1. AGUIRRE GALINDO, Manuel, c/o COMPLEJO TURISTICO OASIS S.A. DE C.V., Playas de Rosarito, Baja California, Mexico; c/o INMOBILIARIA ESPARTA S.A. DE C.V., Tijuana, Baja California, Mexico; DOB 02 Nov 1950; POB Tijuana, Baja California, Mexico; R.F.C. # AUGM–501102–PM3 (Mexico) (individual)

2. GALINDO LEYVA, Esperanza, c/o COMPLEJO TURISTICO OASIS, S.A. de C.V., Playas de Rosarito, Rosarito, Baja California, Mexico; 536 Huerto Place, Chula Vista, CA 91910; 950 Norella Street, Chula Vista, CA 91910; c/o PLAYA MAR S.A. DE C.V., Tijuana, Baja California, Mexico; c/o INMOBILIARIA LA PROVINCIA S.A. DE C.V., Tijuana, Baja California, Mexico; DOB 16 Aug 1920; POB San Ignacio, Sinaloa, Mexico; Passport 99020017901 (Mexico); R.F.C. # GALE–200816–6IA (Mexico); alt. R.F.C. # GALE–241004–61A (Mexico) (individual) [SDNTK]

Dated: September 28, 2006.

Adam J. Szubin,

Director, Office of Foreign Assets Control.

[FR Doc. E6–16424 Filed 10–3–06; 8:45 am]

BILLING CODE 4811–37–P

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

[Docket No. 06–12]

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[Docket No. OP–1267]

FEDERAL DEPOSIT INSURANCE CORPORATION

DEPARTMENT OF THE TREASURY

Office of Thrift Supervision

[No. 2006–36]

NATIONAL CREDIT UNION ADMINISTRATION

Proposed Illustrations of Consumer Information for Nontraditional Mortgage Products

AGENCIES: Office of the Comptroller of the Currency, Treasury (OCC); Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC); Office of Thrift Supervision, Treasury (OTS); and National Credit Union Administration (NCUA).

ACTION: Notice of proposed illustrations of consumer information with request for comment.

SUMMARY: The OCC, Board, FDIC, OTS, and NCUA (the Agencies), request comment on these Proposed Illustrations of Consumer Information for Nontraditional Mortgage Products. The illustrations are intended to assist institutions in implementing the consumer protection portion of the Interagency Guidance on Nontraditional Mortgage Product Risks (Interagency Guidance), which is being published simultaneously with this notice. The illustrations are not intended as model forms, and institutions will not be required to use them. Rather, they are provided at the request of commenters to the Interagency Guidance to illustrate the type of information that the Interagency Guidance contemplates.

DATES: Comments must be submitted on or before December 4, 2006.

ADDRESSES: The Agencies will jointly review all of the comments submitted. Therefore, interested parties may send comments to any of the Agencies and need not send comments (or copies) to all of the Agencies. Please consider submitting your comments by e-mail or fax since paper mail in the Washington area and at the Agencies is subject to delay. Interested parties are invited to submit comments to:

OCC: You should include ''OCC'' and Docket Number 06–12 in your comment. You may submit your comment by any of the following methods:

- *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the instructions for submitting comments.
- *OCC Web site: http://www.occ.treas.gov.* Click on ''Contact the OCC,'' scroll down and click on ''Comments on Proposed Regulations.''
- *E–Mail Address: regs.comments@occ.treas.gov.*
- *Fax:* (202) 874–4448.
- *Mail:* Office of the Comptroller of the Currency, 250 E Street, SW., Mail Stop 1–5, Washington, DC 20219.
- *Hand Delivery/Courier:* 250 E Street, SW., *Attn:* Public Information Room, Mail Stop 1–5, Washington, DC 20219.

Instructions: All submissions received must include the agency name (OCC) and docket number for this notice. In general, the OCC will enter all comments received into the docket without change, including any business or personal information that you provide.

You may review comments and other related materials by any of the following methods:

- *Viewing Comments Personally:* You may personally inspect and photocopy comments at the OCC's Public Information Room, 250 E Street, SW., Washington, DC. You can make an appointment to inspect comments by calling (202) 874–5043.
- *Viewing Comments Electronically:* You may request that we send you an electronic copy of comments via e-mail or mail you a CD–ROM containing electronic copies by contacting the OCC at *regs.comments@occ.treas.gov.*
- *Docket Information:* You may also request available background documents and project summaries using the methods described above.

