

GENERAL REPORT PROCESSING

OVERVIEW

This section identifies minimum documentation and administration requirements for a completed report of examination prior to submission to a Field Office Supervisor or the Regional Office for final review and signature.

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REQUIRED REPORT PAGES

The report pages listed below should be completed in accordance with the Federal Deposit Insurance Corporation (FDIC) Compliance Examination Manual, Part VII, Section B (Instructions for Compliance Report of Examination) and Part VII, Section C (Instructions for Summary Report of Examination). Detailed below is a synopsis of required pages for full and summary reports of examination.

Full Report of Examination

Required Pages for the Full Report of Examination
<ul style="list-style-type: none"> • Data Entry Form • Cover • Examiner's Comments and Conclusions • Significant Violations • Supervisory Page A • CRA Performance Evaluation

**REQUIRED
REPORT
PAGES
(cont'd)**

Optional:

- Other Violations
- Community Reinvestment Act (CRA)
- Truth in Lending Reimbursement Schedules

**Full Report of
Examination
(cont'd)**

**Summary Report
of Examination**

Required Pages for the Summary Report of Examination

- Data Entry Form
- Transmittal Letter (containing Examiners Comments and Conclusions)
- Summary of Violations
- Supervisory Page A
- CRA Performance Evaluation

**DOCUMENTA-
TION SPECIFIC
TO
VIOLATIONS
AND
EXCEPTIONS**

Violations of or exceptions to certain laws or regulations require the submission of supporting documentation.

**Truth in Lending
Restitution**

When reimbursable violations of Federal Reserve Regulation Z, Truth in Lending, are determined at the current examination, documentation for each type of reimbursable violation cited must be submitted. Reference is made to the FDIC Compliance Examination Manual, Part VII, Section B (Instructions for Compliance Report of Examination), for details of this documentation.

DOCUMENTATION SPECIFIC TO VIOLATIONS AND EXCEPTIONS (cont'd)

Preservation of Consumer Claims and Defense Exceptions

These exceptions deal with the failure to provide the “Holder-in-Due-Course” notice in loans purchased from dealers. A letter must be prepared to the Federal Trade Commission (FTC) to notify this agency of exceptions. The FTC letter will indicate the following:

- Examination date
- Size of the loan sample and number of loans having exceptions
- Name and address of the dealer
- Section of the FTC Trade Regulation Rule
- Statement that the exceptions were not discussed with the dealer
- Statement whether corrective action has been initiated through bank management contact with the dealer

It must be determined if the dealer is a sole proprietorship, a partnership of five or fewer individuals, or a corporation. If the dealer entity is either a sole proprietorship or partnership of five or fewer individuals, the examiner should indicate the names of individuals in the business and current mailing address (not a Post Office Box). A current mailing address is needed to forward a “Right to Financial Privacy Act” (RFPA) letter and notice to the dealer since the violations will be forwarded to the FTC. If applicable, a copy of the RFPA letter should be prepared and submitted.

Violations in Dealer Paper

These violations deal with any type of consumer protection law/regulation noted in loans purchased from a dealer. A letter must be prepared to the FTC to notify this agency of the violations. The FTC letter will indicate the following:

- Examination date
- Size of the loan sample and the number of loans having violations
- Description of the violation
- Name and address of the dealer
- Statement that the exceptions were not discussed with the dealer
- Statement whether corrective action has been initiated through bank management contact with the dealer

It must be determined whether the dealer is a sole proprietorship, a partnership of five or fewer individuals, or a corporation. If the dealer entity is either a sole proprietorship or partnership of five or fewer individuals, the examiner should indicate the names of individuals in the business and current mailing address (not a Post Office Box). The latter is needed to forward a “Right to Financial Privacy Act” (RFPA) letter and notice to the dealer, since the violations will be forwarded to the FTC. If applicable, a copy of the RFPA letter should be prepared and submitted.

