their portfolios. However, the popularity, complexity, and widespread marketing of AMPs highlight the importance of mortgage disclosures to help borrowers make informed mortgage decisions. As a result, while we commend the Federal Reserve's efforts to review and revise Regulation Z, we recommended in our report that the Board of Governors of the Federal Reserve System consider amending federal mortgage disclosure requirements to improve the clarity and comprehensiveness of AMP disclosures. In response to our recommendation, the Federal Reserve said that it will conduct consumer testing to determine appropriate content and formats and use design consultants to develop model disclosure forms intended to better communicate information.

Chairmen of the subcommittees, this completes my prepared statement. I would be pleased to respond to any questions you or other Members may have at this time.

GAO Contact and Staff Acknowledgments

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