Board: You may submit comments, identified by Docket No. OP–1267, by any of the following methods:

- *Agency Web site: http://www.federalreserve.gov.* Follow the instructions for submitting comments at *http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm.*
- *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the instructions for submitting comments.
- *E-mail: regs.comments@federalreserve.gov.* Include the docket number in the subject line of the message.
- *Fax:* 202/452–3819 or 202/452–3102.
- *Mail:* Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551.

All public comments are available from the Board's Web site at *www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm* as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed in electronic or paper form in Room MP–500 of the Board's Martin Building (20th and C Streets, NW.) between 9 a.m. and 5 p.m. on weekdays.

FDIC: You may submit comments by any of the following methods:

- *Agency Web site: http://www.fdic.gov/regulations/laws/federal/propose.html.* Follow the instructions for submitting comments on the Agency Web site.
- *E-Mail: Comments@FDIC.gov.*
- *Mail:* Robert E. Feldman, Executive Secretary, Attention: Comments, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.
- *Hand Delivery/Courier:* Guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7 a.m. and 5 p.m.

Instructions: All submissions received must include the agency name. All comments received will be posted without change to *http://www.fdic.gov/regulations/laws/federal/propose.html* including any personal information provided.

OTS: You may submit comments, identified by docket number 2006–36, by any of the following methods:

• *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the instructions for submitting comments.

• *E-mail address: regs.comments@ots.treas.gov.* Please include docket number 2006–36 in the subject line of the message and include your name and telephone number in the message.

• *Fax:* (202) 906–6518.

• *Mail:* Regulation Comments, Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552, Attention: No. 2006–36.

• *Hand Delivery/Courier:* Guard's Desk, East Lobby Entrance, 1700 G Street, NW., from 9 a.m. to 4 p.m. on business days. Address envelope as follows: Attention: Regulation Comments, Chief Counsel's Office, Attention: No. 2006–36.

Instructions: All submissions received must include the agency name and docket number for this proposed Guidance. All comments received will be posted without change to the OTS Internet Site at *http://www.ots.treas.gov/pagehtml.cfm?catNumber=67&an=1*, including any personal information provided.

Docket: For access to the docket to read background documents or comments received, go to *http://www.ots.treas.gov/pagehtml.cfm?catNumber=67&an=1.* In addition, you may inspect comments at the OTS's Public Reading Room, 1700 G Street, NW., by appointment. To make an appointment for access, call (202) 906–5922, send an e-mail to *public.info@ots.treas.gov*, or send a facsimile transmission to (202) 906–7755. (Prior notice identifying the materials you will be requesting will assist us in serving you.) We schedule appointments on business days between 10 a.m. and 4 p.m. In most cases, appointments will be available the next business day following the date we receive a request.

NCUA: You may submit comments by any of the following methods:

• *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the instructions for submitting comments.

• *NCUA Web site: http://www.ncua.gov/RegulationsOpinionsLaws/proposed_regs/proposed_regs.html.* Follow the instructions for submitting comments.

• *E-mail:* Address to *regcomments@ncua.gov.* Include ''[Your name] Comments on'' in the e-mail subject line.

• *Fax:* (703) 518–6319. Use the subject line described above for e-mail.

• *Mail:* Address to Mary Rupp, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314–3428.

• *Hand Delivery/Courier:* Same as mail address.

FOR FURTHER INFORMATION CONTACT:

OCC: Michael S. Bylsma, Director, Stephen Van Meter, Assistant Director, or Kathryn D. Ray, Special Counsel, Community and Consumer Law Division, (202) 874–5750.

Board: Kathleen C. Ryan, Counsel, Division of Consumer and Community Affairs, (202) 452–3667; or Andrew Miller, Counsel, Legal Division, (202) 452–3428. For users of Telecommunications Device for the Deaf (''TDD'') only, contact (202) 263–4869.

FDIC: April Breslaw, Acting Associate Director, Compliance Policy & Exam Support Branch, (202) 898–6609, Division of Supervision and Consumer Protection; or Richard Foley, Counsel, (202) 898–3784, Legal Division.

OTS: Montrice G. Yakimov, Assistant Managing Director, Compliance and Consumer Protection Division, (202) 906–6173; or Glenn Gimble, Senior Project Manager, Compliance and Consumer Protection Division, (202) 906–7158.

NCUA: Cory Phariss, Program Officer, Examination and Insurance, (703) 518–6618.

