

COMPLIANCE EXAMINATION HANDBOOK

Handbook Organization and Significant Changes

The organization of the Compliance Examination Handbook (Handbook) reflects the change in examination focus from task and transaction testing processes to risk-focused, process-oriented examinations. Therefore, the Handbook is organized starting with the Compliance Examination process, followed by sections on pertinent laws and regulations, and ending with Community Reinvestment Act examinations.

The information is presented in a manner so that each section or chapter contains topics in subsections that can be removed and replaced whenever the topic is updated. This Handbook contains examination policies and procedures in effect as of June 30, 2006. Below is a list of each section in the Handbook, with a brief description of what topics are covered along with dates that the most recent examination procedures or information was issued to examiners by the FDIC.

- I – 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 the 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 encompassing 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 topics 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 covered 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.