Equal Credit Opportunity Act

Baseline Review Modules

Exam Date:	[Click&type]
Prepared By:	[Click&type]
Reviewer:	[Click&type]
Docket #:	[Click&type]
Entity Name:	[Click&type]

The Equal Credit Opportunity Act (ECOA) Baseline Review Modules will be used by examiners during ECOA baseline reviews to identify and analyze risks of ECOA violations, to facilitate the identification of certain types of ECOA and Regulation B violations, and to inform fair lending prioritization decisions for future CFPB reviews. ECOA baseline reviews are one type of fair lending review conducted by the CFPB, in addition to ECOA targeted reviews and Home Mortgage Disclosure Act (HMDA) reviews. An ECOA targeted review includes an in-depth look at a specific area of fair lending risk, and is conducted using the ECOA Examination Procedures within the CFPB Supervision and Examination Manual. A HMDA review includes transactional testing for HMDA data accuracy, and is conducted using the HMDA Examination Procedures within the CFPB Supervision and Examination Manual.

When a baseline review is scheduled, examiners will work with the Office of Fair Lending and with CFPB regional management to determine which ECOA Baseline Review Modules will be completed. Once the appropriate modules have been selected, and in advance of the review, examiners will send the institution information requests that correspond with the selected modules. In general, examiners will complete the modules during the on-site portion of the review. In some instances it may be possible for examiners to begin completing the modules prior to the on-site portion of the review. The completed modules will be included in the examination work papers and may be considered in conjunction with any fair lending statistical analysis to obtain a full picture of fair lending compliance and fair lending risks at the entity.

In addition to responses to information requests, examiners may review other sources of information to complete the modules, including publicly available information about the entity and information obtained at interviews or other supervisory meetings with the entity.

Where applicable, the modules include references to relevant Scoping Risk Factors in Part I of the Interagency Fair Lending Examination Procedures (e.g., O1, U1) or the Code of Federal Regulations (e.g., 12 CFR 1002.9). These references are included in parentheses at the end of specific steps.

Completion of these modules is not a determination of whether a violation of law exists.

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ENTITY AND EXAMINER INFORMATION

Information on this page may be copied from the Scope Summary.

EXAMINATION SCOPE SUMMARY	
CFPB Docket #	[Click&type]
Name of Supervised Entity	[Click&type]
City, State	[Click&type]
Entity Website	[Click&type]
Organization Chart	[Insert or attach as pdf if available]
Number of Open Offices/Branches (including Main Office)	[Click&type]
Number of Agents (where applicable)	[Click&type]
Total Assets (where applicable)	$[Click&type]
Date of Total Assets (xx/xx/xxxx)	[Click&type]

EXAMINATION DATES	
Examination Start Date	[Click&type]
Completion Date	[Click&type]
Examination Period	[Click&type]
Anticipated Hours	[Click&type]

EXAMINATION TEAM		
Lead Regional Office	[Click&type]	
Regional Office(s) Participating in Examination	[Click&type]	
Name	**Role**	**Specialty**
[Click&type]	Examiner-in-Charge	[Click&type]
[Click&type]	Lead Examiner (if applicable)	[Click&type]
[Click&type]	Lead Examiner for Fair Lending (if applicable)	[Click&type]
[Click&type]	[Click&type]	[Click&type]
[Click&type]	[Click&type]	[Click&type]
[Click&type]	Fair Lending Contact	NA

