PRESS RELEASE
Federal Deposit Insurance Corporation

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FDIC BOARD STREAMLINES FAIR HOUSING REQUIREMENTS, CUTS DUPLICATION IN DERIVATIVES POLICY

FOR IMMEDIATE RELEASE

The FDIC Board of Directors today proposed streamlining FDIC regulations and policies in two areas: fair housing and derivatives. The regulatory reduction efforts are part of the FDIC's review of its regulations and written policies under Section 303 of the Riegle Community Development and Regulatory Improvement Act (CDRIA) of 1994.

The Board approved a proposed rule to amend the FDIC's fair housing regulation, Part 338. The proposal is designed to make the FDIC's regulations consistent with those of the other federal bank and thrift regulators, and to eliminate the FDIC's fair housing recordkeeping and reporting requirements that currently exceed those of the Federal Reserve Board. The proposed rule removes FDIC recordkeeping requirements that serve as a substitute monitoring program permitted by Regulation B of the Federal Reserve Board, and removes the data collection and reporting requirements that exceed those of Regulation C of the Federal Reserve Board. The proposed rule will also require insured state nonmember banks to collect and report the reasons for any denials of home loan applications.

The rule gives banks more flexibility in the use of fair housing posters and advertising slogans, providing the option of using either the "Equal Housing Opportunity" poster required by the Department of Housing and Urban Development (HUD) or the FDIC's "Equal Housing Lender" poster. Banks also will have the option of using the "Equal Opportunity Lender" slogan in lieu of "Equal Housing Lender" in oral and written advertisements. The choice of using either slogan is designed to give flexibility to institutions that offer a broader variety of loan products than mortgage loans, such as auto, consumer, and credit card extensions of credit.

The Board also voted to approve a memorandum and resolution rescinding the FDIC's Policy Statement, adopted on November 13, 1979, regarding the use of interest rate futures contracts, forward contracts and standby contracts. Since the Policy Statement was issued, the FDIC has offered more comprehensive guidance on both oversight of derivative instruments and interest rate risk management, making the 1979 Policy Statement outmoded and duplicative.

The FDIC's Financial Institution Letter 34-94, Examination Guidance on Financial Derivatives (May 18, 1994); the Joint Policy Statement: Interest Rate Risk, 61 Fed. Reg. 33,166, issued June 26, 1996, with the other bank regulatory agencies; and the instructions for the Consolidated Reports of Condition and Income (Call Report) all provide more comprehensive guidance that supersedes the 1979 Policy Statement.