

# MBA Compliance Essentials

**MBA Compliance Essentials<sup>SM</sup>**  
Succeed in the New Mortgage World

## CFPB Examination Resource Guide

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Presented by

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# MBA

CFPB has explained to industry participants what to expect in examinations, both in terms of exam process and covered laws & regs

## **SUPERVISION AND EXAMINATION MANUAL – VERSION 2.0**

First issued in 10/2011, revised & expanded since then, to cover laws & product lines (including mortgage origination & mortgage servicing per January 2014 new & revised CFPB regs)

CFPB exam guidelines are product-specific (mortgage origination, mortgage servicing) and regulation-specific (TILA, RESPA, ECOA, FDCPA, HOEPA, etc., etc.)

CFPB Examination Manual now at **2,000 pages**, but “breaking it down” is not easy

Building your compliance function around the CFPB Exam Manual is a **MUST**

Thusfar, experience in the field: Bureau “says what it means” (Exam Manual) and “means what it says” (conduct of exams per Manual)

Experience shows that **PREPARATION** is key, not waiting until you get notice from CFPB of upcoming examination

MBA Compliance Essentials now include “CFPB Examination Resource Guide,” 100+ page guidebook covering ALL ASPECTS of CFPB Exams  
Prepared by experienced consumer mortgage attorneys at Morrison & Foerster in Washington, DC

- Based on extensive experience in investigations, enforcement, supervision and examination matters before the CFPB and other federal and state regulators

Resource Guide is not an “academic” exercise, rather, based on experience “in the field”, with careful explanations of what the CFPB Exam Manual says and what it means

Over 20 CHECKLISTS for compliance and preparation, tied back to the chapters of the Supervision Guide

“From the field explanations,” with real-world examples, of pre-exam, on-site and post-exam activities of the CFPB & recommended actions by your company:

- How to build & implement a “Compliance Management System”

- PRACTICAL EXPLANATIONS & TOOLS (including extensive Checklists) for getting ready

- Practical tips on responding to the Exam Questionnaire and other information requests

- What to expect throughout the process, such as working with CFPB examiners on-site, including detailed TIMELINES and process planning tools

- When to expect and what will be seen in post-examination results

- Detailed coverage of mortgage ORIGINATION and SERVICING

## **I. ABOUT THIS GUIDE**

## **II. INTRODUCTION**

1. LEGAL BASES
2. WHO IS SUPERVISED?
3. GENERAL SUPERVISION AND EXAMINATION PRINCIPLES
4. RISKS TO CONSUMERS
5. TARGETING OF EXAMINATIONS
6. THE SUPERVISION AND EXAMINATION CYCLE
7. NON-DEPOSITORY FINANCIAL SERVICES COMPANIES
8. LARGE DEPOSITORY INSTITUTIONS
9. TYPES OF EXAMS
10. WHO'S WHO IN CFPB EXAMINATIONS
11. WHAT ARE THE CFPB'S EXAMINATION PRIORITIES?

## **III. EXAMINATION PROCESS AND MECHANICS**

1. HOW THE CFPB GETS READY
2. END-TO-END DESCRIPTION OF EXAM PROCESS
3. GENERAL ASPECTS OF PREPARING

4. RESPONDING TO THE EXAM QUESTIONNAIRE
5. TO LAWYER UP OR NOT TO LAWYER UP?
6. CFPB'S OBJECTIVES AND THE EXAM PROCESS
7. CONFIDENTIALITY AND PRIVILEGE
8. ON-SITE PLANNING AND EXECUTION
9. POSSIBLE EXAMINATION OUTCOMES

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1. BACKGROUND AND EXPECTATIONS
2. WHAT THE BUREAU SAYS
3. WHAT ABOUT SIZE AND SCALE?
4. CMS – BOARD MANAGEMENT OVERSIGHT
5. COMPLIANCE PROGRAM
6. CONSUMER COMPLAINT RESPONSE
7. COMPLIANCE AUDIT

## **V. MORTGAGE ORIGATION EXAMINATION PROCEDURES**

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2. LAWS AND MODULES
3. CFPB'S EXAMINATION APPROACH TO PRODUCTS, TYPES OF LOANS AND LINES OF BUSINESS
4. THE MODULES AS CHECKLISTS – METHODOLOGY AND CAVEATS

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1. BACKGROUND
2. LAWS AND MODULES
3. THE MODULES AS CHECKLISTS – METHODOLOGY AND CAVEATS

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1. UDAAP
2. FAIR LENDING AND ANTIDISCRIMINATION: ECOA
3. ECOA BASELINE REVIEW MODULES

## **VIII. GETTING IT RIGHT**



## **CHAPTER IV CHECKLISTS: COMPLIANCE MANAGEMENT SYSTEM**

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APPENDIX 5-3E– MORTGAGE ORIGATION: PRIVACY COMPLIANCE CHECKLIST

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APPENDIX 7-2G-FAIR LENDING MORTGAGE LENDING POLICIES AND PROCEDURES

APPENDIX 7-2H-FAIR LENDING MORTGAGE SERVICING RISKS

Available for purchase at MBA events, including this one

On-line ordering:

[http://store.mortgagebankers.org/ProductDetail.aspx?product\\_code=DL2-009985-WC-W](http://store.mortgagebankers.org/ProductDetail.aspx?product_code=DL2-009985-WC-W)

**PART OF A SAMPLE CHECKLIST IS ON THE NEXT SLIDE**

## **CHAPTER IV CHECKLISTS: Compliance Management System**

### **Appendix 4-4 – CMS Checklist for Board and Management Oversight**

The CFPB, in connection with examining for CMS, expects the supervised entity to be able to provide and explain to the CFPB (in response to the Exam Questionnaire) the following, depending on the size, business volume and form of legal organization of the supervised entity:

☐ Board meeting minutes and supporting materials demonstrating the Board's activities and engagement with respect to compliance matters.

☐ Minutes and supporting materials showing Board committee structures and delegated responsibility for compliance matters, such as audit committee, compliance committee and/or risk committee.

☐ Descriptions of management committees, such as compliance management committees, with delegated authority and accountability for compliance matters, including documents (such as Board minutes and committee charters) demonstrating composition, functions and reporting responsibilities to the Board or one or more committees of the Board.

☐ If applicable, description of the authority and accountability for compliance matters of regional or business unit bodies, demonstrating composition, functions and reporting.

☐ Formal written compliance program document adopted by the Board of Directors or an appropriate committee of the Board (if applicable), including resource allocation to compliance as part of the entity's budget and planning process.

☐ Board minutes showing the approval of the position of Chief Compliance Officer (or equivalent title) and job description as the entity's head of compliance, with direct reporting responsibility to the Board or an appropriate committee of the Board (e.g., Compliance Committee) and CCO independence from revenue-generating business units.

☐ Documented processes for the identification of new regulatory requirements, changes in requirements and planning for implementation, as prepared by CCO and compliance staff and reviewed by Board or senior management.

☐ Documented processes for development and implementation of new consumer financial products or services, distribution channels or strategies, including documented compliance function participation.