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**The Mississippi Department of Banking and Consumer Finance Issues
Consumer Alert on Mortgage Payment Increases**

Commissioner John Allison today issued a consumer alert urging homeowners with adjustable rate mortgages -- especially those with nontraditional 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
- Budget accordingly
- Contact your 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 frequently feature a recast (or reset) with a significant payment increase.

The Department also issued 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.

"Servicers should provide information on when the recast will occur and how much the monthly payment will adjust, and also should the loans go into default, servicers should consider workout arrangements to prevent foreclosures," said Allison

Commissioner Allison noted efforts by the NeighborWorks organization, which has established a hotline (888-995-HOPE) to reach struggling homeowners with strategic solutions.

The Mississippi Department of Banking and Consumer Finance is the regulator for all state-chartered banking institutions, credit unions, independent trust companies, all of the State's consumer financial service industries, including the mortgage industry. The aggregate assets the Department is charged with regulating or supervising is more than \$40 billion. Department press releases and other information are available at www.dbcf.state.ms.us.

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