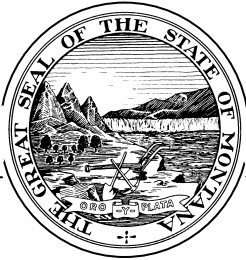


DEPARTMENT OF ADMINISTRATION  
DIVISION OF BANKING AND FINANCIAL INSTITUTIONS



BRIAN SCHWEITZER  
GOVERNOR

ANNIE M. GOODWIN  
COMMISSIONER

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## STATE OF MONTANA

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### **NEWS RELEASE**

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**FOR IMMEDIATE RELEASE**

**November 13, 2006**

### **Division of Banking and Financial Institutions Adopts Regulatory Guidance on Nontraditional Mortgage Products**

HELENA, MONTANA - The Division of Banking and Financial Institutions (Division) today announced the adoption of a set of regulatory guidelines covering the marketing of nontraditional mortgages by state-licensed entities. A copy of these guidelines can be found on the Division's website at <http://banking.mt.gov> under "press releases."

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.

Commissioner Annie Goodwin 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 inapplicable to non-depository institutions.

Goodwin 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.

*The Division of Banking and Financial Institutions is the regulator for all Montana state-chartered banks, credit unions and non-depository financial institutions, which include consumer loan and sales finance companies, mortgage brokers and loan originators, title lenders, deferred deposit lenders and escrow businesses. It is the mission of the Division of Banking and Financial Institutions to protect the public interest by regulating the business of state chartered and licensed financial institutions under its supervision. The Division is committed to preserve and promote: sound and constructive competition among financial institutions; a dual federal and state banking system; and the security of deposits. The Division seeks regulatory coordination and cooperation as well as regulatory parity among financial services institutions while encouraging diversity in financial products and services.*

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