

	<b>Anytown</b>	<b>Bank of Anytown</b> <b>Any County</b>	<b>Any State</b>
Region:	<u>Regional Office Name</u>		Certificate Number: <u>12345</u>
	Examiner in Charge:		<u>Robin J. Cummings</u>
	Examination Date:		<u>Month XX, 20XX</u>

<b>Examiner's Comments and Conclusions</b>	<b>12345</b>
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*The Bank of Anytown Examination Template provides guidance on the format and content of the Report of Examination (ROE). Examiners use their professional judgment and discretion when writing the ROE. The ROE informs the Board of Directors about the examination findings. Additionally, the tone matches the Compliance Management System element descriptors (strong, adequate, and weak). Examination staff prepare the ROE according to the Plain Writing Act, which requires federal agencies to use clear government communication that the public can understand and use. Finally, all formal recommendations that require follow-up by the bank are limited to the “Matters Requiring Board Attention” section of the ROE.*

#### **SCOPE OF EXAMINATION**

*This section must include, at a minimum, the following information.*

- *Date of examination and name of the Examiner-in-Charge.*
- *Review period (discuss CRA evaluation period, if applicable).*
- *Type (Compliance, CRA, both, or Visitation) and purpose of the examination.*
- *Description of the role or impact, if any, of other examination findings, ratings, or pre-examination materials on establishing the scope.*
- *Description of the process or procedures used to review the CMS, fair lending, and CRA.*

#### ***Example:***

Examiner-in-Charge Robin J. Cummings conducted a compliance examination and a Community Reinvestment Act (CRA) evaluation of Bank of Anytown as of [month, day, year].

The examination included a risk-focused review of the bank's compliance management system (CMS), with an emphasis on areas exhibiting potential risk of consumer harm, since the [month, day, year] FDIC compliance examination. FDIC data, bank documentation, and publicly available information influenced the examination scope. Based on the compliance risk profile of the institution, examiners focused transaction testing in areas such as residential lending activities and third-party relationships. In addition, examiners conducted a fair lending review using the Federal Financial Institutions Examination Council's Fair Lending Examination Procedures focusing on consumer loan pricing. Examiners evaluated the bank's CRA performance using Intermediate Small Institution Examination Procedures, focusing on activities since the previous evaluation dated [month, day, year].

#### **CONSUMER COMPLIANCE RATING**

*This section must include, at a minimum, the following information.*

- *Disclosure of, and support for, the Consumer Compliance Rating.*
- *Discussion of the primary factors contributing to the rating.*
- *Trend of the institution's compliance posture since the prior examination.*
- *Reference to the Matters Requiring Board Attention page, if appropriate.*

#### ***Example:***

A Consumer Compliance Rating of “2” is assigned. An institution in this category represents a financial institution that maintains a CMS that is satisfactory at managing consumer compliance risk in the institution's products and services and at substantially limiting violations of law and consumer harm. The rating is supported

**Examiner's Comments and Conclusions (Continued)**

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by adequate Board of Directors (Board) and management oversight and an adequate compliance program. Although a Level 3/High Severity violation is cited, the violation was self-identified and management implemented corrective action during the examination. As a result, the duration of consumer harm was limited. The compliance posture remains unchanged since the prior examination. The Matters Requiring Board Attention, which follow the Examiner's Comments and Conclusions, detail matters that require follow-up by the Board and additional supervisory oversight.