MODULE I: FAIR LENDING SUPERVISORY HISTORY

Describe the entity's fair lending supervisory history. Include any history of fair lending violations, or any areas identified as fair lending risks either in the last fair lending examination report by the CFPB or any state or federal regulator, or new fair lending risks that have emerged since the last fair lending examination. For example:	
a. Provide the following information about fair lending compliance reviews for the past two years: i. The date and scope of fair lending examinations or other reviews conducted by the CFPB or any state or federal regulator; ii. A description of any ECOA or Regulation B violations identified; iii. A description of any fair lending risks identified, and iv. Any corrective actions required. (C4)	[Click&type]
b. Describe the entity's efforts to address these conclusions or concerns.	[Click&type]
c. Describe any fair lending issues self-identified by the entity, as well as efforts taken to address them.	[Click&type]
d. Identify any recent private litigation or federal or state agency investigation or enforcement action related to fair lending that may reflect a heightened fair lending risk at the entity.	[Click&type]
e. If the entity is subject to the Community Reinvestment Act (CRA), review the most recent CRA Public Evaluation (PE), and summarize any information related to fair lending risk (e.g., past fair lending violations, irregular assessment areas, or shortcomings in record of meeting the credit needs of the communities where it operates). The CRA PE generally is available on the prudential regulator's website and in the bank's public file. (R5, R9)	[Click&type]
f. If you have information about complaints alleging discrimination from any source (e.g., consumer complaints submitted to the CFPB or directly to the institution, or complaints to the CFPB from advocacy organizations), describe them here to the extent that they indicate heightened fair lending risk at the entity. Also describe any efforts taken by the institution to address the complaints. (U9, P5, S7, R11, M7)	[Click&type]
SUMMARY: [Click&type]	

MODULE II: FAIR LENDING COMPLIANCE MANAGEMENT SYSTEM (CMS)

Describe and evaluate the entity's fair lending compliance program, including management participation, policies and procedures, training, and internal controls and monitoring. You may copy information summarized in the current Risk Assessment for the entity. Address the following:	
a. Describe the entity's guidelines, policies, procedures and standards for fair lending compliance monitoring.	[Click&type]
b. Does the entity have an up-to-date fair lending policy? (C6)	[Click&type]
c. Does the entity have a fair lending committee or other governing body dedicated to fair lending issues? (C5)	[Click&type]
d. Does the entity have a dedicated fair lending officer? If not, who is responsible for fair lending compliance on a day-to-day basis? (C5)	[Click&type]
e. Describe fair lending training across the entity's business lines. Describe frequency, who participates, subject matter covered, and whether it includes recent changes in fair lending law and supervisory guidance. Include a description of training provided to the Board of Directors. (C7)	[Click&type]
f. Does the entity review major policies and procedures for fair lending compliance (e.g., underwriting, pricing, referral, broker or loan originator compensation policies)? Are all business lines included?	[Click&type]
g. Does the entity conduct fair lending audits or reviews? Are all business lines included? Have these audits or reviews been shared with the CFPB, and what were the results?	[Click&type]
h. Does the entity conduct fair lending statistical analysis? If so, describe the extent of the analysis, including lines of business, products, or other areas that the entity analyzed since the last fair lending examination, as well as the results.	[Click&type]

i. If the entity employs proprietary credit scoring models in any line of business, have the models been tested and reviewed by the entity for fair lending compliance? (O3)	[Click&type]
j. If the entity learns of fair lending violations or risks, does it take appropriate corrective action or other steps to mitigate risk?	[Click&type]
k. Has the entity updated its policies and procedures to reflect any recent changes in fair lending law and supervisory guidance? (C6)	[Click&type]
l. Does the entity use third-party vendors or sub-contractors to administer certain products or business lines that could pose fair lending risks to the entity's applicants or borrowers? If so, does the entity monitor and employ controls with respect to third-party vendors or sub-contractors?	[Click&type]
m. If there have been any major, recent changes in the entity's business or structure, such as an acquisition or development of a new product line, have steps been taken to evaluate and respond to fair lending risks created by the change?	[Click&type]
n. Describe the entity's procedures for responding to complaints alleging discrimination. (U9, P5, S7, R11, M7)	[Click&type]
SUMMARY: [Click&type]	

