
Compliance Management Analysis

Questionnaire

Yes No

This questionnaire is for use in conjunction with the Compliance Management Review procedures in the Program as a device for evaluating the quality of preventive and corrective measures, identifying worthwhile innovations and offering suggestions for improvement. The questionnaire is not, however, intended to be an absolute test of a lender's compliance management program. Lender programs containing all or most of the features described in the list may nonetheless be flawed for other reasons; conversely, a compliance program which encompasses only a portion of the factors listed below may nonetheless adequately support a strong program under appropriate circumstances. In short, you must exercise your best judgment in utilizing this list and in assessing the overall quality of a lender's efforts to ensure fair lending compliance.

If the transactions within the proposed scope are covered by a listed self-compliance measure, check the box in the left column. Reduce the intensity (mainly the sample size) of the planned comparative file review to the degree that the self-compliance measures cover transactions within the proposed scope. Document your findings in sufficient detail to justify any resulting reduction in the intensity of the examination.

You are not required to learn whether self-compliance measures apply to specific products outside the proposed scope. However, if the information you have obtained shows that the self-compliance measure is a general practice of the lender, check the box in the second column in order to assist future examination planning.

Preventive Measures

Determine whether policies and procedures exist that tend to prevent illegal disparate treatment in the transactions you plan to examine. There is no legal or agency requirement for institutions to conduct these activities. The absence of any of these policies and practices is never, by itself, a violation.

1. Lending Practices and Standards:

--Within the proposed scope
--Lender-wide

a. Principal policy issues

- Are **underwriting practices** clear and similar to industry standards?
- Is pricing within reasonably confined ranges with guidance linking variations to risk and/or cost factors?



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- Does management monitor the nature and frequency of exceptions to its standards?
- Are **denial reasons** accurately and promptly communicated to unsuccessful applicants?

NOTE: The items above are not compliance measures, but they are fundamental features of lending that tend to work against disparate treatment.

b. Do training, application-processing aids, and other guidance correctly and adequately describe:

- Prohibited bases under ECOA, Regulation B, and the Fair Housing Act?
- Other substantive credit access requirements of Regulation B (e.g., spousal signatures, improper inquiries, protected income)?

c. Is it specifically communicated to employees that they must not, on a prohibited basis:

- Refuse to deal with individuals inquiring about credit?
- Discourage inquiries or applicants by delays, discourtesy, or other means?
- Provide different, incomplete, or misleading information about the availability of loans, application requirements, and processing and approval standards or procedures (including selectively informing applicants about certain loan products while failing to inform them of alternatives)?
- Encourage or more vigorously assist only certain inquirers or applicants?
- Refer credit seekers to other lenders?
- Waive or grant exceptions to application procedures or credit standards?
- State a willingness to negotiate?
- Use different procedures or standards to evaluate applications?
- Use different procedures to obtain and evaluate appraisals?

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- | | Yes | No |
|--|-----|----|
| <ul style="list-style-type: none">• Provide certain applicants opportunities to correct or explain adverse or inadequate information, or to provide additional information? <input type="checkbox"/> <input type="checkbox"/>• Accept alternative proofs or creditworthiness? <input type="checkbox"/> <input type="checkbox"/>• Require co-signers? <input type="checkbox"/> <input type="checkbox"/>• Offer or authorize loan modifications? <input type="checkbox"/> <input type="checkbox"/>• Suggest or permit loan assumptions? <input type="checkbox"/> <input type="checkbox"/>• Impose late charges, reinstatement fees, etc.? <input type="checkbox"/> <input type="checkbox"/>• Initiate collection or foreclosure? <input type="checkbox"/> <input type="checkbox"/> | | |
| <p>d. Has the institution taken specific initiatives to <i>prevent forms of unintentional discrimination, including:</i></p> | | |
| <ul style="list-style-type: none">• Basing credit decisions on assumptions derived from racial, gender, and other stereotypes, rather than facts? <input type="checkbox"/> <input type="checkbox"/>• Seeking customers from a particular racial, ethnic, or religious group, or of a particular gender, to the exclusion of other types of customers, on the basis of how “comfortable” the employee may feel in dealing with those different from him/her? <input type="checkbox"/> <input type="checkbox"/>• Because of its discomfort or unease in dealing with customers from certain racial, ethnic, or religious groups, or of a certain gender, limiting the exchange of credit-related information or its effort to qualify the applicant? <input type="checkbox"/> <input type="checkbox"/>• Is the institution’s CRA assessment area drawn without unreasonably excluding minority areas? <input type="checkbox"/> <input type="checkbox"/> | | |
| <p>e. Does the institution have procedures to ensure that it does not:</p> | | |
| <ul style="list-style-type: none">• State racial or ethnic limitations in advertisements? <input type="checkbox"/> <input type="checkbox"/>• Employ code words in advertisements that convey racial or ethnic limitations? <input type="checkbox"/> <input type="checkbox"/> | | |