**COMPLIANCE MANAGEMENT SYSTEM****Board and Management Oversight**

*This section must include, at a minimum, the following information:*

- *Summary statement about the quality of Board and Management Oversight based upon the institution's size, complexity, and risk profile. Use one of the following descriptors: strong, adequate, or weak.*
- *Comments addressing each of the following components of Board and Management Oversight, as outlined below under the optional sub-headings:*
  - *Oversight and Commitment –*
    - *Commitment to and oversight of the institution's CMS.*
    - *Level of resources dedicated toward compliance functions.*
    - *Due diligence and oversight of third parties to ensure compliance with consumer protection laws and regulations, and appropriate oversight of third parties' compliance responsibilities.*
  - *Change Management –*
    - *Anticipation and responsiveness to changes in applicable laws and regulations, market conditions, and products and services offered.*
    - *Due diligence reviews performed in advance of product changes, considering the entire lifecycle of the product or service, and after implementation of changes.*
  - *Comprehension, Identification, and Management of Risk –*
    - *Comprehension and identification of compliance risks, including emerging risks, in the institution's financial products, services, and other activities.*
    - *Management of identified risk, including self-assessments.*
  - *Corrective Action and Self-Identification –*
    - *Comment(s) addressing whether Matters Requiring Board Attention and recommendations from the previous examination, if any, have been satisfactorily addressed. Comments regarding any outstanding issues should be made under the applicable CMS elements.*
    - *Identification of and responsiveness to compliance risk management deficiencies and violations of law or regulations, including remediation.*
- *Separate summary statement for any recommendation(s) after the discussion of strengths and weaknesses of the Board and Management Oversight components, as applicable.*

***Example:***

Board and management oversight is adequate. Examiners considered oversight and commitment; change management; comprehension, identification, and management of risk; and corrective action and self-identification.

**Oversight and Commitment**

Board and management provide adequate oversight to the compliance function. The Board demonstrates its commitment to maintaining an effective CMS in several key ways. First, the Board allocates sufficient resources to compliance functions. Vice President and Compliance Officer (CO) Taylor Cook has the independence and authority needed to effect corrective actions and is knowledgeable of consumer protection laws and regulations. Second, minutes from the Board, Compliance, and Audit Committees revealed regular discussion and ample knowledge of compliance matters. Finally, the Board reviews and approves compliance policies annually, or more frequently as necessitated by changes in consumer protection regulations.

Management has generally conducted effective and ongoing due diligence and oversight of third parties. However, one weakness was identified related to a new relationship with third-party service provider, Error Resolution Services, Inc. (ERS). The bank contracted with ERS at year-end [year], but did not adequately review the contract or understand processes related to handling error resolutions, resulting in a Level 2/Medium Severity Violation of the Electronic Funds Transfer Act (EFTA).

Strengthening due diligence and contract review processes prior to entering contracts with third parties will help mitigate the risk of consumer harm and prevent future violations. See Matters Requiring Board Attention and Level 2/Medium Severity Violations Pages for additional details.

**Change Management**

Management has demonstrated the ability to respond timely and adequately to regulatory changes. Management proactively developed procedures and provided training in anticipation of the Truth in Lending Act (TILA)-Real Estate Settlement Procedures Act (RESPA) Integrated Disclosure Rule (TRID). Management was also aware of changes to flood insurance regulations in response to the Biggert-Waters Act and updated policies and procedures accordingly. However, changes were not fully communicated to personnel, which contributed to a Level 2/Medium Severity Violation of Flood Insurance. See Level 2/Medium Severity Violations Pages for recommendations.

**Comprehension, Identification, and Management of Risk**

Management comprehends and identifies compliance risks throughout the institution, including risks involved with new products and services. For example, management identified the new overdraft program as a high-risk area. As a result, CO Cook implemented a comprehensive oversight program to ensure compliance with applicable regulations and internal policies on an ongoing basis.

In addition to discussions held at periodic Compliance Committee meetings, CO Cook presents emerging issues to the Audit Committee, as well as the results of monitoring efforts and compliance audits. The Board is sufficiently informed through reviews of Compliance and Audit Committee minutes. This structure enhances Board and management's ability to identify, prevent, and correct deficiencies.

**Corrective Action and Self-Identification**

Management appropriately identifies deficiencies through ongoing monitoring and auditing programs. In addition, all Matters Requiring Board Attention, violations, and recommendations from the prior examination were fully addressed and in a timely manner. However, in one case management failed to implement corrective action for a self-identified issue. Specifically, a Level 3/High Severity Violation was cited involving an exception

## Examiner's Comments and Conclusions (Continued)

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in the audit report in which management failed to provide corrective action. Eight consumers were harmed but were not provided remediation.

