



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## **FDIC Chairman Applauds Federal Reserve Chairman Bernanke's Announcement to Propose Rules Addressing Unfair and Deceptive Lending Practices**

FDIC Chairman Sheila C. Bair applauded Federal Reserve Chairman Ben Bernanke's statement today that the Federal Reserve will exercise its authority under the Home Ownership and Equity Protection Act (HOEPA) to propose additional rules this year addressing unfair and abusive lending practices. Chairman Bernanke's announcement was made in testimony before the House Financial Services Committee in a hearing on "Monetary Policy and the State of the Economy."

Chairman Bair said: "Today's announcement by Chairman Bernanke that the Federal Reserve will exercise its authority under HOEPA to address unfair and deceptive lending practices is a welcome development. The FDIC, the Federal Reserve, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision have acted quickly and cooperatively to issue regulatory guidance to financial institutions to establish strong standards to protect subprime borrowers. Unfortunately, a significant regulatory gap has remained due to the substantial portion of subprime lending that originates with non-bank lenders. The Federal Reserve's decision to propose additional rules under HOEPA will help to close this gap – and aid significantly to relieve negative competitive pressure on banks."

"I want to thank Chairman Bernanke for his personal interest and commitment on this issue. Under his leadership, the considerable influence, independence and integrity of the Federal Reserve Board will be mustered for the benefit of consumers, including the more vulnerable segments that have disproportionately felt the brunt of unfair and abusive lending practices. He has shown sensitivity and openness, which all should applaud."



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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