

NR 95-95
September 18, 1995

Comptroller's Office Issues New Exam Procedures
for Consumer Compliance

WASHINGTON, DC--The Office of the Comptroller of the Currency (OCC) today issued its new streamlined examination procedures for assessing small banks' compliance with fair-lending laws, the Home Mortgage Disclosure Act, Truth in Savings, Truth in Lending and a number of other banking-related consumer protection laws.

"The new procedures reduce burden on qualifying banks without compromising our efforts to ensure compliance with banking-related consumer protection laws," Comptroller Eugene A. Ludwig said. The procedures, which take effect October 1, apply to all community banks with total assets of less than \$250 million and no regional or multinational affiliation. Under certain circumstances, they also may be used in banks with total assets of up to \$1 billion.

"Under this approach, consumer compliance exams of community banks will be performance based, focusing on results not on the methods used to achieve them," added Mr. Ludwig.

The OCC pilot-tested the streamlined compliance procedures in 17 banks across the country earlier this year. The pilots showed that the new procedures lessened regulatory burden, while bringing more consistency to the compliance exam process, the Comptroller's office said. The new procedures standardize exams and define and limit the work that examiners perform. Under these procedures, the scope of exams may only be broadened to focus on compliance management systems for any high risk areas or in cases where a pattern or practice of violations is revealed, subject to approval by the appropriate supervisory office.

The new procedures do not apply to examination for compliance with the new Community Reinvestment Act regulation. The OCC is working with other bank and thrift regulators to jointly develop CRA examination guidelines, and will begin conducting examiner training sessions on an interagency basis on September 18.

The streamlined compliance examination procedures are contained in a new section of the Comptroller's Handbook called "Community Bank Consumer Compliance Examination Procedures." To obtain copies, send a written request along with a check for \$6.00 per booklet to the Office of the Comptroller of the Currency, P.O. Box 70004, Chicago, IL 60673-0004.

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