Examiners recommend that management ensure full corrective action is completed, including any applicable remediation, in response to all compliance-related findings. See Level 3/High Severity Violation Pages for additional details.

### Compliance Program

*This section must include, at a minimum, the following information.*

- *Summary statement about the quality of the overall Compliance Program using one of the following descriptors: strong, adequate, or weak.*
- *Subsequent information, as applicable, under the designated sub-headings: Policies and Procedures, Training, Monitoring and/or Audit, and Consumer Complaint Response.*
- *Separate summary statement about policies and procedures, training, monitoring and/or audit, and consumer complaint response using one of the following descriptors: strong, adequate, or weak.*
- *Scope and adequacy of policies and procedures, training, monitoring and/or audit, and consumer complaint response. Focus on strengths and weaknesses, particularly in identifying, addressing, and preventing consumer harm.*
- *Deficiencies in policies and procedures, training, and monitoring and/or audit; and violations that resulted, or could pose a risk of consumer harm.*
- *Volume of consumer complaints received by the bank, or complaints pertaining to the bank, received by third-party service provider(s) since the prior compliance examination. State number and impact, if known. State whether the institution responded timely and effectively.*
- *Separate summary statement for any recommendation(s) after the discussion of strengths and weaknesses of the Compliance Program components, as applicable*

#### **Example:**

The Compliance Program is adequate. Examiners considered strengths and weaknesses in policies and procedures, training, monitoring and audit, and consumer complaint response.

#### Policies and Procedures

Policies and procedures and third-party relationship management programs are adequate. The bank has written policies for all applicable consumer protection regulations and formal procedures for most compliance-related regulations. Fair lending procedures document underwriting criteria, exceptions to policy, and loan processing centralization. However, there is no guidance on pricing consumer loans. Instead, individual loan officers have pricing discretion. The lack of formalized guidance combined with a lack of internal controls over pricing increases fair lending risks. In addition, a weakness in procedures regarding the calculation of annual percentage rates contributed to the Level 3/High Severity Violation of TILA, resulting in customer restitution totaling \$18,000. Finally, the lack of formalized due diligence procedures to ensure that Board and management are aware of compliance and other risks prior to entering into contracts with third parties contributed to Level 2/Medium Severity violations of the EFTA.

Examiners recommend that management develop formal guidance on pricing consumer loans and include monitoring and/or auditing of areas where discretion is allowed. The development and implementation of third-party oversight procedures will help ensure appropriate due diligence and contract structuring, and revisions to the Loan Processing Policy and related procedures will provide for accurate annual percentage rate calculations. See Matters Requiring Board Attention, Level 3/High Severity Violations, and Level 2/Medium Severity Violations Pages for additional details.

#### Training

Compliance training is adequate and provided timely to appropriate staff. CO Cook is responsible for compliance training and establishes an annual training schedule for Directors, management, and staff. Compliance training is multifaceted, employing in-person meetings, online programs, and external workshops and seminars. Training appropriately focuses on new and revised consumer protection regulations and areas exhibiting greater risk of consumer harm. CO Cook periodically assesses employees' knowledge and updates training with current information. Despite these efforts, a lack of training on new Flood Insurance requirements contributed to the Level 2/Medium Severity Violation resulting in customer restitution totaling \$326.

Examiners recommend training loan personnel on recent Flood Insurance requirements. See Level 2/Medium Severity Violation Pages for additional details.

#### Monitoring and/or Audit

Monitoring practices and the audit program are adequate. The institution employs various methods of monitoring for compliance with consumer protection regulations in the loan administration, deposit operations, and other areas. In addition to regularly scheduled reviews, monitoring is used to follow-up on audit and examination findings, regulation changes, and new product or service implementation. Since the last examination, management implemented an effective pre-closing review of all residential real estate loan transactions.

