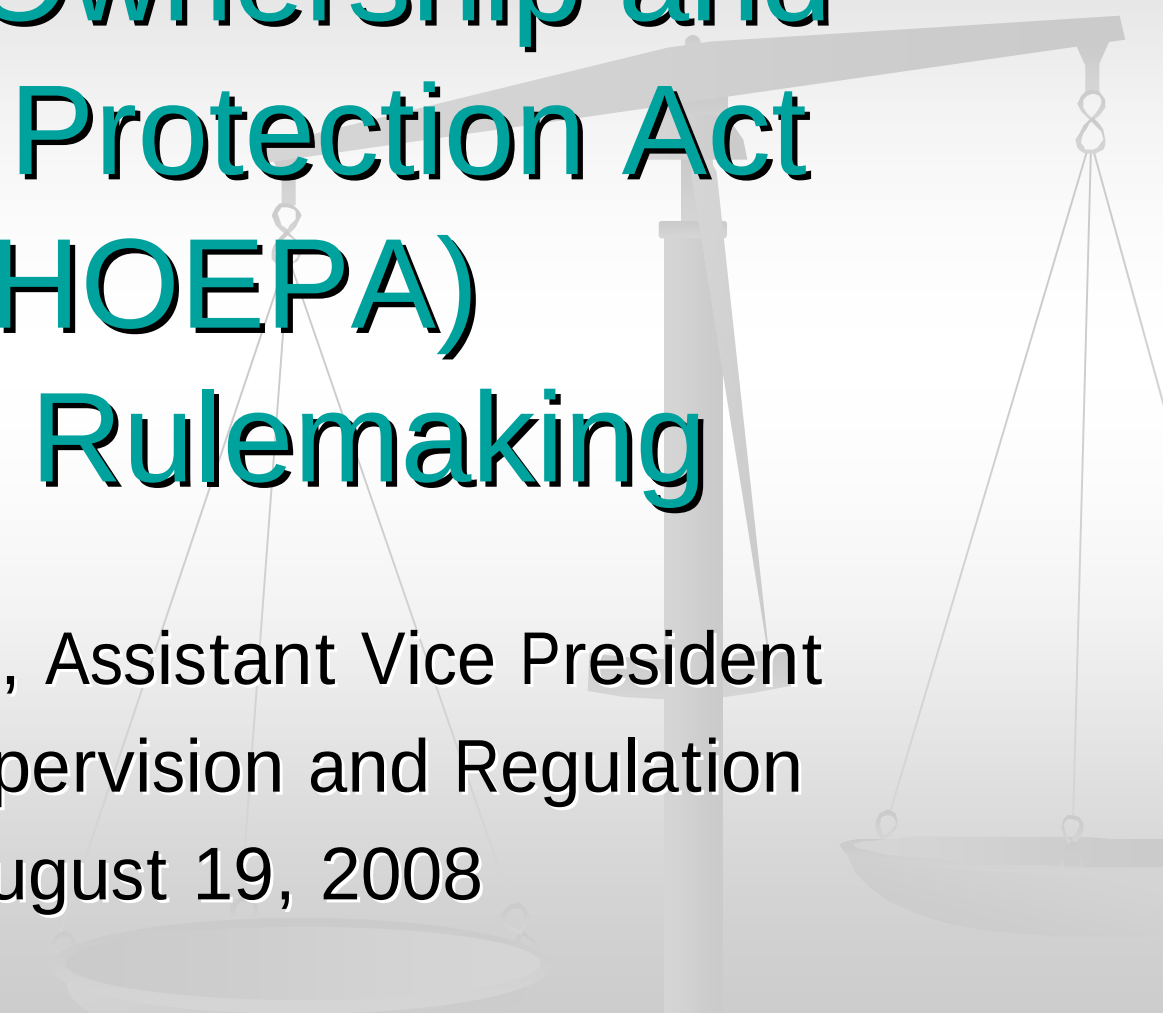


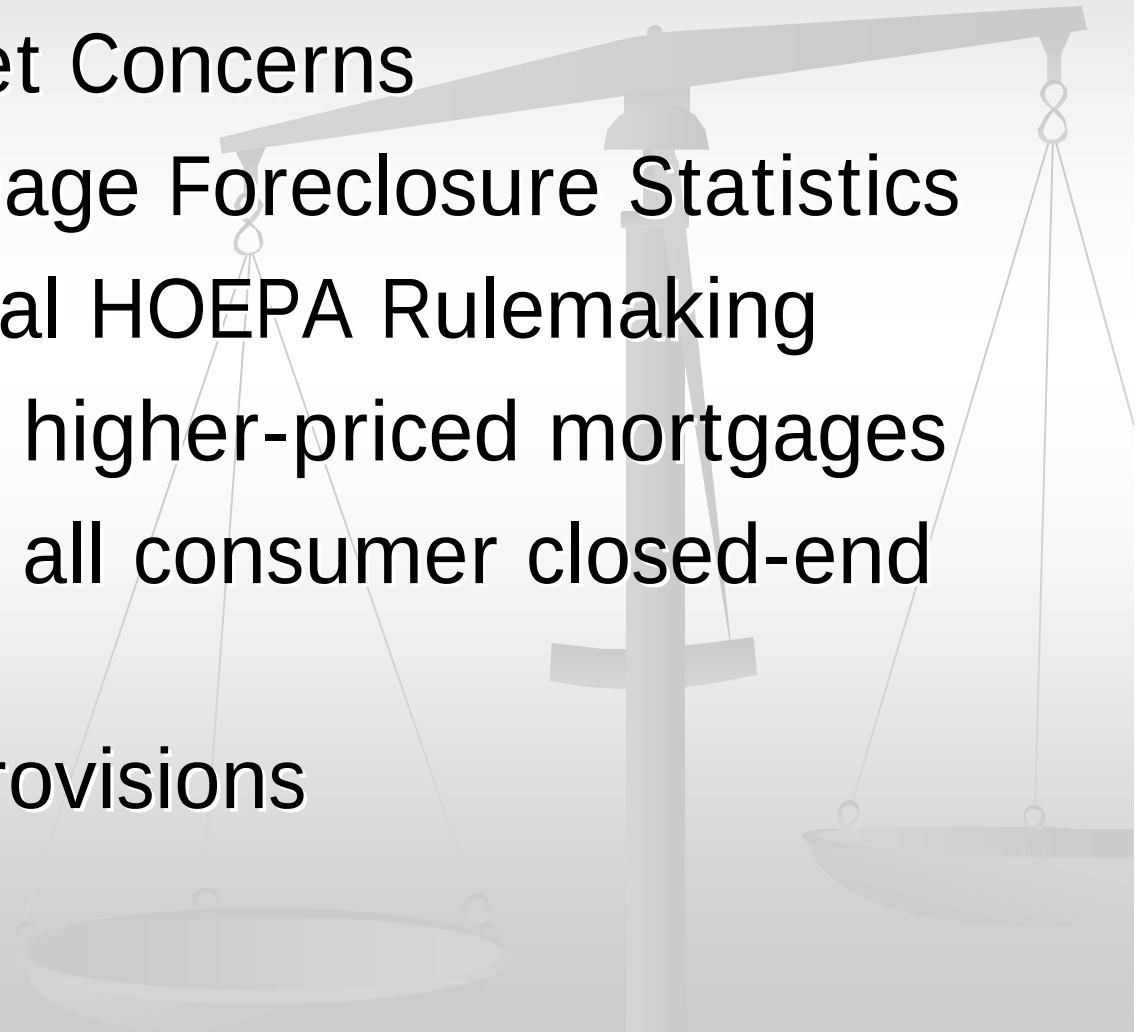


Home Ownership and Equity Protection Act (HOEPA) Final Rulemaking

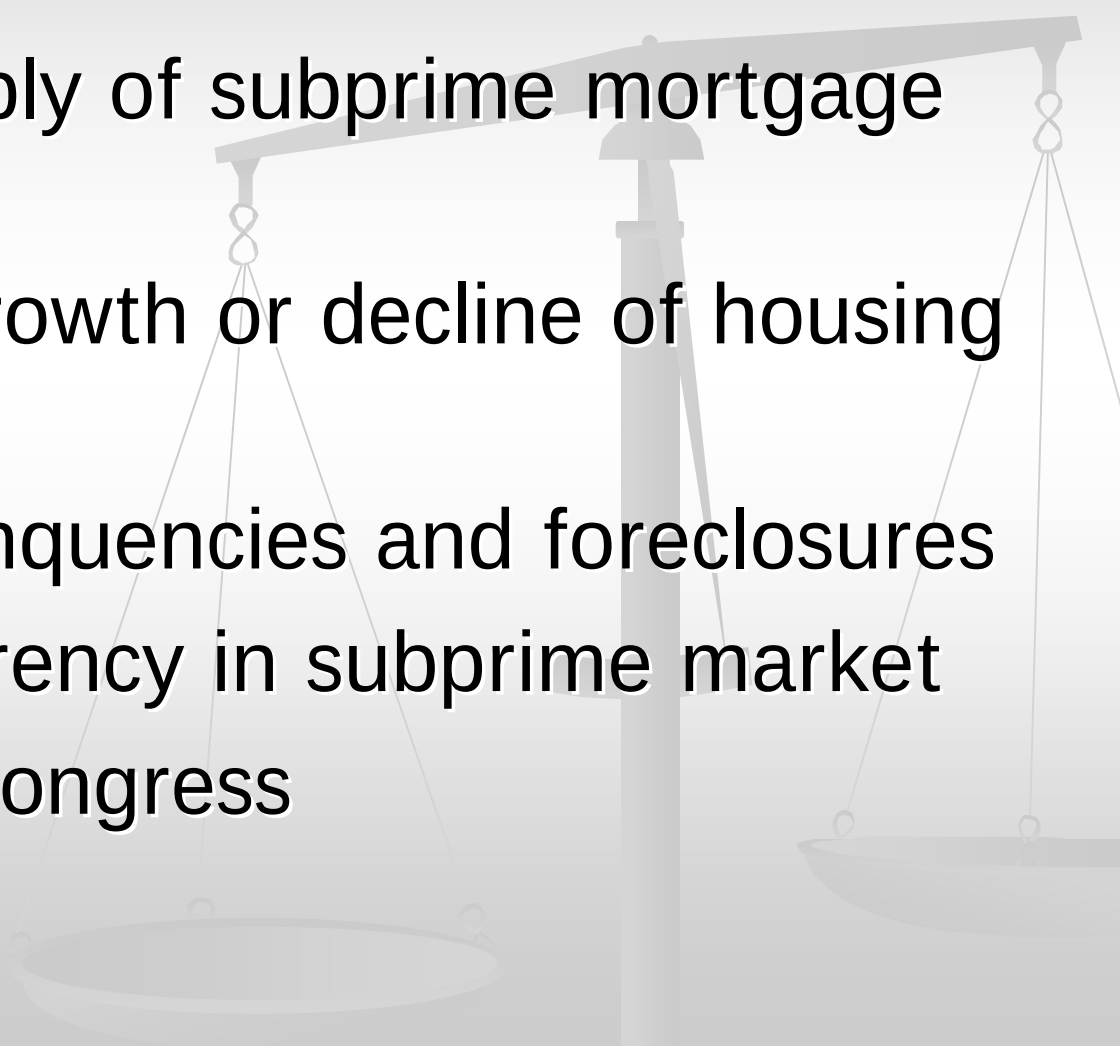
