

# Schedule RC-XX – Consumer Loans in Subprime Lending Programs

This schedule is to be completed only by banks that are programmatic lenders of subprime consumer loans. Banks that are not programmatic lenders of subprime loans should not complete this schedule. The FFIEC regards the information reported in this schedule as confidential on an individual institution basis.

## PART I – TOTAL AMOUNT OF CONSUMER LOANS IN SUBPRIME LENDING PROGRAMS

Dollar Amount in Thousands

1. If the bank has any subprime consumer lending programs, report the total dollar amount outstanding of loans in those programs		1.
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If the response to Part I, item 1, is greater than or equal to 25 percent of the bank's Tier 1 capital as of the report date, complete Parts II, III, and IV; if not, do not complete the remaining parts of the schedule, except as provided in the instructions.

## PART II – OUTSTANDING BALANCES OF CONSUMER LOANS IN SUBPRIME LENDING PROGRAMS

The sum of items 1.a through 2.c must equal Part I, item 1, above.

Dollar Amounts in Thousands

1. Loans secured by 1-4 family residential properties		
a. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit		1.a.
b. Closed-end loans secured by 1-4 family residential properties:		
(1) Secured by first liens		1.b.(1)
(2) Secured by junior liens		1.b.(2)
2. Loans to individuals for household, family, and other personal expenditures		
a. Credit cards		2.a.
b. Other revolving credit plans		2.b.
c. Other consumer loans		2.c.

## PART III – PAST DUE AND NONACCRUAL CONSUMER LOANS IN SUBPRIME LENDING PROGRAMS

(Column A) Past due 30 through 89 days and still accruing	(Column B) Past due 90 days or more and still accruing	(Column C) Nonaccrual
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Dollar Amounts in Thousands

1. Loans secured by 1-4 family residential properties				
a. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit				1.a.
b. Closed-end loans secured by 1-4 family residential properties:				
(1) Secured by first liens				1.b.(1)
(2) Secured by junior liens				1.b.(2)
2. Loans to individuals for household, family, and other personal expenditures				
a. Credit cards				2.a.
b. Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards)				2.b.

## PART IV – CHARGE-OFFS AND RECOVERIES ON CONSUMER LOANS IN SUBPRIME LENDING PROGRAMS

Dollar Amounts in Thousands

	(Column A) Charge-offs	(Column B) Recoveries	
1. Loans secured by 1-4 family residential properties:	Calendar year-to-date		
a. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit			1.a.
b. Closed-end loans secured by 1-4 family residential properties:			
(1) Secured by first liens			1.b.(1)
(2) Secured by junior liens			1.b.(2)
2. Loans to individuals for household, family, and other personal expenditures:			
a. Credit cards			2.a.
b. Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards)			2.b.

## SCHEDULE RC–XX – CONSUMER LOANS IN SUBPRIME LENDING PROGRAMS

### General Instructions

**This schedule is to be completed only by banks with subprime consumer lending programs. Banks that are not programmatic lenders of subprime consumer loans should not complete this schedule.**

The information that is reported in this schedule will not be made available to the public on an individual institution basis.

All banks that have subprime consumer lending programs should complete Part I. Only institutions that have subprime consumer lending programs greater than or equal to 25 percent of the institution's Tier 1 capital as of the report date should complete the detailed information requested in Parts II, III, and IV of this schedule. Once an institution reaches or exceeds the 25 percent of Tier 1 capital threshold, the institution should continue to complete Parts II, III, and IV of this schedule until it fails to meet this threshold for two consecutive quarters or for the remainder of the calendar year, whichever is longer.

Report on a fully consolidated basis consumer loans to subprime borrowers in domestic offices that are extended as part of a program specifically targeted to such borrowers.

The term "program" refers to the process of acquiring on a regular or targeted basis, through either origination or purchase, loans to subprime borrowers that are to be held in the institution's own portfolio or accumulated and packaged for sale. The average credit risk profile of such programs or portfolios will likely display significantly higher delinquency and/or loss rates than prime portfolios.

Subprime programs include loan products that attract a disproportionate number of borrowers with weakened credit histories, including payday loan and credit repair products. A subprime program also may include cases where an institution regularly purchases loans, such as indirect auto paper, of which disproportionate amounts qualify as loans to subprime borrowers. In addition, an institution should include any program determined to be a subprime lending program by its primary federal regulator. If a reporting institution has a question as to whether it has a subprime lending program, it should contact its primary federal regulator.

