

Federal Reserve Bank of San Francisco  
101 Market Street, San Francisco, California 94105

May 9, 2006

**BANKING SUPERVISION AND REGULATION:  
PUBLIC HEARINGS ON THE HOME EQUITY  
LENDING MARKET**

To State Member Banks, Bank  
Holding Companies, U.S. Branches  
and Agencies of Foreign Banks,  
and Others Concerned,  
in the Twelfth Federal Reserve District

**Public Hearings on the Home Equity Lending Market**

The Federal Reserve Board announced it will hold four public hearings on the home equity lending market, under the Home Ownership and Equity Protection Act (HOEPA). HOEPA, which was enacted in 1994 in response to reports of predatory home equity lending practices in underserved markets, amended the Truth in Lending Act (TILA) to impose additional disclosure requirements and limits on certain high cost, home-secured loans. HOEPA also requires the Board to periodically hold public hearings to examine the home equity lending market and the adequacy of existing regulatory and legislative provisions for protecting the interests of consumers.

The 2006 hearings will focus on the following three topics:

1. Predatory lending and the impact of the HOEPA rules and state and local anti-predatory lending laws on the sub-prime market
2. Non-traditional mortgage products such as interest only mortgage loans, payment option adjustable rate mortgages, and reverse mortgages
3. How consumers select lenders and mortgage products in the sub-prime mortgage market

The discussions will be based on the following four objectives:

1. To gather information on the effectiveness of the 2002 revisions to the HOEPA rules in protecting consumers, and its impact on the availability of credit in the higher cost portion of the sub-prime market
2. To gather information that will assist the pending review of Regulation Z, which implements TILA and HOEPA
3. To identify matters for which the Board or other entities can develop educational materials to help consumers make informed choices about mortgage loans
4. To identify mortgage lending market issues that require additional research

All hearings will begin with panel discussions by invited speakers, followed by an open-mike session. The notice of hearings and request for public comment is attached.

**Additional Information**

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>.

For additional information about the public hearings on the home equity lending market, please contact our Banking Supervision and Regulation Department at (415) 974-3028.

FEDERAL RESERVE BANK OF SAN FRANCISCO

Attachment: Docket No. OP-1253