Joan Garton, Assistant Vice President
Banking Supervision and Regulation
August 19, 2008

Agenda

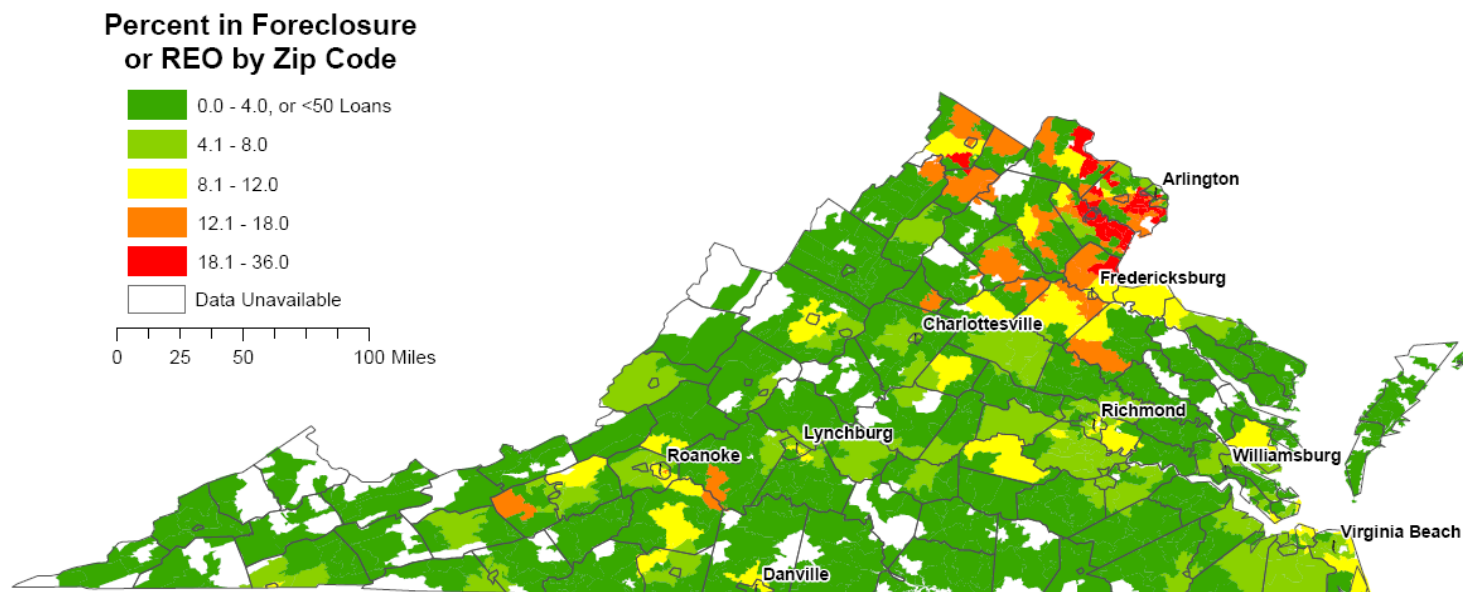
- Subprime Market Concerns
- Subprime Mortgage Foreclosure Statistics
- Summary of Final HOEPA Rulemaking
 - Protection for higher-priced mortgages
 - Protection for all consumer closed-end mortgages
 - Advertising provisions