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• Place advertisement that a reasonable person would regard as indicating minority customers are less desirable?	<input type="checkbox"/>	<input type="checkbox"/>
• Advertise only in media serving nonminority areas of the market?	<input type="checkbox"/>	<input type="checkbox"/>
• Conduct other forms of marketing only in nonminority areas of the market?	<input type="checkbox"/>	<input type="checkbox"/>
• Market only through brokers known to serve one racial or ethnic group in the market?	<input type="checkbox"/>	<input type="checkbox"/>
• Use a prohibited basis in any prescreened solicitation?	<input type="checkbox"/>	<input type="checkbox"/>

2. Compliance Audit Function: Does the Bank Attempt to Detect Prohibited Disparate Treatment by Self-Test or Self-Evaluation?

NOTE: A self-test is any program, practice or study that is designed and specifically used to assess the institution’s compliance with the ECOA and the Fair Housing Act statute or regulation and creates data or factual information that is not otherwise available and cannot be derived from loan, application, or other records related to credit transactions (12 CFR 202.15(b)(1) and 24 CFR 100.141). The report, results, and many other records associated with a self-test are privileged unless an institution voluntarily discloses the report or results or otherwise forfeits the privilege. See 12 CFR 202.15(b)(2) and 24 CFR 100.142(a) for a complete listing of the types of information covered by the privilege. A self-evaluation, while generally having the same purpose as a self-test does not meet the self-test definition. It does not create any new data or factual information, but uses data readily available in loan or application files and other records used in credit transactions. See [Streamlining the Examination in the Appendix](#) for more information about self-tests and self-evaluations.

While you may request the results of self-evaluations, you should not request the results of self-tests or any of the information listed in 12 CFR 202.15(b)(2) and 24 CFR 100.142(a). If an institution discloses the self-test report or results to its regulator, it will lose the privilege. The following items are intended to obtain information about the bank’s approach to self-testing and self-evaluation, not the findings. Complete the questionnaire below for each self-evaluation and each self-test, where the institution voluntarily discloses the report or results. Evaluating the results of self-evaluations and voluntarily disclosed self-tests is described in [Streamlining the Examination in the Appendix](#).

Mark the box if the answer is “yes” for the transactions within the scope.

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a. Are the transactions reviewed by an independent analyst who:

- Is directed to report objective results?
- Has an adequate level of expertise?
- Produces written conclusions?

b. Does the bank's approach for self-testing or self-evaluation call for:

- Attempting to explain major patterns shown in the HMDA or other loan data?
- Determining whether actual practices and standards differ from stated ones and basing the evaluation on the actual practices?
- Evaluating whether the reasons cited for denial are supported by facts relied on by the decision maker at the time of the decision?
- Comparing the treatment of prohibited basis group applicants to control group applicants?
- Obtaining explanations from decision makers for any unfavorable treatment of the prohibited basis group that departed from policy or customary practice?
- Covering significant decision points in the loan process where disparate treatment or discouragement might occur, including:
 - The approve/deny decision?
 - Pricing?
 - Other terms and conditions?
- Covering at least as many transactions as examiners would independently, if using the [Fair Lending Sample Size Tables in the Appendix](#) for a product with the application volumes of the product to be evaluated?
- Maintaining information concerning personal characteristics collected as part of a self-test separately from application or loan files?

