

## Introduction

The Compliance Examination Handbook (Handbook) is designed as a reference tool for Compliance examination staff to use when conducting Compliance and Community Reinvestment Act (CRA) examinations and other supervisory activities. The detailed procedures presented in the Handbook are not intended to replace sound judgment and discretion on the part of examination staff. Instead, the materials are designed to promote uniformity in the examination process and as a reference tool for examiners.

## Organization of the Handbook

The Handbook is divided into 12 sections as described below and is organized so that information is presented based on regulation rather than process. The Handbook incorporates examination policies and procedures in effect as of June 2006. The Handbook begins with the risk focused, process oriented examination procedures (Section II) and sample templates to use during the examination (Section III). Sections IV through X cover specific rules and regulations divided into general topics. The Handbook concludes by covering the Community Reinvestment Act (CRA) examination (Section XI) and samples of the various performance evaluations (Section XII) to be used. Each Section of the Handbook is discussed below.

- ***I – Handbook Introduction*** – This section includes information on how to use the Handbook as well as a list of common abbreviations and an index of key topics.
- ***II – Compliance Examinations*** – This section covers the recently revised Compliance Examination process beginning with pre-examination planning through determining the rating. Also included is information on documenting examination findings, enforcement actions, appeals, visitations, and investigations. This section is new since the last manual update and is the most updated version (2005) of the risk-focused, process-oriented examination procedures.
- ***III – Compliance Examination Templates & Samples*** – This section provides sample forms and templates to be used during Compliance Examinations, including a model entry letter, a scoping memorandum, an interview sheet, and a Compliance Information Document Request. This section is new since the last manual update and includes the revisions made in June 2006.
- ***IV – Fair Lending Laws and Regulations*** – This section addresses the procedures for evaluating compliance with the Fair Lending provisions of Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHAct). Examination procedures (2004) and checklists are included. Procedures for evaluating compliance with the technical, non-discriminatory provisions of ECOA and FHAct are covered in Section V.
- ***V – Compliance Lending Issues*** – This section covers lending related topics including Truth in Lending (2003), Real Estate Settlement Procedures (2004), Homeowners Counseling (2003), Homeowners Protection (2003), Flood Insurance (1996), Equal Credit Opportunity and Fair Housing checklists (2006), Home Mortgage Disclosures (2004), and Consumer Leasing (2001). Examination procedures and checklists are included.
- ***VI – Compliance Depository Issues*** – This section covers deposit function related topics including Electronic Funds including Check 21 (2003), Electronic Funds Transfers (2001), Truth in Savings (2006), and Interest on Deposits (1991). Examination procedures and checklists are included.
- ***VII – Abusive Practices*** – This section covers issues relating to abusive practices including Unfair and Deceptive Acts (2005), Credit Practices, Preservation of Claims of Consumer Claims and Defenses, and Fair Debt Collection (1997). Examination procedures and checklists are included.
- ***VIII – Privacy and Consumer Information*** – This section covers issues relating to privacy issues including Gramm-Leach-Bliley Privacy of Consumer Financial Information (2001), Children’s Online Privacy Protection (2000), Right to Financial Privacy (1989), Controlling the Assault of Non-Solicited Pornography and Marketing (2005), Telephone Consumer’s Protection (2005), and Fair Credit Reporting (2006). Examination procedures and checklists are included.
- ***IX – Retail Sales*** – This section covers retail sales to consumers for Investment and Insurance Sales (2005). This topic is often referred to as Nondeposit Products or NDP. Examination procedures and checklists are included.
- ***X – Other Compliance Issues*** – This section covers Compliance Examination related topics not included in the prior sections. Included are issues relating to Membership Advertising (1992), Branch Closings (1991), E-Sign (2001) and Interstate Branching (2003). Examination procedures and checklists are included.
- ***XI – Community Reinvestment Act (CRA)*** – This section covers CRA related examination procedures (2006) for all types and asset sizes of institutions as well as the CRA Sunshine Act. Examination procedures and checklists are included.
- ***XII – Community Reinvestment Act Performance Evaluation Templates*** – This section provides samples of Performance Evaluations (2006) for all sizes and types of institutions under CRA.