



**State of New Jersey**  
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BULLETIN NO. 07-15

TO: ALL NEW JERSEY LICENSED MORTGAGE BANKERS, CORRESPONDENT MORTGAGE BANKERS, MORTGAGE BROKERS, SECONDARY LENDERS AND REGISTERED MORTGAGE SOLICITORS

FROM: STEVEN M. GOLDMAN, COMMISSIONER

RE: STATEMENT ON SUBPRIME MORTGAGE LENDING

On July 17, 2007 the Conference of State Bank Supervisors (CSBS), the American Association of Residential Mortgage Regulators (AARMR), and the National Association of Consumer Credit Administrators (NACCA) issued their Statement on Subprime Lending. In substance, this statement parallels the Statement issued on June 29, 2007 by the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), the Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS) and the National Credit Union Administration (NCUA) but it applies to entities not under the supervisory authority of the Federal agencies.

The New Jersey Department of Banking and Insurance endorses the July 17, 2007 Statement on Subprime Lending and now issues its own Statement, which is attached hereto and is also posted on the Department's website at [www.njdobi.org](http://www.njdobi.org). All New Jersey licensed mortgage bankers, correspondent mortgage bankers, mortgage brokers, secondary lenders, their officers, directors and employees, and their registered mortgage solicitors are strongly encouraged to review this Statement.

The Statement expresses concerns about adjustable rate mortgages with low initial payments followed by a rate reset that can result in payment shock, particularly when the borrower originally qualified for the loan based only on the low introductory payment rate. The Statement addresses additional concerns relating to prepayment penalties, the absence of escrow accounts that provide for insurance and tax payments, and the need to improve borrowers' understanding of these products through enhanced disclosures.

7/20/07  
Date

/s/ Steven M. Goldman  
Steven M. Goldman,  
Commissioner

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