

EQUAL CREDIT OPPORTUNITY ACT
(REGULATION B)

Review Considerations

Review Area	Requirements / Recommendations
Policies / Procedures	Ensure the policy for implementing ECOA (Reg B) does not tolerate discrimination in any aspect of the credit transaction process.
No Discrimination on a Prohibited Basis	Ensure employees do not discriminate on a prohibited basis regarding any aspect of a credit transaction. Prohibited bases: race, color, religion, national origin, sex, marital status, age (provided the applicant has capacity to contract), receipt of public assistance, or exercise of rights under the Consumer Credit Protection Act
No Discouraging of Applications	Ensure employees do not discourage applicants or prospective applicants on a prohibited basis from making or pursuing an application.
Inquiries Concerning a Spouse	Ensure employees do not request information concerning the spouse or former spouse except when the spouse has rights of access to the account, is liable on the account, or the applicant is relying on spousal income, support or property as a basis for repayment.
Inquiries Concerning Marital Status	Ensure employees do not inquire about the marital status of an applicant who is applying for individual unsecured credit. For applicants residing in a community property state or relying on property located in such a state, limit applicant marital status information to the categories: married, unmarried, and separated.
Inquiries Concerning Other Income	Ensure employees do not inquire whether income stated in application is derived from alimony, child support, or separate maintenance payments unless applicant is given choice as to whether such information is to be considered in the determination of creditworthiness.
Inquiries Concerning Applicant's Sex	Ensure employees do not inquire about the applicant's sex; however, an applicant can be requested to designate a title (such as Ms., Miss, Mr. or Mrs.), if the form discloses that such a designation is optional.
Inquiries on Childbearing,	Ensure employees do not inquire about

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Childrearing	childbearing or rearing or about birth control practices. Information about dependents may be requested if sought from all applicants.
Written Applications	Written applications must be taken for credit related to the purchase or refinancing of a principal residence secured by the residence. (Note: these are the same types of credit for which monitoring information must be collected.)
Rules on Use of Information	<p>Creditors are not permitted to take the following into account when evaluating an applicant's creditworthiness:</p> <ol style="list-style-type: none"> 1. Any prohibited basis, except as provided by the ECOA and Reg B; 2. Age or receipt of public assistance (with exceptions noted in Section 202.6(b)); 3. Assumptions or statistics related to childbearing or childrearing; or 4. Telephone listing in name of applicant. <p>Also note the following limits on the use of information:</p> <ol style="list-style-type: none"> 1. Income – no discounting/exclusion of income if derived from part-time employment, annuity, pension, public assistance, alimony, or child support. 2. Credit History – consider accounts that the applicant and the applicant's spouse use or on which they are contractually liable. Also consider information offered by applicants concerning inaccuracies in their credit history. 3. Immigrant Status – may consider applicant's immigration status as it relates to rights/remedies regarding repayment.
Credit Scoring Systems: Use of Age	Use of a credit scoring system that scores age as a predictive variable is permissible only when it is empirically derived and is demonstrably and statistically sound. The age of an elderly applicant may not be assigned a negative factor or value.
Self-test	<p>Use information gathered in a controlled and targeted manner to specifically determine compliance with the ECOA.</p> <p>The following must be disclosed to applicants:</p> <ul style="list-style-type: none"> • Providing the information is optional; • It is being collected to monitor for compliance with the ECOA;

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	<ul style="list-style-type: none"> • It will not be used in making the credit decision; and, if applicable, • Information may be noted based on visual observation or surname.
Action on Open-End Accounts	<p>Creditors are restricted from terminating, changing account terms, or requiring reapplications for open-end accounts on the basis of changes of age or retirement status. Reapplications may not be required for a change of marital status (where spouse had no liability and spousal income had no impact on credit decision).</p>
Spousal Signatures	<p>Creditors are restricted from requiring the signature of an applicant's spouse or other person on any credit instrument if the applicant qualifies for the amount and terms of credit requested.</p>
Insurance	<p>Creditors may not refuse to extend credit and may not terminate an account because credit life, health, accident, disability or other credit-related insurance is not available based on the applicant's age.</p>
Furnishing Credit Information	<p>Creditors reporting credit information must abide by requirements enabling separate tracking of spouses and their individual and/or joint credit histories.</p>
Providing Appraisals	<p>Creditors must provide a copy of the appraisal report used in connection with an application for credit to be secured by a lien on a dwelling, either as a matter of routine or upon written request of applicants who have been notified in writing of their right to obtain a copy. (Federal credit unions are governed by NCUA Rules and Regulations Section 701.31)</p>
Notification of Action Taken	<p>Creditors must provide written notice of action taken on credit applications that include a statement of specific reasons for the action (or disclosure of right to obtain such reasons), name and address of creditor, and name and address of creditor's federal regulatory agency. The notice must also contain a statement of the provisions of Section 202.9(b).</p> <p>There are special provisions concerning:</p> <ol style="list-style-type: none"> 1. Notification to business credit applicants (Section 202.9(a)(3))

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	<p>2. Incomplete applications (Section 202.9(c))</p> <p>3. Applications submitted through third party (Section 202.9(g))</p>
Monitoring Information	<p>In connection with applications for the purchase or refinancing of a principal residence secured by the residence, the application must request information regarding the applicant(s) race or national origin, sex, marital status, and age.</p> <p>If the applicant(s) chooses not to provide some or all of the information, the creditor should note that fact and, to the extent possible, should also note the race and sex of the applicant(s) based on visual observation or surname.</p> <p>See also additional information that must be disclosed to applicants concerning the collection and use of the monitoring information. (Section 202.13(c))</p>
Record Retention	<ul style="list-style-type: none"> • Preserve applications, monitoring information, information used in evaluating the application and required notifications. Generally, required for 25 months after date of notice of action taken. • Retain records relating to prescreened solicitations for 25 months.
Self-Testing	<p>Institutions have a legal privilege in information developed as a result of self-tests that they voluntarily conduct to determine their compliance with the ECOA and Reg B. The privilege applies only if the definition of self-test is met and the creditor takes appropriate corrective actions as described in Section 202.15.</p>
Training	<p>Provide training to all employees involved in any aspect of taking, evaluating, acting on a credit application, or furnishing/maintaining credit information. In addition, persons involved in marketing and credit operations should receive appropriate instruction relative to their responsibilities.</p>
Monitoring, Internal Review, Audit	<p>Monitor the various phases of the credit application process on a periodic basis, including taking and evaluating applications, providing appraisal reports, and reporting credit histories. This process should focus on the credit union's compliance with the substantive</p>

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	<p>nondiscrimination requirements as well as its adherence to the technical provisions of the ECOA and Reg B.</p> <p>An internal or external audit should be conducted at least annually to assess overall compliance.</p>
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