Monitoring practices are supplemented by a formalized, external audit program. External audit firm Anytown Risk Advisors conducts periodic risk-based compliance audits, including deposit and loan compliance audits semi-annually and fair lending audits annually. Written audit reports are comprehensive, addressing the scope, sample size, identified deficiencies, corrective action recommendations, management's responses, and timeframes for correction. Responses to audit findings are prompt. The Audit Committee develops an annual compliance risk assessment, which considers exceptions noted in monitoring and assists in prioritizing the audit schedule and scope based on risk. While audit is generally effective, the scope of the [year] lending audit did not review compliance with force-placed flood insurance requirements. Examiners identified a Level 2/Medium Severity Violation of Flood Insurance, specifically relating to force-placed policies.

Examiners recommend expanding the scope of the Flood Insurance audit to include compliance with force-placed Flood Insurance requirements. See Level 2/Medium Severity Violations Pages for additional details.

#### Consumer Complaint Response

Consumer complaint response procedures are adequate and address complaints received by the bank and third-party service providers. These complaints include feedback received from consumers, whether it is verbal, written, or electronic. Under the Board-approved complaint policy, CO Cook is charged with investigating and responding to consumer complaints. In addition, CO Cook effectively monitors complaints to identify any issues that may have a widespread impact on consumers or business practices and takes action when warranted. Since

**Examiner's Comments and Conclusions (Continued)**

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the last examination, the bank received one written complaint, which management responded to in a timely and appropriate manner.

**VIOLATIONS OF LAW AND CONSUMER HARM**

*This section should briefly summarize the following information, as applicable:*

- *Impact of the violation(s) identified on the evaluation of the institution's CMS and resulting consumer compliance rating.*
- *Summary statement of the primary weaknesses or deficiencies that contributed to the violations.*
- *Assessment of severity and duration of consumer harm.*
- *Pervasiveness or number of consumers impacted.*

***Example:***

The violations identified during this examination did not evidence a deficient CMS or warrant an adverse consumer compliance rating. The violations were the result of minor weaknesses in policies, procedures, training, and third party oversight. One violation resulted in \$18,000 of restitution to eight customers. Because the violation was self-identified and partially corrected prior to the examination, the duration of consumer harm was limited. Bank management has committed to full corrective action.

**COMMUNITY REINVESTMENT ACT**

*This section must include, at a minimum, the following information.*

- *The CRA rating, including the interagency definition of the rating*
- *A brief statement explaining the basis for the rating*
- *A statement referring the reader to the CRA Performance Evaluation*

***Example:***

A CRA Rating of Satisfactory is assigned. The bank has a satisfactory record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods. Satisfactory ratings under the Lending Test and Community Development Test support the overall rating. Please refer to the Performance Evaluation for further details.

**MEETING WITH MANAGEMENT**

*This section must include, at a minimum, the following information.*

- *The date of the meeting.*
- *The names and titles of the attendees representing the FDIC, state regulators, and the bank.*
- *Brief comment on items discussed at the meeting, including but not limited to the compliance examination findings and proposed rating, fair lending review, and the CRA performance evaluation findings and proposed rating. Include a statement that ratings are subject to additional review.*
- *Management's response to the findings, proposed ratings, and recommendations; CRA performance evaluation and proposed ratings; and any proposed enforcement action(s), if applicable.*
- *Management's willingness to make restitution, if applicable.*

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**Examiner’s Comments and Conclusions (Continued)**

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*Example:*

On [month, day, year], Examiner-in-Charge Cummings, Supervisory Examiner Kenneth Randall, and Financial Institution Specialist Joseph Barr met with management to discuss the results of the examination and the CRA evaluation. President James Crowley, Senior Vice President Stephen Gidney, Vice President Matthew Wolcott, Vice President Edward Harl, and CO Cook represented the bank.

Examiner-in-Charge Cummings discussed the scope of the examination, and the strengths and weaknesses of the CMS. She also discussed the importance of maintaining a CMS that prioritizes areas where harm to consumers may occur, particularly in third-party oversight. Finally, Examiner-in-Charge Cummings addressed the fair lending portion of the examination, the violations cited, and the bank’s CRA performance.