Consumer Protection Concerns in Subprime Market

- Increase in supply of subprime mortgage credit
 - Slow down in growth or decline of housing prices
 - Increase in delinquencies and foreclosures
 - Limited transparency in subprime market
 - Pressure from Congress
- 

Virginia: Percentage of Owner-Occupied Homes with Subprime Mortgages that are in Foreclosure or REO



Federal Reserve Bank of Richmond

Map created from Federal Reserve Board estimates based on data from First American LoanPerformance (February 2008). Uncategorized zip codes have less than four owner-occupied subprime mortgages or have no available data.

Federal Reserve Bank of Richmond 5th District Subprime Loan Statistics

State	Number of Owner-Occupied Subprime Loans	Total Number of Owner-Occupied Households*	Percent of Owner-Occupied Households with Subprime Loans	Percent of Subprime Loans in Foreclosure or REO	Percent of Subprime Loans with Payment Past Due (Days)	
					60-89	90+
District of Columbia	5,961	100,519	5.93	12.60	5.13	10.33
Maryland	84,819	1,451,262	5.84	10.55	5.61	9.98
North Carolina	80,856	2,524,048	3.20	7.93	5.08	8.97
South Carolina	44,614	1,236,946	3.61	11.63	4.83	8.16
Virginia	81,119	2,074,197	3.91	10.66	5.38	8.99
West Virginia	9,626	578,921	1.66	7.85	4.81	9.23
National	4,155,774	76,780,548	5.41	15.02	4.84	8.55

Source: Subprime loan information based on Federal Reserve Board estimates of data from First American LoanPerformance, February, 2008. (These numbers then adjusted to account for the data set's estimated 70% coverage of the market.)

* 2007 estimate from Geolytics, Inc.

REO is Real Estate Owned by the Lender (after the foreclosure but before the house is sold)



Federal Reserve Bank of Richmond
Virginia Subprime Loan Statistics
Metropolitan Statistical Areas

Geographic Area	Number of Owner-Occupied	Total Number of	Percent of Owner-Occupied Households	Percent of Subprime	Percent of Subprime Loans with	
	Subprime Loans	Owner-Occupied Households*	with Subprime Loans	Loans in Foreclosure or REO	Payment Past Due (Days)	
					60-89	90+
Blacksburg-Christiansburg-Radford	747	39,460	1.89	7.84	3.63	7.07
Charlottesville	1,163	51,494	2.26	6.76	5.53	9.09
Danville	889	32,707	2.72	6.75	5.14	8.36
Harrisonburg	573	28,005	2.05	6.73	2.99	7.48
Kingsport-Bristol-Bristol	2,516	99,613	2.53	6.13	4.77	6.93
Lynchburg	2,013	70,956	2.84	6.67	4.61	8.16
Richmond	17,264	326,792	5.28	6.41	5.37	9.30
Roanoke	3,520	91,357	3.85	7.83	4.42	9.13
Virginia Beach-Norfolk-Newport News	22,054	402,810	5.48	6.18	5.38	8.48
Washington-Arlington-Alexandria	67,970	1,310,293	5.19	15.35	5.84	10.40
Winchester	1,466	32,860	4.46	13.55	6.24	10.53
Virginia	81,119	2,074,197	3.91	10.66	5.38	8.99
National	4,155,774	76,780,548	5.41	15.02	4.84	8.55

Source: Subprime loan information based on Federal Reserve Board estimates of data from First American LoanPerformance, February, 2008. (These numbers then adjusted to account for the data set's estimated 70% coverage of the market.)

* 2007 estimate from Geolytics, Inc.

