# INSTRUCTIONS FOR SUMMARY REPORT OF EXAMINATION

## OVERVIEW

**Background**

In the past, a full compliance Report of Examination was completed regardless of the financial institution's rating. The preparation and review of the full report is labor intensive and time consuming. Moreover, many of the report pages provide little information or assistance to a financial institution that has consistently maintained a satisfactory or better compliance rating. Therefore, a streamlined Report of Examination (ROE) Summary format was developed for use with these institutions. Examiners should employ the ROE Summary format whenever permissible.

**Purpose of the Summary Report**

The ROE Summary format, an abbreviated report of examination format, was developed to accomplish the following:

- Present examination findings quickly and in an easily readable format
- Reduce the time spent by Regional Office staff in reviewing and processing reports

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## USE OF THE SUMMARY REPORT

The ROE Summary format may only be used for institutions which have had a satisfactory or better compliance rating and pose no supervisory concerns.

Use the summary report only if **all** of the following conditions are met:

- The institution has a composite compliance rating of "1" or "2" for the current and last examination
- No reimbursable Truth in Lending Regulation Z violations exist at the current examination
- No violations of the anti-discriminatory provisions of the Equal Credit Opportunity Act (ECOA)/Regulation B or the Fair Housing Act (FHA)/Part 338 of FDIC's Rules and Regulations exist at the current examination

The ROE Summary format may be used when a financial institution meets the above requirements and is assigned a "Needs to Improve" or "Substantial Noncompliance" rating for CRA, provided that there are no violations of the anti-discriminatory provisions of the ECOA or FHA.

The ROE Summary format may also be used when a newly-examined institution (e.g., de novo banks, charter conversions) will be assigned a composite compliance rating of "1" or "2". *Refer* to DCA Transmittal No. 98-011, dated 5/29/98, entitled "Modifications to the Compliance Examination Process."

## DESCRIPTION OF THE SUMMARY REPORT

The ROE Summary format consists of the following pages and documents used in the full ROE:

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

  The CRA Performance Evaluation is prepared as a separate document since it must be made publicly available by the financial institution.

## PROCEDURES

| Summary Report Preparation Procedures |
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| 1. Complete the data entry form, Supervisory Page A, and CRA Performance Evaluation as you would for the full ROE. |
| 2. The Examiner-in-Charge will draft the transmittal letter and forward it to the designated Regional Office official for review and subsequent transmittal to the institution. |

**PROCEDURES (cont'd)**

3. Comments on the Transmittal Letter should:

- Be addressed to the Board of Directors and briefly summarize the examination findings and conclusions
- Be concise, reflecting the overall "Satisfactory" or better compliance rating and the lack of any supervisory concerns
- Describe the strengths, as well as any weaknesses, of the financial institution's compliance posture
- Comments on the Transmittal letter should include the following:
- The date and scope of the examination
- Compliance examination findings and recommended rating
- Community Reinvestment Act findings and recommended rating
- A summary of the management meeting, including the date and names of the FDIC and bank representatives attending the meeting
- A statement that the Summary of Violations provided to management during the examination serves as the bank's official record of the violations identified during the examination
- A statement that the examination findings are subject to the confidentiality restrictions of Part 309 of the FDIC Rules and Regulations
- A statement that the Community Reinvestment Act Performance Evaluation must be made available to the public within 30 days of its receipt

*NOTE: See Bank of Anytown Report Summary Format for an example of a transmittal letter.*

**SUMMARY OF VIOLATIONS**

In addition to the ROE Summary format, the financial institution will receive a Summary of Violations. The Summary of Violations is a separate document describing the violations found during the course of the examination and management's response and commitments for corrective action. This document will be provided to management during the examination and serves as the official record of violations identified during the examination.

**Preparation of the Summary of Violations**

| Prepare the Summary of Violations |
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| **Significant Violations** |
| 1. Write violations that would appear on the Significant Violations pages of a full ROE in the same format and using similar headings. |

**SUMMARY OF VIOLATIONS (cont'd)**

**Preparation of the Summary of Violations (cont'd)**

| Less Significant Violations |
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| 2. Use the same format for less significant violations that would normally be included on the Other Violations pages of a full ROE. |

**Discussion of Summary of Violations with Management**

| Discuss Summary of Violations with Management |
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| 1. Provide management with a copy of the Summary of Violations. |
| 2. Advise management that the Summary of Violations is the official record of violations discovered during the examination. |
| 3. Discuss contents of the Summary of Violations with management. |
| **Resolution of Disagreements** |
| 1. Management's disagreement with any of the violations cited must be resolved to the extent possible by the examiner through either a review of additional information provided by management or further research of regulatory materials. |
| 2. Discuss management's disagreement with any violation(s) in the Summary of Violations. Specifically identify the violation(s) in question and management's basis for challenging the violations. |
| 3. A final copy of the Summary of Violations should be provided to management reflecting any comments pertaining to disagreement resolution. |
| 4. Submit the report, including the Summary of Violations, to the Regional Office for review. |

**Regional Office Review of Summary of Violations**

| Regional Office Review Procedures |
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| 1. The Regional Office will communicate any revisions to the Summary of Violations to the financial institution.<br>• Insignificant revisions<br>Insignificant changes by the Regional Office to the text of the Summary of Violations will be communicated to the financial institution by the Regional Office staff. The method used to notify the financial institution of changes is at the discretion of the Regional Director. |

**SUMMARY OF VIOLATIONS (cont'd)**

**Regional Office Review of Summary of Violations (cont'd)**

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| • Substantial revisions<br>• If the Regional Office's revisions to the Summary of Violations are substantial, the Regional Office must send a copy of the revised Summary of Violations to the financial institution.<br>• Revisions could be the result of the Regional Office obtaining new information which:<br>-- Eliminates several violations, or<br>-- Increases the number of violations |
| ***If the Summary of Violations has been substantially revised . . .*** |
| 1. The Regional Office must send the revised Summary of Violations to the financial institution by certified mail, return receipt requested. |
| 2. The transmittal letter to the financial institution should indicate:<br>• The Summary of Violations has been substantially revised<br>• Management is requested to acknowledge receipt of the revised Summary of Violations to the Regional Office by a specified date |
| 3. If the financial institution fails to comply with this request, the Regional Office should pursue appropriate action. |

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

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| **Applicable Rules** | None |
| **Advisory Opinions** | None |
| **Statements of Policy** | None |
| **DCA MEMORANDA** | Modifications to the Compliance Examination Process, Transmittal No. DCA 98-011, dated 5/29/98. |
| **FINANCIAL INSTITUTION LETTERS (FIL)** | None |