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July 26, 2002

BANK REPORTS

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: Proposed Collection of Data on Subprime Consumer Lending Programs

The Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board (Board), and the Office of the Comptroller of the Currency (OCC) are requesting comment on the addition of a proposed new schedule to the Reports of Condition and Income (Call Report) that would collect data on consumer loans in subprime lending programs. The Office of Thrift Supervision also has proposed to collect the same data from savings associations in the Thrift Financial Report. This proposed reporting requirement, which has been approved by the Federal Financial Institutions Examination Council, would take effect March 31, 2003. ***Institutions that do not have any subprime consumer lending programs will not be required to provide any information in this new schedule.***

Comments on the proposal may be sent to any or all of the banking agencies at the addresses listed on the first page of the attached *Federal Register* notice. All comments will be shared among the agencies and should be submitted by September 10, 2002.

The banking agencies issued Expanded Guidance for Subprime Lending Programs on January 31, 2001. This guidance contains definitions that describe the characteristics of the terms "subprime" and "program." The agencies propose to use the characteristics described in the Expanded Guidance as the basis for reporting information on subprime consumer lending programs in the new schedule.

All institutions that have any subprime consumer lending programs would report the total dollar amount outstanding of consumer loans in those programs in the first item of the proposed schedule. However, only those institutions where this total dollar amount is greater than or equal to 25 percent of their Tier 1 capital as of the report date would be required to complete the remainder of the schedule. This will minimize the amount of information collected from institutions with small volumes of loans in subprime lending programs. The detailed data that would be reported in the remainder of the schedule include a breakdown by consumer loan

category of the loans in an institution's subprime lending programs and information by loan category on past due and nonaccrual subprime consumer loans and on year-to-date charge-offs and recoveries of these loans.

The agencies are initially proposing confidential treatment on an individual institution basis for the proposed new schedule. However, after experience has been gained with the data, the agencies will reevaluate whether confidential treatment should be retained.

To assist in understanding the proposed reporting requirements for subprime consumer lending programs, drafts of the new schedule and its proposed instructions also are attached. These drafts are subject to change and, therefore, should be regarded as preliminary.

For further information, please contact Christine Bouvier or Robert Storch at the FDIC (202-898-7289 or 202-898-8906), Arleen Lustig at the Board (202-452-2987), or Gary Christensen at the OCC (202-874-4482).

Keith J. Todd  
Executive Secretary

Attachments

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