



## Department of Banking and Finance

Visit us on the Web at: <http://dbf.georgia.gov/>

Sonny Perdue  
Governor

Robert M. Braswell  
Commissioner

### P R E S S   R E L E A S E

**FOR IMMEDIATE RELEASE**

**JULY 5, 2007**

## Georgia Department of Banking and Finance Issues Consumer Alert on Mortgage Payment Increases

Commissioner Rob Braswell today issued a CSBS/AARMR consumer alert urging homeowners with adjustable rate mortgages — especially those with nontraditional mortgages -- to plan now for the scheduled “recasts” or “resets” of interest rates in the year ahead.

The advisory urges borrowers to:

- Seek information on the characteristics of your mortgage
- Budget accordingly
- Contact your servicer for assistance, if needed
- Inquire about the terms of any prepayment penalty
- Ask about possible solutions if payments are past due

The advisory notes that nontraditional mortgage loans and many subprime loans frequently feature a recast (or reset) with a significant payment increase.

The Department also issued a CSBS/AARMR industry letter encouraging mortgage servicers and providers to reach out to consumers to provide information on their loans and to work with consumers to avoid foreclosure. “Servicers should provide information on when the recast will occur and how much the monthly payment will adjust,” said Commissioner Braswell. “Should the loans go into default, servicers should consider workout arrangements to prevent foreclosures,” he said.

Commissioner Braswell noted efforts by the NeighborWorks organization, which has established a hotline (888-995-HOPE) to reach struggling homeowners with strategic solutions.

Attachments: [CSBS/AARMR Consumer Alert: Mortgage Payment Increase](#)  
[CSBS/AARMR Industry Letter: Mortgage Payment Increase](#)

The Department has regulatory and/or licensing authority over state-chartered banks, credit unions, trust companies, mortgage brokers, mortgage lenders, mortgage processors, check cashers, sale of check companies, money transmitters, international banking organizations and bank holding companies conducting business in the state of Georgia. The Department currently supervises approximately 290 banks and 67 credit unions with assets over \$250 billion. The Department also licenses over 3,300 mortgage lenders, brokers and processors and over 900 check cashers, sale of check companies and money transmitters.

###

2990 Brandywine Road, Suite 200  
Atlanta, Georgia 30341-5565

Phone: (770) 986-1633  
Fax: (770) 986-1654 or 1655  
E-mail: [dbfpress@dbf.state.ga.us](mailto:dbfpress@dbf.state.ga.us)

**"Safeguarding Georgia's Financial Services"**