MODULE III: RISKS RELATED TO MORTGAGE LENDING POLICIES AND PROCEDURES

1. Describe policies and procedures for mortgage underwriting. Address the following topics:	
a. Is mortgage underwriting automated or manual? Are underwriting decisions based on specific, objective and defined criteria, such as credit scores, debt-to-income ratios, and loan-to-value ratios? Are there written underwriting policies or procedures? If underwriting policies or procedures are unwritten, how are they conveyed to employees? How does the entity ensure consistent application of the policies? (U4)	[Click&type]
b. What guidelines are provided for making and documenting underwriting overrides and/or exceptions? (U5, U6)	[Click&type]
c. How frequently do underwriting overrides and/or exceptions occur? (U7)	[Click&type]
d. Evaluate whether compensation structures include incentives that depend on the product sold or volume of certain types of products sold. Describe controls for compliance with provisions in Regulation Z on loan originator compensation and steering (12 CFR 1026.36(d)(1)-(2) and (e)), or other measures that will help to mitigate potential risks of ECOA violations due to incentive compensation. (U8, S2)	[Click&type]
e. Do underwriting policies or procedures vary on a prohibited basis (e.g., stricter income requirements for elderly or younger applicants or for unmarried versus married applicants)? (O1)	[Click&type]
f. Do underwriting policies or procedures contain factors that could have a disproportionately negative, unjustified impact on a prohibited basis (e.g., requiring a minimum loan amount, or restricting types of properties as collateral)?	[Click&type]
g. To what extent does the entity rely on third parties for underwriting decisions? What fair lending monitoring and controls are in place with respect to third parties?	[Click&type]

h.	Does the entity have any form of second-level review of proposed denials? If so, what are the criteria for second-level reviews?	[Click&type]
	2. Describe policies and procedures for mortgage pricing. Address the following topics:	
a.	Are pricing decisions based on specific, objective and defined criteria, such as credit scores and loan-to-value ratios? Are there written pricing policies or procedures? If pricing policies or procedures are unwritten, how are they conveyed to employees? How does the entity ensure consistent application of the written or unwritten pricing policies or procedures? (P3)	[Click&type]
b.	Does the entity use rate sheets? If so, what criteria are incorporated into the rate sheets? Do rate adjustments vary on a prohibited basis (e.g., a prohibited use of age or marital status)? (O1)	[Click&type]
c.	Describe any pricing policies or procedures that contain factors that could have a disproportionately negative, unjustified impact on a prohibited basis (e.g., pricing policies that vary by zip code)?	[Click&type]
d.	Does the entity vary fees based on prohibited basis characteristics? (P4)	[Click&type]
e.	Describe any opportunities for employees to deviate (either up or down) from standard pricing with respect to interest rates, fees, or any other pricing element. If applicable, how does the entity monitor the use of pricing discretion? (P2)	[Click&type]
f.	What are the guidelines for making pricing exceptions? How are exceptions documented? How frequently do exceptions occur? (P2)	[Click&type]
g.	Does the entity provide borrowers with higher-cost products based on specific, objective and defined criteria, or are there opportunities for employee discretion when providing such products? (S1)	[Click&type]
h.	Does the entity provide a means to upgrade borrowers with higher-cost products to lower-cost categories, as appropriate? If yes, please describe.	[Click&type]

i. Evaluate compensation structures for incentives that depend on the price or other terms of the loan transaction, or proxies for the same. Describe steps taken to comply with provisions in Regulation Z on loan originator compensation or other measures that will help mitigate potential risks of ECOA violations due to incentive compensation. (12 CFR 1026.36(d)(1)-(2)). (P1)	[Click&type]
j. To what extent does the entity rely on third parties for pricing decisions? What fair lending monitoring and controls are in place with respect to third-party pricing?	[Click&type]
k. Does the entity use automated pricing models? If so, do the models include a prohibited basis (e.g., a prohibited use of age), a close proxy for a prohibited basis (e.g., whether the applicant is retired), or a factor or variable that could cause a disproportionately negative, unjustified impact on a prohibited basis (e.g., zip code)? How does the entity validate these models?	[Click&type]
3. Describe the entity's markets or other aspects of its mortgage credit operations not covered in subsections (1) or (2) above. Address the following:	
a. Evaluate whether the entity's operations vary by any prohibited basis or by geography in a manner that, alone or in conjunction with other factors, may indicate a heightened fair lending risk. For example: i. Does the entity establish most full-service branches or prime retail operations in predominantly non-minority neighborhoods, while concentrating retail operations with higher-cost products in minority areas? (R7, R12, S8) ii. Are there advertising or other operating patterns or practices that a reasonable person would believe indicate that certain customers are either more or less desirable due to prohibited basis characteristics? (M1, M2) iii. Does the entity use mailing or other distribution lists that consider prohibited bases or exclude or disfavor certain geographies in a manner that, alone or in conjunction with other factors, may indicate heightened fair lending risks? (M4 and M5)	[Click&type]