SUPPLEMENTARY INFORMATION:

I. Background

On December 29, 2005, the Agencies published for comment proposed Interagency Guidance on Nontraditional Mortgage Products, 70 FR 77249 (Dec. 29, 2005). The consumer protection section of the proposed guidance set forth recommended practices to ensure that consumers have clear and balanced information about nontraditional mortgages prior to making a mortgage product choice, such as when lenders provide promotional materials about nontraditional mortgages or during face-to-face meetings when consumers are shopping for a mortgage. Additionally, the proposed guidance recommended that monthly statements given with payment option mortgages provide information that enables consumers to make informed payment choices. The Agencies have revised the proposed guidance based on the comments received, and today are publishing the final Interagency Guidance in a separate **Federal Register** notice.

The Interagency Guidance, including the consumer protection portion, is a set of recommended practices to assist institutions in addressing particular risks raised by nontraditional mortgage products. Several commenters to the proposal, including industry trade associations, encouraged the Agencies to include model or sample disclosures or other descriptive materials as part of the Interagency Guidance.

In response to commenters, the Agencies believe that illustrations of consumer information may be useful to institutions as they seek to implement the consumer information recommendations of the Interagency Guidance. The Agencies also believe that it would be desirable to seek public comment before issuing illustrations of the recommended practices, to determine the types of illustrations that would be most useful to consumers and institutions.

II. Proposed Illustrations

The Agencies appreciate that some institutions, including community banks, may prefer not to incur the costs and other burdens of developing their own consumer information documents to address the issues raised in the Interagency Guidance, and could benefit from illustrations like those below.

Use of the proposed illustrations would be *entirely voluntary*. Accordingly, there is no Agency requirement or expectation that institutions must use the illustrations in their communications with consumers.

Institutions seeking to follow the recommendations set forth in the Interagency Guidance could, at their option, elect to:

• Use or not use the illustrations;

• Provide information based on the illustrations, but expand, abbreviate, or otherwise tailor any information in the illustrations as appropriate to reflect, for example:

○ The institution's product offerings, such as by deleting information about loan products and loan terms not offered by the institution and by revising the illustrations to reflect specific terms currently offered by the institution;

○ The consumer's particular loan requirements;

○ Current market conditions, such as by changing the loan amounts, interest rates, and corresponding payment amounts to reflect current local market circumstances; and

○ Other information, consistent with the Interagency Guidance, such as the payment and loan balance information for monthly statements discussed in connection with Illustration 3 or information about when a prepayment penalty may be imposed; or

• Provide the information described in the Interagency Guidance, as appropriate, in an alternate format.

Whether or not an institution chooses to use the proposed illustrations, the Interagency Guidance recommends that promotional materials and other product descriptions provide consumers with information about the costs, terms, features, and risks of nontraditional mortgage products that can assist consumers in their product selection decisions. This includes information about potential payment shock and negative amortization and, where applicable, information about prepayment penalties and the costs of reduced documentation loans. The recommended information could be presented in a brief narrative format as shown in Illustration 1 and/or in a chart with examples as shown in Illustration 2.

Set forth below are three illustrations that show how important information about nontraditional mortgages could be provided to consumers in a concise and focused manner and format. The Agencies request comment on all aspects of these illustrations. We encourage specific comment on whether the illustrations, as proposed, would be useful to institutions, including community banks, seeking to implement the ''Communications with Consumers'' portion of the Interagency Guidance, or whether changes should be made to them. We also encourage specific comment on whether the illustrations, as proposed, would be useful in promoting consumer understanding of the risks and material terms of nontraditional mortgage products, as described in the Interagency Guidance, or whether changes should be made to them. Finally, we seek comment on whether there are other illustrations relating to nontraditional mortgages that would be useful to institutions and consumers.

The Agencies are aware that individual institutions and industry associations have developed and are likely to continue developing documents that can be effective in conveying critical information discussed in the ''Communications with Consumers'' portion of the Interagency Guidance. These illustrations are not intended to dissuade institutions and trade associations from developing their own means of delivering important information about nontraditional mortgages to consumers. In this regard, the Agencies note that they have not conducted any consumer testing to assess the effectiveness of any existing documents currently used by institutions, or of the proposed illustrations set forth below. Commenters are specifically invited to provide information on any consumer testing they have conducted in connection with comparable disclosures.

Illustration 1.

Key Facts About Interest-Only and Payment Option Mortgages

Whether you are buying a house or refinancing your mortgage, this information can help you decide if an interest-only mortgage or a mortgage with the option to make a minimum payment (a payment-option mortgage) is right for you.

