

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: May 2007 **LETTER NO.:** 07-CU-07

TO: Federally Insured Credit Unions

SUBJ: Consumer Information for Nontraditional Mortgage Products

ENCL: Illustrations of Consumer Information for Nontraditional Mortgage Products

REF: Interagency Guidance on Nontraditional Mortgage Product Risk

Dear Board of Directors,

The purpose of this Letter is to provide all Federally Insured Credit Unions with the final *Interagency Illustrations of Consumer Information for Nontraditional Mortgage Products*. These illustrations were produced jointly by the Federal Financial Institutions Examination Council (FFIEC¹) to assist institutions in implementing the consumer information recommendations of the recently issued *Interagency Guidance on Nontraditional Mortgage Product Risk (NTM guidance)*.

The NTM guidance states that institutions offering nontraditional mortgage products should provide consumers with information that is designed to help them make informed decisions when selecting and using these products. Additionally, the guidance states that institutions should provide consumers with timely information about payment shock, negative amortization, prepayment penalties, and the cost of reduced documentation mortgages, where applicable.

The FFIEC developed these illustrations to demonstrate the type of consumer information contemplated by the NTM guidance. The enclosed illustrations are *not* required disclosures or model forms. Credit unions may choose whether or not to use these illustrations in implementing the recommendations of the NTM guidance. Credit unions may also choose to tailor these illustrations to their

¹ The Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and Office of Thrift Supervision.

particular circumstances, or provide the recommended consumer information in an appropriate, alternate format. .

If you have any questions regarding the enclosed document, please contact your district examiner, regional office, or state supervisory authority.

Sincerely,

/s/

JoAnn Johnson
Chairman

Enclosure