

Potential Scoping Information

This **Job Aid** offers a full range of documentation and other information that might conceivably be brought to bear in an examination. In that sense, it is a “menu” of resources to be considered and selected from, depending on the nature and scope of the examination being conducted. Any decision to select one or more particular items from this **Job Aids** for inclusion in a particular examination should, of course, include consideration of any burdens to the agency and lender in assembling and providing the selected item(s).

Internal Agency Documents and Records.

1. Previous examination reports and related work papers for the most recent Compliance / CRA and Safety and Soundness Examinations.
2. Demographic data for the institution’s community.
Comment: The examiner should obtain the most recent agency demographic data, for information on the characteristics of the institution’s assessment/market areas.

Information from the institution.

Comment: Prior to beginning a compliance examination, the examiner should request the institution to provide the information outlined below. This request should be made far enough in advance of the on-site phase of the examination to facilitate compliance by the institution. In some institutions, the examiner may not be able to review certain of this information until the on-site examination.

1. **Institution’s Compliance Program.** (For examinations that will include analysis of the lender’s compliance program.)
 - a. Organization charts identifying those individuals who have lending responsibilities or compliance, HMDA or CRA responsibilities, together with job descriptions for each such position.
 - b. Lists of any pending litigation or administrative proceedings concerning fair lending matters.
 - c. Results of self-evaluations or self-tests where the institution chooses to share the report or results, copies of audit or compliance reviews of the institution’s program for compliance with fair lending laws and regulations, including both internal and independent audits.
Comment: The request should advise the lender that it is not required to disclose the report or results of any self-tests of the type protected under amendments to ECOA and the FHAct programs.
 - d. Complaint file.
 - e. Any written or printed statements describing the lender’s fair lending policies and/or procedures.
 - f. Training materials related to fair lending issues including records of attendance.

2. Lending Policies / Loan Volume.

- a. Internal underwriting guidelines and lending policies for all consumer and commercial loan products.
Comment: If guidelines or policies differ by branch or other geographic location, request copies of each variation.
- b. A description of any credit scoring system(s) in use now or during the exam period.
Comment: Inquire as to whether a vendor or in-house system is used; the date of the last verification; the factors relied on to construct any in-house system and, if applicable, any judgmental criteria used in conjunction with the scoring system.
- c. Pricing policies for each loan product, and for both direct and indirect loans.
Comment: The lender should be specifically asked whether its pricing policies for any loan products include the use of “overages”. The request should also ask whether the lender offers any “sub-prime” loan products for “B”, “C” or “D” risk level customers or otherwise uses any form of **risk-based pricing**. A similar inquiry should be made regarding the use of any **cost-based pricing**. If any of these three forms are or have been in use since the last exam, the lender should provide pricing policy and practice details for each affected product, including the lender’s criteria for differentiating between each risk or *cost* level. Regarding **indirect lending**, the lender should be asked to provide any forms of agreement (*including compensation*) with brokers/dealers, together with a description of the roles that both the lender and the dealer/broker play in **each stage** of the lending process.
- d. A description of each form of compensation plan for all lending personnel and managers.
- e. Advertising copy for all loan products.
- f. The most recent HMDA / LAR, including unreported data if available. Information should be provided on diskette if possible.
Comment: The integrity of the institution’s HMDA / LAR data should be verified prior to the pre-examination analysis. Verification should take place approximately two to three months prior to the on-site phase of the examination.
- g. Any existing loan registers for each non-HMDA loan product.
Comment: Loan registers for the 3 month period preceding the date of the examination, together with any available lists of declined loan applicants for the same period should be requested. Registers/lists should contain, to the extent *available*, the complete name and address of loan applicants and applicable loan terms,

IV. Fair Lending – Appendix: Scoping

including loan amount, interest rate, fees, repayment schedule and collateral codes.

- h. A description of any data bases maintained for each loan product, including a description of all data fields within the database.

- i. Forms used in the application and credit evaluation process for each loan product.

Comment: At a minimum, this request should include all types of credit applications, forms requesting financial information, underwriter worksheets, any form used for the collection of monitoring information, and any quality control or second review forms or worksheets.

- j. Lists of service providers.

Comment: Service providers may include: realtors, real estate developers, appraisers, home improvement contractors and private mortgage insurance companies. Request the full name and address and geographic area served by each provider. Also request documentation as to any fair lending requirements imposed on, or

commitments required of, any of the lender's service providers.

- k. Addresses of any Internet Site(s)

Comment: Internet "Home Pages" or similar sites that a lender may install on the Internet may provide information concerning the availability of credit, or means for obtaining it. All such information would have to comply with the nondiscrimination requirements of the fair lending laws. Moreover, future enhancements to the Internet may include the capacity to conduct partial or complete credit transactions via that medium. Accordingly, it is important for examiners to review a lender's Internet sites to ensure that all of the information or procedures set forth therein are in compliance with any applicable provisions of the fair lending statutes and regulations.

3. Community Information.

- a. Demographic information prepared or used by the institution.
- b. Any fair lending complaints received and lender responses thereto.