
FDIC Examination Procedures for “Low-Risk” Institutions

Many institutions exhibit little or no discrimination risk. Typically, these institutions are stable community banks that are often located in suburban or rural areas where the demographics show a very low percentage of minority residents. These institutions usually offer standard products, and many of them are predominantly commercial or agricultural lenders. There is often the possibility of conducting a comparative analysis on the basis of gender. However, in some cases it may not be possible to conduct a comparative analysis on the basis of race, national origin, or gender that meets the minimum numbers of the sample size tables for either underwriting or terms and conditions. In other cases, the only possible comparative analysis may have been conducted in the previous examination with no concerns identified, and the lending policies and staff implementing them have not changed.

In such cases, there is no risk sufficient to warrant the establishment of a focal point for the on-site examination. The examiner shall prepare a written explanation of why no comparative analysis is feasible or why the Corporation should rely on a comparative analysis conducted in a previous examination. If the examiner obtains the documented concurrence of the Field Office Supervisor, a comparative analysis is not required.

NOTE: A review of underwriting and pricing policies should be conducted even when no comparative analysis is possible, unless previous examinations have established that such policies do not contain provisions that are discriminatory on their face.

References

The following can all be found at the fair lending webpage:

<http://fdic01/division/dsc/cra/fairlending/flrr.html>

- Equal Credit Opportunity Act
- Regulation B (including Supplement I, Official Staff Interpretations)
- Fair Housing Act
- 12 CFR Part 338
- Home Mortgage Disclosure Act
- Regulation C

The following can be found at the fair lending standard operating procedures webpage:

<http://fdic01/division/dsc/cra/fairlending/flsop.html>

- Equal Credit Opportunity and Fair Housing Acts Enforcement Policy Statement
- Policy Statement on Discrimination in Lending

DSC RD Memo 04-017: Consultation Policy and Procedures for Compliance Examination Issues

<http://fdic01/division/dsc/memos/memos/direct/04-017.pdf>

FIL 02-09: Guidance on Avoiding Violations of the Spousal Signatures Provisions of Regulation B

<http://www.fdic.gov/news/news/financial/2002/fil0209.html>

FIL 06-04: Spousal Signature Provision of Regulation B

<http://www.fdic.gov/news/news/financial/2004/fil0604a.html>

FIL 14-99: Interagency Fair Lending Examination Procedures

<http://fdic01/division/dsc/cra/fairlending/examref.html>

DSC RD Memo 05-006: Guidance on Considering the new HMDA Pricing Info when conducting Fair Lending examinations.

<http://fdic01/division/dsc/memos/memos/6000/05-006.pdf>

FIL 06-022: Consumer Credit Protection Act and Fair Lending Prohibition Against Discrimination in Credit Transactions

<http://www.fdic.gov/news/news/financial/2006/fil06022.html>

Job Aids

Fair Lending Discussion Board

<http://wasiis102p/dcaqc/>

Fair Lending Exam Tools

<http://fdic01/division/dsc/cra/fairlending/examtools.html>

- Underwriter Interview Guide
- Terms and Conditions Interview Guide
- Fair Lending Spreadsheet Examples
- Workpaper Requirement for a Fair Lending Examination Memo