DOCUMENTATION SPECIFIC TO VIOLATIONS AND EXCEPTIONS (cont'd)

Truth in Savings Restitution

When noncompliance with the Federal Reserve Board's Regulation DD, Truth in Savings, is determined to involve errors which have resulted in either excessive fees or charges, or the failure to provide the appropriate amount of interest for the disclosed annual percentage yield (APY) and conditions to consumers, the examiner will request the financial institution to promptly notify account holders of errors and correct violations by voluntarily adjusting affected accounts. Supporting documentation should include the following, as applicable:

- Initial disclosures
- Periodic statements
- APY calculation printouts
- Interest rate indices
- The bank's computer specifications for the calculation of interest and APYs

Refer to Enforcement Actions under Truth in Savings, Transmittal #DCA-95-017, dated June 16, 1995.

Real Estate Settlement Procedures Act (RESPA)

When violations of Section 8 of RESPA and Sections 3500.14 and 3500.15 of the Department of Housing and Urban Development's Regulation X are determined, a referral memorandum should be developed and addressed to Deputy Director of the Division of Compliance and Consumer Affairs through the Associate Director, Supervision and Regulation. Copies of the violations pages should be attached.

INFORMAL ENFORCEMENT ACTIONS

Overview

Informal enforcement actions are identified in the FDIC Compliance Examination Manual, Part V, Section D (Enforcement Actions) and in the Formal and Informal Action Procedures Manual (FIAP), Overview Section, as a Bank Board Resolution (BBR) or a Memorandum of Understanding (MOU).

When an informal enforcement action is contemplated, the FDIC Compliance Examination Manual, Part V, Section A (Formal Consultation Policy) must be followed. These procedures require the establishment of written regional consultation procedures, which will define documentation required to be submitted to the Regional Office by the Examiner-in-Charge or the Field Office Supervisor. It is noted the required documentation may be submitted before or after and separate from the submission of the final report of examination.

In addition, the FIAP Manual, Chapter 6, addresses documentation requirements concerning both the BBR and MOU.

**INFORMAL
ENFORCE-
MENT ACTIONS
(cont'd)**

**Bank Board
Resolution (BBR)**

The FIAP Manual states that the examiner must prepare a memorandum to the Regional Director recommending the Bank Board Resolution (BBR) and listing areas the BBR should address. Alternatively, if the financial institution executes a BBR before the examination ends, the recommendation memorandum should indicate whether the BBR is acceptable and note any areas that should be changed. If a BBR is executed before the examination ends, a certified copy of the BBR should be submitted with the report.

**Memorandum of
Understanding
(MOU)**

The FIAP Manual states that if the Regional Office has consulted with the examiner and allows the examiner to obtain a signed Memorandum of Understanding (MOU) at the board meeting, the examiner is to submit the MOU with the directors' signatures affixed to the document. In addition, the examiner is to prepare a memorandum to the Regional Director stating why the MOU is appropriate, what provisions are addressed, and recommending acceptance of the MOU. If the Regional Office is to draft the MOU, only a recommendation memorandum will be submitted with the report of examination.

**FORMAL
ENFORCE-
MENT ACTIONS**

Overview

Formal enforcement actions are identified in the FDIC Compliance Examination Manual, Part V, Section D (Enforcement Actions) and in the FIAP Manual, Overview Section, as the following:

- Termination of Insurance (Section 8(a))
- Cease-and-Desist Order (Section 8(b))
- Temporary Cease-and-Desist Order (Section 8(c))
- Removal and Prohibition Order (Section 8(e)(1))
- Temporary Suspension Order (Section 8(e)(3))
- Suspension Order (Section 8(g))
- Civil Money Penalties (Section 8(i)(2))
- Investigation (Section 10(c))

When a formal enforcement action is contemplated, the FDIC Compliance Examination Manual, Part V, Section A (Formal Consultation Policy) must be followed. These procedures require the establishment of written regional consultation procedures, which will define documentation required to be submitted to the Regional Office by the Examiner-in-Charge or the Field Office Supervisor. It is noted the required documentation may be submitted before or after and separate from the submission of the final compliance report of examination.

In addition, Chapters 8 and 10 of the FIAP Manual address documentation requirements concerning proposed cease-and-desist orders and civil money penalties.

**FORMAL
ENFORCE-
MENT ACTIONS
(cont'd)**

After consulting with the Field Office Supervisor and the Regional Office, the examiner must prepare a recommendation memorandum to the Regional Director detailing each undesirable and objectionable practice of the institution. This document will be forwarded with the report of examination.