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**Federal Reserve Bank of Richmond
Virginia Subprime Loan Statistics**

Top Zip Codes by Percent of Owner-Occupied Households with Subprime Loans

Zip Code	Locality	Number of Owner-Occupied Subprime Loans	Total Number of Owner-Occupied Households*	Percent of Owner-Occupied Households with Subprime Loans	Percent of Subprime Loans in Foreclosure or REO	Percent of Subprime Loans with Payment Past Due (Days)	
						60-89	90+
22542	Orange	53	293	18.04	10.81	2.70	5.41
23504	Norfolk City	367	2,425	15.14	8.95	7.39	11.67
23523	Norfolk City	141	1,019	13.88	3.03	4.04	13.13
23224	Richmond City	793	5,834	13.59	10.27	6.31	9.55
23222	Richmond City	744	5,766	12.91	9.79	7.29	9.98
23223	Richmond City	1,054	8,535	12.35	7.72	6.50	10.70
22712	Fauquier	177	1,445	12.26	16.13	5.65	11.29
23702	Portsmouth City	266	2,174	12.22	6.99	4.30	6.99
23513	Norfolk City	654	5,468	11.97	7.86	4.15	5.68
23607	Newport News City	434	3,870	11.22	8.55	5.92	10.53
22642	Warren	126	1,126	11.16	12.50	3.41	5.68
23234	Chesterfield	1,034	9,406	11.00	5.52	6.22	10.22
23324	Chesapeake City	510	4,801	10.62	7.00	4.20	12.04
22193	Prince William	1,926	18,172	10.60	29.45	6.08	12.02
23509	Norfolk City	353	3,334	10.58	6.48	6.07	10.12
24017	Roanoke City	583	5,518	10.56	9.07	4.17	11.27
23231	Henrico	866	8,364	10.35	8.25	6.77	13.04
23704	Portsmouth City	346	3,463	9.98	6.20	5.79	5.37
22191	Portsmouth City	909	10,154	8.95	32.70	4.56	13.36
23701	Portsmouth City	619	6,927	8.93	5.08	6.47	7.16
Virginia	N/A	81,119	2,074,197	3.91	10.66	5.38	8.99
National	N/A	4,155,774	76,780,548	5.41	15.02	4.84	8.55

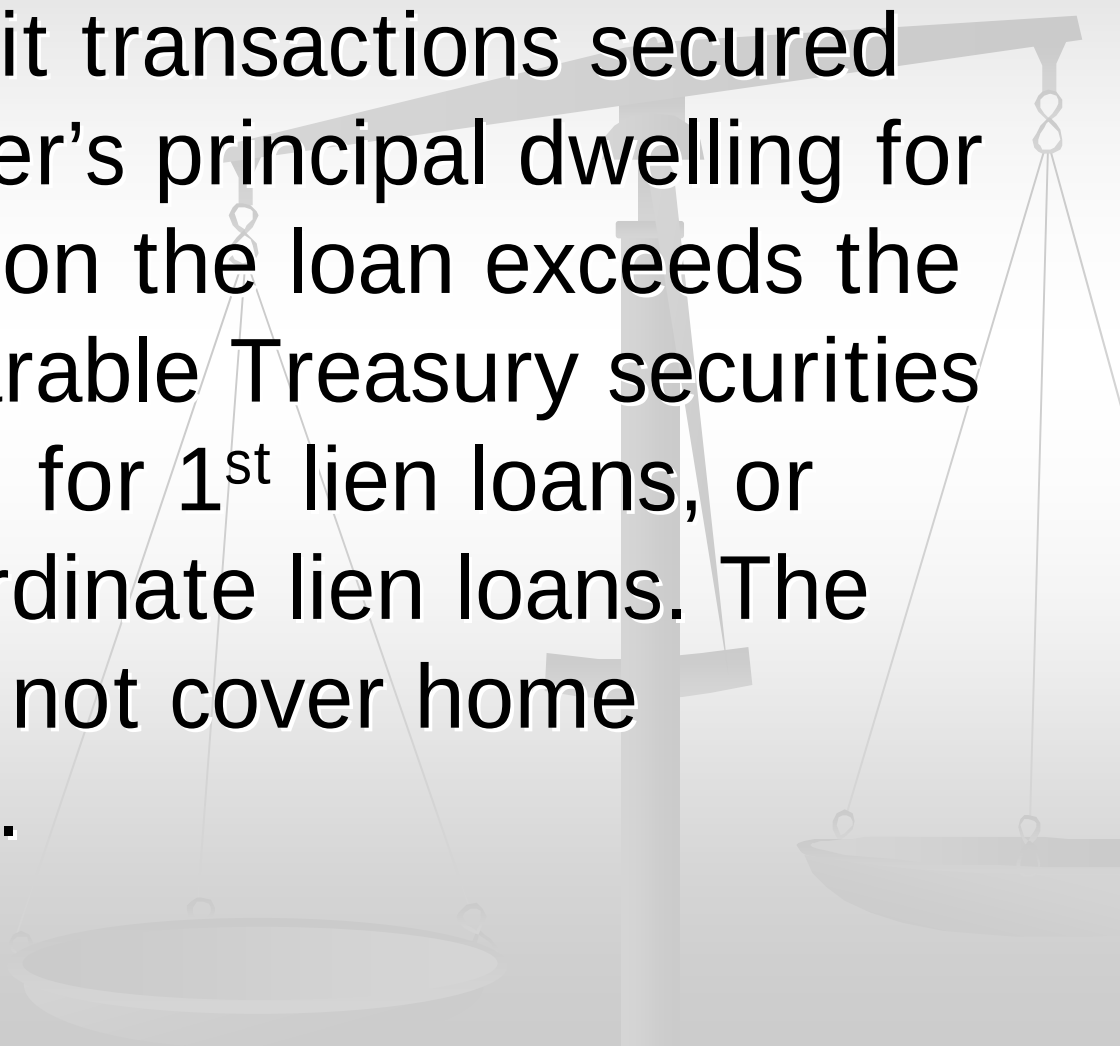
Source: Subprime loan information based on Federal Reserve Board estimates of data from First American LoanPerformance, February, 2008. (These numbers then adjusted to account for the data set's estimated 70% coverage of the market, excluding zipcodes with less than 50 subprime loans.)