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- | | Yes | No |
|---|--------------------------|--------------------------|
| <ul style="list-style-type: none">• Timely analysis of the data? | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none">• Taking appropriate and timely corrective action? | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>c. In the bank's plan for comparing the treatment of prohibited basis group applicants with that of control group applicants:</p> | | |
| <ul style="list-style-type: none">• Are control and prohibited basis groups based on a prohibited basis found in ECOA or the FHAct and defined clearly to isolate that prohibited basis for analysis? | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none">• Are appropriate data to be obtained to document treatment of applicants and the relative qualifications vis-à-vis the requirement in question? | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none">• Are the data to be obtained the data on which decisions were based, not later or irrelevant information? | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none">• Does the plan call for comparing the denied applicants' qualifications related to the stated reason for denial with the corresponding qualifications for approved applicants? | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none">• Are comparisons designed to identify instances in which prohibited basis group applicants were treated less favorably than control group applicants who were no better qualified? | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none">• Is the evaluation designed to determine whether control and prohibited basis group applicants were treated differently in the processes by which the bank helped applicants overcome obstacles and by which their qualifications were enhanced? | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none">• Are responses and explanations to be obtained for any apparent disparate treatment on a prohibited basis or other apparent violations of credit rights? | <input type="checkbox"/> | <input type="checkbox"/> |
| <ul style="list-style-type: none">• Are reasons cited by credit decision makers to justify or explain instances of apparent disparate treatment to be verified? | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>d. For self-tests under ECOA that involved the collection of applicant personal characteristics, did the institution:</p> | | |
| <p>1. Develop a written plan that describes or identifies the:</p> | | |

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• Specific purpose of the self-test?	<input type="checkbox"/>	<input type="checkbox"/>
• Methodology to be used?	<input type="checkbox"/>	<input type="checkbox"/>
• Geographic area(s) to be covered?	<input type="checkbox"/>	<input type="checkbox"/>
• Type(s) of credit transactions to be reviewed?	<input type="checkbox"/>	<input type="checkbox"/>
• Entity that will conduct the test and analyze the data?	<input type="checkbox"/>	<input type="checkbox"/>
• Timing of the test, including start and end dates or the duration of the self-test	<input type="checkbox"/>	<input type="checkbox"/>
• Other related self-test data that is not privileged?	<input type="checkbox"/>	<input type="checkbox"/>
2. Disclose at the time applicant characteristic information is requested, that:		
• The applicant will not be required to provide the information?	<input type="checkbox"/>	<input type="checkbox"/>
• The creditor is requesting the information to monitor its compliance with ECOA?	<input type="checkbox"/>	<input type="checkbox"/>

3. Correcting Discriminatory Conduct

a. Determine whether the lender has provisions to *take appropriate corrective action* and *provide adequate relief* to victims for any violations in the transactions you plan to review.

• Who is to receive the results of a self-evaluation or voluntarily disclosed self-test?	<input type="checkbox"/>	<input type="checkbox"/>
• What decision process is supposed to follow delivery of the information?	<input type="checkbox"/>	<input type="checkbox"/>
• Is feedback to be given to staff whose actions are reviewed?	<input type="checkbox"/>	<input type="checkbox"/>
• What types of corrective action may occur?	<input type="checkbox"/>	<input type="checkbox"/>
• Are customers to be:		
— Offered credit if they were improperly denied?	<input type="checkbox"/>	<input type="checkbox"/>

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— Compensated for any damages, both out of pocket and compensatory?	<input type="checkbox"/>	<input type="checkbox"/>
— Notified of their legal rights?	<input type="checkbox"/>	<input type="checkbox"/>
 b. Other corrective action:		
• Are institutional policies or procedures that may have contributed to the discrimination to be corrected?	<input type="checkbox"/>	<input type="checkbox"/>
• Are employees involved to be trained and/or disciplined?	<input type="checkbox"/>	<input type="checkbox"/>
• Is the need for community outreach programs and/or changes in marketing strategy or loan products to better serve minority segments of the lender's market to be considered?	<input type="checkbox"/>	<input type="checkbox"/>
• Are audit and oversight systems to be improved in order to ensure there is not recurrence of any identified discrimination?	<input type="checkbox"/>	<input type="checkbox"/>

Comments
