



Department of Banking and Finance

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Sonny Perdue
Governor

Robert M. Braswell
Commissioner

PRESS RELEASE

FOR IMMEDIATE RELEASE

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The Georgia Department of Banking and Finance Adopts Statement on Subprime Mortgage Lending

Commissioner Rob Braswell today announced the adoption of regulatory guidance covering underwriting standards, management practices, and consumer protection provisions that mortgage originators should follow when marketing and selling certain adjustable-rate mortgage (ARM) products to subprime borrowers.

The statement was developed by the Conference of State Bank Supervisors (CSBS), the American Association of Residential Mortgage Regulators (AARMR), and the National Association of Consumer Credit Administrators (NACCA) in response to the federal financial regulatory agencies' Statement on Subprime Mortgage Lending that was released on June 29. CSBS, AARMR, and NACCA developed the statement to apply to lenders not regulated by the federal financial regulatory agencies.

"This statement addresses the concerns we have identified in the sub-prime mortgage markets," stated Commissioner Braswell. "We believe a coordinated effort among federal and state regulatory agencies is necessary to provide consistent and effective policy and overall supervision of the mortgage industry."

The CSBS/AARMR/NACCA guidance substantially mirrors the federal interagency statement agreed upon by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the National Credit Union Administration, and supported by the FFIEC's State Liaison Committee.

However, the state mortgage regulators modified the statement to address issues particular to non-depository mortgage lenders and brokers who originate loans but do not hold them in portfolio. These lenders are generally licensed and regulated by the states.

In conjunction with the 2006 Interagency Guidance on Nontraditional Mortgage Product Risks, the statement offers sound underwriting and consumer protection principles that institutions and all residential mortgage providers should consider when making residential mortgage loans.

Beyond the Statement on Subprime Mortgage Lending, state regulators also plan to issue Examination Guidance for state supervisors to use in evaluating state-licensed mortgage lenders' compliance with the new requirements on lending to subprime borrowers.

Attachment: [CSBS / AARMR / NACCA Statement on Subprime Mortgage Lending](#)

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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 68 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.

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