
Joint Release

**Office of the Comptroller of the Currency
Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
National Credit Union Administration
Conference of State Bank Supervisors**

For Immediate Release

June 30, 2014

**Agencies Issue Guidance for Home Equity Lines of Credit
Nearing Their End-of-Draw Periods**

WASHINGTON— Four federal financial institutions regulatory agencies and the Conference of State Bank Supervisors (CSBS) today issued guidance to financial institutions regarding home equity lines of credit (HELOCs) nearing their "end-of-draw" periods, which occurs when the principal amount of the HELOC must begin to be repaid. The guidance encourages financial institutions to effectively communicate with borrowers about the pending reset and provides broad principles for managing risk as HELOCs reach their end-of-draw periods.

The agencies and CSBS recognize that financial institutions and borrowers may face challenges as HELOCs near their end-of-draw periods. Many borrowers will continue to meet their contractual obligation when their loan resets to an amortizing payment or reaches a balloon maturity. However, some may find it difficult to make higher payments or to refinance their existing loans due to changes in their financial circumstances or declines in property values. When borrowers experience financial difficulties, financial institutions and borrowers generally find it beneficial to work together to avoid unnecessary defaults.

The guidance describes how financial institutions can effectively manage their potential exposures under these circumstances. The guidance promotes an understanding of potential exposures and describes consistent, effective responses to HELOC borrowers unable to meet their contractual obligations. The appropriate accounting and reporting procedures for HELOCs nearing their end-of-draw periods are also discussed.

Attachments:

- [Interagency Guidance on Home Equity Lines of Credit Nearing Their End-of-Draw Periods - PDF \(PDF Help\)](#)
- [Interagency Guidance on Home Equity Lines of Credit Nearing Their End-of-Draw Periods – HTML](#)

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FDIC: PR-52-2014