

**For Immediate Release  
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**Contact: Peter Hildreth 271-3561  
Bank Commissioner**

## **New Hampshire Banking Department Adopts Regulatory Guidance on Nontraditional Mortgage Products**

Bank Commissioner Peter Hildreth today announced the adoption of a set of regulatory guidelines covering the marketing of “nontraditional” mortgages by state-licensed mortgage bankers and brokers. “Nontraditional” or “alternative” mortgages, include “interest-only” mortgages and “payment option” adjustable-rate mortgages.

Commissioner Hildreth 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.”

Nontraditional mortgage products are of particular concern because of the lack of principal amortization and the potential for negative amortization.

The guidance, which the commissioner will adopt by order, requires mortgage bankers and brokers to analyze a borrower’s repayment capacity, including an evaluation of the borrower’s ability to repay the debt by final maturity at the fully indexed rate, assuming a fully amortizing repayment schedule.

Commissioner Hildreth stated, “We want to work with mortgage bankers and brokers to ensure that the mortgage products offered to consumers are suitable and specifically tailored to each individual borrower.”

The guidance was developed by the Counsel of State Bank Supervisors (CSBS) and American Association of Residential Mortgage Regulators (AARMR). This CSBS/AARMR guidance parallels the final guidance released 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.

**For more information, please contact the New Hampshire Banking Department at 271-3561.**