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## **NEWS RELEASE**

**For Immediate Release**

**June 26, 2007**

### **Idaho Department of Finance Issues Consumer Alert on Mortgage Payment Increases**

**Boise, Idaho** – Gavin Gee, Director of the Idaho Department of Finance, in conjunction with the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR), today issued a **CONSUMER ALERT** urging homeowners with adjustable rate mortgages – especially those with nontraditional mortgages such as “interest only” and “payment option” adjustable-rate 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 (eg., does your mortgage have an adjustable interest rate and if so, when will your payment be adjusted?)**

**Budget accordingly**

**Contact your mortgage 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 (loans offered at higher than “prime” market interest rates) frequently feature a recast (or reset) with a significant payment increase.

In conjunction with CSBS and AARMR the Department is also issuing an **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.

“Mortgage loan servicers should provide information on when the recast will occur and how much the monthly payment will adjust. Should the loans go into default, servicers should also consider workout arrangements to prevent foreclosures,” he said.

Gee encouraged concerned homeowners to contact NeighborWorks America, which, in partnership with the Homeownership Preservation Foundation, has established a hotline (888-995-HOPE) to reach struggling homeowners with strategic solutions. Borrowers can also visit the NeighborWorks website at [www.nw.org](http://www.nw.org) for more information.

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