The term "subprime" refers to the credit characteristics of individual borrowers. Subprime borrowers typically have weakened credit histories that include payment delinquencies, and possibly more severe problems such as charge-offs, judgments, and bankruptcies. The borrowers may also display reduced repayment capacity as measured by credit scores, debt-to-income ratios, or other criteria that may encompass borrowers with incomplete credit histories. Subprime loans are loans to borrowers displaying one or more of these characteristics at the time of origination or purchase. Such loans have a higher risk of default than loans to prime borrowers. Generally, subprime borrowers will display a range of credit risk characteristics that may include one or more of the following:

- Two or more 30-day delinquencies in the last 12 months, or one or more 60-day delinquencies in the last 24 months;
- Judgment, foreclosure, repossession, or charge-off in the prior 24 months;
- Bankruptcy in the last 5 years;
- Relatively high default probability as evidenced by, for example, a credit bureau risk score (FICO) of 660 or below (depending on the product/collateral), or other bureau or proprietary scores with an equivalent default probability likelihood; and/or
- Debt service-to-income ratio of 50% or greater, or otherwise limited ability to cover family living expenses after deducting total monthly debt-service requirements from monthly income.

**General Instructions (cont.)**

This list is illustrative rather than exhaustive and does not define specific parameters for all subprime borrowers. Institutions that have identified borrowers as “subprime” based on their own internal rating systems should report loans to these borrowers as such in this schedule.

For purposes of reporting on this schedule, subprime lending does not refer to individual subprime loans originated and managed, in the ordinary course of business, as occasional exceptions to prime risk selection standards. Additionally, this definition generally does not apply to the following:

- Prime loans that develop credit problems after acquisition.
- Loans initially extended in subprime programs that are later upgraded, because of their performance, to programs targeted to prime borrowers.
- Community development loans as defined in the Community Reinvestment Act regulations that may have some higher risk characteristics, but are otherwise mitigated by guarantees from government programs, private credit enhancements, or other appropriate risk mitigation techniques.
- Institutions that extend credit to subprime borrowers as part of their standard community lending process or make loans to subprime borrowers as an occasional exception.

**Part I – Total Amount of Consumer Loans in Subprime Lending Programs****Item Instructions for Part I****Item No.    Caption and Instructions**

- 1            If the bank has any subprime consumer lending programs, report the total dollar amount outstanding of loans in those programs.** All banking institutions with subprime consumer lending programs should report in this item the total amount outstanding of loans in these programs (in domestic offices). If the amount reported in this item equals or exceeds 25 percent of the reporting institution’s Tier 1 capital as of the report date, then the institution should complete Parts II, III, and IV.

**Part II – Outstanding Balances of Consumer Loans in Subprime Consumer Lending Programs**

Report the amount outstanding by consumer loan category of all consumer loans in the reporting institution’s subprime lending programs. Banks with foreign offices should report only loans held in domestic offices. The sum of items 1.a through 2.c in Part II must equal Part I, item 1, above.

**Item Instructions for Part II****Item No.    Caption and Instructions**

- 1            Loans secured by 1-4 family residential properties.** Report in the appropriate subitem the amount of all loans secured by 1-4 family residential properties, as defined for Schedule RC-C, part I, item 1.c, column B, that are extended under subprime lending programs.
- 1.a          Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report the amount outstanding under revolving, open-end lines of credit secured by 1-4 family residential properties that are included in Schedule RC-C, part I, item 1.c.(1), column B, and that are extended under subprime lending programs.

**Item Instructions for Part II (cont.)****Item No.    Caption and Instructions**

- 1.b**        **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem the amount of all closed-end loans secured by 1-to-4 family residential properties, as defined for Schedule RC-C, part I, item 1.c.(2), column B, that are extended under subprime lending programs.
- 1.b.(1)**   **Secured by first liens.** Report the amount of all closed-end loans secured by first liens on 1-to-4 family residential properties that are included in Schedule RC-C, part I, item 1.c.(2)(a), column B, and that are extended under subprime lending programs.
- 1.b.(2)**   **Secured by junior liens.** Report the amount of all closed-end loans secured by junior (i.e., other than first) liens on 1-to-4 family residential properties that are included in Schedule RC-C, part I, item 1.c.(2)(b), column B, and that are extended under subprime lending programs.
- 2**         **Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem all credit extended to individuals for household, family, and other personal expenditures, as defined for Schedule RC-C, part I, item 6, column B, that are extended under subprime lending programs.
- 2.a**       **Credit cards.** Report all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards that are included in Schedule RC-C, part I, item 6.a, column B, and that are extended under subprime lending programs.
- 2.b**       **Other revolving credit plans.** Report all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards that are included in Schedule RC-C, part I, item 6.b, column B, and that are extended under subprime lending programs.
- 2.c**       **Other consumer loans.** Report all other loans to individuals for household, family, and other personal expenditures that are included in Schedule RC-C, part I, item 6.c, column B, and that are extended under subprime lending programs.

