

May 27, 1993

TO THE CHIEF EXECUTIVE OFFICER:

The federal financial institutions supervisory agencies are deeply concerned that some minority consumers and small business owners may be experiencing discriminatory treatment in their efforts to obtain credit from financial institutions. Discrimination in lending, on any prohibited basis, strikes at the fabric of both our political commitment to equal opportunity and our economic commitment to free and competitive markets.

Our agencies are committed to making sure that financial institutions understand their fair lending obligations and respond appropriately. We will continue to strengthen and refine our fair lending enforcement activities. Examiners will routinely use HMDA data, as well as other information, to identify cases which require closer examination. Examiners will then conduct detailed reviews and comparisons of loan and application files to examine for compliance with fair lending laws and regulations. The agencies will continue to develop and refine computer-based programs to facilitate and improve this process. This is part of an ongoing effort to develop tools that will further help examiners and institutions analyze HMDA data, review examination procedures and determine how they can be strengthened to detect and deter discrimination in lending.

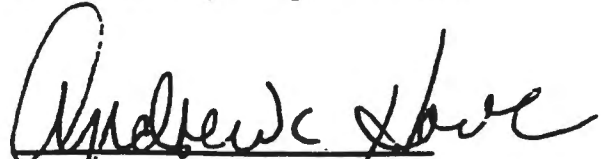
In cases where examination results or other information suggest probable fair lending violations, we will cooperate with the U.S. Department of Justice and the Department of Housing and Urban Development.

We further believe that a sustained national effort to expand and intensify educational programs for both lenders and consumers is necessary, with an emphasis on greater sensitivity to fair lending issues. We urge financial institutions to use their maximum creativity to design appropriate programs. We especially urge consideration of the ideas listed on the appended sheet.

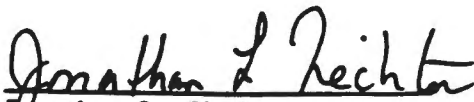
It is clear to the agencies that more needs to be done to assure equal access to credit by everyone in our country. We expect all financial institutions to participate in this effort.



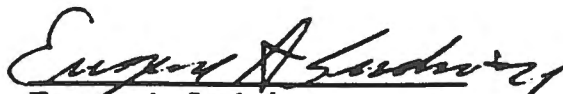
Alan Greenspan, Chairman
Board of Governors of the
Federal Reserve System



Andrew C. Hove, Jr.
Acting Chairman
Federal Deposit Insurance Corporation



Jonathan L. Fiechter
Acting Director
Office of Thrift Supervision



Eugene A. Ludwig
Comptroller of the Currency
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