initials or signature, thereby reflecting a pattern or practice leading to the violations.

- In other cases, some combinations or separations of samples may be impacted by findings concerning the separation of banking functions, such as between employees or between different branch offices of the institution. For example, it is discovered that a new loan officer in the installment loan area has not been disclosing the amount of the premiums for disability insurance to customers, yet the mortgage loan department provides the correct disclosure when offering that insurance to customers. In this situation, it would be more appropriate to combine the samples from both departments because the cause of the error is solely within the installment loan area and confined to one loan officer.
- In another example, in a review of 65 consumer loans, errors in credit insurance disclosures were discovered in all six loans involving consumer purchases of credit life insurance; however, no errors were discovered in 59 loans where the consumer did not purchase credit insurance. The frequency of violations in this case is 100 percent (six of six instances) as these were the loans where the disclosures were required to be made but were not made correctly.
- Another example would be where violations are found involving private mortgage insurance (PMI). To further test whether this error would constitute a pattern or practice, the examiner should sample additional mortgage loans where the purchase of PMI was required. It would not be appropriate to consider loans where PMI was not a requirement for the loan.

In a situation where violations are discovered in some construction loans, it would not be correct to consider all real estate loans as the applicable universe. The universe in that situation should consist of only construction loans to determine whether a particular pattern or practice was the cause of the violation.

References

Joint Statement of Policy: Administrative Enforcement of the Truth in Lending Act—Restitution (FFIEC Policy Guide on Reimbursement)
http://www.fdic.gov/regulations/laws/rules/5000-300.html#5000administrativeeo

FIL 20-98: Reimbursible Violations of the Truth in Lending Act
http://www.fdic.gov/news/news/financial/1998/fil9820a.html

DCA RD Memo 99-010: Joint Statement of Policy on the administrative enforcement of the Truth in Lending (TIL) Act – Restitution (Policy Statement) and Questions and Answers (Q&A) pertaining to this Policy.
http://fdic01/division/dsc/memos/memos/direct/6430-12.pdf