* 2007 estimate from Geolytics, Inc.

REO is Real Estate Owned by the Lender (after the foreclosure but before the house is sold).

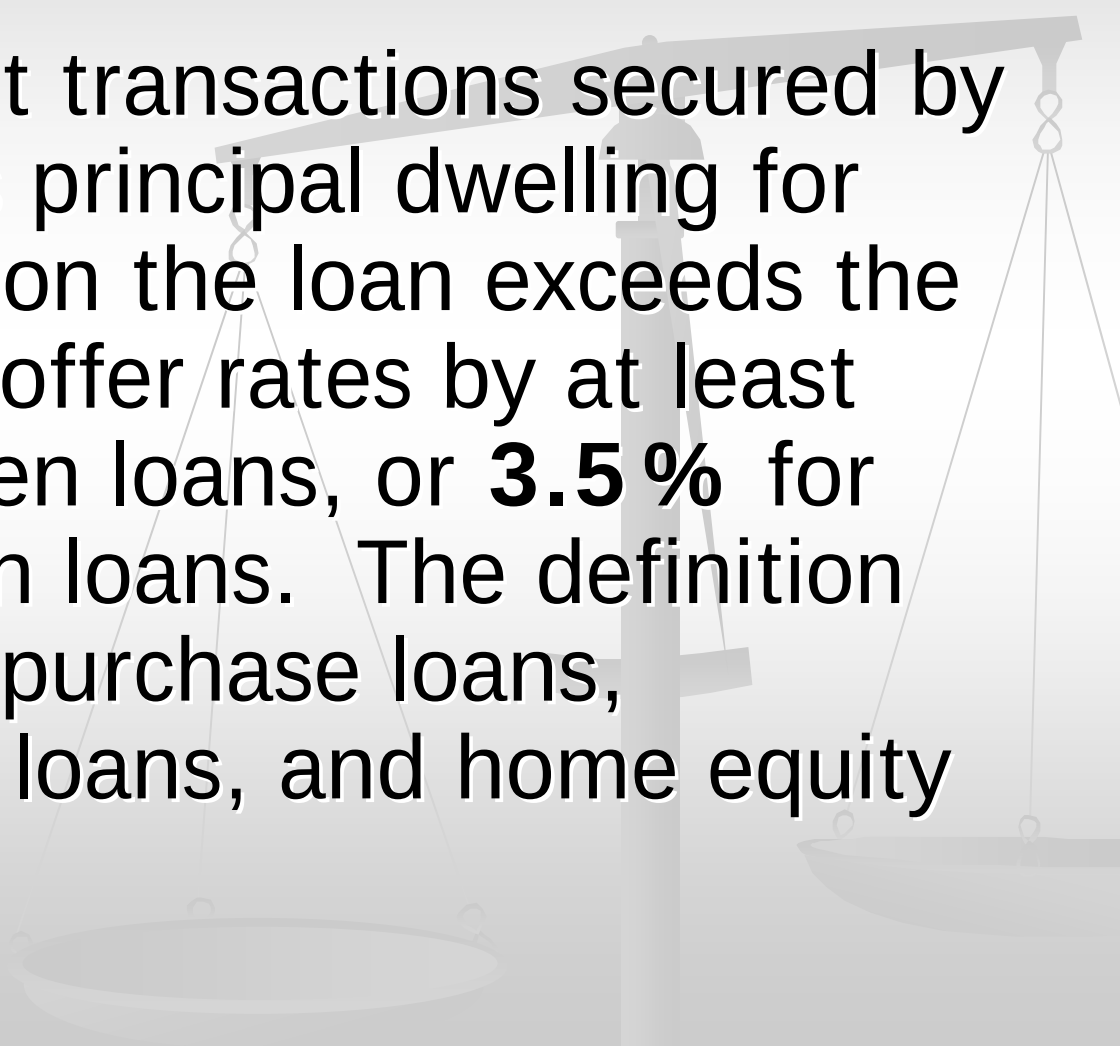
HOEPA Coverage

Consumer credit transactions secured by the consumer's principal dwelling for which the APR on the loan exceeds the yield on comparable Treasury securities by at least **8 %** for 1st lien loans, or **10 %** for subordinate lien loans. The definition does not cover home purchase loans.



