

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

October 18, 2007

**BANKING SUPERVISION AND REGULATION:
PROPOSED ILLUSTRATIONS**

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

Proposed Illustrations of Consumer Information to Support Statement on Subprime Mortgage Lending

The federal financial regulatory agencies issued proposed illustrations of consumer information for certain adjustable-rate mortgage (ARM) products described in the agencies' Statement on Subprime Mortgage Lending (Subprime Statement). The Subprime Statement recommends communications that ensure consumers have clear, balanced, and timely information about the relative benefits and risks of certain ARM products. The illustrations are intended to assist institutions in providing this information.

The illustrations consist of the following:

- an explanation of some key features and risks that the Subprime Statement identifies, including payment shock
- a chart that shows the potential consequences of payment shock in a concrete, readily understandable manner

The agencies seek public comment on all aspects of the proposed illustrations, which are attached.

Additional Information

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

For additional information, please contact our Banking Supervision and Regulation Department at (415) 974-3028.

FEDERAL RESERVE BANK OF SAN FRANCISCO

Attachments: [Docket No. OP-1292](#)