



**Federal Deposit Insurance Corporation**  
550 17th Street NW, Washington, D.C. 20429-9990

**Financial Institution Letter**  
**FIL-50-2007**  
**June 19, 2007**

## **AFFORDABLE SMALL-DOLLAR LOAN PRODUCTS**

### **Final Guidelines**

**Summary:** The Federal Deposit Insurance Corporation (FDIC) has issued the attached "Affordable Small-Dollar Loan Guidelines" that encourage financial institutions to offer small-dollar credit products and to promote these products to their customers. The products should be affordable, yet safe and sound, and consistent with all applicable federal and state laws.

#### **Distribution:**

FDIC-Supervised Banks (Commercial and Savings)

#### **Suggested Routing:**

Chief Executive Officer  
Chief Loan Officer  
Chief Compliance Officer  
CRA Officer  
Chief Information Technology Officer

#### **Related Topics:**

. *Interagency Proposed Statement on Subprime Mortgage Lending*  
<http://www.fdic.gov/news/news/financial/2007/fil07026.html>  
. *Expanded Guidance for Subprime Lending Programs*  
<http://www.fdic.gov/news/news/financial/2001/fil0109.html>  
. *Questions and Answers on the Community Reinvestment Act*  
<http://www.ffiec.gov/cra/pdf/qa01.pdf>  
. *Joint Guidance on Overdraft Protection Programs*  
<http://www.fdic.gov/news/news/financial/2005/fil1105.html>  
. *Regulation E, 12 C.F.R. §205.10(e)*  
<http://www.fdic.gov/regulations/laws/rules/6500-3100.htm#6500205.10>

#### **Attachment:**

Affordable Small-Dollar Loan Guidelines

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#### **Note:**

FDIC financial institution letters (FILs) may be accessed from the FDIC's Web site at [www.fdic.gov/news/news/financial/2007/index.html](http://www.fdic.gov/news/news/financial/2007/index.html).

To receive FILs electronically, visit <http://www.fdic.gov/about/subscriptions/fil.html>.

Paper copies of FDIC financial institution letters may be obtained via the FDIC's Public Information Center (1-877-275-3342 or 703-562-2200).

#### **Highlights:**

- Small-dollar loans are in strong demand. The goal of a small-dollar loan program is to enable insured institutions to better serve an underserved and potentially profitable market, while helping consumers avoid, or transition away from, reliance on high-cost debt.
- The guidelines encourage insured institutions to offer small-dollar loan products that have affordable, reasonable interest rates with no or low fees and payments that reduce the principal balance of the loan.
- As part of their programs, institutions may consider offering financial education and a savings component in order for borrowers to reduce their reliance on high-cost, short-term credit.
- During a Community Reinvestment Act (CRA) examination, FDIC examiners may favorably consider small-dollar loan programs when evaluating the lending performance of small, intermediate-small, and large institutions. A small-dollar loan program may be viewed as uniquely responsive in helping to meet the credit needs of a community.