

Institutions Fund (the "Fund") of the U.S. Department of the Treasury to promote economic revitalization and community development through investment in and assistance to Fund-certified community development financial institutions ("CDFIs") through the CDFI Program. The Revised Continuing Appropriations Resolution, 2007 (Pub. L. 110-5) authorizes the Fund to provide financial assistance and technical assistance to benefit Native American Communities, with such benefit being provided primarily through qualified community development lender organizations with experience and expertise in community development banking and lending in Indian country, Native American organizations, Tribes and tribal organizations and other suitable providers.

Through the NACA Program, the Fund provides (i) FA and/or TA awards to Native CDFIs and entities that can be certified as Native CDFIs at time of award; and (ii) TA awards to entities that propose to become Native CDFIs within two years and "Sponsoring Entities" (e.g., Native American organizations, Tribes, Tribal organizations) that propose to create separate legal entities that will become Native CDFIs within three years.

*Type of Review:* Revision.

*Affected Public:* Not-for-profit institutions; state, local or tribal government and tribal entities; and businesses or other for-profit institutions.

*Estimated Number of Respondents:* 40.

*Estimated Annual Time per Respondent:* 65 hours.

*Estimated Total Annual Burden Hours:* 2,600 hours.

*Request for Comments:* Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the Fund, including whether the information shall have practical utility; (b) the accuracy of the Fund's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation,

maintenance, and purchase of services to provide information.

**Authority:** Pub. L. No. 107-73; Pub. L. No. 110-5.

Dated: June 29, 2007.

**Kimberly A. Reed,**

*Director, Community Development Financial Institutions Fund.*

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## DEPARTMENT OF THE TREASURY

### Office of the Comptroller of the Currency

#### Agency Information Collection Activities: Submission for OMB Review; Comment Request

**AGENCY:** Office of the Comptroller of the Currency (OCC), Treasury.

**ACTION:** Notice and request for comment.

**SUMMARY:** The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to comment on a proposed information collection, as required by the Paperwork Reduction Act of 1995. An agency may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The OCC is soliciting comment concerning a proposed information collection titled, "Survey of Minority Owned National Banks." The OCC is also giving notice that it has submitted the proposed information collection to OMB for review.

**DATES:** Comments must be submitted on or before August 9, 2007.

**ADDRESSES:** Communications Division, Office of the Comptroller of the Currency, Public Information Room, Mailstop 1-5, Attention: 1557-NEW, 250 E Street, SW., Washington, DC 20219. In addition, comments may be sent by fax to (202) 874-4448, or by electronic mail to [regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov). You can inspect and photocopy the comments at the OCC's Public Information Room, 250 E Street, SW., Washington, DC 20219. You can make an appointment to inspect the comments by calling (202) 874-5043.

Additionally, you should send a copy of your comments to OCC Desk Officer, 1557-NEW, by mail to U.S. Office of Management and Budget, 725 17th Street, NW., #10235, Washington, DC 20503, or by fax to (202) 395-6974.

**FOR FURTHER INFORMATION CONTACT:** You may request additional information or a copy of the collection and supporting documentation submitted to OMB by contacting: Mary Gottlieb, (202) 874-5090, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 250 E Street, SW., Washington, DC 20219.

#### SUPPLEMENTARY INFORMATION:

Title: Survey of Minority Owned National Banks.

*OMB Control No.:* New collection.

*Type of Review:* Regular review.

*Description:* The OCC is committed to assessing its efforts to provide supervisory support, technical assistance, education, and outreach to the Minority Owned National Banks (MONBs) under its supervision. To perform this assessment, it is necessary to obtain, from the individual MONBs, feedback on the effectiveness of OCC's current efforts and suggestions for enhancing its supervisory efforts and assistance going forward. The OCC will use the information it gathers to assess the needs of MONBs, and OCC's current efforts to meet those needs. The OCC will also use the information to focus and enhance its supervisory, technical assistance, education and outreach activities with respect to MONBs.

*Affected Public:* Businesses or other for-profit.

*Burden Estimates:*

*Estimated Number of Respondents:* 40.

*Estimated Number of Responses:* 40.

*Estimated Annual Burden:* 80 hours.

*Frequency of Response:* On occasion.

*Comments:* The OCC issued a 60-day Federal Register Notice on April 19, 2007 (72 FR 19761). No comments were received. Comments continue to be invited on:

(a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information has practical utility;

(b) The accuracy of the agency's estimate of the burden of the collection of information;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

Dated: July 2, 2007.

**Karen Solomon,**

*Director, Legislative and Regulatory Activities  
Division, Office of the Comptroller of the  
Currency.*

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## DEPARTMENT OF THE TREASURY

### Office of the Comptroller of the Currency

[Docket No. OCC-2007-0005]

## FEDERAL RESERVE SYSTEM

[Docket No. OP-1278]

## FEDERAL DEPOSIT INSURANCE CORPORATION

## DEPARTMENT OF THE TREASURY

### Office of Thrift Supervision

[No. 2007-31]

## NATIONAL CREDIT UNION ADMINISTRATION

### Statement on Subprime Mortgage Lending

**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) (collectively, the Agencies).

**ACTION:** Final guidance—Statement on Subprime Mortgage Lending.

**SUMMARY:** The Agencies are issuing a final interagency Statement on Subprime Mortgage Lending. This guidance has been developed to clarify how institutions can offer certain adjustable rate mortgage (ARM) products in a safe and sound manner, and in a way that clearly discloses the risks that borrowers may assume.

