

MEMORANDUM

To: *NAFCU's Fair Lending Compliance Manual for Credit Unions* Customer

From: Sheshunoff Information Services

Subject: Highlights

More lenders have offered nontraditional mortgage loan products to a wide spectrum of borrowers who may not otherwise qualify for more traditional mortgage loans and may not fully understand the associated risks. They have also become the target of claims that some of these constitute predatory lending. To combat these problems, in June 2007 the regulatory agencies issued guidance on both the underwriting risks and the disclosures provided to borrowers when offering and originating nontraditional mortgage products. Enclosed is the latest update to your *NAFCU's Fair Lending Compliance Manual for Credit Unions*, which is part of your annual subscription. This update includes current material covering the following topics:

- A big new section on nontraditional mortgage products (See Chapter 3)
- Updated information regarding HMDA exemptions (See Chapter 5)