SUPPLEMENTARY INFORMATION:

Background

Section 330 of the Riegle Community Development and Regulatory Improvement Act, Pub. L. No. 103–225, 108 Stat. 2160, 2231 (1994) (the CDRI Act), requires the Secretary of the Treasury (the Secretary) to conduct a study of the process by which credit is made available to consumers and small businesses. The study is to be conducted in consultation with the Board of Governors of the Federal Reserve System (FRB), the Administrator of the Small Business Administration (SBA), the Secretary of Housing and Urban Development (HUD), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA).

The purpose of the study is to identify procedures and Federal laws that have the effect of:

(1) Reducing the amount of credit available (to consumers or small businesses) or the number of persons eligible for such credit;

(2) Increasing the level of consumer inconvenience, cost, and time delays in connection with the extension of consumer and small business credit without corresponding benefit in protecting consumers, small businesses, or the safety and soundness of insured depository institutions; and

(3) Increasing costs and burdens on insured depository institutions, insured credit unions, and other lenders, without corresponding benefit in protecting consumers, small businesses or the safety and soundness of insured depository institutions.

At the conclusion of the study, the Secretary is to submit a report to the Congress describing his findings and conclusions and recommending any administrative actions or statutory changes that he determines to be appropriate.

Finally, section 330 requires the Treasury to solicit comments from ‘‘consumers, representatives of consumers, insured depository institutions, insured credit unions, other lenders, and other interested parties.’’ *Id*. The Treasury is, accordingly, issuing this request for comment in order to learn the views of interested parties with respect to the process by which consumers and small businesses seek and obtain credit.

Request for Comment

Set forth below is a list of questions on which the Treasury specifically solicits commenters' views. The questions pertaining to the consumer and the small business credit systems are virtually identical but are separated into two discrete sections of this notice to facilitate responses from commenters who wish to respond only on one of the two topics.

The Treasury also invites comment regarding any aspect of the process, including any Federal laws, by which credit is made available for consumers and small businesses. Since one important purpose of the report is to offer recommendations for administrative or legislative change, commenters are encouraged to be as specific as possible in suggesting improvements to the consumer and small business credit systems.

Commenters are asked to identify the capacity or capacities (e.g., consumer representative, insured depository institution, small business, etc.) in which they are responding to this request. Moreover, commenters who choose to respond to one or more of the questions enumerated below are asked to identify the question by its number.

Questions on the Availability of Consumer Credit

The consumer lending process is affected by many Federal banking laws and the regulations that implement them. While these laws are generally intended to facilitate consumers' access to credit, they may also have the effect of increasing lenders' costs which can, in turn, inhibit or restrict credit availability.

Question (1). Please identify any consumer credit laws or implementing regulations that have a direct and significant effect on the consumer credit process. Examples include the items listed below. Commenters may also identify and comment on other Federal banking statutes and implementing rules not included on this list.

a. The Equal Credit Opportunity Act (15 U.S.C. 1691 *et seq.*) and Regulation B (12 CFR part 202);

b. The Home Mortgage Disclosure Act (12 U.S.C. 2801 *et seq.*) and Regulation C (12 CFR part 203);

c. The Fair Housing Home Loan Data System (12 CFR part 27) (applies only to national banks);

d. The Real Estate Settlement Procedures Act (12 U.S.C. 2601) and Regulation X (24 CFR part 3500) (disclosure provisions);

e. The Truth in Lending Act (15 U.S.C. 1601 *et seq.*) and Regulation Z (12 CFR part 226);

f. The Fair Credit Reporting Act (15 U.S.C. 1681); and

g. The National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001 et seq.); 12 CFR part 22 (OCC); 12 CFR part 339 (FDIC); 12 CFR part 760 (NCUA); 12 CFR 563.48 (OTS); 12 CFR 208.8 (FRB).

For each law or regulation identified in response to Question (1), commenters are invited to address the following questions:

Question (2). What are the principal benefits of the law or regulation? What are its principal costs or burdens? Does the law or regulation impede consumers' access to credit? If so, how?

Question (3). Does this law or regulation duplicate, or overlap with, any other Federal law or regulation in a significant way?

Question (4). How could this law or regulation be changed to achieve its purpose in a way that is less costly or burdensome?

Lenders also adopt policies and establish procedures that are not required by statute or regulation but that nonetheless may have important effects on credit availability. Examples include the location of a lender's branches, its underwriting policies and procedures, and the ways in which it makes information about credit available to consumers.

Question (5). Please identify any significant non-statutory, non-regulatory policies or procedures used by lenders that impede the process of obtaining consumer credit or that limit or restrict consumer credit availability.

Question (6). Can the policy or procedure be modified to achieve the lender's objectives in a way that eliminates or reduces the restriction on consumer credit availability? If so, how?

Question (7). Are consumers adequately informed, through advertising or other means, about the availability of financial products and services? If not, please identify ways in which the flow of information to consumers could be improved.

There are other features of the overall Federal regulatory scheme that may affect credit availability. For example, the supervisory practices of the agencies that regulate lending institutions may have an impact on lending processes.

Question (8). Please identify any other aspects of the government's administration of Federal laws, regulations, or programs, or its oversight of the lending process, that limit or restrict the availability of credit to consumers. Include any specific suggestions for improvement in the way the agencies or departments involved in this study, as described above, manage their statutory responsibilities.