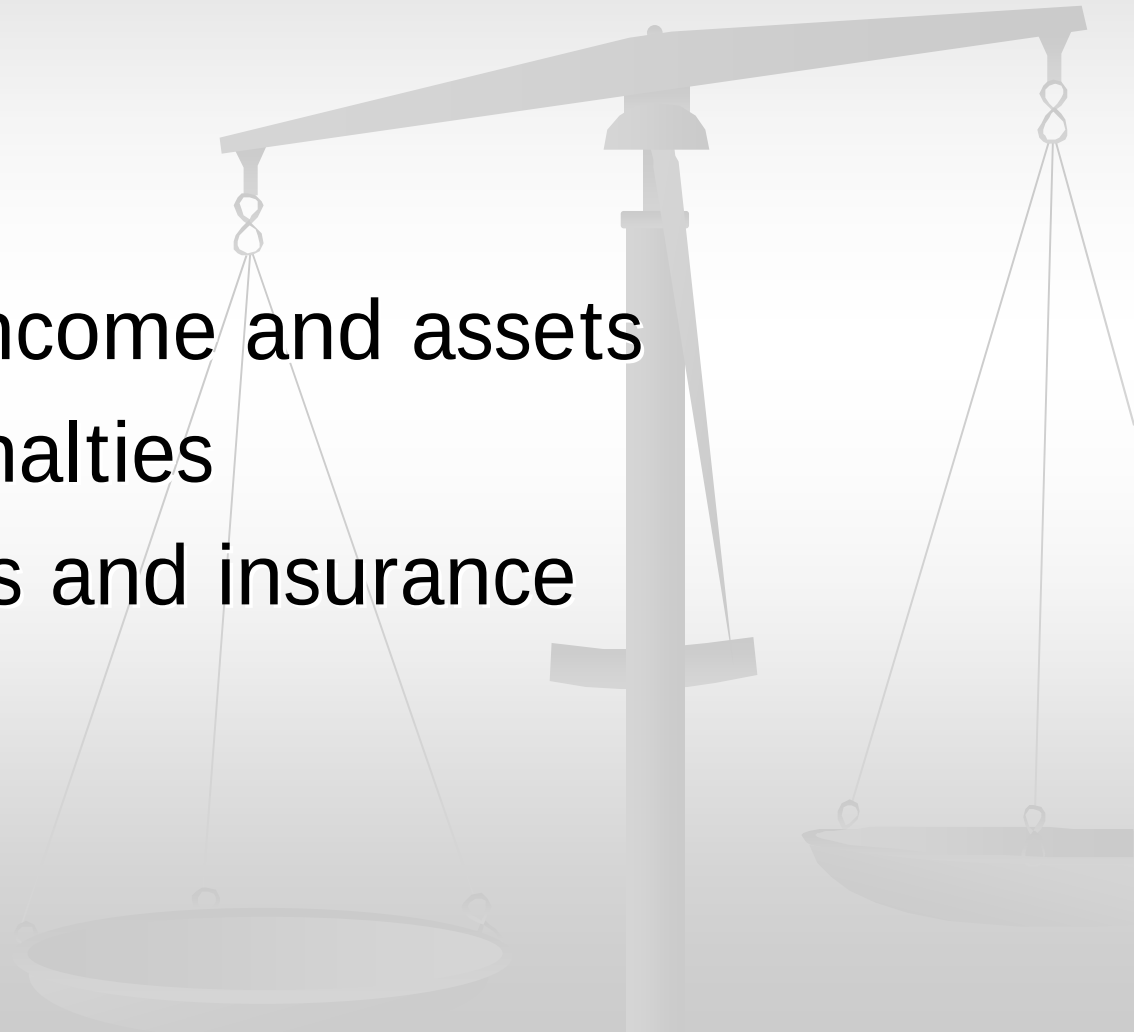
New “Higher-Priced Mortgages”

Consumer credit transactions secured by the consumer's principal dwelling for which the APR on the loan exceeds the average prime offer rates by at least **1.5 %** for 1st lien loans, or **3.5 %** for subordinate lien loans. The definition includes home purchase loans, refinancings of loans, and home equity loans.



