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PRESS RELEASE

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Division of Banking Adopts Regulatory Statement on Subprime Mortgage Lending

The West Virginia Division of Banking announced today that it had adopted regulatory guidance covering underwriting standards, management practices, and consumer protection provisions that mortgage originators should follow when marketing and selling certain mortgage loan products to subprime borrowers. The Statement on Subprime Mortgage Lending is the product of a joint effort by the Conference of State Bank Supervisors and American Association of Residential Mortgage Regulators.

The Statement is designed to apply to mortgage brokers and lenders not affiliated with banks or credit unions that are regulated by the states rather than federal financial regulatory agencies. It is based upon a similar federal interagency statement issued by federal bank and credit union regulators.

“West Virginia laws and regulations offer considerable protection to consumers and they are aggressively enforced by the Division and private litigation,” Division of Banking Commissioner Larry Stark said. “This Statement is part of a coordinated national effort to further refine and improve regulation of subprime mortgage lending and should result in improved risk-management practices by our licensees and greater consumer protection to our citizens,” he added. “If this is successful, we hope that our state will continue to experience a relatively low rate of foreclosure compared to the rest of the country.”

The Statement on Subprime Mortgage Lending is posted on the Division’s website, www.wvdob.org and will be e-mailed to all licensees and published in the State Register.

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