**Cease-and-Desist
Orders**

**Civil Money
Penalties (CMPs)**

When violations, unsafe and unsound practices, or breaches of fiduciary duty are determined and Civil Money Penalties (CMPs) are contemplated, examiners must consult with the Field Office Supervisor and the Regional Office and complete the CMP matrix illustrated on page 35 of Chapter 10 of the FIAP Manual. In addition, a recommendation memorandum must be written to the Regional Director which addresses the following:

- Statutory and assessment factors
- Corrective actions taken, including any restitution
- Explanation of how the examiner determined the amount of financial gain to a respondent or loss to a consumer or the financial institution resulting from the violations, unsafe and unsound practices, or breaches of fiduciary duty

When violations of laws and regulations relating to consumer compliance and fair lending are noted and result in CMP recommendations, the matrix on page 42 of Chapter 10 must be completed and a reference to the table on page 43 must be made to determine corrective actions and penalty amounts.

When violations of the Home Mortgage Disclosure Act (HMDA) result in a recommendation for CMPs, the HMDA-LAR matrix on page 46 of Chapter 10 must be completed. Recommended penalty amounts are determined through the use of the tables on pages 48 and 49.

**MISCEL-
LANEOUS
DOCUMENTA-
TION AND
INFORMATION**

As indicated in earlier comments, certain documentation is required to be submitted to the Regional Office when situations are identified during the course of an examination that require formal consultation. Documentation required is identified in written regional consultation procedures. The submission of the documentation to the Regional Office may be before or after, and separate from, the submission of the final compliance report of examination.

**Field Office/
Regional Office
Consultation**

MISCELLANEOUS DOCUMENTATION AND INFORMATION (cont'd)

Report of Apparent Crime

The examiner should detail relevant information regarding any Suspicious Activity Report filed resulting from a compliance examination in a separate memorandum to the bank's Regional Office file. The memorandum should be submitted with the report of examination. Appropriate comments should be made concerning any violations of Section 353 of the FDIC's Rules and Regulations. The Interagency Suspicious Activity Report, effective April 1, 1996, is to be used to report potential violations of federal criminal law, as well as suspicious transactions such as altering loan documentation to circumvent required reimbursement under Truth in Lending Act.

Refer to Suspicious Activity Reporting, FIL-13-96, dated March 15, 1996.

Fair Lending Worksheets

When violations indicate potential illegal lending discouragement or discrimination or include substantive violations of the Fair Housing or the Equal Credit Opportunity Acts and their implementing regulations, fair lending workpapers must be submitted. The worksheets may be required documentation submitted to the Regional Office during consultation.

Refer to FDIC Compliance Examination Manual, Workpaper Standards, Appendix K.

MAPPS

Copies of maps generated for Fair Lending and CRA should be included with the report of examination for informational purposes. An examiner can submit the workpaper copies of the maps, in which case the maps will be returned to the Field Office after the review is completed. Alternatively, the maps can be saved in a separate Word document and sent to the Regional Office with the report of examination.

Copy a Map to a Word Document

To copy a map to a Word document, you basically perform a print screen function. The map which is displayed on the screen will print as a Word document. Follow the steps below.

1. Display the correct map on the screen.
2. Turn off the toolbar and move the legends to the side of the screen.
3. Press Alt and Print Screen keys.
4. Press Alt and Tab to go to Word.

**MISCEL-
LANEOUS
DOCUMENTA-
TION AND
INFORMATION
(cont'd)**

5. Click on the Paste icon or click on Edit and then Paste.

The map is now displayed in Word. The map may appear as a group of vertical lines. Double click inside the vertical lines and the map will appear. Save map as a Word document.

MAPPS (cont'd)

**Concurrent
Examination
Preference
Memorandum**

A separate memorandum should be prepared to the Regional Director/Field Office Supervisor (whoever is responsible for maintaining this data) when a banker changes his preference concerning concurrent examinations. This information should also be noted on Page A of the Report of Examination.

