

Table of Contents

TABLE OF CONTENTS	2
SECTION 1 GENERAL	4
1.1 STATEMENT OF PURPOSE.....	4
1.2 OBJECTIVE	4
1.3 STATE LAW AND AGENCY GUIDELINES	4
SECTION 2 SUMMARY	5
2.1 PROHIBITED BASIS.....	5
2.2 DISCRIMINATION	5
2.3 DISCOURAGEMENT.....	6
2.4 COVERAGE.....	6
2.4.1 <i>Types of Credit</i>	6
2.4.2 <i>Creditor</i>	6
2.4.3 <i>Credit Transaction</i>	7
2.4.4 <i>Methods of Evaluating Credit</i>	7
SECTION 3 REQUIREMENTS	8
3.1 GENERAL RULES.....	8
3.1.1 <i>Written Application Requirement</i>	8
3.1.2 <i>Disclosure Requirements and Permissions</i>	8
3.1.3 <i>Electronic Delivery</i>	8
3.2 RULES CONCERNING REQUESTS FOR INFORMATION.....	9
3.2.1 <i>State Law</i>	9
3.2.2 <i>Information Required by Regulation C</i>	9
3.2.3 <i>Collecting Information on Behalf of Creditors</i>	9
3.2.4 <i>Special Purpose Credit</i>	9
3.2.5 <i>Other Permissible Collection of Information</i>	9
3.2.6 <i>Spouse or Former Spouse</i>	11
3.2.7 <i>Marital Status</i>	11
3.2.8 <i>Alimony, Child Support, or Separate Maintenance</i>	11
3.2.9 <i>Childbearing and Childrearing</i>	12
3.2.10 <i>Permanent Residency and Immigration Status</i>	12
3.3 RULES CONCERNING THE EVALUATION OF CREDIT	12
3.3.1 <i>Age</i>	12
3.3.2 <i>Receipt of Public Assistance</i>	13
3.3.3 <i>Childbearing and Childrearing</i>	13
3.3.4 <i>Telephone Listing</i>	14
3.3.5 <i>Income</i>	14
3.3.6 <i>Credit History</i>	14
3.3.7 <i>Immigration Status</i>	15
3.3.8 <i>Marital Status</i>	15
3.3.9 <i>State Property Laws</i>	16
3.4 RULES CONCERNING EXTENSION OF CREDIT.....	16
3.5 SPECIAL PURPOSE CREDIT PROGRAMS.....	16
3.6 ACTION TAKEN NOTIFICATION.....	17
3.6.1 <i>Adverse Action</i>	17
3.6.2 <i>Counteroffer</i>	20

3.6.3	<i>Incomplete Application</i>	21
3.6.4	<i>Inquiries and Prequalification Requests</i>	21
3.6.5	<i>Expressly Withdrawn</i>	22
3.7	FURNISHING CREDIT INFORMATION	23
3.7.1	<i>Designation of Accounts</i>	23
3.7.2	<i>Routine Reports to Consumer Reporting Agency</i>	23
3.7.3	<i>Reporting in Response to Inquiry</i>	23
3.8	INFORMATION FOR MONITORING PURPOSES	23
3.8.1	<i>Disclosure to Applicant</i>	24
3.9	RULES FOR APPRAISALS AND OTHER VALUATIONS	25
3.9.1	<i>Appraisal Disclosure</i>	25
3.9.2	<i>Appraisal Delivery</i>	25
3.9.3	<i>Reimbursement</i>	28
3.9.4	<i>Loss Mitigation Requirements</i>	29
3.10	REGULATION B EXAMINATION CHECKLIST.....	29
SECTION 4 ORIGATION COMPLIANCE		30
4.1	FAIR LENDING	30
4.2	APPLICATION REQUIREMENTS.....	30
4.3	APPRAISAL AND OTHER VALUATION REQUIREMENTS.....	30
4.3.1	<i>Appraisal Disclosure</i>	30
4.3.2	<i>Appraisal Delivery</i>	31
4.4	ACTION TAKEN NOTIFICATION REQUIREMENTS	32
4.4.1	<i>Adverse Action</i>	32
4.4.2	<i>Incomplete Application</i>	33
4.4.3	<i>Expressly Withdrawn Application</i>	34
SECTION 5 SERVICING COMPLIANCE.....		35
5.1	FAIR SERVICING.....	35
5.2	FURNISHING CREDIT INFORMATION.....	35
5.2.1	<i>Designation of Accounts</i>	35
5.2.2	<i>Routine Reports to Consumer Reporting Agency</i>	35
5.2.3	<i>Reporting in Response to Inquiry</i>	36
5.3	LOSS MITIGATION APPLICATION REQUIREMENTS	36
5.3.1	<i>Appraisal and Other Valuation Requirements</i>	36
SECTION 6 RECORD RETENTION		38
6.1	APPLICATIONS	38
6.2	EXISTING ACCOUNTS	38
6.3	PRESCREENED SOLICITATIONS	38
6.4	ENFORCEMENT PROCEEDINGS AND INVESTIGATIONS	39
APPENDIX 1	DEFINITIONS	40
APPENDIX 2	BEST PRACTICES	45
APPENDIX 3	REFERENCE LIST	46

