

## Press Releases

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December 26, 2006

### OTS 06-063 - Federal Reserve Board and Office of Thrift Supervision Issue Consumer Handbook on Adjustable Rate Mortgages

#### Office of Thrift Supervision

FOR RELEASE at 1:00 P.M. EDT

For further information

Tuesday, December 26, 2006

Contact: Kevin Petrasic

OTS 06-063

202/906-6677

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#### Joint Release

**Board of Governors of the Federal Reserve System  
Office of Thrift Supervision**

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### Federal Reserve Board and Office of Thrift Supervision Issue Revised Consumer Handbook on Adjustable Rate Mortgages

Washington, D.C. - The Federal Reserve Board and the Office of Thrift Supervision today announced the availability of a revised Consumer Handbook on Adjustable Rate Mortgages (the CHARM booklet), which provides information to consumers about the features and risks of such loans. In recognition of the growing use of nontraditional mortgage products that allow borrowers to defer payment of principal and sometimes interest, the agencies have substantially revised the CHARM booklet to include discussions about "interest-only" and "payment option" mortgages.

The revised booklet describes how these loans typically work, showing how much (and how often) monthly payments could increase, and how the loan balance could increase if minimum monthly payments are made. The booklet includes a mortgage shopping worksheet to help consumers compare the features of different products, and a glossary to help them understand some of the terminology.

Under the Board's Regulation Z (which implements the Truth in Lending Act), creditors must provide a copy of the CHARM booklet, or a suitable substitute, to consumers with every application for an adjustable rate mortgage loan. The Board is publishing a notice in the *Federal Register* informing creditors that they may begin immediately using the revised CHARM booklet, but also have the option to continue using their existing stock of CHARM booklets until October 1, 2007, the date when they must use the revised CHARM booklet (or suitable substitute) to comply with Regulation Z.

The agencies originally published the CHARM booklet in 1987, to help educate consumers about adjustable rate mortgage loans. The booklet, which has been updated periodically, is attached. The Spanish version of the revised booklet is forthcoming.

Up to 100 copies of the brochure are available free of charge from: Publications, Mail Stop 127, Federal Reserve Board, 20th and C Streets, N.W., Washington, DC 20551; 202-452-3245

The *Federal Register* notice is attached.

Notice of Availability of Handbook on Adjustable Rate Mortgages - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2006-63a.pdf>

CHARM Booklet - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2006-63b.pdf>

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The Office of Thrift Supervision, an office of the Department of the Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of, and compliance with consumer protection laws by, thrift institutions, and to support their role as home mortgage lenders and providers of other community credit and financial services. OTS also oversees the activities and operations of thrift holding companies that own or control thrift institutions. Copies of OTS news releases and other documents are available at the OTS web page at [www.ots.treas.gov](http://www.ots.treas.gov).