I. Manual Introduction

Introduction

The Compliance Examination Manual (Manual) 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 Manual 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 Manual

The Manual is divided into 12 sections as described below and is organized so that information is presented based on regulation rather than process. The Manual incorporates examination policies and procedures in effect as of June 2009. The Manual 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 Manual 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 Manual is discussed below.

- ***I – Manual Introduction*** – This section includes information on how to use the Manual as well as a list of common abbreviations.
- ***II – Compliance Examinations*** – This section covers the Compliance Examination process beginning with pre-examination planning through determining the rating. Also included is information on documenting examination findings, enforcement actions, appeals, visitations, investigations and violation codes. This information has been updated to include all guidance issued through June 2009.
- ***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, a Compliance Information Document Request, and a sample *Bank of Anytown*. This section is updated and includes the revisions made in 2009.
- ***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 (2008), Truth in Lending Questions and Answers, Real Estate Settlement Procedures (2004), Homeowners Counseling (2003), Homeowners Protection (2003), Flood Insurance (1996), Flood Questions and Answers (2009), Equal Credit Opportunity and Fair Housing checklists (2008), Home Mortgage Disclosures (2004), Consumer Leasing (2008), Servicemember's Civil Relief Act (2009), and Talent Amendment (2009). 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 (2008), Truth in Savings (2008), 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 (2007), and Fair Credit Reporting (2006 through 2009). 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 (2008), Branch Closings (1991), E-Sign (2008) 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, and CRA Questions and Answers. 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.

How to Use the Manual

The Manual incorporates existing policies and procedures, adding information, job aids, and references that may assist the reader. Each Section begins with a detailed Table of Contents followed by the various rules and regulations related to the topic of the section (for example, the Lending section (V) contains subsections for Truth in Lending, RESPA and other lending related rules and regulations). Each subtopic includes pertinent background material, examination procedures, references and job aids to assist the examiner in the examination process. Each rule and regulation covered in the Sections is included independently in the Manual and can be readily removed, replaced, and updated. In addition, the electronic version is broken into corresponding sections and topics. When new examination policies and procedures are released, the examiner can readily add these to the Manual in the appropriate section. The on-line Manual will be revised to reflect the addition. This same procedure should be followed when any current section or topic is revised or procedures updated. Insert the revision into the Manual and remove any outdated materials.