Section 1 General

1.1 Statement of Purpose

[Sample Client] designed these policies and procedures to safeguard their legal responsibility to comply with applicable residential lending laws and regulations. The [board of directors](#) and senior management, through a sound [Compliance Management System](#), ensure the integration of these policies and procedures into the overall framework for product design, delivery and administration across the residential lending origination and service life cycle. Management and employees utilize these policies and procedures to guide their daily responsibilities to effect mitigation of regulatory compliance risk within their job roles.

1.2 Objective

The guidance in this policy applies throughout [Sample Client]'s operations with the objective to mitigate regulatory risk and consumer harm within the standards of [Sample Client]'s compliance program. [Sample Client] requires employees, contractors, and [third-party vendors](#) to comply with these policies and procedures.

1.3 State Law and Agency Guidelines

Federal law may alter, affect, or preempt state laws that are inconsistent with the federal law. Preemption applies only to the extent of the inconsistency. A state law is not inconsistent if it is more protective of a consumer. Wherever state law or local regulations overlap and provide greater consumer protections than federal law or the requirements set out in this policy, [Sample Client] will comply with the more protective law or regulation and will consult with the appropriate legal counsel to set forth [Sample Client]'s policies and procedures for compliance.

In some instances, agencies may overlay guidelines that expand upon the requirements of federal law. [Sample Client] must be cognizant of agency guidelines and incorporate those guidelines into [Sample Client]'s policies and procedures.

Section 2 Summary

The Equal Credit Opportunity Act (ECOA) requires creditors to make credit equally available to all creditworthy consumers, thereby making it illegal for a [creditor](#) to discriminate against an [applicant](#) on a prohibited basis before, during, and after the extension of credit.

2.1 Prohibited Basis

ECOA, as implemented by Regulation B, prohibits creditors from requesting and collecting specific applicant information which has no bearing on the applicant's ability or willingness to repay the credit requested and could be used to [discriminate against the applicant](#). Specifically, Regulation B prohibits creditors from discriminating against credit applicants on the following bases:

- Race
- Color
- Religion
- National origin
- Sex (including sexual orientation and gender identity)
- [Marital status](#)
- [Age](#) (must be of legal age to enter into a legally binding contract)
- All or part of the applicant's income comes from any public assistance program
- The applicant has in good faith exercised rights under the Consumer Credit Protection Act

2.2 Discrimination

In compliance with Regulation B a creditor may not discriminate against an applicant on a prohibited basis during any aspect of a consumer's dealing with a creditor; beginning with information gathering, servicing of the loan and collection efforts during the life of the loan.

Discrimination occurs when a creditor's actions, intentionally or unintentionally, result in a disproportionate, unfavorable impact on a protected class without evidence of the existence of a legitimate business need that cannot otherwise be reasonably achieved by less disparate impact. This general rule covers but is not limited to the following life of loan procedures, processes, and associated practices:

Section 3 Requirements

3.1 General Rules

3.1.1 Written Application Requirement

[Sample Client] must take a written [application](#); the application information may be taken in any of the following manners:

- In person
- By telephone
- By mail
- Entered directly into and retained by a computer system

3.1.2 Disclosure Requirements and Permissions

[Sample Client] must provide required written disclosures in compliance with the following rules:

- Must be clear and conspicuous
- Must be provided in a form the [applicant](#) may keep except for the following:
 - Monitoring information disclosures
 - Disclosure that alimony or child support income need not be provided

3.1.2.1 Foreign-Language Disclosures

[Sample Client] may provide disclosures in any language as long as disclosures in English are available upon request.

3.1.3 Electronic Delivery

[Sample Client] may provide disclosures to the applicant in electronic form in compliance with the Electronic Signatures in Global and National Commerce Act (E-Sign Act), including the requirement of consumer consent.

The consumer consent requirement of the E-Sign Act is not required when the following disclosures accompany an application accessed by the applicant in electronic form:

- Application disclosures including information requested for self-testing, courtesy title requests, [marital status](#) of the applicant, and income and alimony disclosures

3.9 Rules for Appraisals and Other Valuations

3.9.1 Appraisal Disclosure

Within three business days after receipt of a credit application for the purchase or refinance of a first lien, [Sample Client] must mail or deliver to the applicant, a written notice of the applicant's right to receive a copy of all written appraisals developed in connection with the application.