Interest-Only Mortgages

An "interest-only" mortgage allows you to pay only the interest on the money you borrowed for the first few years of the mortgage. This is known as the "interest-only period" (for example, the first 5 years of the loan). If you only pay the amount of interest that's due, once the interest-only period ends:

▶You will still owe the original amount you borrowed.

▶Your monthly payment will increase – even if interest rates stay the same – because you must pay back the principal as well as interest.

▶▶Ask what the payments on your loan will be after the end of the interest-only period. If you are considering an adjustable rate mortgage, ask about what your payments can be if interest rates increase.

Payment Option Mortgages

A payment option mortgage allows you to choose among several payment options each month, usually during the first few years of the loan (the "option period"). The options typically include:

- *A* payment of principal and interest, which reduces the amount you owe on your mortgage. These payments may be based on a 15-, 30-, or 40-year payment schedule.
- An interest-only payment, which does not reduce the amount you owe on your mortgage.
- A minimum payment, which may be less than the amount of interest due that month and does not pay down the principal. If you choose this option, the amount of any interest you do not pay will increase the amount you owe.

▶The option period will end earlier than scheduled if the amount you owe grows beyond a set limit, for instance 110% or 125% of your original mortgage amount. Suppose you made only the minimum payments on a $180,000 mortgage and your payments did not cover all of the interest due. If your balance grew to $225,000 because of the interest due that is not covered by the minimum payment, your loan would be recalculated and it is likely that your payments would increase significantly.

▶Your monthly payment could increase significantly, because:

- You will have to start paying back principal as well as interest.
- Unpaid interest has been added to your principal and the total amount you owe has increased.
- Interest rates may have increased (if your mortgage has an adjustable rate feature).

▶▶Ask:

- What the monthly payments on your loan could be when you must start paying back principal,
- How interest rate increases could affect your monthly payment (if your mortgage has an adjustable rate feature),
- When the payment adjustments will be made, and
- The maximum amount you could owe on the loan if you make minimum payments.

Additional Information

▶Home Equity. Home equity is created when the value of your home increases and/or when you reduce the amount you owe on your home through your loan payments. If your home does not increase in value and you make interest-only payments, you are not building equity. And, if you make only the minimum payments on a mortgage with a payment option feature, you may be increasing the amount you owe because unpaid interest is added to the loan balance. This may make it harder to refinance your mortgage, or to receive funds from the sale of your home. In fact, if the amount you owe on your home, along with the costs associated with selling it (such as the real estate sales commissions and closing costs) exceeds the sales price, you will not receive any cash when you sell, and will have to pay additional funds to your lender or to other parties when you pay off your mortgage.

▶Prepayment Penalties. Some mortgages have prepayment penalties. If you sell your home or refinance your loan during the prepayment penalty period, you could owe additional fees or a penalty. Ask whether your mortgage has a prepayment penalty and, if so, how much it can be. Most mortgages let you make extra, additional principal payments with your monthly payment -- this is not "prepayment" of the entire loan, and there usually is no penalty for these extra amounts.

▶No Doc/Low Doc Loans. Lenders often charge more for "reduced documentation" loans. These loans typically have higher interest rates or other costs compared to "full documentation" loans that require you to verify your income and other assets. (By verifying your income, you help the lender to be sure that you can afford the loan payments.) If you are considering a loan with a reduced documentation feature, ask if you'll be required to pay more (in interest and/or fees) for not submitting income and asset documentation.

Illustration 2

Some of the information recommended by the guidance—in particular, some of the more detailed information about payment shock and negative amortization—may be conveyed most effectively through quantitative illustrations. The Interagency Guidance expressly contemplates hypothetical loan examples to aid consumer understanding. This information also could be incorporated into a narrative format as shown in Illustration 1. Illustration 2 shows another way in which this information could be presented. The chart and the narrative explanation may also be combined into a two-page document that both explains and illustrates the key facts about nontraditional mortgage products.

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Illustration 2.

COMPARISON OF SAMPLE MORTGAGE FEATURES

(For illustrative and educational purposes only – does not represent actual terms of loans available from any particular lender.)