b. Evaluate whether CRA assessment areas or other demarcations used for marketing or other purposes exclude political subdivisions, census tracts, or other geographic areas that have relatively high concentrations of minority residents. (R6, R9, and M4)	[Click&type]
c. If applicable, note any employee statements that reflect preferences as to areas in which to do business, including preferences concerning business in areas with relatively high concentrations of minority residents. (R10)	[Click&type]
d. Does the entity use third-party vendors that selectively serve particular prohibited basis groups or geographic areas in a manner that could create heightened fair lending risks? (M3)	[Click&type]
e. Are policies and procedures for referring applicants to subsidiaries, affiliates or lending channels based on specific, objective and defined criteria? Describe opportunities for discretion. Describe controls for compliance with the steering provisions in Regulation Z. (12 CFR 1026.36(e)) (S1)	[Click&type]
f. Do any marketing practices present a risk of discouraging potential applicants on a prohibited basis? (M1)	[Click&type]
g. Do the entity's marketing practices, such as mail, email or social media advertising or telemarketing, target prohibited basis groups for less advantageous products in a manner that creates fair lending risks?	[Click&type]
SUMMARY: [Click&type]	

MODULE IV: RISKS RELATED TO MORTGAGE SERVICING

Describe policies and procedures for mortgage servicing as they relate to fair lending. At a minimum, your description should address the following topics, as applicable:	
a. Describe the institution's fair lending training to loss mitigation staff regarding mortgage servicing (loss mitigation can consist of loan modifications, forbearance, short-sales, etc.). (C7)	[Click&type]
b. Describe any loss mitigation policies or procedures that vary on a prohibited basis (e.g., a prohibited use of age, or marital status). (O1)	[Click&type]
c. Describe any loss mitigation policies or procedures that contain factors that could have disproportionately negative, unjustified impact on a credit decision on a prohibited basis (e.g., outreach policies that vary by geography in a manner that could negatively impact minority neighborhoods).	[Click&type]
d. Describe any fair lending audits, reports or analyses conducted by the institution or third-party service providers on the institution's loss mitigation programs and/or data. In the description, include any significant issues found and the institution's response.	[Click&type]
e. Describe the institution's policies and procedures for servicing loans held by borrowers with limited English proficiency (LEP borrowers) including the following information: i. Does the institution flag files that require non-English language assistance? If so, how is this flagged? ii. Do calls for customer service have an option for languages other than English? If so, how are those calls processed? iii. Does the institution have customer service personnel available to provide assistance in languages other than English? iv. If customer service personnel are available to provide assistance in languages other than English, are they dedicated customer service personnel (as opposed to personnel who have other roles, but are available to	[Click&type]

translate on an as-needed basis)? v. Do customer service personnel who are available to provide assistance in languages other than English receive the same training, and have the same authority, as other customer service personnel? vi. Are translations of English language documents provided for LEP borrowers?	
f. Describe the institution's policies and procedures on employee discretion in making loss mitigation decisions, including: i. The extent to which employees have discretion in referring borrowers to an underwriter to conduct a loss mitigation evaluation; ii. The extent to which employees have discretion in approving or denying loss mitigation options; iii. The extent to which employees have discretion in offering different loss mitigation options to consumers; iv. The extent to which employees have discretion in assessing fees in connection with loss mitigation; v. Any limits, controls or monitoring concerning the exercise of discretion in loss mitigation, including any resulting reports.	[Click&type]
g. Where appropriate, do applicants receive adverse action notices as required by Regulation B? (12 CFR 1002.9(a)(2))	[Click&type]
SUMMARY: [Click&type]	

