

DATE: May 23, 2005

SUBJECT: Interagency Credit Risk Management Guidance for Home Equity Lending. (SR 05-11)

HIGHLIGHTS: The Federal Reserve and the other federal financial institutions regulatory agencies have issued the attached interagency guidance to promote sound risk management practices at financial institutions with home equity lending programs. While delinquency and loss rates for home equity loans and lines have historically been low, the agencies have observed a rapid growth in home equity lending activity, involving products with higher embedded risk. At the same time, the agencies have noted an easing of underwriting standards. This guidance is intended to highlight the sound risk management practices that an institution should follow to keep pace with the growth and risk in its home equity portfolio. Further, this guidance should be considered in the context of existing regulations and guidelines that are listed as cross references at the end of this letter.

DOCUMENT

LOCATION: <http://www.federalreserve.gov/boarddocs/srletters/2005/sr0511.htm>

**FURTHER
INFORMATION:**

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