



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

July 30, 2003

Clarification

The statistic concerning a decline in loan originations for North Carolina borrowers with FICO scores in the 580 – 660 range mentioned in the Comptroller's speech was based on data presented in tables contained in a study by Quercia, Stegman, and Davis. We have since learned, from discussions with the authors, and our own continuing analysis of material presented in the paper, that the database from which the tables were derived is more complex and involves variables and uncertainties not apparent from the tables themselves. Based on our current understanding of the data, we now believe that our initial conclusion regarding a specific percentage decline in originations could not properly be derived from the study's tables and therefore was mistaken.

The basic point the Comptroller was making continues to be valid, namely that there is a danger that broad-based laws, however well-intentioned, may have an unintended adverse impact on the availability of non-predatory subprime credit. This view is supported by other studies that provide evidence that subprime lending has declined in states and localities following adoption of predatory lending legislation.