Examiners discussed all recommendations and Matters Requiring Board Attention in the Report and disclosed the proposed compliance and CRA ratings. Examiner-in-Charge Cummings informed management that the ratings are subject to additional review. Management was receptive to the findings of the compliance examination and CRA evaluation. They concurred with the proposed ratings, agreed to address all Matters Requiring Board Attention and recommendations, and confirmed that voluntary restitution was provided to customers impacted by the TILA and Flood Insurance violations on [month, day, year].

Examiner-in-Charge Robin J. Cummings (Signature)	Reviewer Sheila K. Barnett (Signature)
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**Matters Requiring Board Attention**

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This section is **only** included in the ROE for significant matters that require action by the Board and additional supervisory oversight. Matters Requiring Board Attention should be presented on a separate page, and must include, at a minimum, the following information.

- An introductory statement explaining the significance of the matters.
- Specific matters (CMS deficiencies or violations) that require action by the Board and follow-up by the regulators. Each Matter Requiring Board Attention must include the following components:
  - Specific issue warranting attention
  - Measurable action to be taken
  - Benefit of prompt corrective action or potential consequence of inaction
- Board or management's response to the Matters Requiring Board Attention, and the timeframe(s) for implementation. Examiners may use their judgment in determining whether one response to the Matters Requiring Board Attention is sufficient, or if an individual response to each item is necessary. Include the name(s) of the individual(s) who committed to the corrective action(s) whether there is one response to all matters or individual responses to each. Also include a conclusion reminding the Board of their responsibility to respond.

**Example:**

The following matters identified during the compliance examination represent areas where Board action is necessary to ensure the CMS continues to provide a framework to successfully manage its compliance responsibilities and risks. These matters will receive supervisory follow-up prior to the next examination.

- Third Party Oversight - The Board and management did not conduct sufficient due diligence when entering into a third-party contract. This resulted in a violation of the EFTA and potential harm to customers. The development and implementation of procedures governing third-party providers will help provide for effective due diligence prior to entering into contracts with third parties. Furthermore, these procedures will ensure that the Board and management are aware of compliance and other risks prior to entering into third-party contracts. Financial Institution Letter 44-2008, *Guidance for Managing Third-Party Risk* (June 6, 2008), provides additional information regarding third-party risk management principles and practices that assist management in developing a third party oversight program that meets the needs of the bank.
- Truth in Lending - Current bank procedures do not include all fees required in the annual percentage rate calculation causing a systemic violation that resulted in a severe level of harm to the bank's customers. The development and implementation of procedures will assist applicable personnel in including all required fees into the prepaid finance charge and ensure the accurate calculation of annual percentage rates and prevent the recurrence of TILA violations.

*President Crowley agreed to implement corrective action in each of the above areas within 30 days after receiving the Report. It is the Board's responsibility to ensure that these matters are addressed and provide responses, as requested.*

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<b>Level 3/High Severity Violations</b>	<b>12345</b>
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**Level 3** violations are those violations that have resulted in significant harm to consumers or members of a community and/or may pose legal or reputational risks, or financial harm to the bank.

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*Level 3/High Severity and Level 2/Medium Severity Violations, listed in order of severity, must include the following elements, as applicable.*

- *Summary of regulatory section and violation code*
- *Description of how the institution’s practices differed from regulatory requirements*
- *Sample size reviewed, and universe of applicable transactions*
- *Number of violations identified and 2-3 examples. (Examples are not required if the violation is systemic.)*
- *Description of the root cause(s) of the violation*
- *Description of any corrective action taken by the institution before or during the examination*
- *Information about whether the violation was previously identified but remained unchanged since the previous examination*
- *Corrective action(s) recommended*
- *Management’s response to the violation and recommendations (noting the individual responding)*