**Submission of
Examination
Report**

Regional preference will dictate whether a hard copy of the examination report is mailed, along with a hard diskette, or if electronic submission of the examination report is acceptable. For the electronic submission of the examination report, supporting documentation, as applicable, must be sent in a timely manner to either the Regional Office or the Field Office Supervisor.

**Document
Naming
Conventions**

Regional preference will dictate how examiners will name examination report documents created.

Refer to the DCA Case Manager Reference Guide for specific information regarding regional document labeling requirements.

Case Manager

In March 1997, DCA modified its approach to the supervision of banks wherein a group of related financial institutions will be managed as a Case.

A Case is:

- An independent financial institution
- A holding company and all its underlying financial institutions

**MISCEL-
LANEOUS
DOCUMENTA-
TION AND
INFORMATION
(cont'd)**

**Case Manager
(cont'd)**

- A group of financial institutions with common ownership, but not contained under a holding company structure (i.e. a chain banking organization or foreign bank branches)

Examinations will generally be conducted by the examination staff of the field office where each financial institution's main office is located. However, the examiner may be preparing the report for another region and coordinating the examination with a review examiner from another region. In that respect, the examiner will need to be aware of any report format styles of that region.



**FDIC LAW,
REGULATIONS,
& RELATED
ACTS**

Applicable Rules

None

**Advisory
Opinions**

None

**Statements of
Policy**

None

**DCA
MEMORANDA**

Enforcement Actions under Truth in Savings, Transmittal DCA #DCA-95-017,
dated June 16, 1995

**FINANCIAL
INSTITUTION
LETTERS (FIL)**

Suspicious Activity Reporting, Letter #13-96, dated March 15, 1996

OTHER

Formal and Informal Actions Procedures Manual

DCA Case Manager Reference Guide

FTC LETTER**TO USE WHEN VIOLATIONS ARE NOTED IN DEALER PAPER PURCHASED**

(Date)

Federal Trade Commission
Anytown Regional Office
Anytown, Anystate

Ladies/Gentleman:

Subject: (Bank Name)
(City, State)

While conducting a compliance examination of the subject bank as of the close of business _____, _____ contracts were reviewed and _____ violations of (name of regulation) _____ were noted in discounted sales contracts purchased from (Entity's name, street address, city and state, zip code) _____ . These exceptions relate to the dealer(s) failure to (describe the violation) _____ .

These exceptions were not discussed with the dealer(s) involved; however, bank management indicated they would review the violations with the dealer(s) and institute corrective measures. Since you have jurisdiction over the above mentioned dealers, this information is being forwarded to your office for whatever action you deem appropriate.

Questions should be directed to Review Examiner (CA/CR) _____ (or Field Office Supervisor _____) at (XXX) XXX- _____ (or field office area code and phone number: (____) _____).

Sincerely,

J. R. Ewing
Regional Director

GENERAL INSTRUCTIONS FOR COMPLETING FTC LETTER

Do not list the individual borrower's name

If violations involve more than one dealer, prepare a letter for each dealer.

Indicate the size of the sample, as well as the number of contracts having violations.

If the dealer from which the bank has purchased consumer credit contracts is a sole proprietorship or a partnership of five or fewer individuals and maintains a dealer or other type of account at the bank in connection with the bank's purchase of the consumer credit contracts and against which the bank has recourse if the consumer defaults, the following information must be provided for each principal in the business:

- (1) Name of individuals
- (2) Most current mailing address (not a Post Office box)

This data is required, as a Right to Financial Privacy Act letter must be prepared and submitted to each principal in the business. See "Right to Financial Privacy Act" letter.

FTC LETTER**TO USE WHEN DEALER PAPER PURCHASED DOES NOT CONTAIN THE
“HOLDER-IN-DUE-COURSE” NOTICE – (PCCD EXCEPTION)**

(Date)

Federal Trade Commission
Anytown Regional Office
Anytown, Anystate

Ladies/Gentlemen:

Subject: (Bank Name)
(City, State)

While conducting a compliance examination of the subject bank as of the close of business _____, _____ contracts were reviewed and violations of the Federal Trade Commission's Trade Regulation Rule concerning the Preservation of Consumers' Claims and Defenses were noted in _____ discounted sales contracts purchased from (Entity's name, street address, city and state, zip code) _____. These exceptions relate to the dealer(s) failure to include the prescribed "holder-in-due-course" notice on the discounted sales contracts and are in violation of Section 433.2(a) of the Regulation.