**Part III – Past Due and Nonaccrual Consumer Loans in Subprime Lending Programs**

Report the amount outstanding of all consumer loans that are past due 30 days or more or are in nonaccrual status and that have been extended under subprime lending programs. The instructions for columns A (“Past due 30 through 89 days and still accruing”), B (“Past due 90 days or more and still accruing”), and C (“Nonaccrual”) are found in Schedule RC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets.

**Item Instructions for Part III****Item No.    Caption and Instructions**

- 1**         **Loans secured by 1-4 family residential properties.** Report in the appropriate subitem and column the amount of all loans secured by 1-4 family residential properties, as defined for Schedule RC-C, part I, item 1.c, column B, that are extended under subprime lending programs.

**Item Instructions for Part III (cont.)****Item No.    Caption and Instructions**

- 1.a**        **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report in the appropriate column the amount outstanding under revolving, open-end lines of credit secured by 1-4 family residential properties that are included in Schedule RC-N, item 1.c.(1), column A, B, or C, and that are extended under subprime lending programs.
- 1.b**        **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem and column the amount of all closed-end loans secured by 1-to-4 family residential properties, as defined for Schedule RC-C, part I, item 1.c.(2), column B, that are extended under subprime lending programs.
- 1.b.(1)**    **Secured by first liens.** Report in the appropriate column the amount of all closed-end loans secured by first liens on 1-to-4 family residential properties that are included in Schedule RC-N, item 1.c.(2)(a), column A, B, or C, and that are extended under subprime lending programs.
- 1.b.(2)**    **Secured by junior liens.** Report in the appropriate column the amount of all closed-end loans secured by junior (i.e., other than first) liens on 1-to-4 family residential properties that are included in Schedule RC-N, item 1.c.(2)(b), column A, B, or C, and that are extended under subprime lending programs.
- 2**         **Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem and column all credit extended to individuals for household, family, and other personal expenditures, as defined for Schedule RC-C, part I, item 6, column B, that are extended under subprime lending programs.
- 2.a**        **Credit cards.** Report in the appropriate column all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards (in domestic offices) that are included in Schedule RC-N, item 5.a, column A, B, or C, and that are extended under subprime lending programs.
- 2.b**        **Other.** Report in the appropriate column all other loans to individuals for household, family, and other personal expenditures (in domestic offices) that are included in Schedule RC-N, item 5.b, column A, B, or C, and that are extended under subprime lending programs.

**Part IV – Charge-offs and Recoveries on Consumer Loans in Subprime Lending Programs**

Report in this part charge-offs in column A, and recoveries in column B, as defined in Schedule RI-B, Charge-offs and Recoveries on Loans and Leases and Changes in Allowance for Loan and Lease Losses. This part includes only consumer loans charged-off or recovered during the calendar year-to-date that are extended under subprime lending programs.

**Item Instructions for Part IV****Item No.    Caption and Instructions**

- 1**        **Loans secured by 1-4 family residential properties.** Report in the appropriate subitem and column the amount of charge-offs and recoveries on all loans secured by 1-4 family residential properties, as defined for Schedule RC-C, part I, item 1.c., column B, that are extended under subprime lending programs.
- 1.a**        **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report in the appropriate column the amount of charge-offs and recoveries on revolving, open-end lines of credit secured by 1-4 family residential properties that are included in Schedule RI-B, part I, item 1.c.(1), column A or B, and that are extended under subprime lending programs.
- 1.b**        **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem and column the amount of charge-offs and recoveries on all closed-end loans secured by 1-to-4 family residential properties as defined for Schedule RC-C, part I, item 1.c.(2), column B, that are extended under subprime lending programs.
- 1.b.(1)**    **Secured by first liens.** Report in the appropriate column the amount of charge-offs and recoveries on all closed-end loans secured by first liens on 1-to-4 family residential properties that are included in Schedule RI-B, part I, item 1.c.(2)(a), column A or B, and that are extended under subprime lending programs.
- 1.b.(2)**    **Secured by junior liens.** Report in the appropriate column the amount of charge-offs and recoveries on all closed-end loans secured by junior (i.e., other than first) liens on 1-to-4 family residential properties that are included in Schedule RI-B, part I, item 1.c.(2)(b), column A or B, and that are extended under subprime lending programs.
- 2**        **Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem and column the amount of charge-offs and recoveries on all credit extended to individuals for household, family, and other personal expenditures, as defined for Schedule RC-C, part I, item 6, column B, that are extended under subprime lending programs.
- 2.a**        **Credit cards.** Report in the appropriate column the amount of charge-offs and recoveries on all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards (in domestic offices) that are included in Schedule RI-B, part I, item 5.a, column A or B, and that are extended under subprime lending programs.
- 2.b**        **Other.** Report in the appropriate column the amount of charge-offs and recoveries on all other loans to individuals for household, family, and other personal expenditures (in domestic offices) that are included in Schedule RI-B, part I, item 5.b, column A or B, and that are extended under subprime lending programs.