*Example:*

#### **TRUTH IN LENDING VIOLATIONS SUBJECT TO RESTITUTION**

**The Truth in Lending Act (15 U.S.C. § 1601 et seq.), as implemented by Regulation Z, 12 C.F.R. § 1026.18(e), requires the creditor to disclose the “annual percentage rate,” using that term, for each applicable closed-end credit transaction other than mortgage transactions subject to § 1026.19(e) and (f). The disclosure must include a brief description such as “the cost of your credit as a yearly rate.” [TILA-C 1026.18(e); 108(e)]**

**Section 108(e)(1) and (e)(2) of the Truth in Lending Act (12 U.S.C. § 1607(e)), requires the FDIC to notify creditors in cases where the annual percentage rate was inaccurately disclosed and to make monetary adjustments to the accounts of consumers in cases where the annual percentage rate has been understated by more than the allowed tolerances as a result of a clear and consistent pattern or practice of violations, gross negligence, or a willful violation which was intended to mislead the person to whom the credit was extended, unless an exception under this section applies.**

Loan processors failed to include the loan guarantee fee as a prepaid finance charge when calculating the “amount financed” on Anytown Housing Finance Agency (AHFA) loans. Consequently, the Truth in Lending (TIL) disclosures understated the annual percentage rate for each loan. In the second and third quarter [year] quality control reports, Anytown Risk Advisors identified this error in all eight AHFA loans the bank originated. At that time, management did not perform a file review or determine if restitution was applicable. Although CO Cook provided TIL training in [month, year], she did not update the bank’s written procedures to reflect how employees should consider the loan guarantee fee in the “amount financed” calculation. This omission is the root cause of the violation. While on-site, CO Cook and examiners confirmed that the eight loans identified by Anytown Risk Advisors represented the total universe of loans originated since the last examination.

**Level 3/High Severity Violations (Continued)**

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Revisions to the Loan Processing Policy and Procedures Manual to specify how different loan fees should be treated in the “amount financed” calculation will help ensure this violation does not recur. In addition, examiners recommend that management implement practices to provide for full corrective action, including any applicable remediation, is made in response to findings.

*Management’s Response: Management provided restitution totaling \$18,000 on [month, day, year]. CO Cook also committed to updating the Loan Processing Policy and related procedures and committed to ensuring full corrective action in response to findings.*

**Level 2/Medium Severity Violations**

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**Level 2** violations include systemic, recurring or repetitive errors that represent a failure of the bank to meet a key purpose of the underlying regulation or statute but do not rise to a Level 3 violation.

*Refer to the Level 3/High Severity Violations page for required elements.*

*Example:*

**FLOOD INSURANCE**

**The Flood Disaster Protection Act of 1973 (42 U.S.C. §§ 4001-4129), as implemented by part 339 of the FDIC Rules and Regulations, 12 C.F.R. § 339.7(b)(1), requires that within 30 days of receipt of a confirmation of a borrower’s existing flood insurance coverage, an FDIC-supervised institution or its servicer must: (i) notify the insurance provider to terminate any insurance purchased by the institution or its servicer under § 339.7(a); and (ii) refund to the borrower all premiums and any related fees paid by the borrower for any insurance purchased by the institution or its servicer under § 339.7(a) during any period during which the borrower's flood insurance coverage and the insurance coverage purchased by the institution or its servicer were each in effect.**

**[FLOOD 339.7(b)(1)]**

Examiners reviewed all five flood insurance policies that management force-placed since the last examination. In two instances, borrowers confirmed that they had purchased private flood insurance policies. Loan personnel terminated the force-placed policies. However, the bank did not refund the premium for the force-placed policy for the timeframe the borrower’s policy was also in effect, which is required by the Biggert-Waters Act amendments to flood insurance requirements. CO Cook is aware of the Biggert-Waters Act requirements and updated the bank’s Flood Insurance Policy and procedures. The root cause of this violation is that CO Cook did not train loan personnel on the Biggert-Waters requirements involving force-placed insurance. Further, compliance with force-placed flood insurance requirements was not included in the scope of the Flood Insurance audit, which contributed to the violation continuing undetected.