MODULE V: RISKS RELATED TO AUTO LENDING

Describe policies and procedures for pricing, underwriting, referrals, loan originator, dealer and other third-party compensation in both direct auto lending and indirect auto lending. At a minimum, your description should address the following topics, as applicable:	
a. Describe the extent to which key elements of the entity's fair lending compliance systems (e.g., training, monitoring and controls, fair lending audits and analysis) extend to its auto lending lines of business.	[Click&type]
b. Are policies, procedures or guidelines based on specific, objective and defined criteria (e.g., credit score or other credit history, income or length of employment), with respect to: i. Underwriting; ii. Pricing; iii. Referring applicants to subsidiaries, affiliates or lending channels within the entity; iv. Providing borrowers with higher-cost products; v. Deciding what alternative loan products should be offered or recommended to applicants.	[Click&type]
c. Describe any guidelines provided for making underwriting or pricing exceptions or overrides. How are the reasons for exceptions and overrides documented? How frequently do they occur?	[Click&type]
d. Does the entity provide a means to upgrade higher-cost borrowers to a lower-cost category (i.e., tier bumps)? If yes, please describe.	[Click&type]
e. (*For entities with **indirect** auto lending*) Describe under what circumstances dealers are permitted to deviate up or down from the "buy rate" (i.e., the best rate for which an applicant for an indirect auto loan qualifies based on objective characteristics), and how this affects dealer compensation.	[Click&type]
f. (*For entities with **indirect** auto lending*) Are there caps or other limits on dealers' discretion to go above or below the buy rate? If yes, describe.	[Click&type]

g. (*For entities with **indirect** auto lending*) Describe any controls that are in place to prevent auto dealers from exercising discretion in a way that discriminates on a prohibited basis in underwriting, pricing (including controls on either interest rates or fees) or referrals between products. How does the entity monitor compliance?	[Click&type]
h. (*For entities with **direct** auto lending*) Describe under what circumstances loan officers who are engaged in direct auto lending are permitted to deviate from the par rate (i.e., the best rate for which the applicant for a direct auto loan qualifies based on objective characteristics), and how this deviation affects loan officer compensation.	[Click&type]
i. (*For entities with **direct** auto lending*) Are there caps or other limits on loan originator pricing discretion to go above or below the par rate? If yes, describe.	[Click&type]
j. (*For entities with **direct** auto lending*) Describe any guidelines provided for making underwriting or pricing exceptions in the direct auto lending lines of business. How are the reasons for exceptions documented? How frequently do exceptions occur?	[Click&type]
k. (*For entities with **direct** auto lending*) Do any compensation structures for employees involved with direct auto lending depend on product type, price (including both interest rates and fees), or loan volume? If yes, describe.	[Click&type]
l. Do credit operations vary by a prohibited basis, or by a factor that is closely related to a prohibited basis? For example: i. Does pricing, underwriting, or marketing vary in a manner that excludes, discourages or treats borrowers differently on a prohibited class basis? ii. Does the entity use third-party vendors that selectively serve only one racial or national origin group in a manner that could create heightened fair lending risks? iii. Does the entity explicitly exclude or discourage lending in geographic areas with high concentrations of residents of a	[Click&type]