A Typical Mortgage Transaction

Loan Amount $180,000 – 30-Year Term

	Mortgage with a Fixed Interest Rate		Mortgage with an Adjustable Interest Rate (ARM)		
	Principal and Interest Fixed Rate (6.7%)	**Interest Only** Fixed Rate (6.7%) Interest Only for First 5 Years.	**5/1 ARM** Fixed Rate for First 5 Years; Adjustable Each Year After First 5 Years (Initial rate for years 1 to 5 is 6.5%; Maximum Rate is 11.5%)	**Interest Only** Interest Only and Fixed Rate for First 5 Years; Adjustable Rate Each Year After First 5 Years (Initial rate for years 1 to 5 is 6.6%; Maximum Rate is 11.6%)	**Option Payment** Adjustable Rate for Entire Term of the Mortgage (Rate in month 1 is 1.25%; Rate in month 2 through year 5 is 6.4%; Maximum Rate is 11.4%)
Minimum Monthly Payment Years 1-5, except as noted	**$1,162***	**$1,005**	**$1,138**	**$990**	**$600*** (1st year only)**
Monthly Payment Year 6 – no change in rates	**$1,162**	**$1,238****	**$1,138**	**$1,227**	**$1,324**
Monthly Payment Year 6 – 2% rise in rates	**$1,162**	**$1,238**	**$1,357**	**$1,462**	**$1,581**
Maximum Monthly Payment Year 8 – 5% rise in rates	**$1,162**	**$1,238**	**$1,702**	**$1,832**	**1,985**
How Much Will You Owe after 5 Years?	**$168,862**	**$180,000**	**$168,500**	**$180,000**	**$197,945**
Have You Reduced Your Loan Balance after 5 Years of Payments?	**Yes Your loan balance was reduced by $11,118**	**No You did not reduce your loan balance**	**Yes Your loan balance was reduced by $11,500**	**No You did not reduce your loan balance**	**No Your loan balance increased by $17,945**

* This illustrates an interest rate and payments that are fixed for the life of the loan.

** This illustrates payments that are fixed after the first 5 years of the loan at a higher amount because they cover both principal and interest.

*** This illustrates minimum monthly payments that are based on an interest rate that is in effect during the first month only. The payments required during the first year will not be sufficient to cover all of the interest that's due when the rate increases in the second month of the loan. Any unpaid interest amount will be added to the loan balance. Minimum payments for years 2-5 are based on the higher interest rate in effect at the time, subject to any contract limits on payment increases. Minimum payments will be recast (recalculated) after 5 years, or when the loan balance reaches a certain limit, to cover both principal and interest at the applicable rate.

IMPORTANT NOTE: Please use this chart to discuss possible loans with your lender.

Illustration 3

The Interagency Guidance also recommends that if institutions provide monthly statements to consumers on payment option mortgages, those statements should provide information that enables consumers to make informed payment choices, including an explanation of each payment option available and the impact of that choice on loan balances. The following illustration shows one way in which this information could be presented. It is important to note this illustration is not intended to set forth all of the information that may be useful, and could be provided, to consumers on their monthly statement, such as the current loan balance, an itemization of the payment amount devoted to interest and to principal, and whether the loan balance has increased.

Illustration 3.

Your Payment Options This Month	**Amount**	**Impact**
Principal and Interest Payment	$_______	• You will reduce your loan balance.
Interest-Only Payment	$_______	• You will not pay any principal on your loan. • You will **not** reduce your loan balance.
Minimum Payment	$_______	• You [will] [may] **not** cover the interest on your loan. • You [will] [may] **increase** your loan balance.

III. Request for Comment

As noted above, the Agencies request comment on all aspects of the proposed illustrations. Comments are specifically requested on the usefulness of the illustrations, as proposed, for consumers and for institutions, or whether changes should be made; whether the information is set forth in a clear manner and format; whether these illustrations or a modified form should be adopted by the Agencies; and whether there are other illustrations relating to nontraditional mortgages that would be useful to consumers and institutions in addition to these.

Dated: September 25, 2006.

John C. Dugan,

Comptroller of the Currency.

By order of the Board of Governors of the Federal Reserve System, September 27, 2006.

Jennifer J. Johnson,

Secretary of the Board.

Dated at Washington, DC, this 27th day of September, 2006.

By order of the Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.

Dated: September 28, 2006.

By the Office of Thrift Supervision.

John M. Reich,

Director.

By the National Credit Union Administration on : Thursday, September 28, 2006.

JoAnn M. Johnson,

Chairman.

[FR Doc. 06–8479 Filed 10–3–06; 8:45 am]

BILLING CODE 4810–33–P; 6210–01–P; 6714–01–P; 6720–01–P; 7535–01–C