**EFFECTIVE DATE:** July 10, 2007.

#### FOR FURTHER INFORMATION CONTACT:

*OCC:* Michael Bylsma, Director, Community and Consumer Law Division, (202) 874-5750 or Stephen Jackson, Director, Retail Credit Risk, (202) 874-5170.

*Board:* Division of Banking Supervision and Regulation: Brian P. Valenti, Supervisory Financial Analyst, (202) 452-3575, Virginia M. Gibbs, Senior Supervisory Financial Analyst, (202) 452-2521, or Sabeth I. Siddique, Assistant Director, (202) 452-3861; Division of Consumer and Community Affairs: Kathleen C. Ryan, Counsel,

(202) 452-3667, or Jamie Z. Goodson, Attorney, (202) 452-3667; or Legal Division: Kara L. Handzlik, Attorney (202) 452-3852. Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551. Users of Telecommunication Device for Deaf only, call (202) 263-4869.

*FDIC:* Beverlea S. Gardner, Examination Specialist, (202) 898-3640, Division of Supervision and Consumer Protection; Richard B. Foley, Counsel (202) 898-3784; Mira N. Marshall, Acting Chief Community Reinvestment Act and Fair Lending, (202) 898-3912; April A. Breslaw, Acting Associate Director, Compliance Policy & Exam Support Branch, Division of Supervision and Consumer Protection, (202) 898-6609.

*OTS:* Tammy L. Stacy, Director of Consumer Regulation, Compliance and Consumer Protection Division, (202) 906-6437; Glenn Gimble, Senior Project Manager, Compliance and Consumer Protection Division, (202) 906-7158; William J. Magrini, Senior Project Manager, Credit Risk, (202) 906-5744; or Teresa Luther, Economist, Credit Risk, (202) 906-6798.

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

#### SUPPLEMENTARY INFORMATION:

##### I. Background

The Agencies developed this Statement on Subprime Mortgage Lending to address emerging risks associated with certain subprime mortgage products and lending practices. In particular, the Agencies are concerned about the growing use of ARM products<sup>1</sup> that provide low initial payments based on a fixed introductory rate that expires after a short period, and then adjusts to a variable rate plus a margin for the remaining term of the loan. These products could result in payment shock to the borrower. The Agencies are concerned that these products, typically offered to subprime borrowers, present heightened risks to lenders and borrowers. Often, these products have additional characteristics that increase risk. These include qualifying borrowers based on limited or no documentation of income or imposing substantial prepayment penalties or prepayment penalty periods that extend beyond the initial fixed

interest rate period. In addition, borrowers may not be adequately informed of product features and risks, including their responsibility to pay taxes and insurance, which might be separate from their mortgage payments.

These products originally were extended to customers primarily as a temporary credit accommodation in anticipation of early sale of the property or in expectation of future earnings growth. However, these loans have more recently been offered to subprime borrowers as “credit repair” or “affordability” products. The Agencies are concerned that many subprime borrowers may not have sufficient financial capacity to service a higher debt load, especially if they were qualified based on a low introductory payment. The Agencies are also concerned that subprime borrowers may not fully understand the risks and consequences of obtaining this type of ARM loan. Borrowers who obtain these loans may face unaffordable monthly payments after the initial rate adjustment, difficulty in paying real estate taxes and insurance that were not escrowed, or expensive refinancing fees, any of which could cause borrowers to default and potentially lose their homes.

In response to these concerns, the Agencies published for comment the Proposed Statement on Subprime Mortgage Lending (proposed statement), 72 FR 10533 (March 8, 2007). The proposed statement provided guidance on the criteria and factors, including payment shock, that an institution should assess in determining a borrower’s ability to repay the loan. The proposed statement also provided guidance intended to protect consumers from unfair, deceptive, and other predatory practices, and to ensure that consumers are provided with clear and balanced information about the risks and features of these loans. Finally, the proposed statement addressed the need for strong controls to adequately manage the risks associated with these products.

The Agencies requested comment on all aspects of the proposed statement, and specifically requested comment about whether: (1) These products always present inappropriate risks to institutions and consumers, or the extent to which they may be appropriate under some circumstances; (2) the proposed statement would unduly restrict the ability of existing subprime borrowers to refinance their loans, and whether other forms of credit are available that would not present the risk of payment shock; (3) the principles of the proposed statement should be applied beyond the subprime ARM market; and (4) limitations on the use of

<sup>1</sup>For example, ARMs known as “2/28” loans feature a fixed rate for two years and then adjust to a variable rate for the remaining 28 years. The spread between the initial fixed interest rate and the fully indexed interest rate in effect at loan origination typically ranges from 300 to 600 basis points.