



# fed LETTER

Colorado \* Kansas \* Missouri \* Nebraska \* New Mexico \* Oklahoma \* Wyoming

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FEDERAL RESERVE BANK of KANSAS CITY

LATEST *MAIN STREET*  
ECONOMIST RELEASED

The **newest issue**, “Minorities in the Tenth District: Are They Ready for the Jobs of the Future?” was released March 23.

Chad Wilkerson and Megan Williams explore how the population of the Tenth Federal Reserve District is becoming more diverse and whether minorities are receiving the education and training necessary to contribute to future regional economic growth and improve their personal income potential.

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MANUFACTURING SURVEY  
AVAILABLE

The **monthly manufacturing survey** for the Tenth Federal Reserve District was released March 29. The survey asks plant managers about a variety of manufacturing indicators. The information is compiled into a snapshot of manufacturing in the District.

Tenth District manufacturing activity growth fell in March after last month’s strong rebound. However, expectations for future factory activity showed solid gains. Price indexes in the survey were mixed, with an overall increase in raw materials price pressures, but a decline in finished goods price pressures, particularly versus last month.

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BEIGE BOOK RELEASED

The **latest edition** of the Beige Book was released March 7. The Beige Book is a summary of current economic conditions in each Federal Reserve District.

Most Districts reported modest expansion in economic activity since the last report, but several Districts noted some slowing. The Tenth District economy continued to expand at a modest pace in late January and February. Consumer spending was limited by poor weather conditions across the District, while manufacturing production and agricultural conditions improved and price pressures held steady.

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REGULATORY  
DEVELOPMENTS

*Proposed subprime mortgage  
lending statement*

On March 2, the federal financial regulatory agencies issued for comment a proposed [Statement on Subprime Mortgage Lending](#) to address certain risks and emerging issues relating to subprime mortgage lending practices. Specifically, the statement addresses particular adjustable-rate mortgage (ARM) lending products.

The proposal addresses concerns that subprime borrowers may not fully understand the risks and consequences of obtaining these products, and that the products may pose an elevated credit risk to financial institutions. The statement specifies that an institution's analysis of a borrower's repayment capacity should include an evaluation of the borrower's ability to repay the debt by its final maturity at the fully indexed rate, assuming a fully amortizing repayment schedule.

The statement also underscores that communication with consumers should provide clear and balanced information about the relative benefits and risks of the products.

If adopted, this statement would complement the 2006 Interagency Guidance on Nontraditional Mortgage Product Risks, which did not specifically address the risk of these ARM products.

The agencies request comment on all aspects of the proposed statement, but also list five specific questions concerning the breadth of application of the statement and whether the statement may unduly restrict credit or otherwise limit the actions by consumers. Comments are due on the proposal by **May 7**.

*Proposed model privacy notice*

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Eight federal regulators, including the Federal Reserve, released a notice of proposed rulemaking on March 21 on a [proposed model privacy form](#) that financial institutions can use for their privacy notices to consumers, required by the Gramm-Leach-Bliley Act (GLB Act).

The privacy notices must describe an institution's information-sharing practices, and, for certain types of sharing, consumers have the right to opt out. The notices must be provided when a consumer first becomes a customer of a financial institution and then annually for as long as the customer relationship lasts.

The proposed rulemaking is as a result of a provision of the Financial Services Regulatory Relief Act of 2006, amending the GLB Act to require the agencies to propose a model form that is comprehensible for and easily usable by consumers.

Comments are due by **May 29**.

*Improved Web site for banking data*

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On March 30, the federal banking agencies announced the launch of an [improved Web site](#) to access banks' quarterly Reports of Condition and Income (Call Report) data.

Important Call Report data will now be available faster and in multiple formats through the Central Data Repository (CDR). The CDR is a cooperative venture by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency to collect, store, and distribute certain bank financial data.

Users will be able to access the data through multiple formats. Starting about 15 days after the close of each calendar quarter, Call Report data for individual banks will now be available soon after banks submit it.

*More regulatory developments*

To see more regulatory developments, go to the [Banking Information page](#) on our Web site and click “Regulations/Guidance” in the left column.

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