If there is more than one applicant, [Sample Client] need only provide the copy to one applicant—the primary applicant if one is readily apparent.

3.9.2 Appraisal Delivery

[Sample Client] must provide an applicant a copy of all appraisals and other written [valuations](#) developed in connection with an application for credit secured by a first lien. [Sample Client] must comply with the following delivery requirements:

- Appraisal and other written valuation copies must be provided on applications in an approved, denied, incomplete or withdrawn status.
- If multiple versions of an appraisal or other written valuation were received, [Sample Client] may provide only a copy of the latest version.
- If there are multiple applicants, [Sample Client] must provide the appraisal or other written valuation to the primary applicant if readily apparent; otherwise, disclosure only needs to be provided to one applicant.
- Copies of appraisals or other written valuations must be provided to the applicant promptly upon completion, or within three business days prior to [consummation](#) of the transaction (for closed-end credit) or account opening (for open-end credit), whichever is earlier.

3.9.2.1 Business Day

For purposes of providing copies of appraisals and other written valuations, [Sample Client], may apply their own definition of business day. [Sample Client]'s definition may include counting Saturdays if their offices are open to the public for carrying on substantially all their business functions.

3.9.4 Loss Mitigation Requirements

Loss mitigation programs, such as loan modifications, may be required to comply with the appraisal delivery requirements. To determine coverage, [Sample Client] must ask the three following questions:

- Is there an [application for credit](#)?
 - If yes, is it an [extension of credit](#)?
 - If yes, is [Sample Client] a [creditor](#)?
- Is the application for credit secured by a first lien on a [dwelling](#)?
- Will there be an appraisal or other valuation prepared in connection with the application?

If [Sample Client] answers yes to all the above, the appraisal disclosure and delivery requirements of this section apply.

3.10 Regulation B Examination Checklist

As evidenced throughout this Guide, the ECOA and its implementing Regulation B not only prohibits discrimination in credit transactions, but also sets forth additional requirements.

The Regulation B Examination Checklist (checklist) is part of the Consumer Financial Protection Bureau's ECOA and Regulation B examination procedures. A regulator examination team may utilize the checklist to determine [Sample Client]'s compliance with the ECOA requirements set forth in Regulation B.

To assist in the self-evaluation of compliance with the Regulation B requirements [Sample Client] is encouraged to review the [Regulation B Examination Checklist](#).

A "No" answer in the checklist is indicative of a possible exception or deficiency and, as such should be addressed by [Sample Client].

Section 4 Origination Compliance

4.1 Fair Lending

[Sample Client] is prohibited from discouraging or discriminating against any [applicant](#) with respect to all loan origination processes, as summarized below:

- On the basis of race, color, religion, national origin, sex or [marital status](#), or [age](#) provided the applicant has the capacity to contract
- Because all or part of the applicant's income derives from any public assistance program
- Because the applicant has in [good faith](#) exercised any right under the Consumer Credit Protection Act

For expanded policy information on the Regulation B rules specific to discriminating against an applicant refer to [Requirements](#).

4.2 Application Requirements

[Sample Client] must take a written [application](#). Application information may be taken using any of the following methods:

- In person
- By telephone
- By mail
- Entered directly into and retained by a computer system

4.3 Appraisal and Other Valuation Requirements

4.3.1 Appraisal Disclosure

[Sample Client] must mail or deliver the appraisal disclosure to meet the following requirements:

- Within three business days after receipt of a loan application for the purchase or refinance of a first lien
- Deliver to one applicant—the primary applicant is required if one is readily apparent

Section 5 Servicing Compliance

5.1 Fair Servicing

[Sample Client] is prohibited from discouraging or discriminating against any [applicant](#) with respect to all loan administration processes for any of the following reasons:

- On the basis of race, color, religion, national origin, sex or [marital status](#), or [age](#) provided the applicant has the capacity to contract
- Because all or part of the applicant's income derives from any public assistance program
- Because the applicant has in [good faith](#) exercised any right under the Consumer Credit Protection Act

For expanded policy information on the Regulation B rules specific to discriminating against an applicant refer to [Requirements](#).

5.2 Furnishing Credit Information

5.2.1 Designation of Accounts

In furnishing credit information to a consumer reporting agency for loans held by both spouses, [Sample Client] must designate to reflect both spouses' participation in the loan for the following scenarios:

- Any new account if the spouse is [contractually liable](#)
- Any existing loan, if one of the spouses makes a written request to reflect both spouses' participation on the loan

This type of request requires [Sample Client] to change the designation on the account within 90 days after receiving the borrower's written request.

5.2.2 Routine Reports to Consumer Reporting Agency

If a loan is designated to reflect both spouses' participation, [Sample Client] must furnish the information in a manner that will enable the credit reporting agency to provide access to the information in the name of each spouse.