

**DATE:** October 19, 2006

**SUBJECT:** Interagency guidance on nontraditional mortgage product risks.

**HIGHLIGHTS:** On September 29, 2006, the Federal Reserve and the other federal financial institutions regulatory agencies issued the attached *Interagency Guidance on Nontraditional Mortgage Product Risks*. This guidance addresses both risk management and consumer disclosure practices that institutions should employ to effectively assess and manage the risks associated with residential mortgage loans that allow borrowers to defer repayment of principal and sometimes interest (referred to as nontraditional mortgage loans).

**DOCUMENT**

**LOCATION:** <http://www.federalreserve.gov/boarddocs/srletters/2006/SR0615.htm>

**FURTHER  
INFORMATION:**

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