particular racial or national origin group? iv. Does the entity vary fees based on a prohibited basis?	
m. Describe any underwriting, pricing, or other policies or procedures that contain factors that could have a disproportionately negative, unjustified impact on a prohibited basis (e.g., stricter credit policies for certain zip codes).	[Click&type]
n. Note any employee statements that reflect preferences as to areas in which to do business, including preferences concerning business in areas with relatively high concentrations of minority residents.	[Click&type]
o. Does the entity use a credit scoring system? If so, does the system include a prohibited basis (e.g., a prohibited use of age), a factor that is closely related to a prohibited basis (e.g., whether the applicant is retired), or a facially neutral factor or variable that could cause a disproportionately negative, unjustified impact on a prohibited basis (e.g., zip code)?	[Click&type]
p. Do any marketing practices present a risk of discouraging potential applicants on a prohibited basis?	[Click&type]
q. Do the entity's marketing practices, such as mail, email or social media advertising or telemarketing, target prohibited basis groups for less advantageous products in a manner that creates fair lending risks?	[Click&type]
SUMMARY: [Click&type]	

MODULE VI: RISKS RELATED TO OTHER PRODUCTS

Note: Answer with respect to any additional products selected for the Baseline Review (e.g., secured or unsecured consumer lending, credit cards, add-on products, private student lending, payday lending or small business lending)
[In this Space, Identify the "Other" Product Line(s) Included in Review]
Describe policies and procedures for pricing, underwriting, referrals, compensation, marketing, and other lending operations as they relate to fair lending risks. At a minimum, your description should address the following topics, as applicable:

a. Are policies, procedures or guidelines based on specific, objective and defined criteria (e.g., credit history, income) with respect to: i. Underwriting; ii. Pricing or other terms or conditions; iii. Referring applicants to subsidiaries, affiliates or lending channels within the entity; iv. Classifying applicants as higher-cost or lower-cost borrowers; and v. Deciding what alternative loan products should be offered or recommended to applicants.	[Click&type]
b. How are policies, procedures and guidelines communicated to employees? Are they written? If not, how are they conveyed? How does the entity ensure consistent application of the policies?	[Click&type]
c. Does the entity use a credit scoring system? If so, does the system include a prohibited basis (e.g., a prohibited use of age), a close proxy for a prohibited basis (e.g., whether the applicant is retired), or a facially neutral factor or variable that could cause a disproportionately negative, unjustified impact on a prohibited basis (e.g., zip codes)?	[Click&type]
d. To what extent is underwriting model- or score-driven vs. judgmental? Describe any opportunities for employees to override automated underwriting results. How frequent are overrides/exceptions?	[Click&type]

e. Under what circumstances do employees have discretion to decide which products to offer, whether to approve or deny the applicant, or the price or other terms or conditions (e.g., secured versus unsecured, loan amount, interest rate, or fees)?	[Click&type]
f. What guidelines are provided for making underwriting or pricing exceptions or overrides? How are the reasons for exceptions or overrides documented? How frequently do they occur?	[Click&type]
g. Evaluate employee compensation structures for incentives that depend on the product sold, price (including both interest rates and fees), or volume of certain types of products sold. Does the structure of compensation present any potential fair lending risks?	[Click&type]
h. Do underwriting, pricing, or other policies or procedures vary on a prohibited basis? For example: i. Does pricing, underwriting, or marketing vary in a manner that excludes, discourages or treats borrowers differently on a prohibited class basis? ii. Does the entity use third-party vendors that selectively serve particular racial or national origin groups in a manner that could create heightened fair lending risks? iii. Does the entity vary fees based on a prohibited basis?	[Click&type]
i. Do applicants receive adverse action notices as required by Regulation B? (12 CFR 1002.9(a)(2))	[Click&type]
j. Do underwriting, pricing, collection or other policies or procedures contain factors that could have a disproportionately negative, unjustified impact on a prohibited basis (e.g., consideration of zip code or other non-individualized factors in underwriting models or credit policies)?	[Click&type]
k. Do any marketing practices present a risk of discouraging potential applicants on a prohibited basis?	[Click&type]

l.	Do the entity’s marketing practices, such as mail, email or social media advertising or telemarketing, target prohibited basis groups for less advantageous products in a manner that creates fair lending risks?	[Click&type]
SUMMARY: [Click&type]		