These exceptions were not discussed with the dealer(s) involved; however, bank management indicated they would review the violations with the dealer(s) and institute corrective measures. Since you have jurisdiction over the above mentioned dealers, this information is being forwarded to your office for whatever action you deem appropriate.

Questions should be directed to Review Examiner (CA/CR) _____ (or Field Office Supervisor _____) at (XXX) XXX-____ (Or field office area code and phone number: (____) _____).

Sincerely,

J. R. Ewing
Regional Director

**GENERAL INSTRUCTIONS FOR COMPLETING FTC LETTER
(PCCD VIOLATIONS)**

Do not list the individual borrower's name

If violations involve more than one dealer, present this in one letter. There is no need to type one letter for each dealer.

Indicate the size of the sample, as well as the number of contracts having violations.

If the dealer from which the bank has purchased consumer credit contracts is a sole proprietorship or a partnership of five or fewer individuals and maintains a dealer or other type of account at the bank in connection with the bank's purchase of the consumer credit contracts and against which the bank has recourse if the consumers default, the following information must be provided for each principal in the business:

- (1) Name of individuals
- (2) Most current mailing address (not a Post Office box)

This data is required, as a Right to Financial Privacy Act letter must be prepared and submitted to each principal in the business. See "Right to Financial Privacy Act" letter.

Reporting Procedure

A violation of Section 433.2 should not be included as a "violation," as the bank cannot violate the Rule, but should be mentioned on Page 1 of the examination report. Whenever dealer paper is not found to contain the required "holder-in-due-course" notice, the matter should be discussed on Page 1, and a referral prepared in accordance with the above guidelines.

TO SUBMIT TO PROPRIETORSHIPS AND PARTNERSHIPS OF FIVE OR FEWER INDIVIDUALS WHEN VIOLATIONS ARE FOUND IN DEALER LOANS PURCHASED BY A BANK, TO INCLUDE PCCD EXCEPTIONS

(Date)

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

(Person's Name d/b/a Entity's Name)
(Mailing Address - Not a Post Office Box)
(City, State Zip Code)

Dear Ms./Mr. _____:

Please be advised that copies of, or information contained in, your financial records lawfully in possession of the Federal Deposit Insurance Corporation have been furnished to the Federal Trade Commission pursuant to Section 1112 of the Right to Financial Privacy Act of 1978, 12 U.S.C. Section 3412 for the purpose of facilitating an investigation of possible violations of the (name of regulation) with respect to certain consumer credit contracts that originated with your (sole proprietorship or partnership). A copy of our certification that formally attests to the purpose of this transfer of information by the FDIC to the Federal Trade Commission is enclosed.

If you believe that this transfer has not been made to further a legitimate law enforcement inquiry, you may have rights under the Right to Financial Privacy Act of 1978, 12 U.S.C. Sections 3401-3422, and the Privacy Act of 1974, 5 U.S.C. 552a.

Sincerely,

J. R. Ewing
Regional Director

Enclosure

CERTIFICATION

I, J. R. Ewing, Regional Director of the Anytown Region of the Federal Deposit Insurance Corporation, hereby certify pursuant to the provisions of Section 1112(a) of the Right to Financial Privacy Act of 1978 that certain financial information was transferred to the Federal Trade Commission in the belief that such information was relevant to the investigation of violations of (name of regulation: e.g. - Federal Reserve Board's Regulation Z) and that the investigation of such violations is within the jurisdiction of the Federal Trade Commission.

I further certify that the information transferred to the Federal Trade Commission pertains to the terms and circumstances of the certain consumer credit loans made by (name of financial institution, city, state) incidental to certain consumer credit contracts that were originated by (description of entity and locale: e.g. - Mr. Bill Bailey d/b/a Bill's Used Cars, 1200 Soap Street, Anytown, Anystate 00000) .

J. R. Ewing
Regional Director, Anytown Region
Federal Deposit Insurance Corporation