Examiners recommended training for loan personnel on flood insurance and expanding the scope of the Flood Insurance audit to include compliance with force-placed flood insurance requirements. They also reminded management that the regulatory agencies are mandated to assess civil money penalties for pattern or practice flood insurance violations.

Affected borrowers are evidenced in the following table:

<b>Borrower</b>	<b>Loan Number</b>	<b>Loan Date</b>	<b>Premium Due Customer</b>
Last Name	XXXXXX	MM/DD/YYYY	\$150
Last Name	XXXXXX	MM/DD/YYYY	\$176

*Management’s Response:* CO Cook reviewed the force-placed flood insurance requirements of the Biggert-Waters Act with loan personnel during the examination and committed to expanding the scope of the bank’s flood audit. She also scheduled formal flood insurance training for the third quarter of [year]. President Crowley notified the affected customers and voluntarily provided \$326 in restitution for the premium amounts on [month, day, year].

Level 2/Medium Severity Violations (Continued)

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**ELECTRONIC FUND TRANSFERS**

**The Electronic Fund Transfers Act (15 U.S.C. § 1693 et seq.), as implemented by Regulation E, 12 C.F.R. § 1005.11(c), requires a financial institution to investigate, determine whether an error occurred, report the results to the consumer, and correct the error within the timeframes provided under this subsection (c). [EFTA-A 1005.11(c)]**

Bank personnel did not process all Electronic Fund Transfer (EFT) error disputes according to Section 1005.11(c) of Regulation E. CO Cook explained that management relies solely on ERS to manage the EFT dispute process. ERS is a new third-party service provider contracted since the last examination. Examiners reviewed the log showing all 20 disputes that ERS received relating to the Bank of Anytown. The log notes the timeframes for processing each dispute. There were three disputes under \$20 that ERS did not process. During the examination, deposit personnel reviewed the three disputes and determined that no EFT errors occurred that required adjustments to customer accounts. The root cause of this violation is that CO Cook was unaware that the ERS contract stated that claims under \$20 would not be processed.

Thorough review of the bank’s third-party oversight procedures and the ERS contract will help ensure that all EFT disputes are processed according to regulatory requirements.

Affected customers are evidenced in the following table:

Name	Account Number	Dispute Date	Dispute Amount
Last Name	XXXXX	MM/DD/YYYY	\$5
Last Name	XXXXX	MM/DD/YYYY	\$10
Last Name	XXXXX	MM/DD/YYYY	\$15

*Management’s Response:* President Crowley agreed that it is management’s responsibility to ensure that third-party contracts and procedures comply with regulations. He stated that the bank will properly investigate all claims going forward.

### III. Templates — Bank of Anytown

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<b>Level 1/Low Severity Violations</b>	<b>12345</b>
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**Level 1** violations are isolated or sporadic in nature or systemic violations that are unlikely to impact consumers or the underlying purposes of the regulation or statute.

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*Level 1/Low Severity Violations must include, at a minimum, the following information.*

- *Regulatory section and violation code*
- *Description of how the institution's practices differed from regulatory requirements*
- *Blanket statement indicating management's (specific name) actions or intentions to address the noted violation(s)*
- *The Level 1/Low Severity Violations should be provided to management and a copy retained in the examination workpapers. They should not be included in the ROE.*

*Example:*

<b>Identification of Regulation</b>	<b>Description of Provision Violated</b>
<b><u>REAL ESTATE SETTLEMENT PROCEDURES</u></b>  § 1024.7(f) [RESPA-B 1024.7(f)]  <b><u>TRUTH IN LENDING</u></b>  § 1026.23(b) [TILA-C 1026.23(b)]  <b><u>EQUAL CREDIT OPPORTUNITY</u></b>  § 1002.13(a)-(c) [ECOA 1002.13(a)-(c)]	  In one instance, loan processing personnel did not deliver a revised good faith estimate form within the required time period.   A loan officer did not provide the right of rescission notice to one customer.   A loan officer did not collect government monitoring information on two home refinance applications.

*Management's Response:* CO Cook stated that she will meet individually with applicable personnel to review the violations cited above.