Protections for Higher-Priced Mortgages

- Ability to repay
- Verification of income and assets
- Prepayment penalties
- Escrow for taxes and insurance



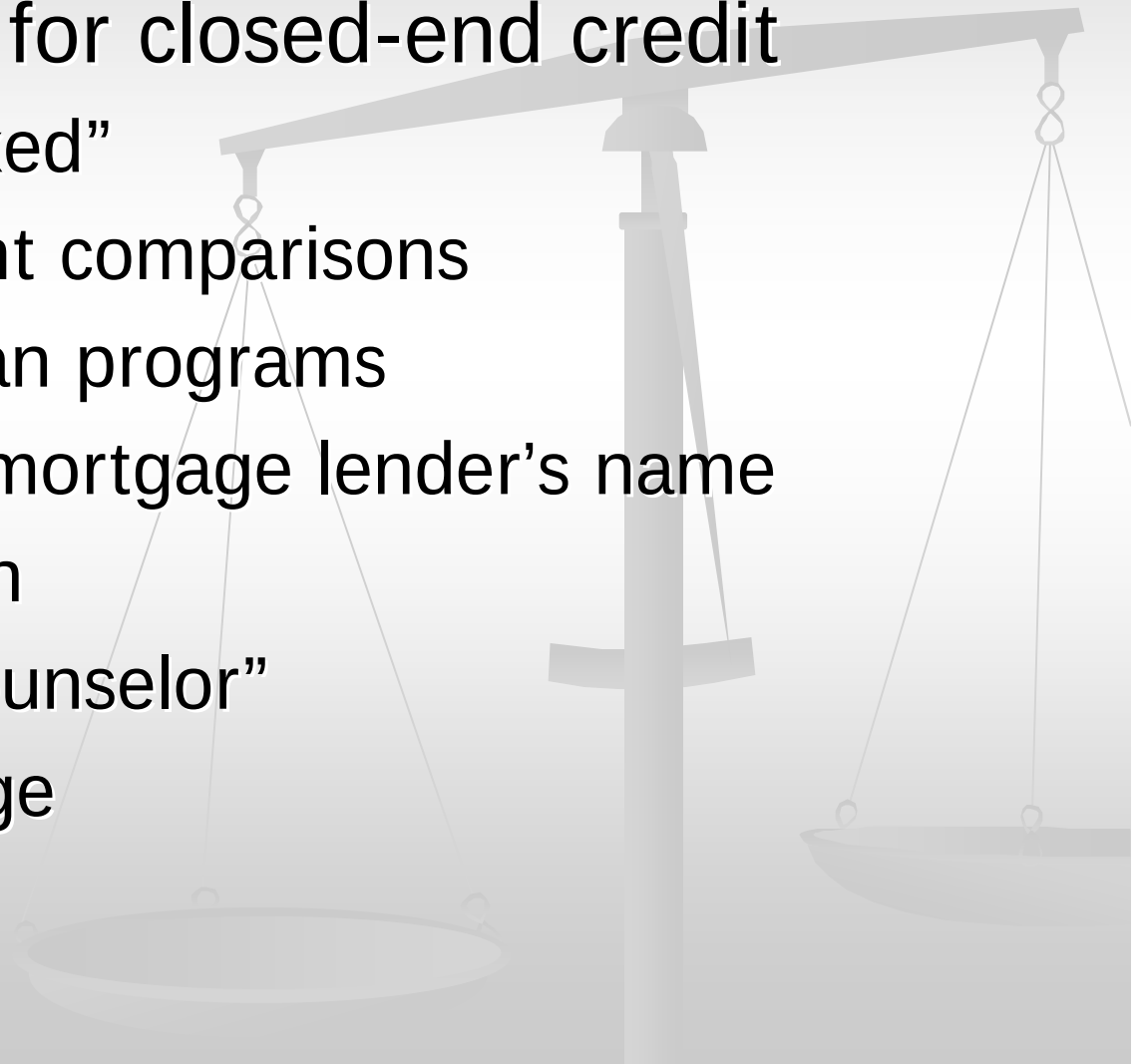
Protections for All Consumer Closed-End Mortgages

- Coercion of appraisers
- Loan servicing
- Early mortgage loan disclosures



Advertising Provisions

- Advertisements for closed-end credit
 - Use of term “fixed”
 - Rate or payment comparisons
 - Government loan programs
 - Use of current mortgage lender’s name
 - Debt elimination
 - Use of term “counselor”
 - Foreign language



Questions??

