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July 29, 2002

Communications Division
Mailstop 1-5
Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219
Attention: 1557-0081

Robert E. Feldman, Executive Secretary
Attention: Comments/Legal Division
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
Re: Consldt. Reports of Condition 3064-0052

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the
Federal Reserve System
20th Street & Constitution Avenue, NW
Washington, DC 20551
Re: Consldt. Reports of Condition, 7100-0036

Information Collection Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
Re: TFR Revisions, OMB No. 1550-0023

Re: Proposed Changes to the Consolidated Reports of Condition and Income (Call Report)

To Whom It May Concern:

The Federal Financial Institutions Examination Council (FFIEC) has proposed revisions to the Consolidated Reports of Condition and Income (Call Report), which would require all banks that have any subprime consumer lending programs to report the total dollar amount outstanding on their call reports and would establish specific additional requirements for banks that have total subprime programs with dollar amounts equal to or greater than 25 percent of Tier 1 capital. The proposed revisions will result in confusion, inconsistencies, and increased regulatory burden for banks without clear benefit to the banking industry or the regulatory agencies' functions.

There remains no clear definition of the term "subprime". The agencies state in the Federal Register Notice that they plan to treat the information obtained by these reports as confidential because, notwithstanding the Examiner Guidance on Subprime Lending, there is no standard industry-wide approach to the definitions of "subprime" or "program".¹ The lack of these critical definitions results in the meanings of

¹ 67 FR 46253

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these terms being "institution-specific." As a result, institutions may reach different conclusions regarding whether their programs fall under this category. This leads to serious data integrity issues, which defeats the purpose of the additional reporting and may lead to inconsistent enforcement of examination policies related to subprime lending.

The notice also states that because such a clear definition is lacking, "the reported information will not be entirely comparable from one institution to the next, leading to potential misinterpretation of the data by the public."² According to the proposal, the agencies would like this data to remain confidential for a time to ensure adequate experience and uniformity has been gained; for example, six or eight quarters' data will remain confidential.³ The very fact that the agencies feel that the data integrity may be so poor as to deem it confidential is cause enough to avoid such reporting requirements. Furthermore, without public disclosure, the data will be of little use to the industry since banks often rely on peer data for benchmarking purposes.

The regulators have struggled in recent years defining and evaluating subprime lending programs consistently. Adding additional reporting requirements without clear guidance and definition will result greater costs for banks and will produce inconclusive data that will prevent meaningful analysis for purposes of formulating supervisory policy.

Sincerely,



Trent Sorbe
Vice President/Corporate Audit and Compliance

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² 67 FR 46253

³ 67 FR 46253