

## Press Releases

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### OTS 07-003 - OTS Director Reich Applauds Efforts of The Financial Literacy and Education Commission

#### Office of Thrift Supervision

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For further information

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Contact: Kevin Petrasic

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### OTS Director Reich Applauds Efforts of The Financial Literacy and Education Commission

WASHINGTON, D.C. - Office of Thrift Supervision (OTS) Director John Reich applauded the efforts of the Financial Literacy and Education Commission today at its 10th meeting. Reich recognized the efforts of the Commission in promoting awareness of the importance of financial education at all stages of life. In particular, he highlighted the importance of the Commission's work in assisting Americans in understanding the complexities of everyday financial products, such as credit cards, checking accounts and mortgages.

Reich also discussed the efforts of the OTS in helping consumers make sound decisions in choosing mortgage products that fit their individual housing finance needs. In December, the OTS, in conjunction with the Federal Reserve Board, released the Consumer Handbook on Adjustable Rate Mortgages, also known as the CHARM brochure. The brochure provides information to consumers about the features and risks of adjustable rate mortgage (ARM) loan products such as the potential for payment shock and negative amortization. In recognition of the growing use of nontraditional or alternate mortgage products that allow borrowers to defer payment of principal and sometimes interest, the CHARM booklet was revised to include discussions about "interest-only" and "payment option" mortgages.

In addition, the OTS, along with the other federal banking agencies, issued guidance last September to address the risks posed by alternate mortgage products, entitled Interagency Guidance on Nontraditional Mortgage Product Risks. Director Reich stated that the OTS is continuing to monitor emerging trends and evolving financial products in order to develop appropriate guidance for institutions and resources that assist consumers.

In his remarks, which are available on the OTS website at [www.ots.treas.gov](http://www.ots.treas.gov), Reich stressed that financial literacy and education is equally important to consumers and the institutions that serve them. "A better-educated population leads to a more stable customer base, increasing opportunities for financial institutions and contributing to the ongoing stability of communities," said Director Reich. "The OTS will continue to work with financial institutions, the Financial Literacy and Education Commission, and the other federal banking agencies to strengthen consumer education," stated Reich.

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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).