



Financial Institution Letter
FIL-59-2015
December 4, 2015

Revised Compliance Examination Manual

Summary:

The FDIC has revised the Compliance Examination Manual (manual) to reflect recent supervisory guidance. The manual provides guidance to FDIC examination staff for evaluating financial institutions for compliance with the federal consumer protection laws and regulations. The manual, which is available on the FDIC's website, may help staff at institutions who are seeking to better understand the FDIC's consumer compliance examination process.

Statement of Applicability to Institutions with Total Assets Under \$1 Billion: This Financial Institution Letter applies to all FDIC-supervised institutions.

Distribution:

FDIC-Supervised Institutions

Suggested Routing:

Chief Executive Officer
Chief Compliance Officer

Related Topics:

Attachment:

[FDIC Compliance Examination Manual](#)

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Note:

FDIC financial institution letters (FILs) may be accessed from the FDIC's Web site at <https://www.fdic.gov/news/news/financial/2015/>.

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Paper copies may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226 (1-877-275-3342 or 703-562-2200).

Highlights:

The FDIC's Division of Depositor and Consumer Protection (DCP) announces the release of a revised version of the FDIC's Compliance Examination Manual (manual).

The manual provides supervisory guidance to examination staff for conducting compliance and Community Reinvestment Act (CRA) examinations and other supervisory activities. It includes supervisory policies and interagency examination procedures regarding compliance with federal consumer protection laws and regulations.

The revised manual includes:

- Updated templates providing examples of a consumer compliance Report of Examination and a CRA Performance Evaluation for a hypothetical, FDIC-supervised bank (the Bank of Anytown);
- New guidance about the Matters Requiring Board Attention (MRBA), a section of the Report of Examination that directs banks to important information about weaknesses in a compliance management system, depending on the facts and circumstances at a particular bank;
- Guidance on evaluating the impact of consumer harm on examination and supervisory activities;
- A new "Assessment of Risk of Consumer Harm" (ARCH), which provides pre-examination planning and scoping guidance to FDIC examination staff; and
- Additional enhancements, such as bookmarks to improve navigation, hyperlinks to many external references, and downloadable chapters.

The manual is available to the public on the FDIC's website at <https://www.fdic.gov/regulations/compliance/manual/index.html>.

Continuation of [FIL-59-2015](#)

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Revised FDIC Compliance Examination Manual

The FDIC Compliance Examination Manual (manual) provides supervisory guidance to compliance examination staff for conducting consumer compliance and Community Reinvestment Act (CRA) examinations and other supervisory activities. The manual supports efforts to ensure compliance with the federal consumer protection laws and regulations. It also promotes effective and consistent supervision of financial institutions. The revised manual includes updated information on the FDIC's risk-focused consumer compliance supervision program, including:

- **Revised Report of Examination Templates.** These templates provide examples of FDIC consumer compliance Report of Examination (ROE) for a hypothetical bank (the Bank of Anytown). The ROE communicates the results of an examination to an institution and serves as the compliance examination's principal document of record. The revised templates provide additional guidance on the format and content of the ROE. The templates also include a sample CRA Performance Evaluation, which is used to document an assessment of an institution's record of helping to meet the credit needs of its communities, consistent with safe and sound practices. The CRA example is for a bank evaluated under the Intermediate Small Bank test.
- **New Guidance on Matters Requiring Board Attention.** At the conclusion of the FDIC's risk-focused supervisory process, including compliance examinations or visitations, compliance examination staff communicate findings to each institution describing the strengths and weaknesses of its compliance management system (CMS). The findings also assess adherence to the consumer protection laws and regulations, and potential consumer harm. Typically, such findings are conveyed in the ROE at the conclusion of a consumer compliance examination. If significant issues are identified requiring an institution's Board of Directors or senior management to take prompt corrective action, these issues are documented as "Matters Requiring Board Attention" (MRBA). MRBAs are intended to clearly convey to an institution's Board or senior management the issues of the highest degree of supervisory concern. MRBAs could include: violations of consumer protection laws; activities that result in consumer harm; CMS weaknesses that, if left unaddressed, could adversely impact the institution; and/or emerging issues requiring proactive institution attention to mitigate risks.
- **Guidance on Evaluating the Impact of Consumer Harm.** Examination activities promote compliance with federal consumer protection laws, fair lending statutes, and the regulations that implement these laws and statutes. Effective supervision focuses on the areas requiring elevated supervisory attention and promotes the efficient use of resources. The guidance contained in this section of the manual assists in understanding the impact of consumer harm on examination and supervisory activities.
- **The "Assessment of Risk of Consumer Harm"(ARCH).** During consumer compliance examinations, all applicable federal consumer protection laws and regulations are considered in the risk-scoping process. The ARCH will be initiated during the pre-examination process and the focus will be on scoping the examination to identify, address, and mitigate the risk of consumer harm. A series of questions guides examiners through the analysis of documenting inherent risk, mitigating factors, and the residual risk of potential consumer harm. Based on this evaluation, examiners determine specific areas of focus for a bank's examination activities.

- **TILA-RESPA Integrated Disclosure Rule.** Revised interagency examination procedures pertaining to the Truth in Lending Act (TILA)-Real Estate Settlement Procedures Act (RESPA) Integrated Disclosure Rule are included in the manual.¹

The latest version of the manual is currently available on the FDIC's website at <https://www.fdic.gov/regulations/compliance/manual/index.html>. Users can download the entire manual in a single PDF file or download individual PDF files of each chapter of the manual as well as Microsoft Word files of certain document templates.

Finally, enhancements were made to improve interfacing with the manual. The manual's homepage contains bookmarks making it easier to find information and to navigate to a particular section. Moreover, the manual contains several links to sources where appropriate, allowing for easier access to external references.

¹ The FDIC previously released interagency examination procedures for the TILA-RESPA Integrated Disclosure Rule on June 30, 2015 (FIL-27-2015). The revised interagency examination procedures contained in the revised manual include technical revisions, including the Rule's October 3, 2015 effective date. The Rule's previous effective date was August 1, 2015.